

Stable Value and Funding Agreement Products

Third & Fourth Quarter 2019

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Stable Value and Funding Agreement Products

Third & Fourth Quarter 2019

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Overview

SURVEY PARTICIPATION

This report presents the stable value sales and assets results for the third and fourth quarters of 2019. Twenty companies responded to the joint Stable Value Investment Association and Secure Retirement Institute® (SRI™) survey of stable value and funding agreement products for the institutional market.

Eighteen companies reported consistent data in 2018 and 2019 (“common companies”).

Two companies joined the survey in 2018: RGA Reinsurance Company in the first half and Nationwide in the second half. The Standard joined the survey in the first half of 2019.

Note that percent change calculations are based on the common companies that reported results in all quarters, while period totals include companies that reported in the then-current period. Therefore, the percent change base may differ from the amounts shown in each period.

Historical charts were revised to reflect current participation.

HIGHLIGHTS

Participating companies report **new stable value sales of \$15.3 billion** in the second half of 2019, a 41 percent increase over the same period in 2018. For the full year, new sales totaled \$26.0 billion in 2019, down 1 percent from 2018.

Funding agreement product new sales totaled **\$58.5 billion in 2019**, an increase of 20 percent over 2018.

The **\$26.5 billion in ongoing contributions in 2019** to existing stable value contracts represents an increase of 26 percent compared to the same period in 2018.

Participating companies reported **stable value assets totaling \$404.4 billion**. Combined with General Account with Portfolio Guaranteed Rates, **total qualified assets amount to more than \$726.6 billion**, an increase of 5 percent on a common company basis from the end of 2018.

New Sales

	3Q4Q19 Sales (\$000,000)	3Q4Q18 Sales (\$000,000)	Change 3Q4Q18- 3Q4Q19**	2019 Sales (\$000,000)	2018 Sales (\$000,000)	Change 2018- 2019**
Stable value	\$15,264.3	\$11,351.6	40.5%	\$26,023.2	\$26,793.6	-2.9%
Other qualified*	\$11,083.7	\$8,781.5	24.0%	\$28,148.2	\$19,206.7	44.6%
Total Qualified	\$26,348.0	\$20,133.0	33.2%	\$54,171.4	\$46,000.3	16.9%
Funding agreements — non-registered	\$27,378.6	\$24,221.7	14.6%	\$58,498.7	\$48,696.0	20.0%
Funding agreements — registered	\$0.0	\$0.0		\$0.0	\$0.0	
Total Non-Qualified***	\$27,378.6	\$24,221.7	14.6%	\$58,498.7	\$48,696.0	20.0%
Grand Total	\$53,726.6	\$44,354.7	22.0%	\$112,670.0	\$94,696.4	18.6%

Renewal Sales

	3Q4Q19 Sales (\$000,000)	3Q4Q18 Sales (\$000,000)	Change 3Q4Q18- 3Q4Q19**	2019 Sales (\$000,000)	2018 Sales (\$000,000)	Change 2018- 2019**
Stable value	\$163.3	\$67.6	141.5%	\$344.4	\$144.2	138.8%
Other qualified*	\$0.0	\$0.0	--	\$0.0	\$0.0	--
Total Qualified	\$163.3	\$67.6	141.5%	\$344.4	\$144.2	138.8%
Funding agreements — non-registered	108.0	\$162.5	-33.5%	109.5	\$163.7	-33.1%
Funding agreements — registered	\$0.0	\$0.0	--	\$0.0	\$0.0	--
Total Non-Qualified***	\$108.0	\$162.5	-33.5%	\$109.5	\$163.7	-33.1%
Grand Total	\$271.3	\$230.1	17.9%	\$453.9	\$307.9	47.4%

Columns may not sum to totals due to rounding

*General account with portfolio guaranteed rates

**Percent change calculations are based on companies that reported results in all quarters whereas period totals include companies that reported in the then-current period. Therefore, the percent change base may differ from the amounts shown on this table.

