First quarter 2025

PRT Market Commentary

The latest on pension risk transfer

Sales of

$7.1 billion

in Q1 2025

Mixed results to start the year

After multiple record-breaking years, the pension risk transfer (PRT) market saw a drop in sales during the first quarter of 2025, bringing in $7.1 billion according to LIMRA's *U.S. Group Annuity Risk Transfer Survey*. The dip was evident across all deal sizes, but it was most notable in the jumbo market, where activity has been muted to start the year. Despite this, it was still the second-strongest start to a sales year historically as market conditions and pricing remain favorable.

The final days of the first quarter saw meaningful activity in the series of class action lawsuits targeting companies who have completed a recent jumbo PRT. Rulings on the motion to dismiss were made in two of the earliest cases. The two judges, ruling independently on the same day, came to starkly different conclusions. The first granted the motion to dismiss, citing a lack of standing as no loss had either been alleged or incurred. The second ruled that discovery may proceed as the potential for future injury was unclear. With differing rulings and no clear resolution, the lawsuits will continue to be a headwind as 2025 unfolds.

Trends and opportunities in 2025

With quoting activity picking up, transaction count and premium volume will increase in quarters 3 and 4. Market volatility is expected to calm and an anticipated delay in Federal Reserve rate-cutting should help to prolong the favorable pricing environment.

Meanwhile, now is the time for advisors to work with plan sponsors to review their data and prepare for future transactions by verifying benefit amounts, primary and contingent annuitants and other key pricing data. Ensuring that plan sponsors have their information digitized and well-organized makes for more seamless future transactions. The better the data, the better the experience when it comes to de-risking.

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

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