STATE OF THE

Insured Retirement Industry

2024 REVIEW AND 2025 OUTLOOK

June 2025

Insured Retirement Institute

About the Insured Retirement Institute

The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, diversity, equity, and inclusion, and the advancement of digital solutions within a collaborative industry community.

Learn more at www.IRIonline.org.

Introduction

In 2024 interest rates moved in a range between 4 and 5 percent throughout the year, while the S&P 500 climbed steadily, returning 25 percent on top of an over 26 percent return in 2023. Both the 10-year Treasury and the S&P 500 finished 2024 strong, but 2025 has been a different story. While interest rates will likely remain flat to a slight decline depending on moves by the Federal Reserve, equity markets have been much more volatile. Geopolitical instability, trade tensions, inflation and recession fears, and negative investor sentiment driven by these factors have contributed to rising volatility. Interest rates remaining above 4 percent should continue to be a positive for fixed and fixed indexed annuities (FIAs), and registered index-linked annuities (RILAs), as the dominant products in today's market.

Figure 1: S&P 500 and 10-Year Constant Maturity Treasury January 2023 – December 2024

SOURCE: FRED® ECONOMIC DATA

The remainder of this report explores how annuity market dynamics shifted in 2024, and focuses on five fundamental areas of importance to IRI members:

- Annuity marketplace data and trends
- Trends in annuity product development
- Financial advisor insights
- Operations & Technology advances and milestones
- Updates on the legislative and regulatory environments

Annuity Markets in 2024

OVERALL SALES

Sales of annuities set another new record in 2024, rising 13.6 percent to $422.3 billion from 2023 sales of sales of $371.7 billion. Fixed annuities and FIAs contributed the most dollars to annuity sales growth, with sales of all fixed products up 9.1 percent over 2023, but variable annuity (VA) sales also rose 30 percent.

DATA PROVIDED: FIGURES 2 AND 3 AND THE ACCOMPANYING DATA TABLES SHOW THE EVOLUTION OF ANNUITY SALES AND MARKET SHARE OVER THE PAST DECADE BASED ON BROAD PRODUCT TYPES.

Figure 2: Historic Annuity Sales by Variable versus Fixed

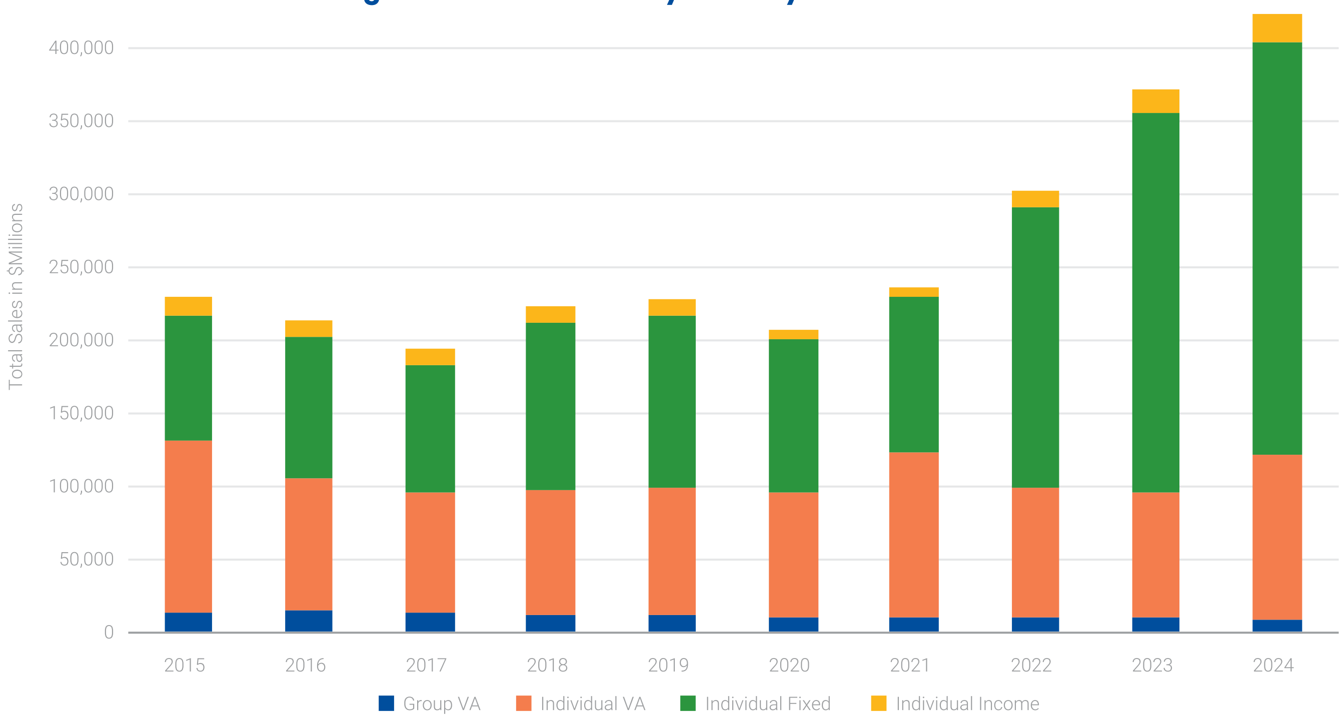


Figure 2 Data Table: Historic Annuity Sales in $Millions

Broad Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Group VA	14,217	14,544	13,862	12,223	11,549	10,324	10,474	9,585	9,512	9,364
Individual VA	117,457	90,742	83,111	84,826	86,825	85,513	112,018	89,067	85,713	111,387
Individual Fixed	85,867	95,695	87,386	113,611	117,564	104,346	107,105	192,171	259,966	283,490
Individual Income	12,523	12,317	10,459	11,412	11,916	7,399	7,024	11,279	16,544	18,287
Total	230,064	213,299	194,818	222,071	227,855	207,582	236,621	302,102	371,735	422,258

SOURCES: MORNINGSTAR, INC. AND BEACON ANNUITY SOLUTIONS

Figure 3: Historic Market Share by Product Type

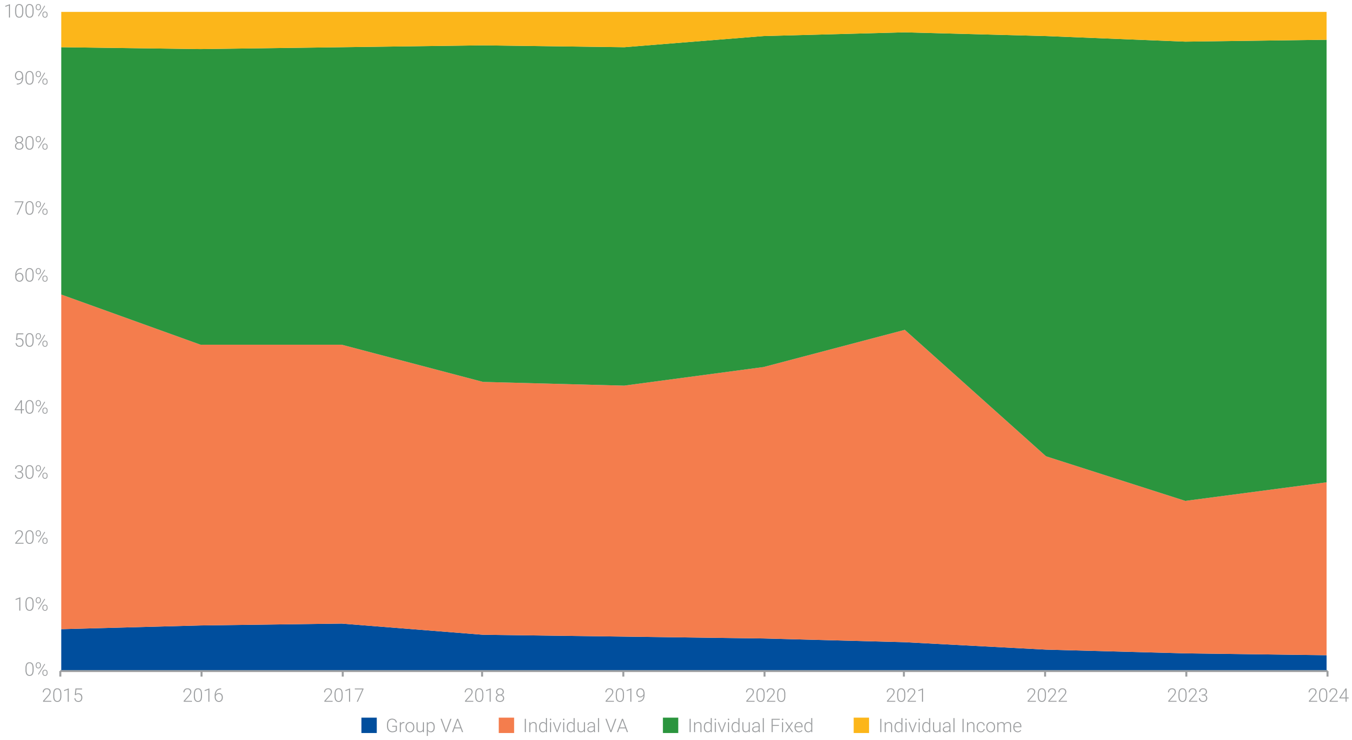


Figure 3 Data Table: Historic Annuity Market Share

Product Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Group VA	6%	7%	7%	6%	5%	5%	4%	3%	3%	2%
Individual VA	51%	43%	43%	38%	38%	41%	47%	29%	23%	26%
Individual Fixed	37%	45%	45%	51%	52%	50%	45%	64%	70%	67%
Individual Income	5%	6%	5%	5%	5%	4%	3%	4%	4%	4%

SOURCES: MORNINGSTAR, INC. AND BEACON ANNUITY SOLUTIONS

SALES BY PRODUCT TYPE

Fixed annuity sales rose substantially in 2024, but variable annuities also had a strong year. As noted above, total variable annuity sales, which include RILAs, rose 30 percent. But variable annuities with guaranteed lifetime income benefits (VA-GLIB) also rose, increasing 20 percent year-over-year and posting their first increase since 2021.