***One company provides data in total but not by segment. Therefore, columns do not sum to the total.

Ongoing Deposits

	3Q4Q19 Sales (\$000,000)	3Q4Q18 Sales (\$000,000)	Change 3Q4Q18- 3Q4Q19**	2019 Sales (\$000,000)	2018 Sales (\$000,000)	Change 2018- 2019**
Stable value	\$6,401.3	\$5,102.3	62.1%	\$13,141.2	\$9,174.2	43.3%
Other qualified*	\$6,368.2	\$5,520.6	13.8%	\$13,360.6	\$11,721.2	12.5%
Total Qualified	\$12,769.5	\$10,622.9	33.9%	\$26,501.8	\$20,895.4	26.0%
Funding agreements — non-registered	\$477.5	\$507.0	16.1%	\$1,046.3	\$964.2	8.5%
Funding agreements — registered	\$0.0	\$0.0		\$0.0	\$0.0	
Total Non Qualified***	\$477.5	\$507.0	16.1%	\$1,046.3	\$964.2	-8.5%
Grand Total	\$13,247.1	\$11,129.9	33.2%	\$27,548.1	\$21,859.6	25.2%

Assets

	12/31/2019 Sales (\$000,000)	12/31/2018 Sales (\$000,000)	Change 2018- 2019**
Stable value	\$404,450.5	\$379,664.6	6.5%
Other qualified*	\$322,131.4	\$305,767.4	3.7%
Total Qualified	\$726,581.9	\$685,432.0	5.3%
Funding agreements — non- registered	\$117,746.7	\$116,729.0	7.4%
Funding agreements — registered	\$0.0	\$0.0	
Total Non Qualified***	\$117,746.7	\$116,729.0	7.4%
Grand Total	\$844,328.6	\$802,161.0	4.6%

Columns may not sum to totals due to rounding

*General account with portfolio guaranteed rates

**Percent change calculations are based on companies that reported results in all quarters whereas period totals include companies that reported in the then-current period. Therefore, the percent change base may differ from the amounts shown on this table.

***One company provides data in total but not by segment. Therefore, columns do not sum to the total.

Qualified Market Sales and Assets- 3Q4Q 2019

	3Q4Q19 Sales (\$000,000)				Assets
	New	Renewal	Ongoing Deposit	Total	12/30/19 (\$000,000)
General account	\$1,536.7	\$17.1	\$43.4	\$1,597.2	\$12,332.2
Separate account	\$2,871.0	\$0.0	\$1,233.1	\$4,104.1	\$70,454.2
Synthetic (managed by company or affiliate)	\$581.4	\$29.7	\$909.2	\$1,520.3	\$47,323.5
Synthetic (not managed by company or affiliate)	\$10,275.1	\$116.5	\$4,215.7	\$14,607.2	\$274,340.5
Subtotal	\$15,264.3	\$163.3	\$6,401.3	\$21,828.9	\$404,450.5
Other qualified*	\$11,083.7	0	\$6,368.2	\$17,451.9	\$322,131.4
Total Qualified	\$26,348.0	\$163.3	\$12,769.5	\$39,280.8	\$726,581.9

Qualified Market Sales and Assets- 2019

	2019 Sales (\$000,000)				Assets
	New	Renewal	Ongoing Deposit	Total	12/30/19 (\$000,000)
General account	\$2,491.8	\$32.2	\$130.9	\$2,654.9	\$12,332.2
Separate account	\$4,121.6	\$0.0	\$2,370.3	\$6,491.9	\$70,454.2
Synthetic (managed by company or affiliate)	\$2,136.7	\$83.4	\$1,879.2	\$4,099.3	\$47,323.5
Synthetic (not managed by company or affiliate)	\$17,273.0	\$228.8	\$8,760.7	\$26,262.6	\$274,340.5
Subtotal	\$26,023.2	\$344.4	\$13,141.2	\$39,508.8	\$404,450.5
Other qualified*	\$28,148.2	\$0.0	\$13,360.6	\$41,508.8	\$322,131.4
Total Qualified	\$54,171.4	\$344.4	\$26,501.8	\$81,017.6	\$726,581.9

