



AARP is Paid Over \$1.1 Billion Per Year in Corporate Royalties

Mostly From a Single Health Insurance Conglomerate: UnitedHealth Group

Overview

- Based on [recent financial statements](#), corporate royalty payments to AARP in 2022 continued to increase with the organization earning well more than \$1 billion – for the second consecutive year – representing roughly 60% of the organization’s total operating revenues – much of it derived from a single giant corporation – UnitedHealth Group (UHG). UHG is one of the nation’s [largest](#) health insurance and pharmacy benefit management (PBM) corporations. Meanwhile, AARP saw a further decline in membership dues in 2022.
- Over the last several years, AARP has been paid billions in royalty revenues as a result of its financial partnership with UHG; largely attributable to a 4.95% fee paid to AARP for each UHG AARP-branded Medigap plan, as well as a flat fee for UHG AARP-branded Medicare Advantage plans.
- To facilitate the process, AARP maintains a grantor trust that AARP-branded Medigap plan policyholders’ premiums are paid into – which then pays UHG – minus the 4.95% royalty fee that is subsequently paid to AARP (UHG also pays AARP a fixed fee for AARP-branded Medicare Advantage plans).
- AARP also has earned hundreds of millions in additional revenue via the grantor trust by investing large pools of premiums paid by policyholders that are collected by the trust but paid out later to UHG and other insurance companies at “contractually specified periods of times” (estimated earning between 2010-2022: \$468 million).

AARP Royalty Revenues

- Based on public filings, AARP made [\\$1,062,684,000](#) and [\\$1,109,917,000](#) from royalties in 2021 and 2022. As in previous years, it can be assumed that most of the royalty revenue was derived from its partnership with UHG.
- Between [2010-2017](#), it is estimated that AARP was paid approximately \$4.189 billion in royalties derived from its partnership with UHG through its AARP-branded health insurance policies.
- But in its [2018](#) and [2019](#) consolidated financial statements, AARP, ceased to specify exactly how much of its royalties were directly derived from its partnership with UHG as they had done in previous years.

Year	AARP Royalty Payments	Royalty % Via UHG	Reported Royalties \$ Via UHG
2010	\$679,534,000	65%	\$441,697,100
2011	\$704,630,000	65%	\$458,009,500
2012	\$723,840,000	65%	\$470,496,000
2013	\$763,210,000	66%	\$503,718,600
2014	\$799,255,000	66%	\$527,508,300
2015	\$838,649,000	67%	\$561,894,830
2016	\$880,148,000	68%	\$598,500,640
2017	\$908,960,000	69%	\$627,182,400
<i>In 2018 AARP Alters Reporting of UHG Specific Royalty Disclosures in Annual Reports</i>			
Year	AARP Royalty Payments	* Estimated Royalty % Via UHG	* Estimated Royalties \$ Via UHG
2018	\$938,892,000	66%	\$619,668,720
2019	\$977,006,000	66%	\$644,823,960
2020	\$1,001,644,425	66%	\$661,085,321
2021	\$1,062,684,000	66%	\$701,371,440
2022	\$1,109,917,000	66%	\$732,545,220
2010-2022	\$11,388,369,425		\$7,548,502,031

* 66% serves as a conservative estimate of the percentage of overall royalties attributable to AARP’s partnership with UHG - determined by averaging the preceding seven years (2010-2017) in which AARP disclosed such figures.

* AARP’s percentage of royalties derived from UHG rose from 65% in 2010 to 69% in [2017](#), steadily increased 1% per year from 2014 to 2017, but subsequent percentages directly attributable to UHG were no longer disclosed in AARP’s 2018-2022 public filings.

Post-2017 Estimates (Due to Changes in AARP Annual Reporting Disclosures)

Instead of disclosing specific royalty revenues directly derived from UHG in 2018 and subsequent years, AARP instead broke down the source of its royalties into three categories - the largest being "health products and services." Based on historical data from 2010-2017, and using a conservative average (66%) over those years, and in the absence of such data being disclosed in AARP's subsequent public filings, below are estimates for years 2018-2022:

- [2018](#) Estimate - **\$619,668,720** (\$938,892,000)
- [2019](#) Estimate - **\$644,823,960** (\$977,006,000)
- [2020](#) Estimate - **\$661,085,321** (\$1,001,644,425)
- [2021](#) Estimate - **\$701,371,440** (\$1,062,684,000)
- [2022](#) Estimate - **\$732,545,220** (\$1,109,917,000)
- In aggregate, this would indicate that AARP's annual revenue derived from its partnership with UHG increased over 40% from \$442 million in 2010 to an estimated \$732 million in 2022, totaling more than an estimated \$7.5 billion from UHG alone.

AARP Grantor Trust Investment Gains

- As referenced above, AARP has established a grantor trust that "holds group policies and maintains depository accounts to initially collect insurance premiums received from participating members."
- These "collections are remitted to third-party insurance carriers within contractually specified periods of time, net of the contractual royalty payments that are due to AARP, Inc., which are reported as royalties in the [\[2022\]](#) accompanying [AARP] consolidated statements of activities."
- What this means is that AARP invests certain funds from premium payments made by policyholders (UHG, other insurers and royalty payers) during "contractually specified periods of time", and with such premiums being processed totaling billions of dollars each year (ex: [\\$11.9 billion in 2022](#)), this has process has earned AARP hundreds of millions of dollars in investment gains as a result of its partnership with UHG and other royalty payers with whom they have financial relationships.

Year	Investment Gains - AARP Grantor Trust
2010	\$56,669,000
2011	\$14,484,000
2012	\$59,191,000
2013	\$42,677,000
2014	\$26,522,000
2015	-\$3,984,000
2016	\$45,766,000
2017	\$78,742,000
2018	-\$20,688,000
2019	\$110,401,000
2020	\$68,753,000
2021	\$63,170,000
2022	-\$73,177,000
2010-2022	\$468,526,000

AARP Motto: "To serve, not be served."