



(UBS)

It's a good time to consider annuities

29 May 2025, 13:08 UTC, written by UBS Editorial Team US Editorial Team

Annuities, which can help to generate secure and reliable income for life, are becoming increasingly popular among retirees. According to LIMRA's US Individual Annuity Sales Survey, investors purchased \$434.1 billion of annuities in 2024—the third year in a row of record-high annuity sales.¹

There are many factors helping to drive annuities' growing popularity: Longer life expectancies, more expensive stock markets (which suggest lower forward-looking returns), higher interest rates (which help to improve the potential income from annuities), and more retirees that are not covered by a defined benefit plan or pension plan (according to the Center for Retirement Research at Boston College, fewer than 15% of non-union private sector workers are covered by such plans, versus 88% of private sector workers in 1975).²

For those of us who only have Social Security as a source of guaranteed lifetime income in retirement, there is a lot of pressure to make our fixed pool of savings last. To manage the risk of outliving their wealth, many families are forced to curtail their spending or invest more conservatively. Based on CIO's research, annuities can be a valuable tool to reduce retirement risks without needing to make such sacrifices.

Here are three ways annuities can enhance your retirement strategy as a complement to diversified investment portfolio:

- **Create a guaranteed income floor:**

Annuities can transform a portion of your savings into a steady stream of income, often guaranteed for life. This income floor helps cover essential expenses, providing peace of mind even when markets fluctuate. With a reliable payment in place, you can worry less about outliving your assets or being forced to reduce your standard of living during downturns.

- **Increased risk-adjusted returns: Spend more or grow more:**

By securing a baseline of guaranteed income, annuities may allow you to spend more confidently in retirement or allocate more of your remaining portfolio to growth-oriented investments. This increased efficiency means you can do more with less: either enjoy a higher standard of living or pursue greater long-term growth, knowing your core spending needs are protected.

- **Mitigate Longevity and Market Risks:**

Annuities are designed to address two of the biggest risks in retirement: living longer than expected and facing unpredictable markets. With features such as lifetime income and, in some cases, inflation protection or market participation, annuities can help ensure your retirement plan remains resilient no matter how long you live or how markets perform.

In summary, annuities offer a practical way to support a more confident and enjoyable retirement. They work best as part of a diversified retirement plan, complementing other sources of income like Social Security, pensions, and investment withdrawals. When evaluating annuities, consider factors such as fees, the financial strength of the provider, and the specific terms of the contract. To learn more, read the most recent CIO report, [Modern retirement monthly: What can annuities do for you?](#).

Watch this short video: [UBS Trending Extra: Can an annuity be right for me?](#)

¹ LIMRA. (2025, February 22). LIMRA: 2024 retail annuity sales grow 12% to a record \$434.1 billion. [https://www.limra.com/en/newsroom/news-releases/2025/limra-2024-retail-annuity-sales-grow-12-to-a-record-\\$434.1-billion/](https://www.limra.com/en/newsroom/news-releases/2025/limra-2024-retail-annuity-sales-grow-12-to-a-record-$434.1-billion/)

² Munnell, Alicia H., Kelly Haverstick, and Mauricio Soto, 2007. "Why Have Defined Benefit Plans Survived in the Public Sector?" Issue in Brief 2. Chestnut Hill, MA: Center for Retirement Research at Boston College.

Disclaimer

This document is prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland), its subsidiaries or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes former Credit Suisse AG, its subsidiaries, branches and affiliates. In the USA, UBS Financial Services Inc. is a subsidiary of UBS AG and a member of FINRA/SIPC. Additional Disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

This document and the information contained herein are provided solely for your information and UBS marketing purposes. Nothing in this document constitutes investment research, investment advice, a sales prospectus, or an offer or solicitation to engage in any investment activities. This document is not a recommendation to buy or sell any security, investment instrument, or product, and does not recommend any specific investment program or service.

Information contained in this document has not been tailored to the specific investment objectives, personal and financial circumstances, or particular needs of any individual client. Certain investments referred to in this document may not be suitable or appropriate for all investors. In addition, certain services and products referred to in the document may be subject to legal restrictions and/or license or permission requirements and cannot therefore be offered worldwide on an unrestricted basis. No offer of any product will be made in any jurisdiction in which the offer, solicitation, or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation, or sale.

Although all information and opinions expressed in this document were obtained in good faith from sources believed to be reliable, no representation or warranty, express or implied, is made as to the document's accuracy, sufficiency, completeness or reliability. All information and opinions expressed in this document are subject to change without notice and may differ from opinions expressed by other business areas or divisions of UBS Group. UBS is under no obligation to update or keep current the information contained herein. **The views and opinions expressed in this material by third parties are not those of UBS.** Accordingly, UBS does not accept any liability over the content shared by third parties or any claims, losses or damages arising from the use or reliance of all or any part thereof.

All pictures or images ("images") herein are for illustrative, informative or documentary purposes only and may depict objects or elements which are protected by third party copyright, trademarks and other intellectual property rights. Unless expressly stated, no relationship, association, sponsorship or endorsement is suggested or implied between UBS and these third parties.

Any charts and scenarios contained in the document are for illustrative purposes only. Some charts and/or performance figures may not be based on complete 12-month periods which may reduce their comparability and significance. Historical performance is no guarantee for, and is not an indication of future performance.

Nothing in this document constitutes legal or tax advice. UBS and its employees do not provide legal or tax advice. This document may not be redistributed or reproduced in whole or in part without the prior written permission of UBS. To the extent permitted by the law, neither UBS, nor any of its directors, officers, employees or agents accepts or assumes any liability, responsibility or duty of care for any consequences, including any loss or damage, of you or anyone else acting, or refraining to act, in reliance on the information contained in this document or for any decision based on it.

Additional Disclaimer relevant to Credit Suisse Wealth Management: Except as otherwise specified herein and/or depending on the local entity from which you are receiving this document, this document is distributed by UBS Switzerland AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Please visit <https://www.ubs.com/global/en/wealth-management/insights/chief-investment-office/marketing-material-disclaimer.html> to read the full legal disclaimer applicable to this document.

© UBS 2025. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.