



Insured Retirement Institute

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Variable Annuity Affordability on the Rise, Costs Decline *IRI Report Shows Drop in the Average Fee on Core VA Products*

WASHINGTON, D.C. – The Insured Retirement Institute (IRI) today released a report on sales flow data within the U.S. variable annuity market for the second quarter. Compiled by Advanced Sales & Marketing Corporation, the report found that the cost of variable annuities has come down, with the average fee on a VA chassis dropping four basis points in the second quarter. Every share class showed a reduction except for A-shares. The current average cost of a B-share, the most commonly sold, is 1.24%.

Consumers who buy annuities continue to overwhelmingly show interest in living benefit guarantees. More than 83% of variable annuity purchasers chose to protect themselves with a lifetime guarantee of income in the second quarter, the report shows. This reflects a slight increase over the previous quarter (81%) and demonstrates the continuing popularity of annuities as a solid source of guaranteed income.

“The decrease in cost of variable annuities has directly contributed to substantial growth for the industry, with year-to-year sales advancing at the greatest pace since 2007,” Insured Retirement Institute President and CEO Cathy Weatherford said. “The second quarter data also underscores the pivotal role living benefit guarantees can play in increasing the attractiveness of a variable annuity as part of a comprehensive retirement plan. Coupled with enhanced withdrawal percentages for investors, annuities are distinctively poised to provide even greater role in providing a trusted source of retirement income for millions of Americans.”

The report also found that among carriers, the top five firms reporting data all showed sales increases over last quarter. Independent broker/dealer sales remained strong, representing 48% of sales for the second quarter – an increase of 2.3% over the first quarter. Sales in the regional broker/dealer channel also experienced a slight growth, garnering 10.5% of sales for the second quarter. Flows in the wirehouses decreased in the second quarter, with 6.8% of sales coming through this channel compared to 9.6% in the previous quarter. Continued movement of brokers from one firm to another is contributing to the redistribution of annuity sales among channels.

The entire report and analysis can be found [HERE](#).

About the Insured Retirement Institute: The Insured Retirement Institute (IRI) is a not-for-profit organization and is the authoritative source of all things pertaining to annuities, insured retirement

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strategies and retirement planning. IRI exists to vigorously promote consumer confidence in the value and viability of insured retirement strategies, bringing together the interests of the industry, financial advisors and consumers under one umbrella. IRI's mission is to: encourage industry adherence to highest ethical principles; promote better understanding of the insured retirement value proposition; develop and promote best practice standards to improve value delivery; and to advocate before public policy makers on critical issues affecting insured retirement strategies. Visit www.IRIONline.org to experience the new, vast resources of the new Insured Retirement Institute for yourself.

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