



PRT Market Commentary

The latest on pension risk transfer

Second quarter
2024



First half of 2024 up

14%



Increase in large and
jumbo deals

3M Company

\$2.5B

and Entergy Corp.

\$1.2B

Strong start to 2024: PRT market climbs to new heights despite challenges

The pension risk transfer market continues to set records, ending the first half of 2024 up 14% over this time last year according to LIMRA's U.S. Group Annuity Risk Transfer Sales Survey. Largely driven by two multibillion-dollar deals to start the year, we have seen elevated activity on deals larger than \$500 million through midyear, accounting for virtually all year-over-year premium growth. Second-quarter sales of \$11.3 billion, while a slight drop from last year, was still one of the strongest quarters on record and contributed to the year-to-date record total of \$25.7 billion.

Through June, pension finances continued to improve as growth in equity markets offset a slight decline in interest rates, which we expect to fuel demand in the months ahead. As the industry moves into the second half of the year, all eyes turn to the Fed as they try to stick a soft landing for the economy and avoid a recession. The question is no longer when or if they will lower rates, but by how much. With inflation seemingly tamed for now, they can turn their attention to the labor market, the other focus of their dual mandate.

Second-half outlook

While history tells us to expect volatile markets in the weeks before and after a U.S. presidential election, the pipeline of active deals remains robust. Favorable market conditions and competitive pricing from insurers have encouraged plan sponsors to seek opportunities that bring the strength and stability of the insurance industry to their employees and retirees. As we head into what has historically been the most active time of year, we expect first-half trends to persist but with diminished intensity, finishing the year strong.



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

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