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Press Release

Milliman’s 2024 Fixed Indexed Annuity Industry Experience Studies show sharp increases in surrender rates compared to pre-2022 averages

Surrender rates nearly 3x higher when credited rates are significantly lower than market rates

SEATTLE – JANUARY 3, 2025 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the results of its two 2024 Fixed Indexed Annuity Industry Experience Studies. These comprehensive studies analyze policyholder behavior, including factors such as the contract holder’s age at issue, length and magnitude of the contract, methods of distribution, and tax implications. The two studies cover surrender behavior and partial withdrawals, including income utilization for guaranteed lifetime withdrawal benefit (GLWB) riders.

Our latest research shows average surrender rates have been steadily increasing each quarter since 2022, with rates at the end of 2023 nearly double the average between 2019 and 2021. This, and the findings below, validate previous observations of decreased surrender rates in fixed indexed annuity contracts when used for income generation. The studies also highlight how contract size is a key differentiator in surrender rates, especially in non-GLWB contracts at the end of the surrender charge period.

“Our most recent studies, which contain data through the first quarter of 2024, provide insight into behavior for FIA policies that experienced a positive change in interest rate since issue,” said Ben Johnson, Milliman actuarial data scientist, Life and Annuity Predictive Analytics. “Contracts that experienced increases in interest rates since issue saw elevated surrender rates, especially when credited rates were significantly lower than prevailing market rates.”

Key Findings

- Recent data shows that contracts with credited rates much lower than market rates can have surrender rates over three times as high as those with credited rates relatively close to the market rate.
- Surrender rates increased for contracts in their surrender charge period compared to pre-2022 levels, especially for contracts with a living benefit.
 - Observations since 2022 suggest surrender rates are more than 1.5x higher for contracts without living benefits – and more than 2x higher for contracts with living benefits – compared to pre-2022 levels.



- As GLWBs become more valuable (in-the-money), average surrender rates tend to decrease, particularly at the end of the surrender charge period where deep in-the-money surrender rates are about 11% and out-of-the-money surrender rates are about 22%.
- Once GLWB income has commenced, surrender rate patterns are significantly muted and below 5% on average for all durations.

Milliman's Fixed Indexed Annuity Experience Studies introduce an advanced behavioral model that is integrated into Milliman's Recon[®] platform. This model, with a 99.8% actual-to-expected accuracy ratio, further empowers annuity writers to conduct their own experience studies, delve into industry data, and develop tailored models.

For more information or to access the Fixed Index Annuity Industry Experience Studies, please visit <https://www.milliman.com/en/Products/Life-and-Annuity-Experience-Studies> or reach out to Ben Johnson (312) 577-2926.

About Milliman

Milliman leverages deep expertise, actuarial rigor, and advanced technology to develop solutions for a world at risk. We help clients in the public and private sectors navigate urgent, complex challenges—from extreme weather and market volatility to financial insecurity and rising health costs—so they can meet their business, financial, and social objectives. Our solutions encompass insurance, financial services, healthcare, life sciences, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. Visit us at milliman.com.

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