



IAP ANALYTICS:

## BEST ANNUITY MARKETS FOR ADVISORS

A ZIP code through national level look at where the most annuity buyers are

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**Information Asset Partners**

732 662 1859    [bpoll@iapartners.com](mailto:bpoll@iapartners.com)    [www.iapartners.com](http://www.iapartners.com)

# ANNUITY OWNERSHIP: IMPLICATIONS FOR ADVISORS SELLING ANNUITIES



## ANNUITY MARKET DEVELOPS AMONG WORKING HOUSEHOLDS IN THEIR 50s

	Annuity-Owning Households				
	All US Households	Households Owning Fixed Annuities	Households Owning Variable Annuities	Own Both FAs & VAs	
Total households (MMs)	130.6	9.3	7.1	1.8	25% of VA owners also own FAs
Age Range					
40 - 49	19.5%	10.2%	11.3%	11.9%	
50 - 59	21.8%	20.7%	24.3%	24.5%	Rate of annuity ownership doubles among households in their 50s
60 - 69	15.7%	24.8%	23.3%	22.8%	
Average age	51	61	61	60	
Percent working	63.0%	53.4%	56.9%	53.7%	Over half of annuity owners are working
Percent retired	22.1%	42.2%	40.4%	44.0%	Percentage of annuity owners who are retired is significantly higher than US
Average investable assets (\$000)	\$151.3	\$446.0	\$518.5	\$535.2	
		Variable annuity owner asset levels averages 16% higher than households owning fixed products			Annuity owners have assets that are over 3 times the US average

Source: Consumer Financial Decisions' MacroMonitor

# ANNUITY INDUSTRY PRODUCTION



## A HIGH LEVEL VIEW OF ANNUITY SALES VOLUME BY PRODUCT AND CHANNEL

### What the Industry Sold: 2013 Annuity Sales by Channel

	Fixed Annuities	Variable Annuities	Total
Independent Broker-Dealer	\$ 4.2	\$ 50.3	\$ 54.5
Independent	35.4	1.5	36.9
Banks	17.9	18.4	36.3
Full Service National Broker-Dealer	6.4	23.7	30.1
Career	13.6	34.4	48.0
Direct	1.6	17.1	18.7
Other	5.3	0	5.3
Total	\$ 84.4	\$145.4	\$229.8

Source: LIMRA

Above sales in \$ billions

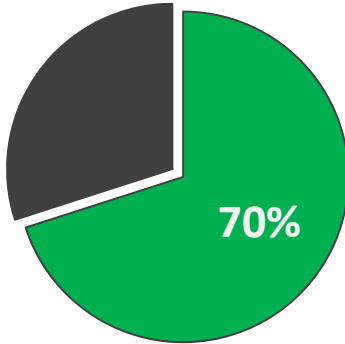
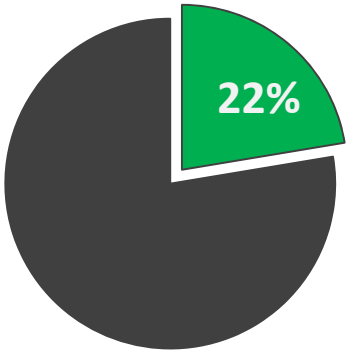
RETAIL ANNUITY BUYER CHARACTERISTICS ARE USED TO IDENTIFY TODAY'S MOST LIKELY BUYERS

**TODAY'S RETAIL ANNUITY MARKET IS HIGHLY CONCENTRATED**

**22% of US ZIP codes**

**Represent 70% of the households in today's annuity market**

*When recent annuity buying behavior and intent drive an algorithm to find households that "look like annuity recent buyers" there is a significant geographic concentration*



WHERE and HOW these 7,000 high potential ZIP codes are distributed across markets sets the stage for annuity marketers and producers

**Advisors' best market: 7,000 ZIP US codes**

**1.8 million US households**

**Current total retail annuity market: 2.7 million households – about 4-5 million individuals**

# TOP 10 ANNUITY MARKET ZIP CODES IN THE COUNTRY

## MAJOR METRO AREAS DOMINATE RANKINGS

	ZIP Code	Location	
1	32162	The Villages	FL
2	77584	Pearland	TX
3	11236	Brooklyn	NYC
4	11434	Queens	NYC
5	11203	Brooklyn	NYC
6	30331	Atlanta	GA
7	11234	Brooklyn	NYC
8	60657	Chicago	IL
9	27613	Raleigh	NC
10	33547	Lithia	FL

