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Elusive Alpha of PRT

Acres of Diamonds

Russell Conwell was a noted minister and orator and known for a story about how to find value within self. Indeed, DB plans provided an engine of profit for years as contribution holidays allowed accounting profits to be reported to shareholders.

The story goes that a man wanted to find diamonds so badly that he sold his farm and went off to search for a diamond mine. The new owner of the farm found a sparkle on the surface and it turned out to be a diamond mine thus making the new owner rich. The diamond mine was there all along.

DB plans can be full of diamonds. And such is the life of PRT. There is “alpha” in PRT. You just have to know where find it. In conjunction with that, we are developing a view that will shed light on the acres of diamonds for PRT alpha. Meanwhile, true to its trend, volatility in interest rates reigns supreme.

Alpha Bets

Now that the first quarter is in the books, will seasonal adjustments return us to reality? If so, look for markets to wane in much to do about nothing during summer months

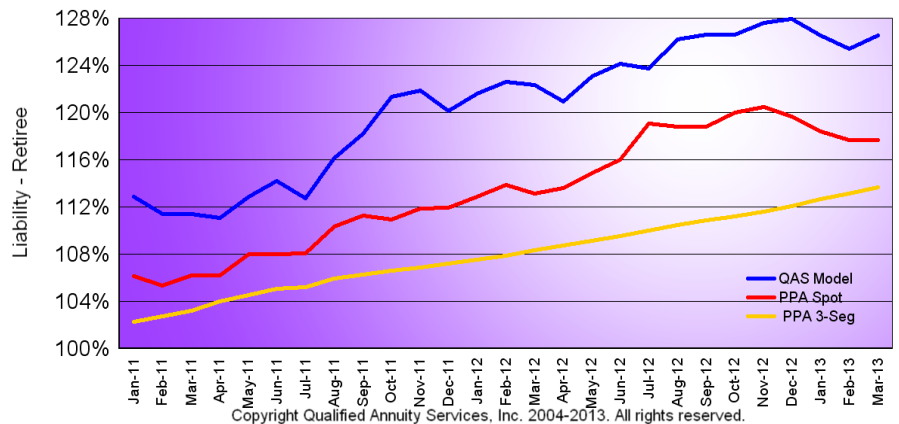
Latest View

Markets reacted to Cyprus and the sensitivity to the “sequester”. Once again, growth will be scrutinized for signs of economic revival - or is it more aptly described as resuscitation?

The view from PRT is that pricing remains high relative to PPA 3-segment and, more important, lump sum settlement costs. We can take view PRT proposition from many facets, just like diamonds. Risk remains constant and is not free - cash is a risky allocation. As the economic engine continues to run ever so slowly, we expect a pick up due to rising confidence. That confidence is an imbued sentiment

QAS Pension Risk Transfer 1000 Index©

Relative Price for PPA Spot v. 3-Segment v. PRT



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that may still keep people on the sideline as the market ascends.

Conclusion: *Retain a Tactical View*

Tactical PRT mitigates risk, minimizes shareholder losses, and accelerates recovery to full funding.

For information on custom PRT index modeling capabilities, please give us a call.

Get Informed. Think Strategic. Act Tactical.

For information contact Don Cunningham (513-772-4488) or Joe Cleary (201-447-3900) or QAS.

Date	Immediate Life Annuity	Deferred Life Annuity
January 1, 2013	2.80%	3.29%
February 1, 2012	2.91%	3.40%
March 1, 2013	2.73%	3.35%