Fee-based VAs, though still under $10 billion in annual sales, increased the most on a percentage basis with sales rising 56 percent in 2024. Market value-adjusted (MVA) fixed annuity sales rose and book value products fell, a function of the relative rates available in each type and expectations that rates may fall on recession fears. Fixed indexed rose the most on a dollar basis, adding $31.3 billion to 2023 sales and rising 33 percent.

DATA PROVIDED: FIGURES 4 AND 5 BREAK ANNUITY SALES DOWN INTO SUB-CATEGORIES BASED USING MORE GRANULAR PRODUCT TYPES BASED ON KEY CHARACTERISTICS.

Figure 4: Historic Annuity Sales by Product Type

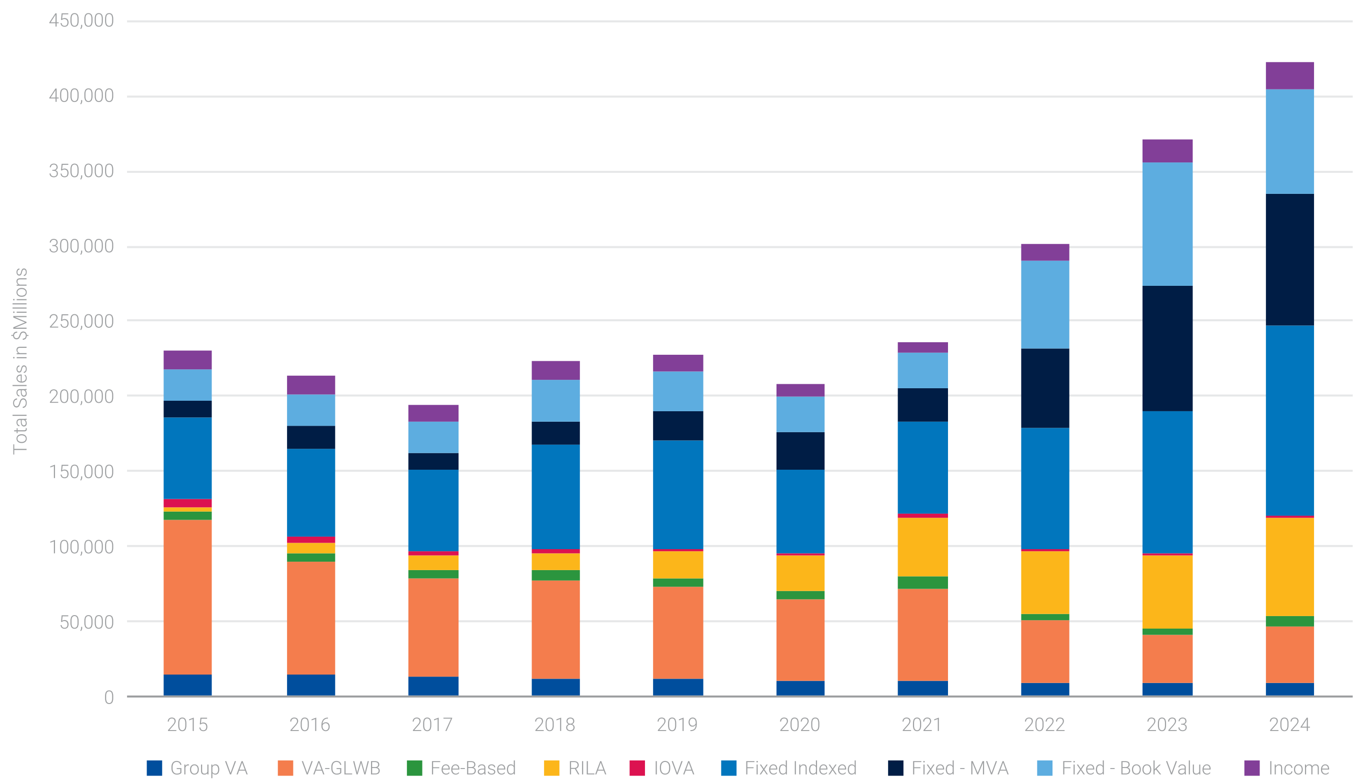


Figure 4 Data Table: Historic Annuity Sales in $Millions

Product Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Group VA	14,217	14,544	13,862	12,223	11,549	10,324	10,474	9,585	9,512	9,364
VA-GLIB	102,744	74,992	64,292	65,319	61,958	56,246	66,846	44,889	32,115	37,056
Fee-Based	6,000	5,300	6,800	5,920	5,404	5,209	7,923	5,423	4,605	7,167
RILA	3,746	7,382	9,200	11,074	17,292	21,901	33,566	36,353	47,341	64,986
IOVA	4,996	3,067	2,818	2,512	2,171	2,157	3,683	2,401	1,652	2,179
Fixed Indexed	54,603	58,756	54,276	69,882	72,466	55,407	60,249	79,651	94,890	126,192
Fixed – MVA	11,058	16,025	12,371	15,838	19,859	24,467	22,387	52,968	83,840	88,258
Fixed – Book Value	20,206	20,914	20,739	27,890	25,239	24,472	24,469	59,552	81,237	69,040
Income	12,523	12,317	10,459	11,412	11,916	7,399	7,024	11,279	16,544	18,287
Total	230,064	213,299	194,818	222,071	227,855	207,582	236,621	302,102	371,735	422,258

SOURCES: MORNINGSTAR, INC. AND BEACON ANNUITY SOLUTIONS

Figure 5: Historic Market Share by Product Type

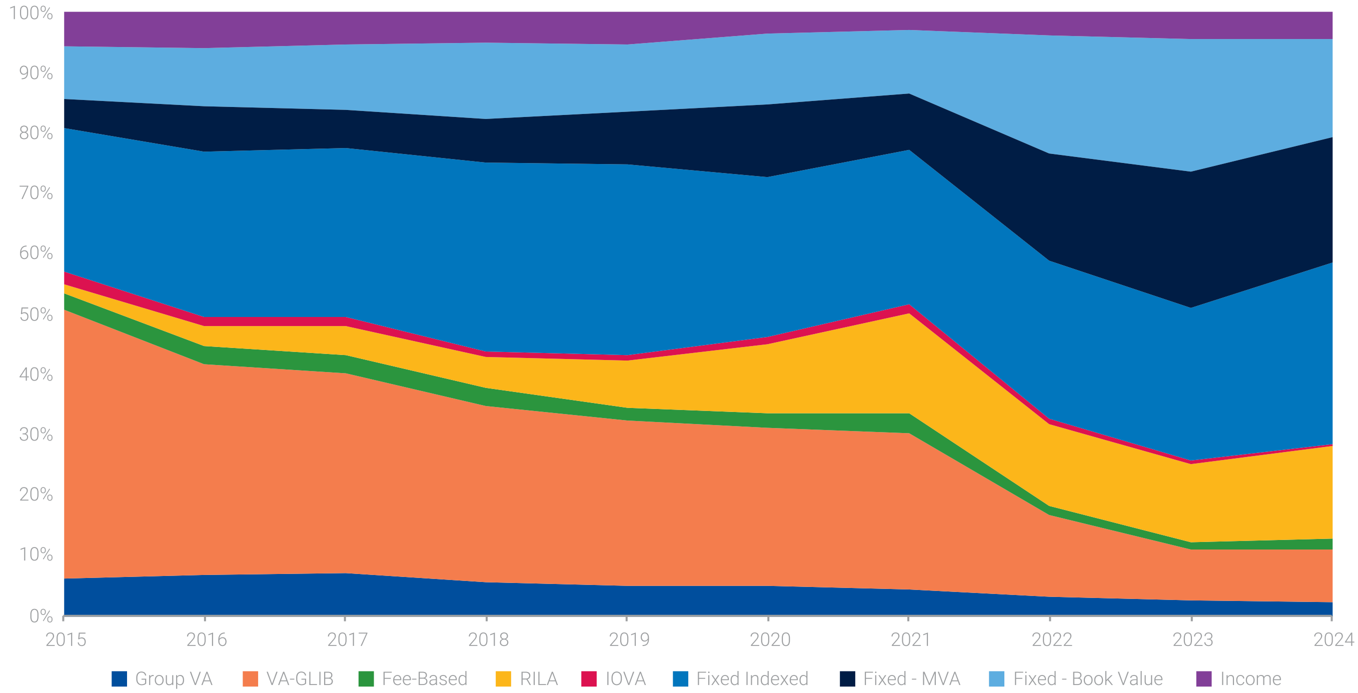


Figure 5 Data Table: Historic Annuity Market Share

Product Type	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Group VA	6%	7%	7%	6%	5%	5%	4%	3%	3%	2%
VA-GLIB	45%	35%	33%	29%	27%	27%	28%	15%	9%	9%
Fee-Based	3%	2%	3%	3%	2%	3%	3%	2%	1%	2%
RILA	2%	3%	5%	5%	8%	11%	14%	12%	13%	15%
IOVA	2%	1%	1%	1%	1%	1%	2%	1%	<1%	1%
Fixed Indexed	24%	28%	28%	31%	32%	27%	25%	26%	26%	30%
Fixed – MVA	5%	8%	6%	7%	9%	12%	9%	18%	23%	21%
Fixed – Book Value	9%	10%	11%	13%	11%	12%	10%	20%	22%	16%
Income	5%	6%	5%	5%	5%	4%	3%	4%	4%	4%

