

September 1, 2014

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Can DB Risk Be Managed?

Defined Benefit plans are mature as reflected by aging populations. Risks of retiree populations differ from those of active or deferred lives. These embedded risks are reflected somewhat in determining PPA or accounting liabilities.

What's the point?

Cash flow and longevity extension risk can be transferred at any time that is appropriate for a sponsor. Plan terminations are driven by time lines that end in distributions to settle liabilities. Discretionary risk transfer strategy is quite different from plan termination. Skill is required for both.

What's the difference?

The old adage "timing is everything" has spoiled many plan terminations. Rate volatility is nothing new. A lot may be known about plan costs such as PPA, ASC, 417(e). From there, strategy can take shape, but not in a vacuum. The critical question is:

What's the cash price?

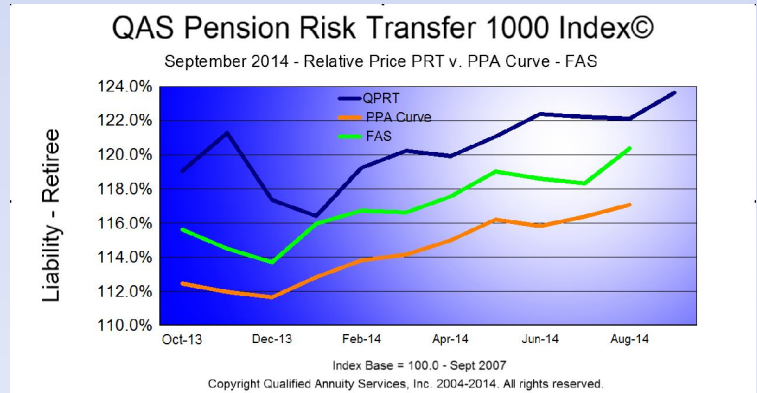
Until known, strategies may fall short of goals and a last minute reality check then occurs.

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
July 1, 2014	2.78%	3.17%
August 1, 2014	2.78%	3.12%
September 1, 2014	2.63%	3.30%



Conclusion

DB risks remain high as volatility continues. We digest large amounts of information. Then, we develop strategies with an eye to needs of the sponsor. Those needs differ substantially and are tailored for each client.

*As the rules of risk change,
QAS adds value for its clients.*

Here is a summary of PRT volatility:

PRT Trax Index - Change			
Change %	12 Mos	3 Mos	1 Month
QPRT	3.85%	1.16%	1.25%
PPA 3 Segment	-0.09%	-0.19%	-0.08%

QAS's Longevity Extension Risk Study

Request more about this study here:

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