

Pension Risk Transfer Monitor

Legal & General Retirement America



Market update

Kicking off 2022 with a significant start, the US pension risk transfer (PRT) market had its largest first quarter to date with an estimated \$5.5 billion in total market volume. This is considerably higher than Q1 2021 at \$3.8 billion¹ and Q1 2020 at \$4.5 billion.²

The robust first quarter follows a record-breaking 2021 with total market volume at an all-time high of \$38 billion³, demonstrating the resiliency of the PRT market despite an unpredictable economy. Combined with what we are seeing in the pipeline for Q2, the market may be heading towards its strongest first half of the year yet, which we anticipate could exceed \$20 billion.

We saw several large transactions come to market in 2021, as mentioned in our last PRT monitor, which helped drive the record year. This trend has continued into 2022 with the closing of two large deals of over \$1 billion in Q1, contributing to the high market volume we saw.

Market trends

The return of plan terminations

As predicted in our 2021 PRT monitors, plan termination activity has increased so far in 2022 compared to H1 2021. This deal type dominated the market in the first quarter, representing 60% of deals transacted by premium. Given that plan terminations can take 12-18 months to complete, this pickup in activity could be from plan sponsors initiating the process in the second half of 2020 into 2021, and may indicate more plan terminations coming to market throughout the rest of the year compared to last.

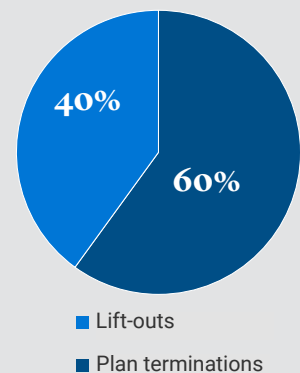
Increased funding levels

Funding levels for US corporate defined benefit plans have continued to increase, rising from 93.5% to 96.3% in the first quarter according to [LGIM America's March 2022 Pension Fiscal Fitness Monitor](#)⁴. With increased funding levels and a large number of insurers actively participating in a highly competitive market, plan sponsors may begin considering mitigation strategies and see this as an appropriate time to terminate their plans, which means we could see plan termination activity continue well into 2023.

\$5.5bn

Estimated Q1 2022 total market size

Q1 2022 Transaction Type Breakdown (by premium)



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1. <https://www.limra.com/siteassets/newsroom/fact-tank/sales-data/2021/q1/1q-2021-buy-in-sales.pdf>

<https://www.limra.com/siteassets/newsroom/fact-tank/sales-data/2021/q1/2021-prt-buy-out.pdf>

2. <https://www.limra.com/siteassets/newsroom/fact-tank/sales-data/2020/q1/buy-out.pdf>

3. <https://www.limra.com/en/newsroom/news-releases/2022/secure-retirement-institute-u.s.-single-premium-pension-buy-out-sales-jump-37-in-2021-marking-highest-sales-since-2012/>

4. <https://www.lgima.com/insights/psm/>

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