Non-Qualified Market Sales and Assets- 3Q4Q 2019

	3Q4Q19 Sales (\$000,000)				Assets
	New	Renewal	Ongoing Deposit	Total	12/31/19 (\$000,000)
General account	\$27,047.40	\$108.00	\$477.53	\$27,632.93	\$110,257.59
Separate account	\$296.21	\$0.00	\$0.00	\$296.21	\$6,584.40
Synthetic (managed by company or affiliate)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Synthetic (not managed by company or affiliate)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Non-Qualified	\$27,378.60	\$108.00	\$477.53	\$27,964.13	\$117,746.72

Columns may not sum to totals due to rounding

*General account with portfolio guaranteed rates

***One company provides data in total but not by segment. Therefore, columns do not sum to the total.

Non-Qualified Market Sales and Assets- 2019

	2019 Sales (\$000,000)				Assets
	New	Renewal	Ongoing Deposit	Total	12/31/19 (\$000,000)
General account	\$58,032.0	\$109.5	\$1,046.3	\$59,187.8	\$110,257.6
Separate account	\$379.2	\$0.0	\$0.0	\$379.2	\$6,584.4
Synthetic (managed by company or affiliate)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Synthetic (not managed by company or affiliate)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Non-Qualified	\$58,498.7	\$109.5	\$1,046.3	\$59,654.6	\$117,746.7

Columns may not sum to totals due to rounding

*General account with portfolio guaranteed rates

***One company provides data in total but not by segment. Therefore, columns do not sum to the total.

Non-Qualified Market Sales and Assets, by type

	3Q4Q19 Sales (\$000,000)				Assets
	New	Renewal	Ongoing Deposit	Total	12/31/19 (\$000,000)
Corporate	\$367.0	\$0.0	\$40.6	\$407.6	\$3,649.4
FHLB	\$19,425.9	\$0.0	\$65.5	\$19,491.4	\$28,741.2
Foreign	\$2,326.4	\$0.0	\$0.0	\$2,326.4	\$20,986.1
Global	\$5,373.2	\$0.0	\$0.0	\$5,373.2	\$53,423.1
Municipal	\$296.3	\$0.0	\$34.6	\$330.9	\$6,795.0
Short-term investment funds	\$50.0	\$0.0	\$0.0	\$50.0	\$577.4
Other	\$827.2	\$108.0	\$0.0	\$935.2	\$7,849.5
Total	\$28,666.0	\$108.0	\$140.7	\$28,914.7	\$122,021.7

Columns may not sum to totals due to rounding

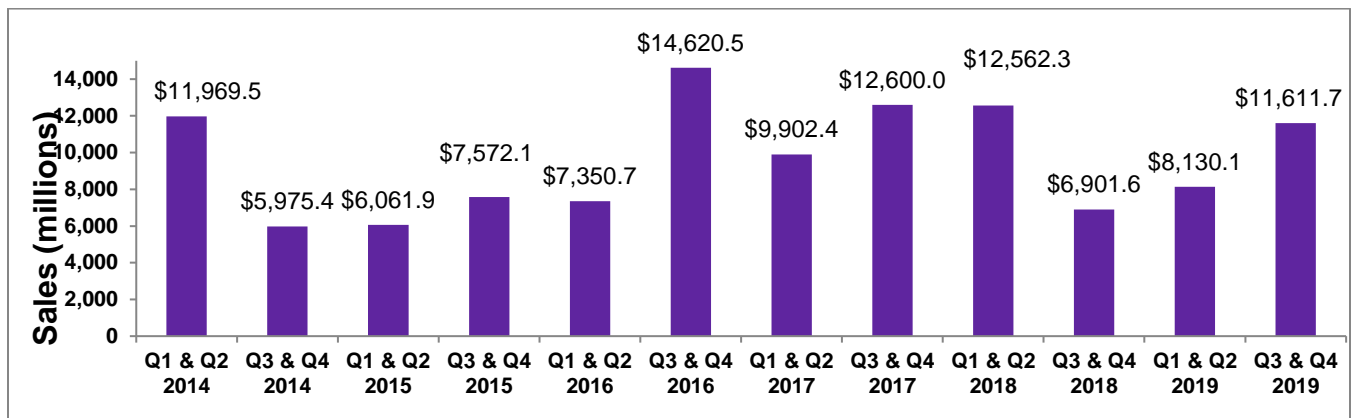
*One company provides the total but not each segment. Therefore, the sum will not equal the total.