SOURCES: MORNINGSTAR, INC. AND BEACON ANNUITY SOLUTIONS

RILA SALES COMPARED TO TOTAL VA SALES

RILAs continue to capture a greater share of the total VA market. RILA sales are now over 50 percent of total VA sales, whereas they were less than 10% of sales just eight years ago.

DATA PROVIDED: FIGURE 6 AND THE ACCOMPANYING DATA TABLE SHOW SALES AND MARKET SHARE FOR RILA PRODUCTS AND VARIABLE ANNUITIES EX-RILA FOR THE FIVE-YEAR PERIOD ENDING 12/31/2024.

Figure 6: Sales and Market Share Growth of Registered Index-Linked Annuities Versus Total VA

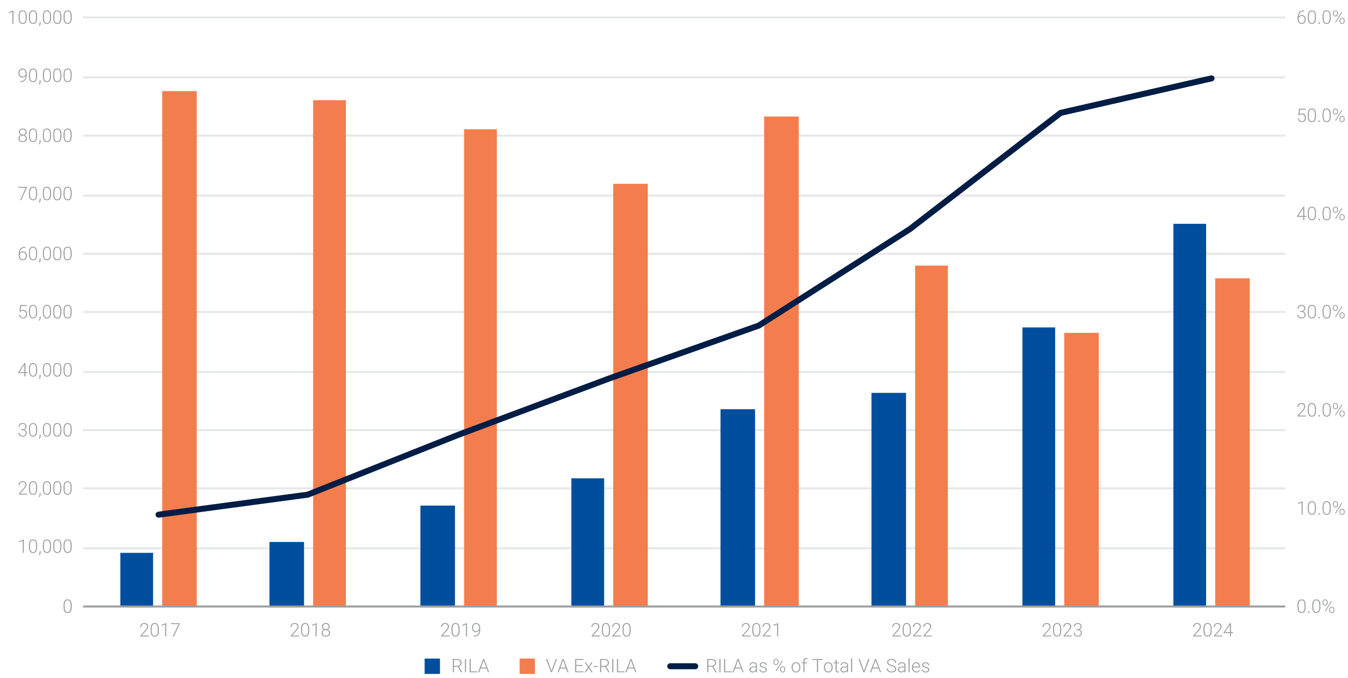


Figure 6 Data Table: Historic RILA and Variable Annuity ex-RILA Sales in $Millions

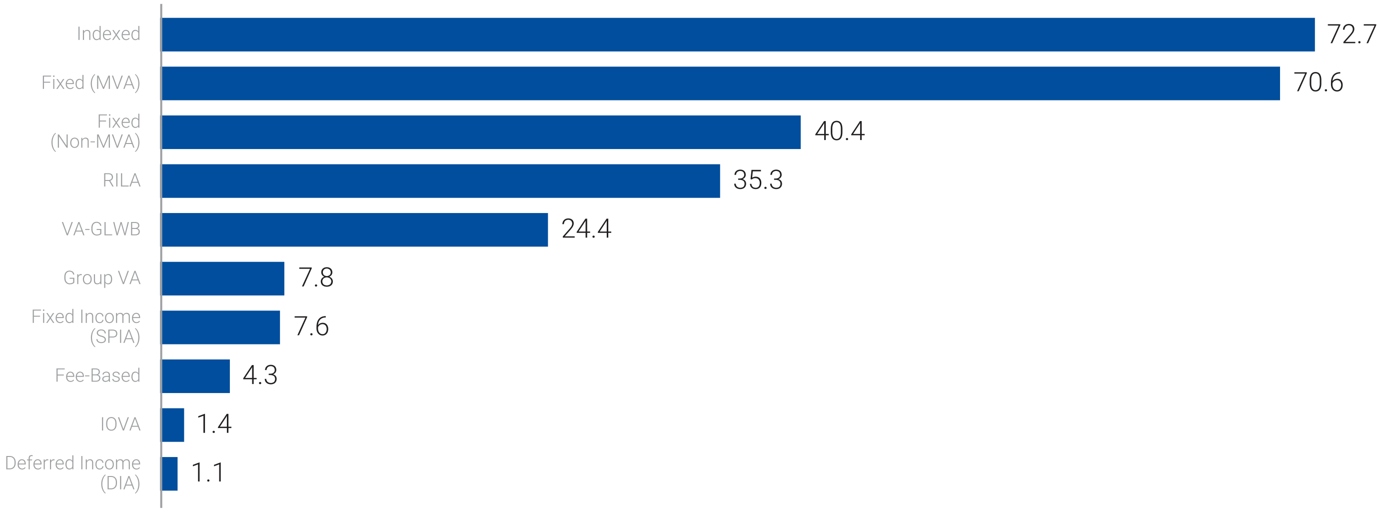
Product Type	2017	2018	2019	2020	2021	2022	2023	2024
RILA	9,200	11,074	17,292	21,901	33,566	36,353	47,341	64,986
VA ex-RILA	87,773	85,974	81,082	73,936	88,926	62,299	46,557	55,765
RILA as % of total VA sales	9.5%	11.4%	17.6%	23.3%	28.7%	38.6%	50.4%	53.8%

Top Product Sales and Product Development

New in this year's report are two charts showing distribution by annuity type in the top selling annuity products. The top 150 products represented approximately 76 percent of total annuity sales in 2024, and more than half sales in that group were fixed and fixed indexed annuities. Similarly, the number of products sold in those two categories represented 60 percent of unique annuity products.

