



PRT Market Commentary

The latest on pension risk transfer

Third quarter
2024

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\$14B

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\$40B

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(>\$1B)

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total industry premium

Countdown to 2025: Deal volume continues to surge

As 2024 winds down, the number of transactions brought to a successful conclusion this year continues to add up. Through the third quarter, we've seen a 10% year-over-year increase in the number of deals executed, a new high-water mark for this time of year. Third quarter sales of \$14 billion bring the year-to-date total to almost \$40 billion. While total premium is slightly behind the pace set in 2022, it represents a 36% increase over this time last year.

Reinforcing patterns set in the first half of the year, sales growth through the third quarter has been driven by transactions above \$500 million, with jumbo deals (>\$1 billion) accounting for over half of total industry premium. With the fourth quarter off to a strong start, we anticipate total annual sales to exceed \$50 billion for only the second time in market history.

Third quarter market activity saw the Federal Reserve cut interest rates for the first time since 2020, followed by a further, smaller cut in November. More recently, inflation readings ticked slightly higher driven by housing and service costs and international trade tension, which we expect will result in the Fed slowing their pace for lowering rates back to historical norms. Market expectations are split but slightly favor that we'll experience another small rate cut in December.

Second half outlook

One of the larger headwinds faced coming into 2024 was the Department of Labor's (DOL) review of Interpretive Bulletin 95-1, which directs the process plan fiduciaries must take when preparing to execute a PRT. However, the DOL chose not to recommend any changes to the bulletin at this time, finding the marketplace to be healthy and competitive.

As we prepare to ring in the new year, market conditions are favorable for PRTs and the deal pipeline remains robust for the foreseeable future, allowing carriers the opportunity to support plan sponsor needs with the strength and security of a well-regulated and well-capitalized insurance industry.



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

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