



Pension Risk Transfer Monitor

October 2020

Market update

We estimate the US Pension Risk Transfer (PRT) market to be over \$4.0 billion in the third quarter of 2020. This is an increase from the second quarter of this year, which had \$2.3 billion¹ in new business premiums, but less than the \$7.7 billion¹ we saw in Q3 of 2019.

We are seeing consistent deal flow that is starting to ramp up for a very active Q4. We estimate the annual market volume for this year to be approximately \$25 billion.

Retiree lift-outs

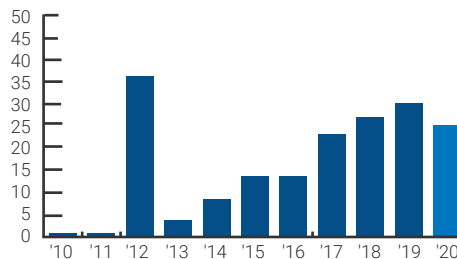
In our most recent PRT Monitor covering the first half of this year, we mentioned that plan terminations were continuing to dominate the PRT space, especially in the market volatility we experienced earlier in the year. Over the third quarter, we saw a shift in this trend with a significant rise in retiree lift-outs. In fact, we estimate that 60% of the deals that closed in Q3 by premium were retiree lift outs.

The increase in retiree lift-outs could be attributed to the improved market stability we observed in Q3 relative

to prior quarters. Plan sponsors who may have delayed or put on hold retiree lift-out transactions while the economic outlook was uncertain are now moving forward.

Plan terminations have less flexibility for delays due to a more rigorous process and timelines generally being set by regulations. While this may have limited the ability for sponsors to put plan terminations on hold, the longer preparation process will have helped ensure liability driven investment strategies were in place to avoid funded status volatility, thus minimizing the impact of market disruptions.

Historical US PRT Market (\$billion)

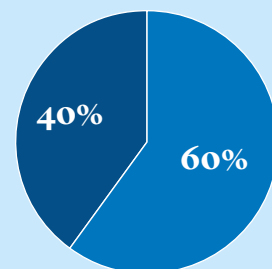


Source: LIMRA Secure Retirement Institute Group Annuity Risk Transfer Survey. 2020 figure based on Legal & General Retirement America's estimation.

Over **\$4b**

Estimated total volume for US PRT market in Q3

Q3 2020 Transaction Type Breakdown (by premium)



■ Plan terminations ■ Retiree lift-outs

\$25b

Estimated total annual volume for US PRT market



Contact us

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1. LIMRA Secure Retirement Institute: [https://www.limra.com/en/newsroom/news-releases/2020/secure-retirement-institute-falling-nearly-50-percent-u.s.-single-premium-pension-buy-out-sales-total-\\$2.3-billion-in-the-second-quarter-2020/](https://www.limra.com/en/newsroom/news-releases/2020/secure-retirement-institute-falling-nearly-50-percent-u.s.-single-premium-pension-buy-out-sales-total-$2.3-billion-in-the-second-quarter-2020/)

2. LIMRA Secure Retirement Institute: <https://www.limra.com/globalassets/limra/newsroom/fact-tank/sales-data/2019/q3/prt-chart-sales-q3.jpg>

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