8 of 10 ZIP codes are NOT IN RETIREMENT DESTINATIONS

The Villages & Lithia are central FL retirement destinations

Two of NYC's 5 boroughs rank in the Top 10 ZIP codes

Top 10 ZIP codes represent .5% of the total market

Percentage of total US annuity market: **.5%**

# ZIP CODE LEVEL ANNUITY MARKET SIDEBAR



HIGHEST CONCENTRATIONS OF HOUSEHOLDS THAT “LOOK LIKE TODAY’S ANNUITY BUYER”

## Top two ZIP codes contrast FL retirement destination with Houston suburb

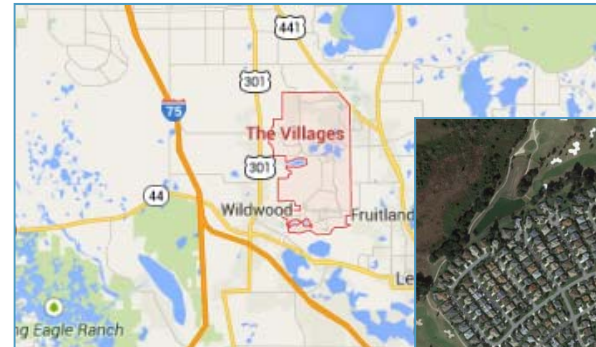
### THE VILLAGES, FL: Top ranked ZIP code

9.2% of all The Villages households are in the current annuity market: > 4 times the US average

An inland, Central FL retirement destination, it’s market is 80% larger than the second-ranked ZIP code

One dense target for marketers: One out of 11 households looks like today’s annuity buyer

32152’s annuity market is bigger than entire Santa Barbara, CA metro area with 150,000 households



32152’s Annuity Market: 2,900 households



77584’s Annuity Market: 1,600 households

### PEARLAND, TX: Second ranked ZIP code

6.6% of Pearland’s households are in the current annuity market: 3 times the US average

A suburb south of Houston

One out of 15 households looks like today’s annuity buyer

77584’s annuity market is about as big as Kennewick, WA’s metro area with 95,000 households

Google Earth photos show example neighborhoods in each ZIP code

## MORE TOP 10s: CITIES AND COUNTIES

### SEVEN OF TOP TEN COUNTIES HAVE MAJOR CITIES

City		County	
1	New York City, NY	1	Los Angeles, CA
2	Los Angeles, CA	2	Cook, IL
3	Chicago, IL	3	Maricopa, AZ
4	Houston, TX	4	Harris, TX
5	San Diego, CA	5	San Diego, CA
6	Philadelphia, PA	6	Orange, CA
7	Phoenix, AZ	7	King, WA
8	Dallas, TX	8	Queens, NY
9	Washington, DC	9	Kings, NY
10	Austin, TX	10	Tarrant, TX

Maricopa (Phoenix, AZ), Tarrant (Fort Worth, TX), & San Diego enter top ranks

Seattle and its suburbs (King) make the top 10

Suburban counties Orange, CA and Tarrant, TX rank high

Austin makes it into top cities

Percentage of total US annuity market **7.1%**

**11.2%**

NYC's Kings (Brooklyn) and Queens Counties out-rank New York County (Manhattan, 19<sup>th</sup>)

# TOP ANNUITY METRO AREA MARKETS GROUP COUNTIES AROUND COMMERCIAL HUBS

SEVEN OF THE TOP 10 COUNTIES ARE IN FIVE OF LARGEST METRO MARKETS

Both LA Metro counties make the Top 10

Half of Top 10 Metros have no Top 10 Counties

County		Metropolitan Area	
1	Los Angeles, CA	1	New York-Northern New Jersey-Long Island, NY-NJ-PA
2	Cook, IL	2	Chicago-Joliet-Naperville, IL-IN-WI
3	Maricopa, AZ	3	Los Angeles-Long Beach-Santa Ana, CA
4	Harris, TX	4	Washington-Arlington-Alexandria, DC-VA-MD-WV
5	San Diego, CA	5	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
6	Orange, CA	6	Dallas-Fort Worth-Arlington, TX
7	King, WA	7	Boston-Cambridge-Quincy, MA-NH
8	Queens, NY	8	Houston-Sugar Land-Baytown, TX
9	Kings, NY	9	Atlanta-Sandy Springs-Marietta, GA
10	Tarrant, TX	10	Detroit-Warren-Livonia, MI

