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DALBAR's Famed Investor Behavior Research Finds Investors in Variable Annuity Subaccounts Trade Less, Earn More

A Recent Study Shows that Subaccount Investors Consistently Outperform the Average Investor

(Marlborough, MA., 5/25/22) A [new study](#) conducted by DALBAR found that equity investors in variable annuity subaccounts trade less than the average equity investor and have earned consistently more as a result.

This important research breaks through common objections to variable annuities with the overall results of higher returns. Variable Annuity Subaccount Investors were found to avoid negative behaviors and were therefore, more successful than their mutual fund investor counterparts.

The study found that in 2021, the Average Equity Subaccount Investor outperformed the average equity investor by a whopping 3.50%. While the S&P earned 28.71%, the average equity investor, who typically underperforms the index, earned only 18.39%. However, the Average Equity Subaccount Investor registered a 23.44% return in 2021; capturing much more of the market returns than the average equity investor. Last year's outperformance by equity subaccount investors was consistent with the recent trend in which the Average Equity Subaccount Investor has outperformed the Average Equity Mutual Fund Investor in every one of the last 13 years.

"People in the annuity business have felt for years that assets within variable annuity subaccounts are more sedentary than assets in mutual funds or ETFs. The notion that annuities can improve investment behavior is not new, but until recently there wasn't much research to support it. Our examination of subaccount investors shows quite clearly that their retention rates are higher, and returns are higher as well." said Cory Clark, Chief Marketing Officer at DALBAR.

The study suggests that investors in subaccounts are more patient and offers its measure of **retention rates** as support for this assertion. The Average Equity Subaccount Investor has exhibited retention rates up to 1.38 years longer than the Average Equity Mutual Fund Investor since 2000. Over that time, retention rates for subaccount investors averaged over 9 months longer than equity mutual fund investors.

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