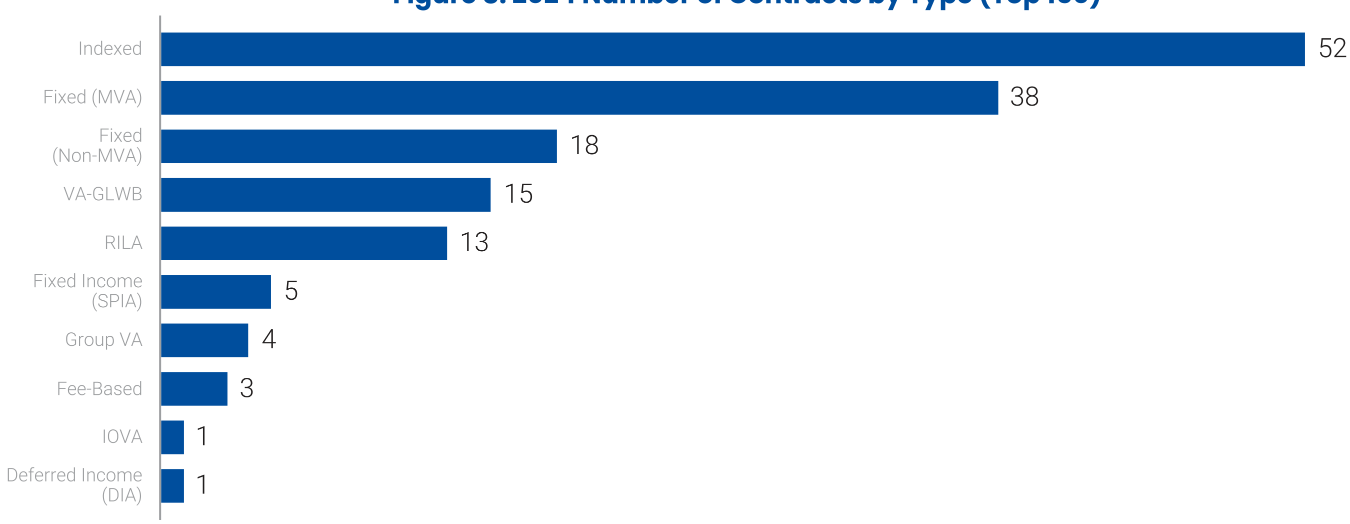
DATA PROVIDED: FIGURE 7 BREAKS DOWN SALES OF THE TOP 150 ANNUITIES IN 2024. SALES OF THE TOP 150 ANNUITY PRODUCTS REPRESENT APPROXIMATELY 76% OF TOTAL ANNUITY SALES FOR THE YEAR.

Figure 7: 2024 Sales of Top 150 Annuities by Type ($Billions)



DATA PROVIDED: FIGURE 8 BREAKS DOWN THE NUMBER OF PRODUCTS OF EACH TYPE WITHIN THE TOP 150 ANNUITIES IN 2024.

Figure 8: 2024 Number of Contracts by Type (Top 150)

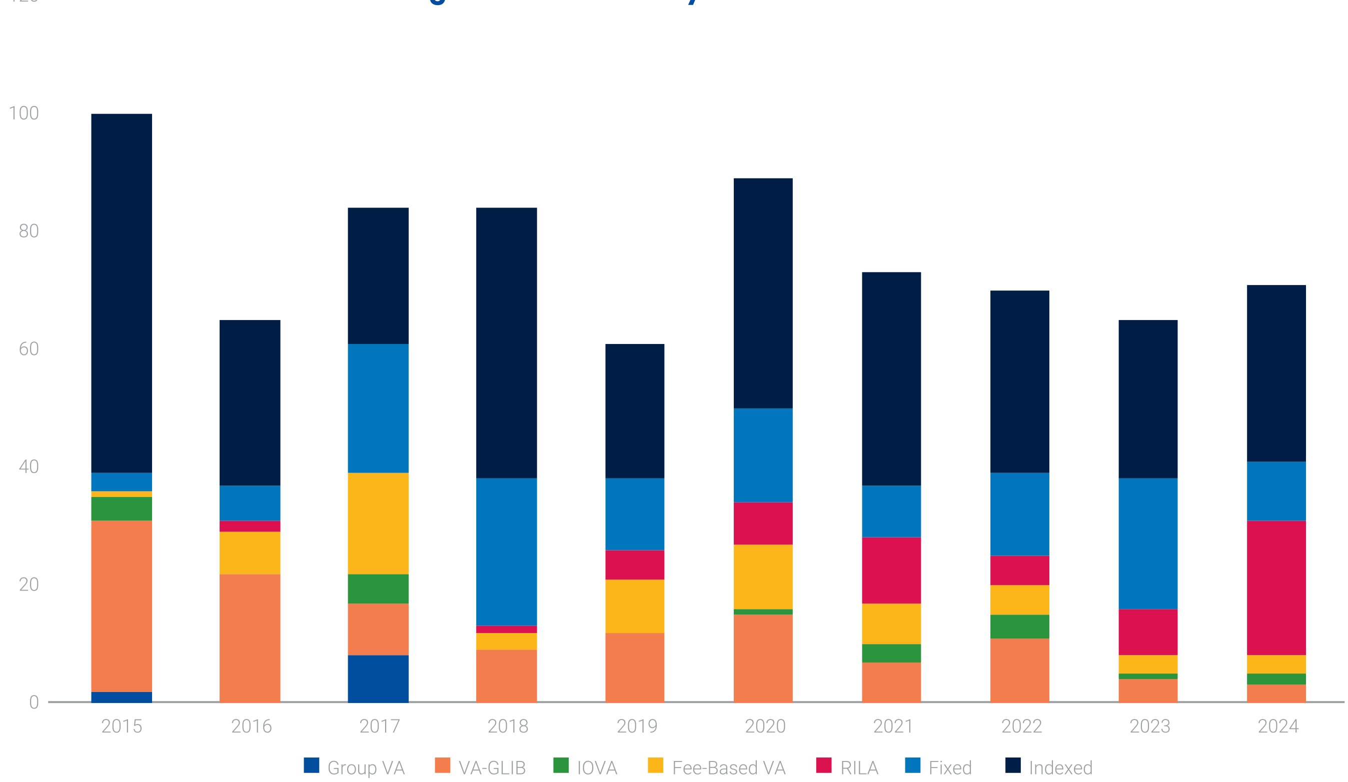


In terms of new products launched in 2024, spread products (fixed, FIA, and RILA) continued to dominate the landscape. Product development trends of note include:

- Only three VAs with living benefits were introduced.
- Two GMABs were brought to market in 2024, the first new GMABs in well over a decade.
- Income benefits continued to be added to RILAs.
- Hybrid index strategies in FIAs and RILAs remain a significant opportunity, but the bulk of flows are still going into basic S&P 500 index options.
- New Contingent Deferred Annuity (CDA) products came to market in 2024, broadening availability and setting the stage for growth. To date there is no data on CDA sales available. Anecdotally there is considerable interest but implementation is moving somewhat slowly as infrastructure issues (such as fee accounting and portability) are addressed.

DATA PROVIDED: FIGURE 9 SHOWS ANNUITY ISSUANCE BY TYPE SINCE 2015.

Figure 9: New Annuity Issuance 2015 - 2024



SOURCES: MORNINGSTAR, INC. AND BEACON ANNUITY SOLUTIONS

ANNUITY AUM TRENDS

Despite a record year overall and another year of strong sales of fixed annuities, FIAS, and RILAs, and a 25 percent return in the S&P 500, AUM in annuities rose only slightly in 2024. Several factors contributed to constrained growth, the most significant of which were the extent to which sales represented annuity-to-annuity exchanges, and outflows to non-annuity products.

DATA PROVIDED: FIGURE 8 AND THE ACCOMPANYING DATA TABLE SHOW ANNUITY ASSET GROWTH OVER THE PAST DECADE IN THE BROAD CATEGORIES OF VARIABLE ANNUITY SUBACCOUNTS AND IN FIXED ANNUITIES.