STABLE VALUE SALES TRENDS*

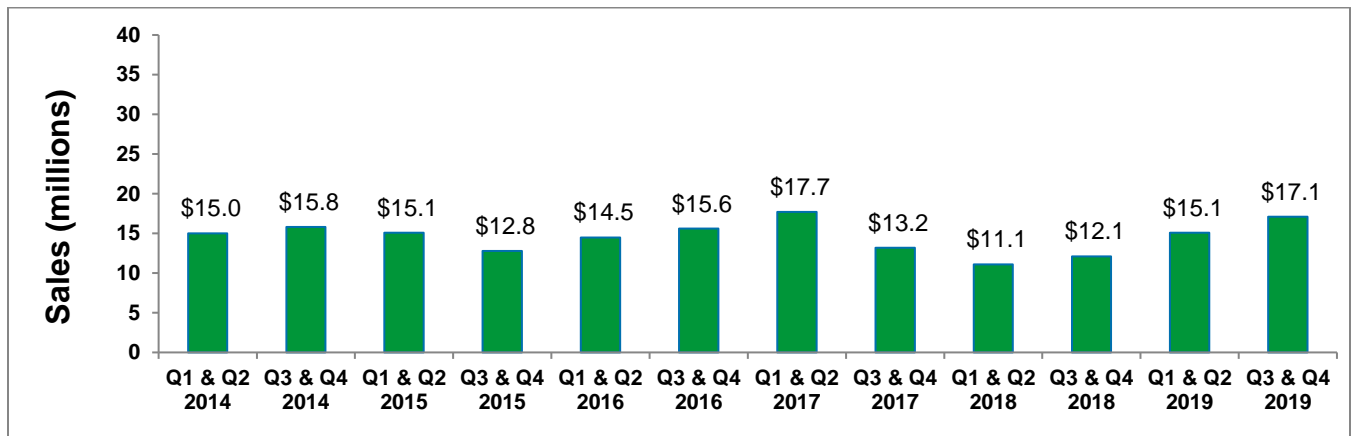
2014-2019

- Guaranteed investment contracts (GICs) new sales in the first half of 2019 were up 43 percent compared to the first half of 2019, and up 68 percent compared to the second half of 2018.
- Ongoing GIC sales** were up 10 percent over the first half of 2019.
- Renewal sales** have fluctuated within a relatively small range in recent years.

