

PRT Prime Time

Defined Benefit pension deficits appear to be performing a disappearing act. Is Pension Risk Transfer (“PRT”) ready for prime time?

Asset Allocation from Equities to PRT

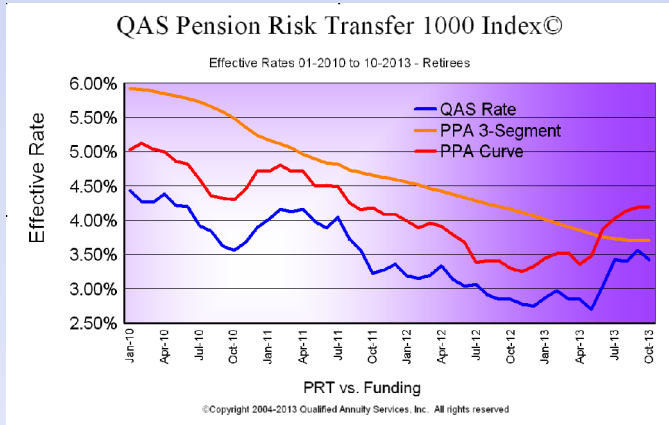
We have said before that PRT is a Tactical Allocation decision. And like before, we are nearing an inflection point in equities where one wonders: How high is too high?

It’s Risk - Not Rates

De Risking is not about rates. Indeed, a price is needed. On a relative basis, the QAS PRT 1000 Index tracks closely to PPA Curve. We emphasize that risk mitigation is not equal to plan termination. In fact, it is a form of benefit preservation. Plan sponsors adopting PRT de risking last year appear committed to their DB plans. In both GM and Verizon, the DB plan for active participants continued.

Is De Risking Good Governance?

Annuities are used in plan terminations. Is de risking good? Is it beneficial to participant security? De risking may mean good corporate governance of shareholder values if it rewards a stable employee workforce.



Market Commentary

The PPA Curve breached the PPA 3 Segment in June and PRT pricing has been in line to the upside. Note that this view does not factor items such as plan costs. The market is headed toward a close in a way that plans valuing in September through December will see a noticeable reduction in regulatory liability per PPA.

PRT Advisor

QAS’s Advice on Annuities is predicated upon delivering sound ERISA governance methodology throughout engagement. Now is time to engage QAS as your PRT Advisor.

Learn more about QAS’s Independent ERISA Fiduciary services here:

http://qualifiedannuity.com/services_fs.html

Call now to get more information on custom PRT index modeling capabilities.

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
August 1, 2013	3.50%	3.99%
September 1, 2013	3.70%	4.37%
October 1, 2013	3.53%	4.20%