



For Immediate Release – September 23, 2008

## NAVA Reports Second Quarter Variable Annuity Industry Data

Reston, VA, September 23, 2008 – NAVA, the Association for Insured Retirement Solutions®, today announced second quarter results for the variable annuity industry. The combined net assets of U.S. variable annuities increased 0.1% to \$1.41 trillion at the end of the second quarter, as compared with the end of the first quarter of 2008. Net assets decreased by 3.3% relative to the second quarter one year ago.

**Table 1. Variable Annuity Net Assets**

Dollars in Millions	6/30/2008	3/31/2008	12/31/2007	6/30/2007
Total Net Assets	\$1,405,985.0	\$1,404,403.0	\$1,485,202.0	\$1,453,638.0

Source: Morningstar, Inc.

Variable annuity total sales, also known as premium flows, for the second quarter was \$42.0 billion, an 11.2% decrease from the second quarter of 2007. Second quarter net sales, also known as net flows of \$7.5 billion, showed a decrease of 13.4% from second quarter 2007 net sales of \$8.7 billion. The mix in premiums for the second quarter showed that 64.5% of the total sales were in qualified plans and 35.5% in non-qualified plans.

Total sales for the first six months of 2008 were \$83.6 billion, a 5.2% decrease from the prior year's six-month sales of \$88.2 billion. Cumulative net sales for the first six months of 2008 were \$14.7 billion, or 17.6% of total flows. This reflects a 2.5% decrease in cumulative net flows as compared with the first six months of last year.

**Table 2. Variable Annuity Premium Sales<sup>1</sup>**

Dollars in Millions	Quarter Ended		Six Months Ended	
	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Total Net Assets	\$41,953.1	\$47,253.6	\$83,598.0	\$88,203.0
Net Sales	\$ 7,505.0	\$ 8,669.8	\$14,721.0	\$15,095.0

Source: Morningstar, Inc.

<sup>1</sup> Total Premium Sales (also called total premium flows) represent the sum of new sales (all first-time buyers of a contract, including inter- and intra-company exchanges) and additional premiums from existing contract owners. Net Flows (also called net flows) represent Total Premium Flows minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments

**Table 3. Quarterly Variable Annuity Total Sales & Net Sales**

\$ Millions	Quarter Ended				
	6/30/2008	3/31/2008	12/31/2007	9/30/2007	6/30/2007
Total Sales	\$41,953.1	\$41,644.9	\$47,828.5	\$46,215.8	\$47,253.6
Net Sales	\$ 7,505.5	\$ 7,215.5	\$ 8,912.3	\$ 9,375.0	\$ 8,669.8
Net Sales as % of total sales	17.9%	17.3%	18.6%	20.3%	18.3%

Source: Morningstar, Inc.

The mix of net assets by investment objective showed that \$776.3 billion, or 55.2% of total \$1,406 billion total assets, was held in equity accounts. This is a decrease of 12.4% as compared with the second quarter of 2007 when \$885.8 billion, or 60.9%, were held in equity accounts. The mix also shows that \$277.5 billion, or 19.7% of assets, were held in fixed accounts.

**Table 4. Variable Annuity Assets by Asset Class**

(As a percent of total assets)	6/30/08	6/30/07
Equity	55.2%	60.9%
Fixed Accounts	19.7%	17.7%
Balanced	12.3%	11.0%
Bonds	9.5%	8.0%
Money Market	3.3%	2.5%

Source: Morningstar, Inc.

About Annuities – With the demographic trend of people living longer, the decline in traditional sources of retirement income (pensions and Social Security), and the responsibility of retirement funding shifting to the individual – an annuity is a critical component of a retirement plan. It is a long-term retirement investment vehicle offering a combination of insurance benefits, guaranteed lifetime income payments and tax-deferred savings. Variable annuities allow individuals to invest in a variety of underlying fixed and equity funds, and provide returns based on the performance of these funds. Only annuities protect retirement assets against market volatility and guarantee retirement income that cannot be outlived.

About NAVA, Inc. – NAVA, the Association for Insured Retirement Solutions®, is a non-profit trade association located in suburban Washington, D.C. NAVA provides a variety of services to the industry including educational forums, research and conferences aimed at furthering the development and understanding of fixed and variable annuities, income annuities and variable life insurance.

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