

March 1, 2014

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Volatility is the Name of the Game

Plan risk is defined in many ways for Defined Benefit plans. There is a recipe for everything whether PPA funding, FAS accounting or 417(e) lump sums. It really is a soup kitchen. Recent rate movement underscores one principle:

Volatility Exists Everywhere

What's the relevance?

As many plan sponsors grapple with the volatility of their plans, it is crucial to grasp the significance of volatility in Pension Risk Transfer (PRT).

What's the importance?

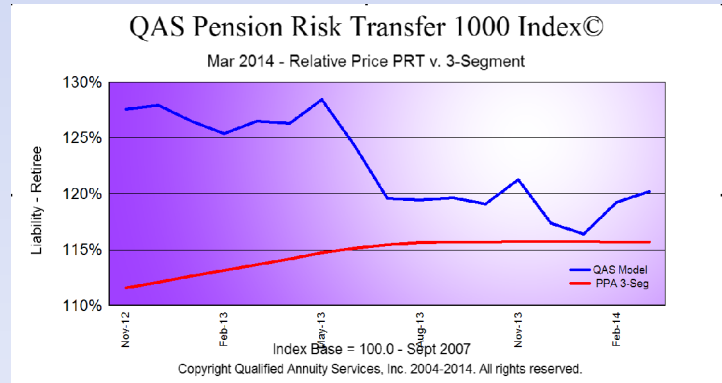
Plan sponsors want to close the gap on risk. Forces at work include the dynamics of PRT pricing. Higher PRT deal flow may disrupt supply, and thus, competitive pricing.

Is timing relevant? Absolutely.

When deals are sold, resources are needed. Issuers are warm to ad hoc transactions given the annual pipeline constraints at year end.

Double Jeopardy

As markets abruptly change, pricing is impacted by two external forces: 1) market price movement in rates due to macro economic forces and 2) deal flow headwinds.



What to do?

Plan ahead. QAS understands PRT market dynamics and is uses strategic tools to achieve target objectives. We stay the course and provide crucial advice and thinking.

Price Volatility of QAS PRT Index

Month	Feb to Mar 14	+ 0.83%
Quarter	Jan to Mar 14	+ 3.27%
Year	Apr 13 to Mar 14	- 4.80%
12 mo	Hi-Lo	- 9.33%

QAS Independent ERISA Fiduciary

QAS provides advice for implementing PRT and termination annuities. Our proprietary scoring system navigated the Great Recession. ERISA procedural prudence is the appropriate standard for selecting annuity providers. Learn more 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	Deferred
January 1, 2014	3.50%	3.90%
February 1, 2014	3.20%	3.61%
March 1, 2014	3.10%	3.49%