Figure 10: 10 Year Chart of Fixed and Variable Annuity Assets Under Management

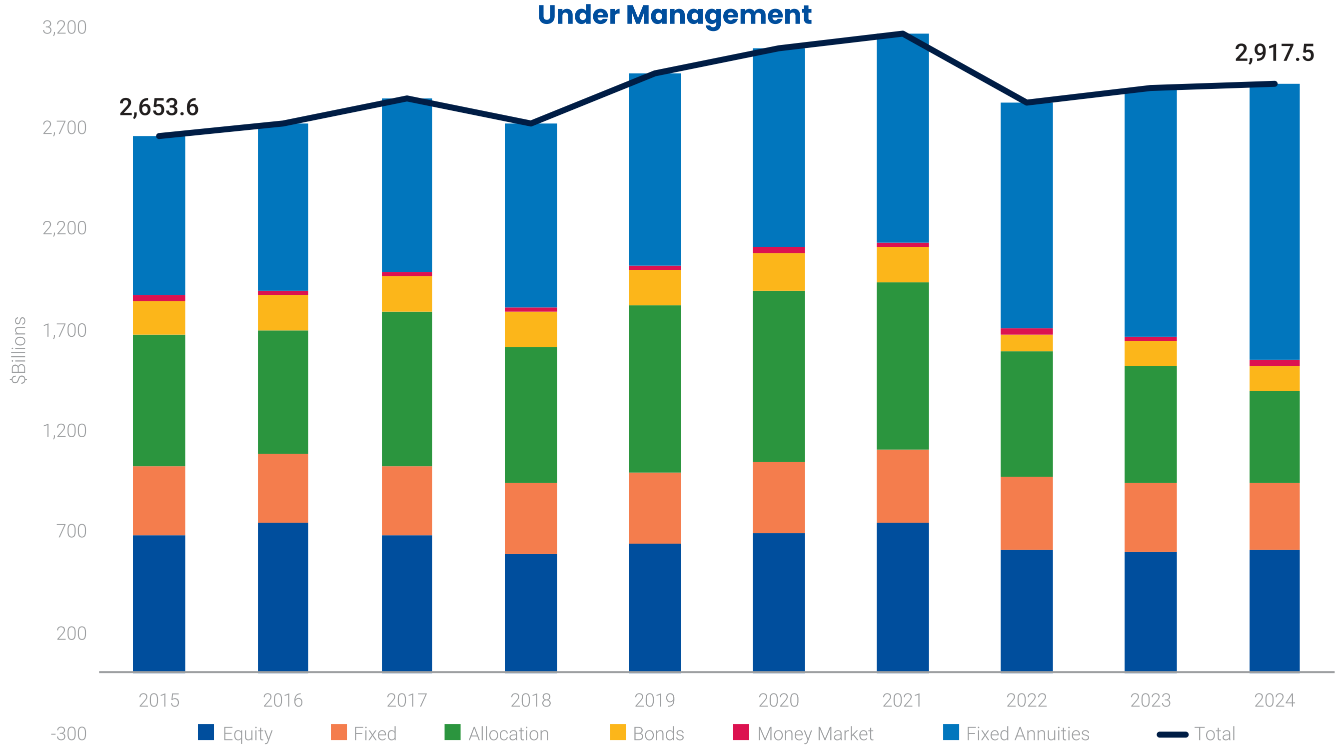


Figure 10 Data Table: Historic Annuity Assets Under Management in $Billions

Product Type	2015	2016	2017	2018	2019	5-year Growth	2020	2021	2022	2023	2024	5-year Growth
Equity	677.4	739.0	676.0	590.6	635.3	-14%	689.9	746.8	606.1	602.8	607.4	-4%
VA Fixed Accounts	344.6	344.2	341.6	346.7	352.7	5%	357.3	358.6	360.0	339.9	335.6	-5%
Allocation	652.9	613.6	775.1	676.8	827.8	27%	843.8	823.2	625.2	579.1	454.7	-45%
Bonds	166.8	174.7	171.2	173.2	178.7	4%	186.3	178.2	87.0	119.7	126.7	-29%
Money Market	29.9	25.3	21.8	27.0	23.5	-15%	28.5	23.6	24.7	26.1	24.3	3%
Fixed Annuities	782.0	827.5	861.5	902.3	946.6	27%	983.5	1,030.9	1,122.7	1,227.9	1,368.8	45%

SOURCES: MORNINGSTAR, INC. AND LIMRA

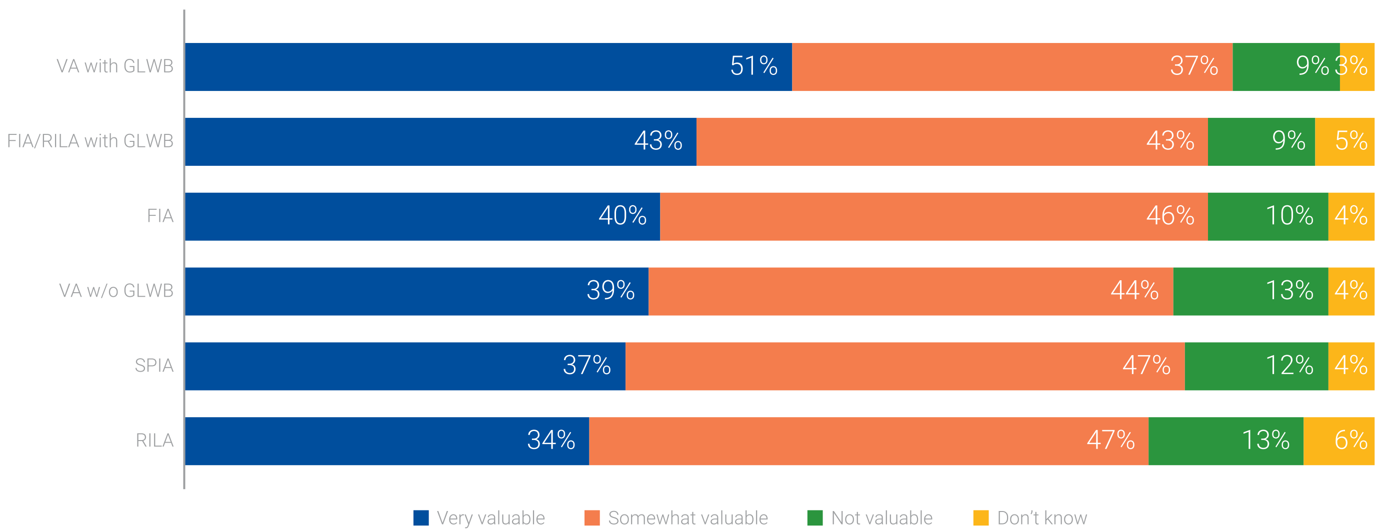
Financial Professionals (FPs) and Annuities

In 2024 IRI explored viewpoints and attitudes toward annuity products, working with annuities, and the need for guaranteed lifetime income among FPs who seldom or never use annuities with their clients. The survey of 800 FPs found that high percentages, while avoiding annuities in their practices, nevertheless perceive annuities to be valuable. Interestingly, despite falling sales, the FPs surveyed perceived the highest level of value in variable annuities with guaranteed lifetime withdrawal benefits (GLWB). Figures 11 and 12 demonstrate that FPs who avoid annuities see the value in the product, but need better capabilities to model, transact, and service annuities. These are exactly the type of improvements driven by IRI's Digital First for Annuities.

These findings are from the IRI research report, "Operational and Philosophical Barriers to Annuity Production," published December 11, 2024 and available to member firms in the Research section of the IRI website.

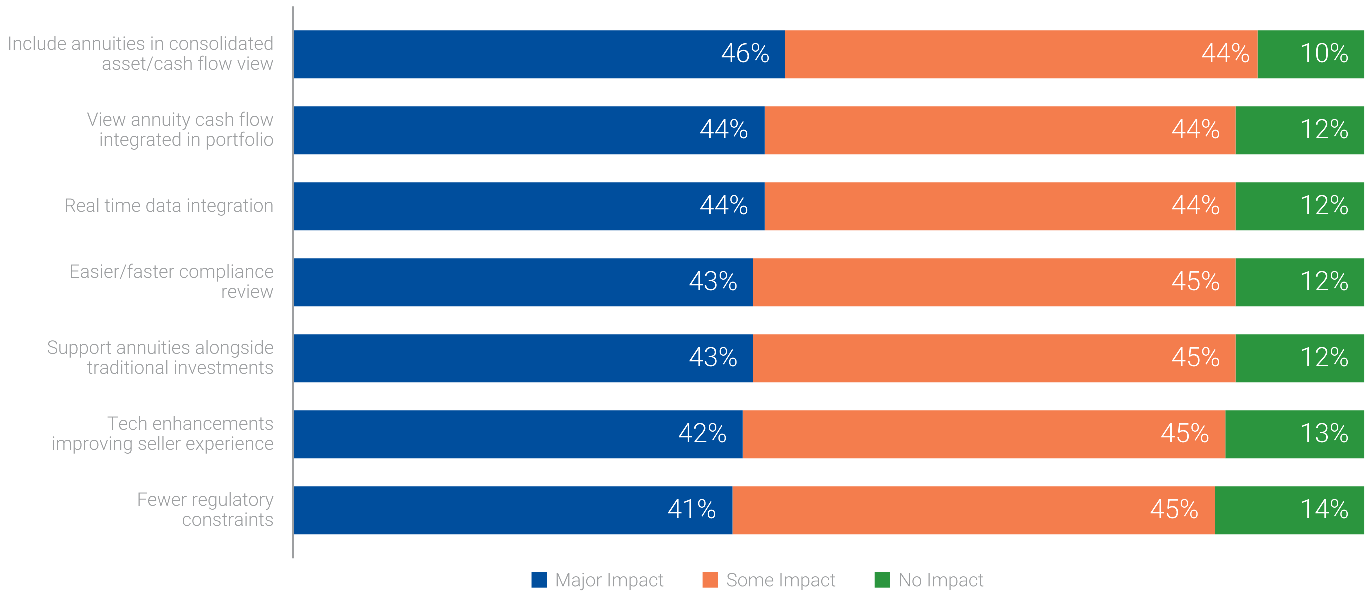
DATA PROVIDED: FIGURE 11 SHOWS HOW FPS PERCEIVE THE VALUE OF ANNUITIES BY ANNUITY TYPE.

Figure 11: Perception of Annuity Value Among FPs Who Avoid Annuities



DATA PROVIDED: FIGURE 12 SHOWS HOW FPS PERCEIVE THE EXTENT TO WHICH IMPROVEMENTS IN TRANSACTION PROCESSING AND THE ABILITY TO MODEL ANNUITIES IN PORTFOLIO AND CASH FLOW VIEWS WOULD HAVE AN IMPACT ON THEIR USE OF ANNUITIES.