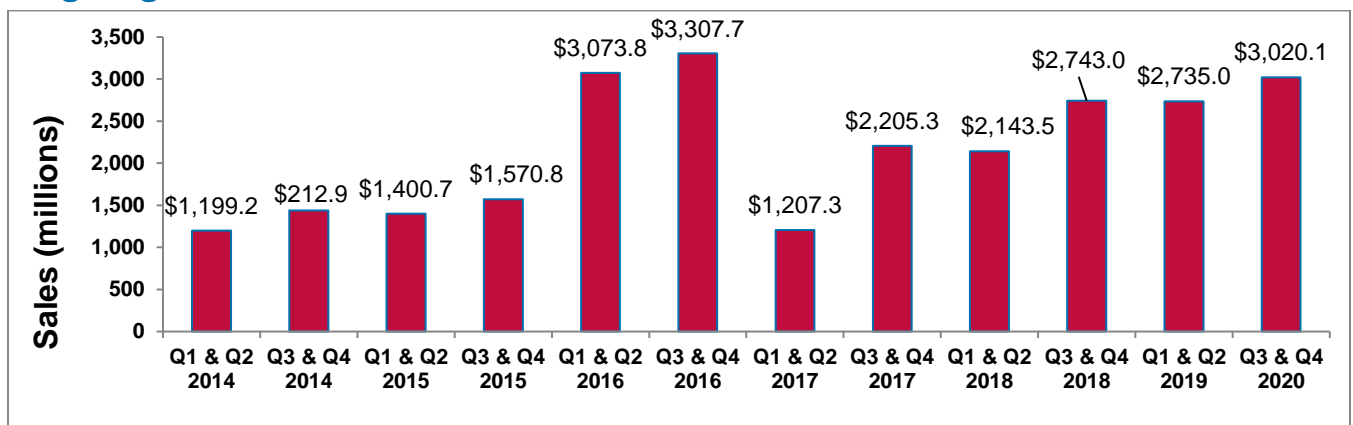
New Sales



Renewal Sales



Ongoing Sales



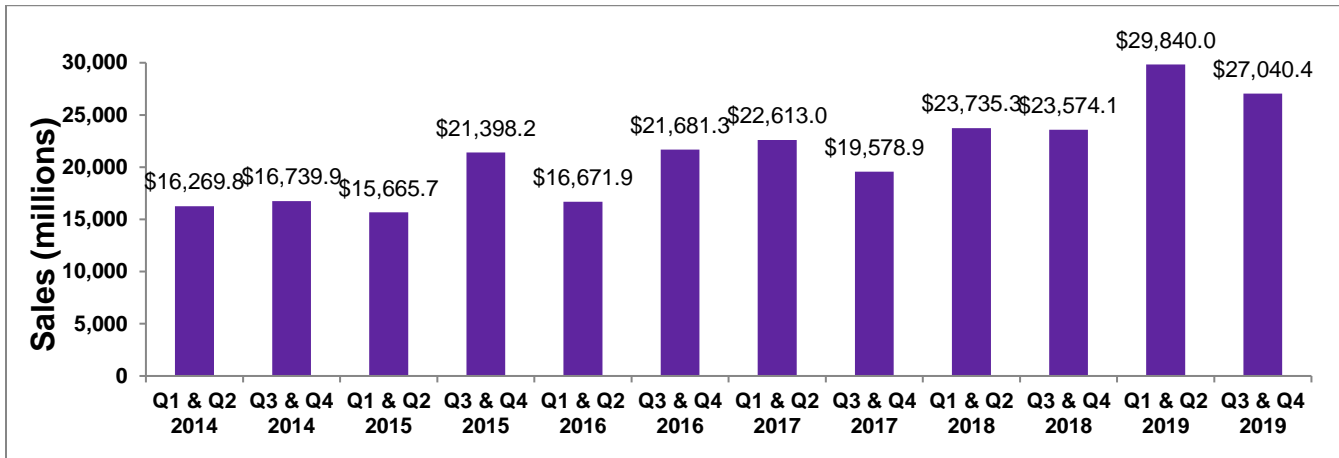
* Based on 14 companies for new sales and renewal trends and 12 companies for ongoing deposits.

