

First quarter
2024



PRT Market Commentary

The latest on pension risk transfer

Shell Oil made a
**\$4.9
billion**
transfer covering
21,500 retirees¹

Verizon Wireless made a
\$5.9 billion transfer covering
56,000
retirees²

Pension Risk Transfer Market Surges

With two multibillion-dollar deals to start the year and elevated activity in the \$100 million to \$250 million segment, the pension risk transfer market ended the first quarter at levels not typically seen until midyear. Year-to-date sales stand at \$14.6 billion³ — more than double the previous high-water mark. With conditions still favorable to pension plan funding levels, Plan Sponsors continue to seek opportunities that bring the strength and stability of the insurance industry to their employees and retirees.

Pension finances ended the first quarter in a better position than the prior year-end. Over the quarter, growth in equity markets offset a decline in interest rates, resulting in another quarter of improved funding — with long-duration plans enjoying the greatest benefit.

Looking ahead, inflationary pressures through March are above target levels and the labor market continues to be stronger than expected, making it more difficult for the Fed to entertain rate cuts in the near term. While we began 2024 with the market predicting up to 7 rate cuts during the year, current expectations have dropped to just 2, with the timing uncertain and delayed.

With Pension Benefit Guaranty Corporation headcount and variable cap premiums tied to the national average wage index, plan administrative costs will probably rise again in 2025, increasing the attractiveness of de-risking before year's end.

We expect first-quarter trends to continue, with 2024 positioned to achieve new heights.



For more on pension risk transfers, visit Nationwidefinancial.com/PRT.

¹ "Shell Transfers 21,500 Retirees' Pensions to Prudential," by Matt Toledo, PLANSPONSOR, <https://www.plansponsor.com/shell-transfers-21500-retirees-pensions-to-prudential> (February 7, 2024).

² "Insurers to Assume Pension Obligations for 56,000 Verizon Retirees," by Amy Resnick, <https://www.plansponsor.com/insurers-to-assume-pension-obligations-for-56000-verizon-retirees> (March 6, 2024).

³ LIMRA U.S. Group Annuity Risk Transfer Sales Survey (Q1 2024).

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

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