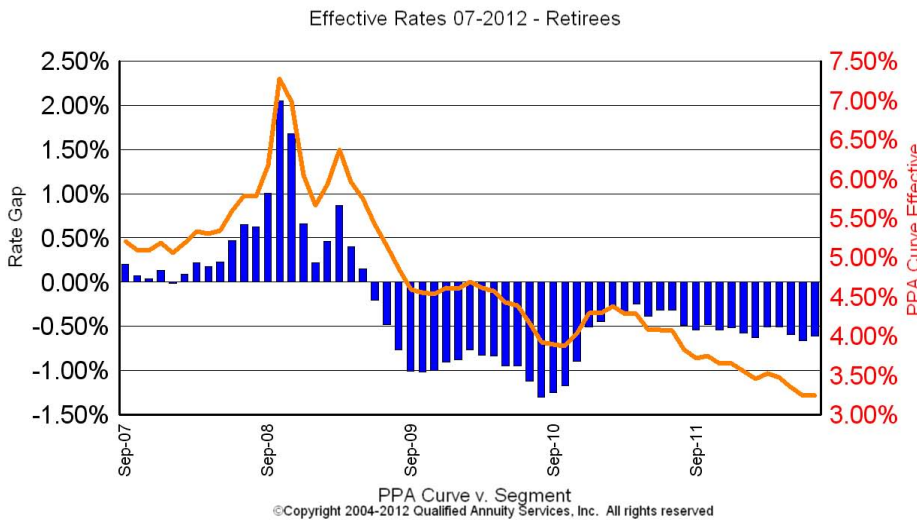


Date: July 1, 2012
To: Pension Professionals
Re: Twist Again

Vol. IX, No. 7

The Fed has extended its strategy to buy longer dated maturities which is intended to push rates down further in the 7-10 year point of the curve. Now if the fiscal house could get on track, perhaps we could move forward. However, pension debt cost only rises with lower rates.

QAS Pension Risk Transfer 1000 Index[©]



In this month's view, we capture the relationship of spreads between PPA Segment and Curve using the **QAS PRT 1000 Index[©]**.

The PPA Effective Rate Gap has been steady at about -.50%. While this gap has narrowed, the most recent heavy downtrend for PPA Curve

appears poised to send 3-Segment rates tumbling further. Said another way, the gap for pension funding costs will continue to increase creating further funded status deterioration.

Views On Risk

DB plan sponsors need to go beyond immunizing interest rate risk alone. Cash most often best serves corporate needs. For more information on risk based strategies from QAS, please call Don Cunningham (513-772-4488) or Joe Cleary (201-447-3900), or the main office. Here's interest rates for annuities:

Date	Immediate Life Annuity	Deferred Life Annuity
May 1, 2012	3.11%	3.44%
June 1, 2012	3.09%	3.18%
July 1, 2012	3.10%	3.31%

Qualified Annuity Services, Inc.

¹ QAS PRT 1000 Index values can be obtained by contacting us for details.