Figure 12: Improvements That Could Influence Use of Annuities

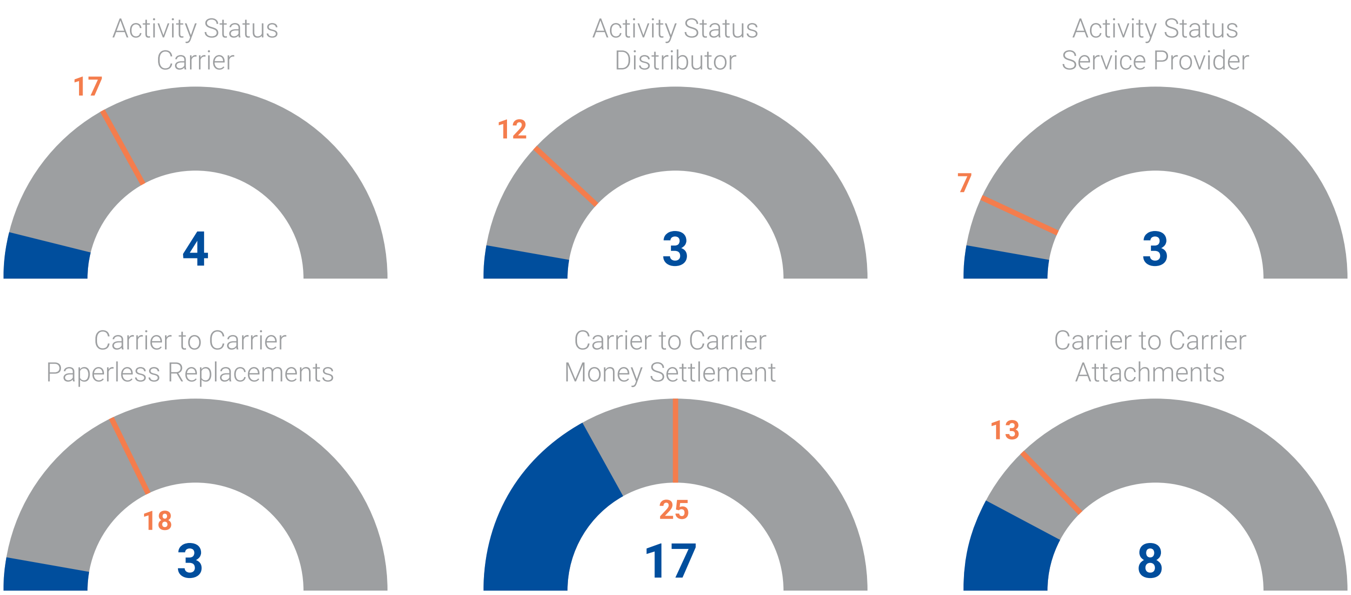


Operations & Technology: Digital First

DIGITAL FIRST FOR ANNUITIES

IRI's Digital First for Annuities initiative continues to make significant strides in modernizing the annuity experience for both financial professionals and consumers. In the first half of the year, the initiative drove key infrastructure enhancements that streamline annuity replacement transactions, reducing processing times from weeks to just 24 hours in early implementations. Implementing firms are reporting a 94 percent reduction in cycle time and a 50 percent decrease in errors. Additional modernization efforts have improved transparency, with Activity Status APIs cutting calls and emails by 82 percent for firms that have adopted them. The initiative has also enabled deeper integration of annuities into digital financial planning tools through IRI Baseline Values, making it easier to model and visualize annuity benefits alongside traditional investments. These advancements are boosting advisor satisfaction by shortening time to issue, increasing transparency, and improving both access to and understanding of annuities.

2025 Planned Activity Status Implementations (IRI Dashboard)



LOOKING AHEAD

Digital First for Annuities will continue advancing industry standards to make annuities easier to understand, model, transact, and manage. Upcoming efforts will build on the same foundational goals: increasing efficiency, reducing errors, and ensuring seamless integration into the platforms financial professionals use every day. Current priorities include real-time training updates, streamlined beneficiary changes, enabling income visibility in accounts, portfolio and reporting tools, and progressing toward fully digital, paperless submissions. IRI is actively tracking these developments through a detailed roadmap and dashboard, ensuring transparency and accountability as the initiative moves forward.

Public Policy Goals and Achievements

2024 FEDERAL RETIREMENT SECURITY BLUEPRINT

The advancement of common-sense, bipartisan policies to enhance and strengthen retirement security by federal policymakers is paramount to helping America's workers and retirees achieve a secure and dignified retirement. Each year, IRI publishes its *Federal Retirement Security Blueprint* detailing the federal advocacy objectives it will pursue. The *Blueprint* serves as the basis of IRI's dialogue with federal policymakers about the importance of providing sustainable strategies that will address the challenges facing workers and retirees. The *Blueprint* consists of five pillars that build a foundation for strengthening and enhancing retirement security.

ADVOCACY BY THE NUMBERS

IRI recommended the adoption of 33 policy proposals in its *2024 Federal Retirement Security Blueprint*. The proposals were aimed at helping workers and retirees strengthen their financial security and protect their income in a way that will sustain them throughout their retirement years. Throughout 2024, progress was made on 21 of the 33 *Blueprint* proposals. The *2025 Retirement Security Blueprint* contains 33 policy proposals.

2024 IRI FEDERAL RETIREMENT SECURITY BLUEPRINT PROGRESS REPORT

- **33** Blueprint Proposals
- **12** Introduced or voted on in the House or Senate
- **5** Passed out of the House or Senate
- **3** Passed out of a House or Senate Committee
- **1** Considered for introduction in the House or Senate

IRI conducted 118 meetings with members of Congress to discuss 48 individual pieces of legislation that could affect retirement security in our nation. Below are brief summaries of a select legislation included in the *Blueprint* advocated for by IRI in 2024.

SELECT LEGISLATIVE SUMMARIES

Below are brief summaries of select legislation advocated by IRI in 2024.

RETIREMENT FAIRNESS FOR CHARITIES AND EDUCATIONAL INSTITUTIONS

- Sponsors: Reps. Frank Lucas (R-OK), Josh Gottheimer (D-NJ), Andy Barr (R-KY), & Bill Foster (D-IL), Sens. Katie Britt (R-AL), Raphael Warnock (D-GA), Bill Cassidy (R-LA), & Gary Peters (D-MI)
- Introduced in the 118th Congress in the House on December 12, 2023, and in the Senate on July 31, 2024
- Latest Congressional Action: Passed out of the House on March 8, 2024
  Reintroduced in the 119th Congress in the House and the Senate on February 5, 2025

Participants in 403(b) plans do not currently have access to cost-efficient investment options that are available to participants in 401(k), 457(b), the federal Thrift Savings Plan (TSP), and other plan types. While the *SECURE 2.0 Act* amended the *Internal Revenue Code* to provide parity to 403(b) plan participants, it did not amend federal securities law to make the changes necessary to eliminate the barriers that inhibit 403(b) plan participants from utilizing collective investment trusts (CITs) and unregistered insurance company separate accounts. The *Retirement Fairness for Charities and Educational Institutions Act* would effectuate the changes to federal securities laws by amending the *Investment Company Act of 1940*, the *Securities Act of 1933*, and the *Securities Exchange Act of 1934* to establish parity for 403(b) plan participants.

LIFETIME INCOME FOR EMPLOYEES ACT

- Sponsors: Reps. Tim Walberg (R-MI) & Donald Norcross (D-NJ)
- Introduced in the 118th Congress in the House on June 9, 2023
- Latest Congressional Action: Referred to the House Committee on Education & the Workforce

The *Lifetime Income for Employees Act* would amend the current qualified default investment alternatives (QDIAs) regulations to authorize the expanded use of protected, guaranteed lifetime income solutions. The bill would direct the Secretary of Labor to remove existing barriers in the regulations that are effectively prohibiting the use of protected, guaranteed lifetime income solutions that have delayed liquidity features — despite their potential higher returns. Removing these barriers would enable plan sponsors to utilize annuities to provide a guaranteed return on investment that have a delayed liquidity feature as a default investment vehicle for a portion of contributions made by a plan participant who has not made individualized investment selections.

FINANCIAL EXPLOITATION PREVENTION ACT

- Sponsors: Reps. Ann Wagner (R-MO), Josh Gottheimer (D-NJ) & Sens. Bill Hagerty (R-TN), Jon Tester (D-MT)
- Introduced in the 118th Congress in the House on January 25, 2023, and in the Senate on May 9, 2023
- Latest Congressional Action: Passed out of the House on January 30, 2023
Reintroduced in the 119th Congress in the House on March 27, 2025

The *Financial Exploitation Prevention Act* would enable open-ended investment companies, courts, and state regulators to delay the redemption of a security in case of suspected financial exploitation. Such delays would enable more thorough investigations to determine if redemption requests are legitimate.

SENIOR SECURITY ACT

- Sponsors: Reps. Josh Gottheimer (D-NJ), Ann Wagner (R-MO), & Sens. Kyrsten Sinema (I-AZ),
- Introduced in the 118th Congress in the House on April 13, 2023, and in the Senate on March 23, 2023
- Latest Congressional Action: Passed out of the House on June 5, 2023
Reintroduced in the 119th Congress in the House on February 21, 2025

The *Senior Security Act* would create an interdepartmental task force at the U.S. Securities and Exchange Commission (SEC) to investigate the challenges facing older investors and make recommendations to Congress about additional measures to increase protections for senior citizens. Additionally, the bill would direct the Government Accountability Office (GAO) to study and report on the financial impact of financial exploitation.

SECURE NOTARIZATION ACT

- Sponsors: Reps. Kelly Armstrong (R-ND), Madeleine Dean (D-PA) & Sens. Kevin Cramer (R-ND), Mark Warner (D-VA)
- Introduced in the 118th Congress in the House on February 17, 2023, and in the Senate on April 19, 2023
- Latest Congressional Action: Passed out of the House on February 27, 2023
  Reintroduced in the 119th Congress in the House on March 30, 2025

The *SECURE Notarization Act* would authorize federal and state courts to recognize remote and electronic notarizations performed by a notary public regardless of the state in which the notary is commissioned so long as their service is rendered to affect interstate commerce. The bill would permit financial professionals to utilize technology that does not necessitate in-person appearances. The bill further ensures that the notary makes the necessary identity verification by establishing standards for remote notarization.