Dallas City/  
County does not  
rank as high as  
Tarrant (Fort  
Worth, TX)

Percentage of total US annuity market **11.2%**

**27.0%**

943 Metro markets represent about 95% of US households



# RANKING AND RELATING TOP METROS TO STATE MARKETS

## EIGHT OF TOP TEN METROS LINK TO TOP TEN STATES

TX has two Top 10 Metros

NY Metro is largest by population and annuity market but NY ranks 3<sup>rd</sup> among states

CA is largest state annuity market yet LA is 3<sup>rd</sup> largest Metro market

Boston and Atlanta Metros emerge from outside the top 10 states

Where's Miami? 4<sup>th</sup> ranked FL has no top 10 Metros

OH has no metro markets in Top 10

Most of NJ's annuity market is in NY Metro; 4 counties are in Philadelphia metro

Metropolitan Area		State	
1	New York-Northern New Jersey-Long Island, NY-NJ-PA	1	California
2	Chicago-Joliet-Naperville, IL-IN-WI	2	Texas
3	Los Angeles-Long Beach-Santa Ana, CA	3	New York
4	Washington-Arlington-Alexandria, DC-VA-MD-WV	4	Florida
5	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	5	Pennsylvania
6	Dallas-Fort Worth-Arlington, TX	6	Illinois
7	Boston-Cambridge-Quincy, MA-NH	7	Ohio
8	Houston-Sugar Land-Baytown, TX	8	Michigan
9	Atlanta-Sandy Springs-Marietta, GA	9	New Jersey
10	Detroit-Warren-Livonia, MI	10	Virginia

Percentage of total US annuity market

**27.0%**

**53.3%**

PA is the only state that retains a 5<sup>th</sup> ranking for both state and metro

## CLOSER LOOK AT A GREAT ANNUITY MARKET FOR ADVISORS: AUSTIN, TX METRO

AUSTIN RANKED 10<sup>TH</sup> AMONG CITIES; AUSTIN METRO RANKED 33<sup>RD</sup>

**In total number of households, Austin is 12% smaller than adjacent San Antonio metro**

**Among metros, Austin's annuity market ranks 33<sup>rd</sup> and San Antonio, 36<sup>th</sup>**

### Austin, TX Metro's Current Annuity Market

City of Austin lifts Travis County into the largest county market position

County	Total Households	Current Annuity Market Households	Percentage of Metro's Annuity Market	US County Rank	2010-2014 Growth Rate	Top ZIP Code
Travis	445,787	8,802	56.3%	52	9.3%	78759
Williamson	171,913	4,747	30.4%	129	10.9%	78613
Hays	62,553	1,403	9.0%	400	11.5%	78620
Bastrop	26,541	458	2.9%	872	1.1%	78621
Caldwell	12,789	221	1.4%	1,415	3.7%	78644
<b>Total</b>		<b>15,631</b>			<b>9.6%</b>	

Metro Austin is among the fastest growing annuity markets: 4 times the US average

