

April 1, 2014

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PRT Index Trax

Defined Benefit plan liabilities are measured using PPA Segment, PPA Curve or MAP-21 for funding, 417(e) for lump sums, and ASC (FAS) for accounting. The 25-year average of bond rates per MAP-21 provide a higher discount rate that is less volatile and represents long interest rates. DB asset returns are often measured against "risk free" assets such as U.S. Treasuries. Discounting liabilities to U.S. Treasuries provides a hypothetical risk free view. These are all "gross" rates before investment, mortality, PBGC and administration expenses.

And PRT rates?

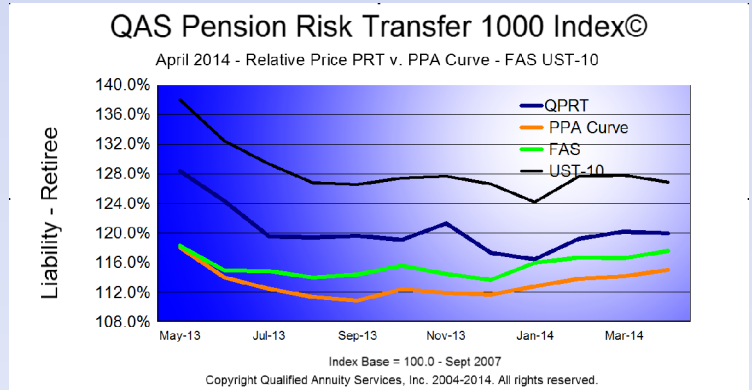
An imbalance occurs with PRT which is measured by net interest rates for institutional annuities. These "net" rates are after expenses excluding PBGC premiums.

What's the point?

Monitoring changes over time provides a view to volatility. Measuring the change for 12, three and one month time frames illustrates that opportunities exist to develop viable strategies to minimize risk transfer costs.

What's the benefit?

Volatility exists within long term trends. As markets absorb disruption, trends for interest



rates will ultimately revert to the mean. Interest rates have risen for PRT resulting in nearly 7% lower pricing than a year ago. Note the 8% lower liability for U.S. Treasuries:

PRT Trax Index - 12 Month

	Change %	12 Month	3 Month	1 Month
PRT		-6.61%	0.57%	0.71%
PPA 3-Segment		0.90%	0.03%	0.09%
PPA Curve		-2.57%	1.03%	0.73%
ASC (FAS)		-3.09%	0.31%	0.00%
417(e) Minimum		-0.62%	0.71%	0.80%
US 10 Yr Treasury		-8.10%	-0.65%	0.48%

QAS Independent ERISA Fiduciary

QAS's PRT practice demands rigorous risk management discipline. This discipline allowed us to navigate the Great Recession and meet ERISA *procedural prudence* (the "appropriate standard") for selecting a provider. Learn more here:

http://qualifiedannuity.com/services_fs.html

Get more information on custom PRT 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
February 1, 2014	3.20%	3.61%
March 1, 2014	3.10%	3.46%
April 1, 2014	3.13%	3.46%