

May 1, 2014

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### ***PRT Tactical Strategy***

“Tactical Allocation” is a strategy that allocates assets at the most advantageous points. Overvalued assets are sold and undervalued assets are purchased as assets are re balanced within an investment policy.

QAS’s PRT Advice is implemented as a Tactical discipline. We opined this long before the term “PRT” was made popular. Tactical PRT infers selling risk at the best time, whether that risk is ad hoc lump sum or annuity buyout. QAS measures PRT cost relative to ASC (FAS), PPA, or Treasuries.

#### **Is holding cash risky?**

Cash, whether inside the plan or out, is risky. If interest rates fall, liabilities will rise (and PRT costs also rise). If interest rates rise, liabilities (and PRT costs) should fall. Holding cash makes sense in few circumstances.

#### **What’s the impact on PRT?**

PRT can be implemented prior to a plan termination. Ad hoc PRT in non-termination is “at the market.” PRT upon termination is “upon regulatory approval” and most times at the end of a calendar year creating an ever more crowded market. The “ad hoc” market has advantages. See:

[http://qualifiedannuity.com/newsletters/2014\\_03.pdf](http://qualifiedannuity.com/newsletters/2014_03.pdf)

***Get more information on custom PRT modeling capabilities.***

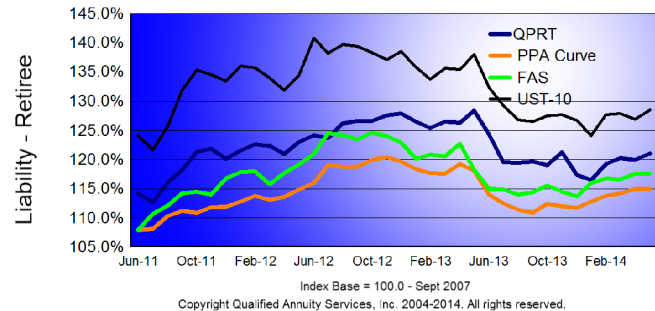
***Get Informed. Think Strategic. Act Tactical.***

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

<b>Date</b>	<b>Immediate</b>	<b>Deferred</b>
March 1, 2014	3.10%	3.46%
April 1, 2014	3.13%	3.46%
May 1, 2014	3.00%	3.33%

### **QAS Pension Risk Transfer 1000 Index©**

May 2014 - Relative Price PRT v. PPA 3-Seg - Curve & FAS



#### **What’s the point?**

QAS’s Tactical view answers the question: “When should I learn about PRT?” The answer is ***now.***

#### **What’s the benefit?**

Our view is that volatility is a friend of PRT. Volatility between Hi-Low is significant:

<b>Price Volatility of QAS PRT Index</b>			
	12 mos	24 mos	36 mos
QPRT	6.34%	9.33%	12.22%
PPA Curve	3.54%	7.90%	10.36%
ASC (FAS)	3.28%	8.78%	13.45%
UST	6.24%	11.82%	13.62%

#### **QAS Independent ERISA Fiduciary**

QAS’s PRT practice is based upon strong risk management discipline which allowed us to navigate the Great Recession. Learn how we meet ERISA *procedural prudence* (the “appropriate standard”) in selecting providers: [http://qualifiedannuity.com/services\\_fs.html](http://qualifiedannuity.com/services_fs.html)