



For Immediate Release – August 29, 2005

NAVA Reports Second Quarter Variable Annuity Industry Data

Reston, VA, August 29, 2005 – The National Association for Variable Annuities (NAVA) announced today second quarter results for the variable annuity industry. The combined net assets of U.S. variable annuities increased 2.7 percent to \$1.1 trillion at the end of the second quarter, as compared to the end of the first quarter of 2005. Net assets increased by 8.1 percent relative to the second quarter a year ago.

Table 1. Variable Annuity Net Assets (Dollars in Millions)	6/30/05	3/31/05	12/31/04	6/30/04
Total Net Assets	1,133,853	1,104,435	1,124,233	1,048,535

Source: NAVA and Morningstar, Inc.

Total variable annuity premium flow, or total sales, for the second quarter was \$33.5 billion, a 0.5 percent decrease from second quarter 2004. Second quarter net flows of \$5.2 billion show a decrease of 58.1 percent from the second quarter 2004 net flows of \$12.5 billion. The mix in premiums for the second quarter showed 63.5 percent of the total premium flow was in qualified plans and 36.5 percent in non-qualified.

Net Flows for the first six months of 2005 were \$10.0 billion, or 15.4 percent of total flows. This reflects a 54.8 percent decrease in net flows as compared with the first six months of last year.

Table 2. Variable Annuity Premium Flows¹ (Dollars in Millions)	Quarter Ended		Six Months Ended	
	6/30/05	6/30/04	6/30/05	6/30/04
Total Sales	33,482	33,667	65,149	68,469
Net Flows	5,249	12,524	10,043	22,207

Source: NAVA and Morningstar, Inc.

¹Total 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 represent Total Premium Flows minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments.

Industry Release of Second Quarter Data

Table 3. Quarterly Variable Annuity Total Premium & Net Flows

(\$ Millions)	Quarter Ended				
	6/30/05	3/31/05	12/31/04	9/30/04	6/30/04
Total Sales	\$33,482	\$31,667	\$31,364	\$30,064	\$33,667
Net Flows	5,249	4,794	8,240	9,756	12,524
<i>Net Flows as % of total sales</i>	<i>15.7%</i>	<i>15.1%</i>	<i>26.3%</i>	<i>32.5%</i>	<i>37.2%</i>

Source: NAVA and Morningstar, Inc.

The mix of net assets by asset class showed that \$640.6 billion, or 56.5 percent of assets, was held in equity accounts. This is an increase of 10.1 percent as compared with mid-year 2004 when \$581.9 billion, or 55.5 percent, was held in equity accounts. The mix also shows that \$274.4 billion, or 24.2 percent of assets, was held in fixed accounts, which is an increase of 1.8 percent as compared to mid-year 2004.

Table 4. Variable Annuity Assets by Investment Objective

(As a percent of total assets)	6/30/05	6/30/04
Equity	56.5%	55.5%
Fixed Accounts	24.2	25.7
Allocation	8.6	7.8
Bonds	8.5	8.4
Money Market	2.2	2.6

Source: NAVA and Morningstar, Inc.

NAVA 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. NAVA also maintains and supports an educational website for consumers at www.RetireOnYourTerms.com.

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