IMPROVING DISCLOSURE FOR INVESTORS ACT

- Sponsor: Reps. Bill Huizenga (R-MI), Jake Auchincloss (D-MA), Bryan Steil (R-WI), Wiley Nickel (D-NC) & Sens. Thom Tillis (R-NC), John Hickenlooper (D-CO)
- Introduced in the 118th Congress in the House on March 27, 2023, and in the Senate on February 17, 2024
- Latest Congressional Action: Passed out of the House on March 8, 2024
- Reintroduced in the 119th Congress in the House on March 27, 2025

The *Improving Disclosure for Investors Act* directs the U.S. Securities and Exchange Commission (SEC) to promulgate a rulemaking electronic delivery of regulatory-required documents the default delivery method. The bill will allow for electronic delivery to become the default option if the SEC fails to finalize a rule within one year of the bill's enactment.

HELPING YOUNG AMERICANS SAVE FOR RETIREMENT ACT

- Sponsors: Sens. Bill Cassidy (R-LA), Tim Kaine (D-VA), Reps. Brittany Pettersen (D-CO), Tim Walberg (R-MI)
- Introduced in the 118th Congress in the House on August 2, 2024, and in the Senate on November 15, 2023
- Latest Congressional Action: Reintroduced in 119th Congress in the Senate on May 12, 2025

The *Helping Young Americans Save for Retirement Act* would reduce the age of participation in employer-sponsored retirement savings plans from 21 to 18. The bill would also reduce the cost associated with offering participation to younger workers by removing expensive auditing and other regulatory requirements that currently make offering retirement savings to 18-20-year-olds more costly and difficult for employers.

DATA PRIVACY ACT

- Sponsors: Rep. Patrick McHenry (R-NC)
- Introduced in the 118th Congress in the House on February 24, 2023
- Latest Congressional Action: Reported out of the House Financial Services Committee on February 28, 2023

The *Data Privacy Act* would establish a federal data privacy framework for financial institutions. The framework requires that individuals must be informed about how their data is collected and used. It also provides individuals with an opportunity to opt out of data collection. The bill prohibits states from establishing different privacy standards than those imposed at the federal level.

CAPITOL HILL EFFORTS TO PRESERVE AND PROTECT THE TAX-DEFERRED TREATMENT OF RETIREMENT SAVINGS

Most of the individual and some of the business tax provisions from the 2017 *Tax Cuts and Jobs Act* (TCJA) will expire on December 31, 2025. President Trump and Republican majorities in the House and the Senate have made extending most of the expiring TCJA provisions as well as enacting additional targeted individual measures — including no tax on income derived from tips, overtime, Social Security, making auto loan interest a deductible expense, and the state and local tax deduction. The Congressional Budget Office (CBO) is estimating that the expiring TCJA provisions would cost $4.7 trillion over 10 years, with additional proposals costing several trillion more.

To offset some or all the cost of extending TCJA, Congress will seek to find existing tax expenditures to trim. Tax-deferral of retirement savings is one of — if not the — largest such expenditure. A Joint Committee on Taxation report estimated the cost (for tax deferral of savings in defined contribution, defined benefit, and IRAs) to be approximately $2.5 trillion from 2024 to 2028.

While many policymakers have expressed support for the current tax treatment of the private retirement system to remain unchanged, some members of Congress and the Trump Administration have expressed criticism about the system. While President Trump expressed support for the current system in 2017, a threat still exists that tax deferral of retirement savings could be utilized as a "pay-for" for other non-retirement changes to tax law.

IRI has been working to educate members of Congress and Trump Administration policymakers about the important role the tax deferral treatment of retirement savings plays in encouraging workers to save for their retirement during their working years.

2025 OUTLOOK

IRI anticipates that negotiations surrounding the extension of expiring provisions of the *Tax Cuts and Jobs Act* will be the primary focus of legislative activity during the first half of 2025. During that time, IRI will continue to advocate for the preservation of the tax-deferred treatment of retirement savings.

IRI anticipates it will begin efforts to advocate for legislation supported in the *2025 Federal Retirement Security Blueprint* that would build upon measures included in the *SECURE Act* and the *SECURE 2.0 Act* to expand opportunities for workers to save for retirement and facilitate access to lifetime income solutions for defined contribution plan participants. The legislation IRI will focus on includes:

- The *Lifetime Income for Employees Act*
- The *Retirement Fairness for Charities and Educational Institutions Act*
- The *Helping Young Americans Save for Retirement Act*
- The *Automatic IRA Act*
- The *Improving Disclosure for Investors Act*
- The *General Accounts Product Clarifications Act*

Regulatory Goals and Achievements

STANDARDS OF CONDUCT FOR FINANCIAL PROFESSIONALS

For over a decade, Congress and regulators at the federal and state levels have been working to formulate appropriate standards of conduct for financial services industry professionals. IRI and its members believe that financial professionals should be required to act in their clients' best interest, and IRI has been among the leaders of the financial services industry's efforts to advocate for adoption of a clear, consistent, and workable best interest standard that provides meaningful and effective consumer protections — without depriving Americans of access to valuable financial products and services.

DOL

On April 23, 2024, the U.S. Department of Labor (DOL) adopted the final version of the Fiduciary Rule with an effective date of September 23, 2024, and a one-year phase-in period during which investment advice fiduciaries relying on the amended versions of PTE 2020-02 or PTE 84-24 would have only been required to comply with the Impartial Conduct Standards and the fiduciary acknowledgment requirements.

In May 2024, IRI and four other industry organizations filed a lawsuit against the DOL in the Northern District of Texas to challenge the final rule package on the grounds that it (a) exceeds the DOL's statutory authority, (b) is the product of a rushed, outcome-oriented process, (c) is arbitrary and capricious in multiple respects, and (d) violates our members' First Amendment right to communicate truthful information to consumers about annuities and other retirement products. Based on these arguments, the plaintiffs asked the court to vacate the final rule package in its entirety and to stay the effective date of the final rule package until the litigation is resolved. A companion case was filed by another industry organization in the Eastern District of Texas.

In July 2024, the judge in IRI's case issued a stay of the effective date for the entire rule package, finding that the plaintiffs are "virtually certain" to prevail on the merits. The DOL appealed the stay order to the Fifth Circuit, and the parties are currently in the midst of the briefing process.

LOOKING AHEAD

IRI and our co-plaintiffs are cautiously optimistic that the stay will be upheld and that the entire rule package will ultimately be vacated.

SEC AND FINRA

In June 2019, the SEC adopted Regulation Best Interest (Reg BI) to, among other things, establish a best interest standard for broker-dealers and require all broker-dealers and investment advisers to provide standardized disclosures about their services, fees, and material conflicts of interest. Since that time, the SEC staff has issued regulatory guidance on various aspects of the rule, including account-type recommendations, rollover recommendations, conflict of interest obligations, and the consideration of diversity, equity, and inclusion (DEI) factors when making recommendations. The SEC has issued three staff bulletins providing regulatory guidance on various aspects of Reg BI, including:

1. Account recommendations — which provides guidance about the application of Reg BI and the Advisers Act's fiduciary standard when making recommendations to retail investors regarding account types and rollover recommendations,
2. Conflicts of interest — which provides guidance on the conflicts of interest obligations imposed under Reg BI and the fiduciary standard for investment advisers; and

3. Care obligations — which provides guidance on the various elements of the care obligation, including considerations for broker-dealers and investment advisers when conducting an analysis of reasonably available alternatives.

Reg BI has been in full effect since June 30, 2020. In recent years, the industry has seen a steady increase in regulator enforcement action, including 58 Reg BI and Form CRS-related enforcement actions brought in 2024 (42 by FINRA and 16 by the SEC).

LOOKING AHEAD

No new guidance was issued throughout 2024, and it is unclear whether the SEC intends to release any additional guidance regarding other aspects of Reg BI or Form CRS. However, compliance with Reg BI and Form CRS remains a top examination priority for both the SEC and FINRA.

NAIC AND STATE INSURANCE REGULATORS

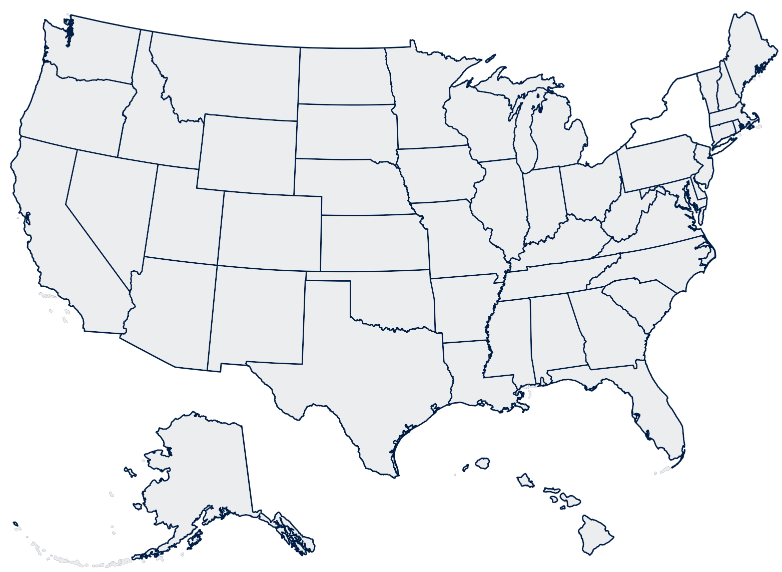
Significant progress was made in 2024, bringing the total number of states that have adopted the 2020 revisions to this NAIC model regulation to 49 (as of the date of publication). IRI worked diligently to avoid any substantive deviations from the revised model, and those efforts were very successful this year. Notably, we successfully advocated for changes to the original version of California Senate Bill 263, with the final legislation closely aligning with the revised model.