FUNDING AGREEMENT SALES TRENDS*

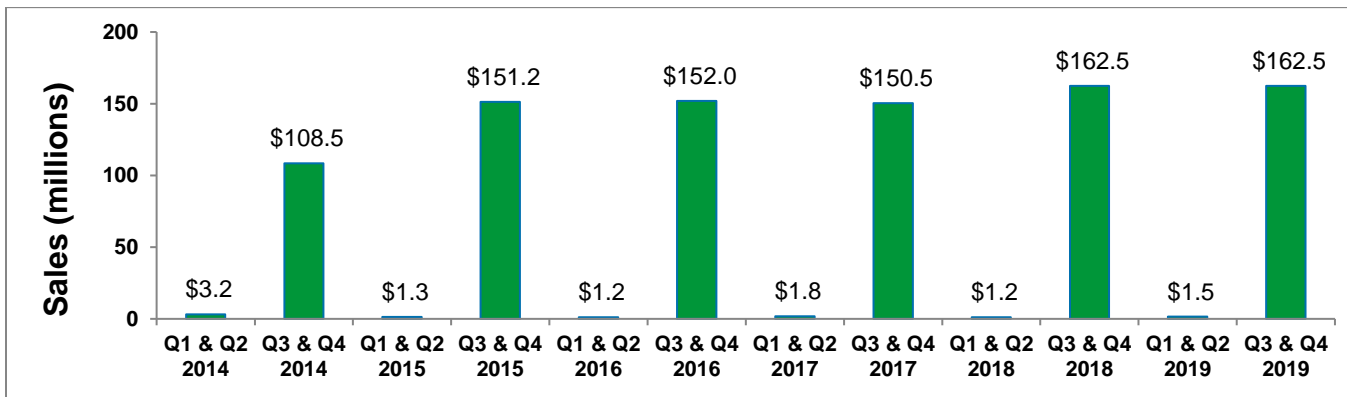
2014-2019

- New funding agreement sales are down 9 percent compared with last period and up 14 percent compared with the second half of 2018 (a year ago).
- Renewal sales** of \$162.5 million are the same as the second half of 2018.
- Ongoing funding agreement sales** of more than \$477.5 million are \$70.5 million (13 percent) lower than the first half 2019, and \$66 million or 16 percent higher than the second half of 2018.

