

August 1, 2014

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Next Step

Modern science has blessed us with longer life. We should be happy. For Defined Benefit plan sponsors, the news is not quite the same. Longevity Extension Risk in the form of new mortality will be here shortly.

What's the point?

The IRS will once again take up the matter for purposes of defining pension costs per IRC §430(h)(3)(A). The accounting community will likely inquire as to the use of new mortality for pension expense reporting purposes as well.

What's the outcome?

We recently concluded a Longevity Extension Risk study using IRC §430(h)(3)(A) from 2009 - 2014 and found the results startling. Extension risk increased dramatically over the last five years even before considering RP-2014:

Average : +0.31% per year
5 Years: +1.55% overall

Only then does advice have value.

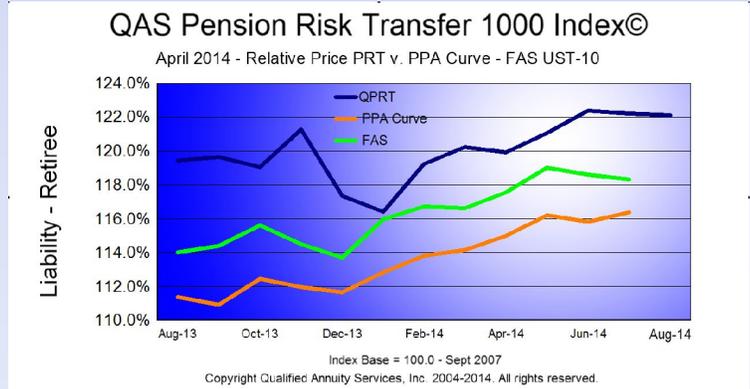
We quantify economic DB risks for our clients.

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
June 1, 2014	2.85%	3.18%
July 1, 2014	2.78%	3.17%
August 1, 2014	2.78%	3.12%



This information is invaluable in reaching rational decisions based upon sound risk management principles. As the rules of risk change, QAS is prepared. And that has value for our clients.

Managing Risk: It's What We Do

Experience is acquired. With it, we capture a vision. And that allows us to manage the multitude of issues facing sponsors today.

Here is a summary of PRT volatility:

PRT Trax Index - Change			
Change %	12 Mos	3 Mos	1 Month
QPRT	+2.06	-0.23%	-0.09%
PPA 3 Segment	+0.06	-0.10%	-0.09%

QAS's Longevity Extension Risk Study

Learn more about QAS's study, contact us here:

<http://qualifiedannuity.com/contact.html>