IRI also worked closely with state insurance departments throughout the year to ensure consistent nationwide implementation of the revised model, including the model forms. In Oregon, for example, the original forms proposal deviated substantially from the forms included in the revised model but, as a result of IRI's advocacy efforts, the final versions of the forms are substantially similar to those included in the revised model.

In July 2021, the NAIC issued a set of Frequently Asked Questions regarding the revised model.

In September 2024, the NAIC Annuity Suitability Working Group released draft regulatory guidance for state Departments of Insurance to use when reviewing an insurer's compliance with the revised model. The draft guidance is focused on insurer obligations under the safe harbor provision of the revised model. In November, IRI submitted written comments and provided oral testimony regarding the draft guidance on behalf of a coalition of ten trade groups.

New York is the only state to adopt a regulation not based on the revised model. The New York Department of Financial Services (NY DFS) adopted amendments to its annuity suitability regulation (Regulation 187) in July 2019 to impose a best interest standard on all annuity and life insurance recommendations, both at the point of sale and in-force.



LOOKING AHEAD

The District of Columbia is still in the pre-proposal stage but is expected to closely align with the revised model. IRI will continue to lead the joint trades' efforts with respect to draft regulatory guidance on the safe harbor, as well as any other matters that may arise with respect to the revised Model Regulation.

NASAA AND STATE SECURITIES REGULATORS

In November 2024, NASAA released an updated version of its 2023 proposal to amend its Dishonest or Unethical Business Practices of Broker-Dealers and Agents Model Rule. The 2023 proposal would have allowed states to choose from a menu of eight provisions based on SEC staff guidance on Reg BI, which would have resulted in a significantly fractured regulatory framework. The revised proposal eliminated the menu of provisions and addressed many of the industry's other concerns about the original version. IRI submitted comments to NASAA in December 2024. NASAA adopted final amendments that matched the November 2024 proposal in April 2025.

LOOKING AHEAD

IRI will monitor for states proposing to adopt this new Model language from NASAA and for any state proposals that may go beyond incorporation of Reg BI.

REGISTERED INDEXED LINKED ANNUITIES / CONTINGENT DEFERRED ANNUITIES

SEC

In July 2024, as required by the *Registration for Index-Linked Annuities Act* (which was enacted by Congress in late 2022), the SEC adopted rule and form amendments that require offerings of RILAs and registered market value adjustment annuities (registered MVAs) to be registered on Form N-4 (the registration form for most variable annuities) and to adapt that form to accommodate RILAs. Most notably, the amendments:

1. Provide investors with tailored disclosures and critical information about these products;
2. Modernize and enhance non-variable annuities' registration, filing, and disclosure framework;
3. Update the form for all offerings, including variable annuities, and make technical amendments to other insurance product registration forms; and
4. Allow insurers to prepare their financial statements for RILA registration statements in accordance with statutory accounting principles if they would not otherwise have to prepare GAAP financial statements.

As of May 1, 2026, all RILAs and registered MVAs will have to be registered on amended Form N-4.

In April 2025, the SEC extended the financial statement relief described above to permit insurance companies filing registration statements for contingent deferred annuities (CDAs) and certain life insurance products on Form S-1 to use SAP financial statements instead of GAAP financial statements.

LOOKING AHEAD

IRI will pursue further extension of the relief provided for RILAs to other annuity products not currently eligible for Form N-4, including future product innovations.

NAIC/INTERSTATE INSURANCE COMPACT

In April 2024, the Interstate Insurance Product Regulation Commission (the Compact) adopted uniform standards for registered index-linked annuities (referred to by the NAIC and the Compact as index-linked variable annuities, or ILVAs). Companies can now file their ILVA products with the Compact rather than complete a 50-state filing. However, Oregon has currently opted out of the ILVA uniform standard and companies will need to continue to file directly with the state for approval.

Additionally, upon adoption, IRI was made aware of comments provided by the Compact during the filing process related to the interpretation and application of the free-look provision. Essentially, the Compact expected the free-look provision to be administered to more closely align with the free-look process of fixed annuity products, rather than variable annuity products, under which ILVA products similarly operate.

In September, IRI and several other industry groups submitted a letter to the Compact and met with the Compact and key regulators to express the industry's concerns about this approach. The Compact has designated this as a medium/high priority for 2025, but IRI believes the Compact is unlikely to revise the product standards to address the industry's concerns.

LOOKING AHEAD

At the direction of the membership, IRI is not currently planning to conduct any proactive advocacy on the free-look issue. However, IRI will explore potential regulatory changes to support members' efforts to grow the market for CDAs.

IMPLEMENTATION OF RETIREMENT REFORM LEGISLATION

DOL

In January 2024, the DOL proposed a rule to implement SECURE 2.0 Section 120, which provides a statutory exemption for automatic portability transactions involving small retirement accounts ($7,000 or less). The rule allows these accounts to be transferred to a Safe Harbor IRA and later into a new employer's plan when a worker changes jobs—helping reduce cash-outs and preserve retirement savings. A reasonable, cost-based fee may be charged to cover direct expenses. To qualify for the exemption, transactions must meet eleven statutory requirements.

DOL / TREASURY / PBGC

In January 2024, the DOL, the U.S. Department of the Treasury, and the Pension Benefits Guaranty Corporation (PBGC) issued a joint Request for Information under SECURE 2.0 Section 319, seeking input on how to improve and consolidate retirement plan reporting and disclosure requirements. The goal is to make disclosures more effective and understandable for participants and beneficiaries. IRI submitted a comment letter supporting a "clean slate" approach to streamline notices and endorsed electronic delivery as the default method for providing required disclosures.

IRS

In July 2024, the Internal Revenue Service (IRS) finalized rules implementing required minimum distribution (RMD) provisions under the *SECURE Act of 2019* and *SECURE 2.0*. The rule provides guidance on the timing and method of RMDs from defined contribution plans and annuities, including inherited accounts. The final rule affirms the IRS's interpretation of the 10-year rule for post-death distributions, limiting most beneficiaries to a 10-year payout period and effectively ending the use of "stretch IRAs." Exceptions apply for certain eligible beneficiaries, such as surviving spouses and minor children.

LOOKING AHEAD

IRI will continue to monitor for additional rulemaking as it relates to the SECURE Act of 2019 and SECURE 2.0.

OTHER REGULATORY PRIORITIES

FINRA OUTSIDE BUSINESS ACTIVITIES RULE

In March 2025, FINRA issued Regulatory Notice 25-05, proposing Rule 3290 to consolidate and replace existing Rules 3270 and 3280, which govern Outside Business Activities (OBAs) and Private Securities Transactions (PSTs) of associated persons. The proposal was intended to streamline reporting obligations by focusing on investment-related activities, thereby reducing unnecessary burdens while maintaining investor protections. However, supervisory obligations of unaffiliated investment adviser activities and lack of an explicit exclusion of insurance from the definition of "investment-related activity" presented concerns and comments by industry stakeholders.

IRI submitted a comment letter in response to this proposal, urging FINRA to clarify that broker-dealers will not be required to supervise unaffiliated investment advisers for activities outside their control, particularly those already regulated by the SEC and/or state securities regulators. IRI also recommended revising the definition of "investment-related activity" to explicitly exclude insurance, which is subject to robust state regulation, to avoid duplicative obligations and ensure consistency across FINRA forms.

LOOKING AHEAD

IRI will monitor for final action by FINRA on this proposal, and will provide implementation and compliance support for members if and when a final rule is issued.

DOL INVESTMENT SELECTION RULE

In January 2023, the DOL issued a rule, titled *Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights*, which allows retirement plan fiduciaries to consider environmental, social, and governance (ESG) factors in investment decisions, provided they comply with ERISA's duties of prudence and loyalty. The rule clarifies that prudence must be based on factors relevant to a risk/return analysis, which may include the economic impact of ESG considerations.

The Trump administration is expected to pursue revocation or withdrawal of this final rule. The rule has received broad support from the industry, as it removes governmental influence over the investment selection process and reaffirms the ability of fiduciaries to act in accordance with their duties of prudence and loyalty to plan participants.

LOOKING AHEAD

IRI and its industry partners will continue to actively work to preserve investment selection neutrality through continued engagement with regulators.

Insured Retirement Institute

1717 K Street, NW, Suite 900
Washington, DC 20006

IRIonline.org 202-469-3000
@iri_3 @IRIonline