



**For Immediate Release – December 1, 2004**

## **NAVA Reports Third Quarter Variable Annuity Industry Data**

**Reston, VA**, December 1, 2004 – The National Association for Variable Annuities (NAVA) announced today third quarter results for the variable annuity industry. The combined net assets of U.S. variable annuities were unchanged at \$1.0 trillion at the end of the third quarter, as compared to the end of the second quarter of 2004. Net assets increased by 12.9 percent relative to the third quarter a year ago.

**Table 1. Variable Annuity Net Assets**

(Dollars in Millions)	9/30/04	6/30/04	12/31/03	9/30/03
Total Net Assets	1,047,471	1,048,421	1,002,806	927,862

Source: NAVA and Finetre/VARDS

Total variable annuity premium flow, or total sales, for the third quarter was \$30.0 billion, a 5.8 percent decrease from third quarter 2003. Third quarter net flows of \$9.8 billion show a decrease of 25.9 percent from the third quarter 2003 net flows of \$13.2 billion. The mix in premiums for the third quarter showed 58.7 percent of the total premium flow was in qualified plans and 41.3 percent in non-qualified.

Net Flows for the first nine months of 2004 were \$31.5 billion, or 32 percent of total flows. This reflects a 3.4 percent decrease in net flows as compared with the first nine months of last year.

**Table 2. Variable Annuity Premium Flows<sup>1</sup>**

(Dollars in Millions)	Quarter Ended		Nine Months Ended	
	9/30/04	9/30/03	9/30/04	9/30/03
Total Sales	30,024	31,874	98,390	94,723
Net Flows	9,756	13,158	31,517	32,620

Source: NAVA and Finetre/VARDS

<sup>1</sup>Total Premium Flows represent the sum of new sales [all first-time buyers of a contract, including inter- and intra-company exchanges] and additional premiums from existing contract owners. Net Flows represent Total Premium Flows minus surrenders, withdrawals, inter- and intra-company exchanges, and benefit payments.

**Table 3. Quarterly Variable Annuity Total Premium & Net Flows**

(\$ Millions)	Quarter Ended				
	9/30/04	6/30/04	3/31/04	12/31/03	9/30/03
Total Sales	30,024	\$33,620	\$34,746	\$31,778	\$31,874
Net Flows	9,756	12,544	9,663	13,263	13,158
<i>Net Flows as % of total sales</i>	32.5%	37.3%	27.8%	41.7%	41.3%

Source: NAVA and Finetre/VARDS

The mix of net assets by investment objective showed that \$564.0 billion, or 53.8 percent of assets, was held in equity accounts. This is an increase of 21.1 percent as compared with the same period in 2003 when 465.9 billion, or 50.2 percent, was held in equity accounts. The mix also shows that \$271.8 billion, or 25.9 percent of assets, was held in fixed accounts.

**Table 4. Variable Annuity Assets by Investment Objective**

(As a percent of total assets)	9/30/04	9/30/03
Equity	53.8%	50.2%
Fixed Accounts	25.9	28.6
Balanced	8.8	8.3
Bonds	8.7	9.3
Money Market	2.8	3.6

Source: NAVA and Finetre/VARDS

NAVA is a non-profit trade association located in suburban Washington D.C. NAVA provides a variety of services to the industry including educational forums, research, and conferences aimed at furthering the development and understanding of fixed and variable annuities, income annuities and variable life insurance. NAVA also maintains and supports an educational website for consumers at [www.RetireOnYourTerms.com](http://www.RetireOnYourTerms.com).

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