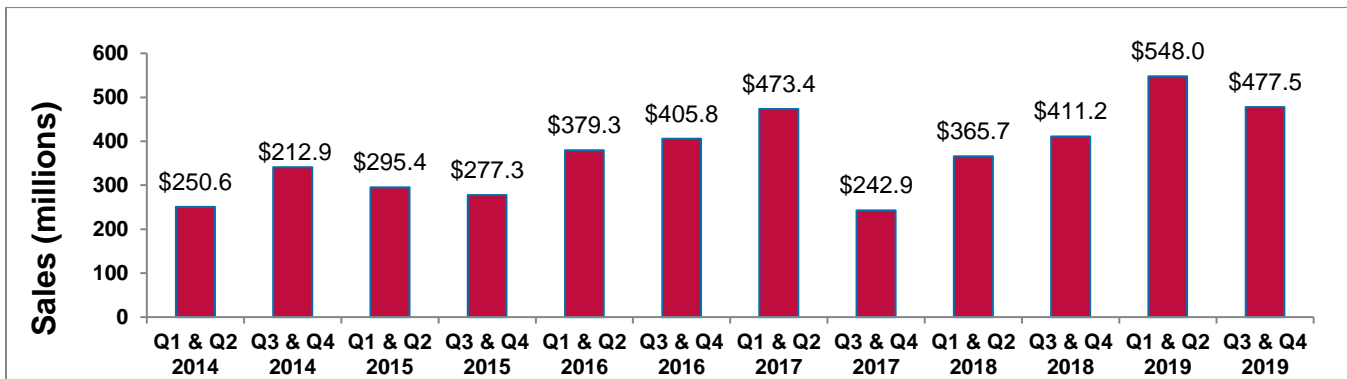
New Sales



Renewal Sales



Ongoing Sales



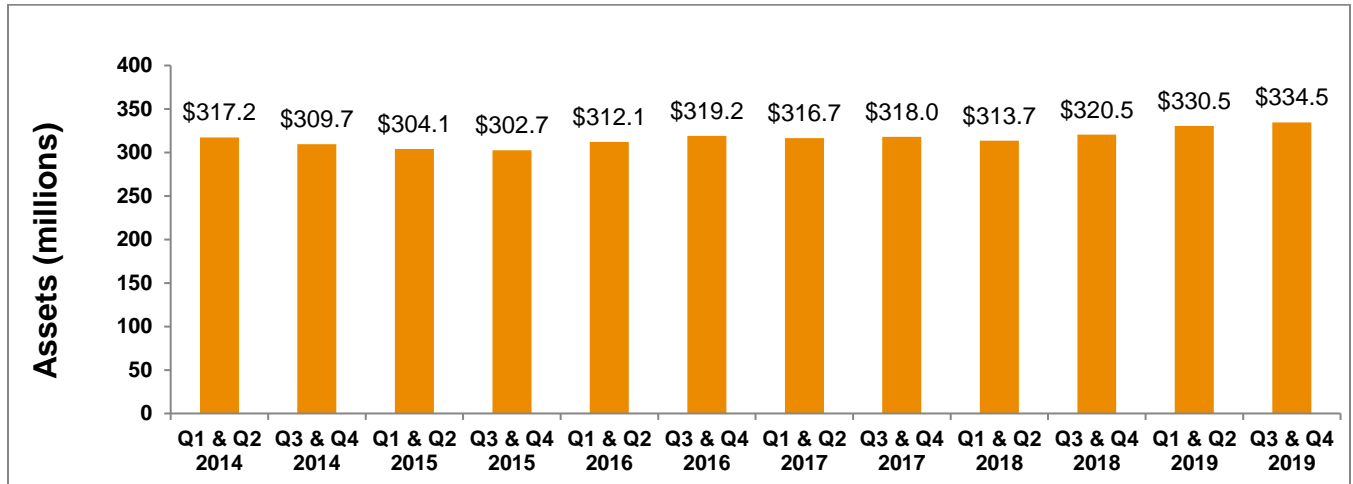
Based on 14 companies for new sales and renewal trends and 12 companies for ongoing deposits.

ASSET TRENDS*

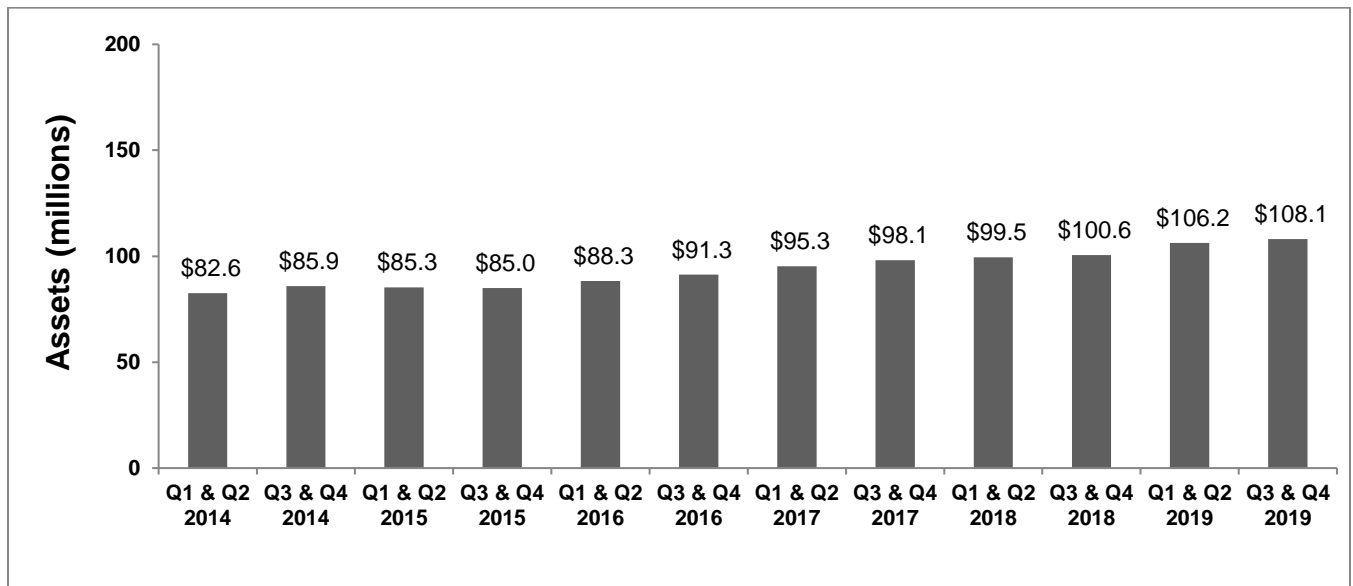
2014-2019

- Total stable value assets were up compared to a year ago by 1 percent, while funding agreement assets were up 2 percent. Note that this chart was revised to reflect current survey participants.