North of Austin, Williamson County provides a good annuity market for advisors

## WHAT ABOUT SMALL TOWNS AND SUBURBS?

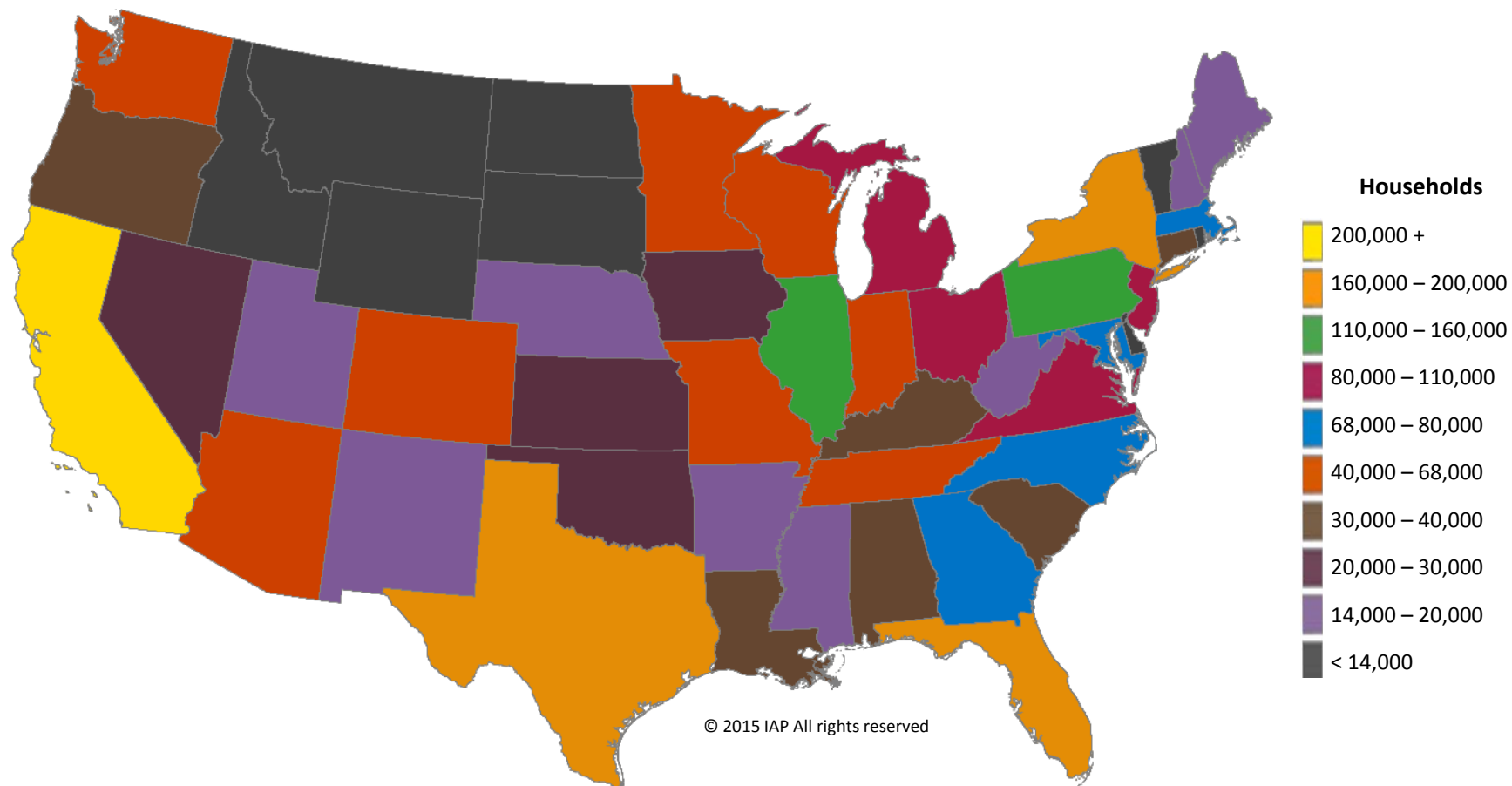
### TOP TOWNS WITH 20,000-30,000 HOUSEHOLDS THAT ARE GOOD ANNUITY MARKETS

Northeast	Southeast	Midwest	West
Bensalem, PA	Aiken, SC	Algonquin, IL	Aliso Viejo, CA
Clarkstown, NY	Bedford, TX	Jefferson City, MO	Broomfield, CO
Milford, CT	Bowie, MD	Minnetonka, MN	Catalina Foothills, AZ
Union, NJ	Dunwoody, GA	St. Clair Shores, MI	Coeur d'Alene, ID
Weymouth, MA	Pensacola, FL	Warren, OH	Shoreline, WA

Above towns all have about 20,000-30,000 households and were selected based on:

1. High concentration of annuity market: Above average percentage of households "look like recent annuity buyers"
2. Select one town from a larger state within each region

## CURRENT ANNUITY MARKET



Over 2.7 million households have characteristics similar to households that recently bought annuities. They represent the current annuity market. Within these households, there are 4-5 million individuals that the annuity industry has as its audience and prospective clients.

