

Opportunities Abound for Annuity Industry

With the market ripe for insured retirement strategies, the industry is in an extraordinary position to exponentially grow, according to a new report.

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INN Editorial Staff

Eight in 10 advisers who sell annuities report that they are having more client discussions about retirement income planning than they did five years ago. And those discussions are becoming more emotional, according to a new report—“The Evolution of the Annuity Industry”—released by the [Insured Retirement Institute](#) (IRI) and [Cogent Research](#). Nearly two-thirds (65 percent) of advisers currently selling annuities indicate that guaranteed income options are expected to increase in importance over the next five years—more so than any other factor.

“Opportunities abound for the financial services industry to not only meet the growing investor demand for insured retirement strategies, but also to develop business practices that support the continued acceptance and use of these products,” said IRI President and CEO Cathy Weatherford. “Our research has found that the most important retirement income goal, for all investors—annuity owners and non-owners alike—is to ensure they do not run out of money. With the market being ripe for insured retirement strategies, the industry is in an extraordinary position to exponentially grow.”

Overall, the annuity industry has seen significant growth over the past couple of years. Assets in both variable and fixed annuities have reached a record high of nearly \$2.2 trillion in 2010, which is a 10-percent increase from the previous year.

“Increased market volatility, shrinking retirement savings and the disappearance of pensions have investors taking a long hard look at the value proposition associated with annuities,” said Marie Rice, custom research practice director at Cogent Research. To further support this paradigm shift toward the need for retirement income and the emotional security that comes with it, over one-third of investors (34 percent) report the main reason for purchasing an annuity is guaranteed income; and two-thirds (68 percent) of advisers report that they have received at least one client request for an annuity in the last 12 months.

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