STABLE VALUE



FUNDING AGREEMENTS



* Based on 10 companies that provided funding agreement new sales and renewal data and 11 companies that provided ongoing deposits.

Definitions

- **Assets** — The actual dollar value of a particular investment as of the last day of the reporting period.
- **Corporate** — Funding agreement contracts for public and private companies.
- **FHLB** — Federal Home Loan Bureau
- **Foreign** — Funding agreement contracts invested outside of the United States and includes EMTN programs.
- **Funding agreements** — Investment contracts developed for the nonqualified markets. These contracts may be purchased for any of the following: municipalities; money market funds; short-term investment funds (STIFs); government pools; securities lending cash collateral portfolios; corporate cash; nuclear decommissioning trusts; and international markets.
- **General account products** — Investment contracts in which funds for the contract are placed in the general account of the insurance company and are not part of the portfolio rate (i.e., DA and IPG contract).
- **Global** — Funding agreement contracts invested worldwide, including the United States and includes GMTN and 144A programs.
- **Guaranteed investment contracts (GICs)** — Investment contracts that guarantee payment of deposits on a specified or unspecified date at a fixed interest rate, indexed rate, or participating interest rate. The deposits and credited interest are guaranteed by the issuer or an affiliated company. These contracts may be sold through insurance company general accounts or separate accounts.
- **Institutional registered products** — Funding agreement contracts that are registered with the SEC and are available to institutional clients.
- **New sales** — Refers to deposits to new contracts and deposits to new funding agreements. Includes deposits to existing contracts that have been put out to bid (and won). Contracts with fixed maturities that roll over to new contracts each 3, 6, or 12 months are reported as new sales ONLY for the initial sale. New sales also include MTN.
- **Ongoing deposits** — Includes deposits to existing contracts and existing funding agreements.
- **Other qualified** — General account with portfolio guaranteed rates (i.e., DA and IPG) used to fund defined contribution plans. For example, the fixed fund of a 401(k) plan where the fixed fund is not a GIC, but is credited with a portfolio guaranteed rate.
- **Renewal sales** — Includes contracts that have fixed maturities and roll over to new contracts each 3, 6, or 12 months. Initial sales of these contracts are reported as “new sales.”
- **Retail registered products** — Funding agreement contracts that are registered with the SEC and are available to individual clients.
- **Separate account products** — Investment contracts in which funds for the contract are placed in the separate account of the insurance company.
- **Short-term investment funds** — Money market funds, typically managed by the plan’s custodian or trustee bank, and includes 2a-7 funds.
- **Synthetic products** — Also known as wrapped assets, synthetic products are investment contracts that provide the plan sponsor with title to underlying assets and a “book value” wrap that provides benefit payments at book value for qualified plan withdrawals. The book value wrap may or may not be provided by the company or an affiliate. The assets may or may not be managed by the company or an affiliate.

Participating Companies

Great-West Life & Annuity

Jackson National

MassMutual

MetLife

National Life Group

Nationwide

New York Life Investments

Pacific Life Insurance Company

Principal Financial Group

Protective Life Insurance Company

Prudential Retirement

RGA Reinsurance Company

Royal Bank of Canada

State Street

The Standard

TIAA

Transamerica Retirement Solutions

Transamerica Stable Value Solutions

United of Omaha Life Insurance Company

Voya Retirement

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Our research agenda covers all aspects of the industry and examines issues related to saving, investing, and generating retirement income.

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