# 60% OF THE HIGHEST POTENTIAL ZIP CODES ARE **NOT** IN THE TOP 10 STATES

## CONCENTRATIONS OF ADVISOR ANNUITY OPPORTUNITY ARE WIDELY DISTRIBUTED

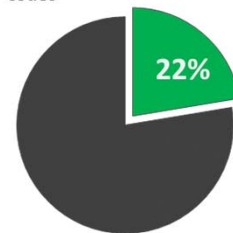
Large metros and states may dominate, but today's annuity production potential is widely distributed geographically

Reversing the market concentration trend, TOP 10 STATES' share of the highest annuity market potential ZIP codes trends well below the share of the total annuity market households

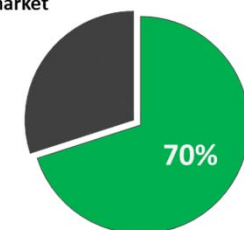
Top 10 states such as NJ and FL have lower shares of the best market ZIP codes, but have high numbers of ZIP code-level markets that are somewhat lower potential that propel them to the top of rankings (Exam grade analogy: Fewer "As" but more "Bs" than other states)

### Today's Retail Annuity Market Is Highly Concentrated

22% of US ZIP codes



Represent 70% of the households in today's annuity market



Advisors' best market:

7000 ZIP US codes

1.8 million US households

Top 10 States		Percent of Best Market ZIP Codes
1	California	5.3%
2	Texas	6.0%
3	New York	5.3%
4	Florida	1.9%
5	Pennsylvania	4.4%
6	Illinois	5.3%
7	Ohio	4.1%
8	Michigan	3.5%
9	New Jersey	1.1%
10	Virginia	2.9%

Percentage of US Annuity Market Households	<b>53.3%</b>	Percentage of Best Annuity Market ZIP Codes	<b>39.9%</b>
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ADVISOR ANNUITY MARKET OPPORTUNITY IS GEOGRAPHICALLY CONCENTRATED AT ALL LEVELS

**MAKE YOUR MARKET'S CHARACTERISTICS WORK FOR YOUR PRACTICE**

Takeaway	Comment
<p>To capture new-to-market prospects and referrals, working, pre-retired clients well before their 60s are a key segment</p>	<p>Over half of annuity owners are still working and the majority of households retire in place</p>
<p>Make the most of your market: Expect most production to be generated from a few local areas, with most of your market generating moderate-to-average results. Map marketing resources to market potential to improve profitability.</p>	<p>70% of today's likely annuity buyers are in 22% of the ZIP codes. The next 22% of the buyers are in 21% of ZIP codes; The remaining 8% of likely buyers are spread throughout 57% of ZIP codes.</p>
<p>Identify the best markets for your practice and refine marketing approach until results are achieved</p>	<p>If successful in the best markets production is more likely to be high <u>and</u> more profitable</p>
<p>Current annuity market potential can trump pure market size</p>	<p>Just as Austin outranks the larger San Antonio metro, the same dynamics occur within states, across metro areas, and within advisor markets</p>
<p>Use your local market knowledge to compete and identify new annuity prospects entering your annuity market</p>	<p>For example, if a moderate income condo complex is built in a local "not hot" ZIP code it will attract younger AND pre-retired families that have downsized and have assets</p>
<p>If expanding or buying a practice, evaluating the current annuity market and the target practice's position are key</p>	<p>Reduce time and resources needed to build production; Buy the right practice at the right price</p>



## ABOUT INFORMATION ASSET PARTNERS AND THE ANALYTICS

<b>About IAP</b>	IAP develops retail market analytics that improve market insight, targeting, and marketing performance. We focus on both direct and advisor-sold products. Solutions are designed to provide objective, specific metrics that readily integrate with existing market analytics to support all phases of the client’s institutional and retail marketing programs.
<b>The Analytics</b>	IAP’s Empirics metric for annuity buying was used in the analysis. Empirics is designed to measure specific, current market potentials – e.g., <b>how many households are likely to buy a product or switch their financial advisor</b> - and target geographically, enabling applications in institutional and retail marketing. Empirics metrics are available for specific products, financial behaviors, and wealth. Visit our site for more information: <a href="http://www.iapartners.com">www.iapartners.com</a> Prospect lists, digital marketing, and customer base solutions are also available.
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<b>For Annuity Marketers, Recruiters, and Producers</b>	The ZIP code-level solution provides retail marketers with intelligence and targeting capabilities online and offline. Marketers gain intelligence on market penetration and growth potential that enable manufacturers, distributors, and producers to improve production and market share. Visit <a href="http://www.annuitymarketassessment.com">www.annuitymarketassessment.com</a> for more information and case studies.