

January 1, 2015

Vol. XV, No. 1

## Looking Forward

Plan sponsors wrestle with effectively managing DB risks. No sooner does HATFA extend contribution relief and the Society of Actuaries adopts new mortality reflecting longer pensioner lives. DB risk management requires grasping the impact of numerous complex matters. Crafting effective risk strategies is crucial to positive outcomes.

### What's the point?

Ultimate DB costs are driven by a host of factors resulting in a view to economic cost. For example, mortality cost is driven by lifestyle change and advances in medicine. These changes occur over time masking the impact. Once, measured, reality sets in:

**costs rise and recognition is required**

### What's the outcome?

The new QAS Longevity Impact Study finds that mortality liability for funding Retirees increases dramatically if adopted in 2017:

QAS Mortality Impact Study			
PRT v. Applicable Mortality & RP 2014 w/w/o MP			
	2014-15	2015-15	2016-17
	AM 2015	AM 2016	RP 2014
PPA	0.20%	0.20%	3.38%
PPA w MP	0.20%	0.20%	6.23%
FAS	0.21%	0.21%	3.49%
FAS w MP	0.21%	0.21%	6.58%

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

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

Ron Mc Hugh 508-733-8591

Don Cunningham 513-772-4488

Joe Cleary 201-447-3900

**Date**

**Immediate**

**Deferred**

December 1, 2014

2.57%

3.22%

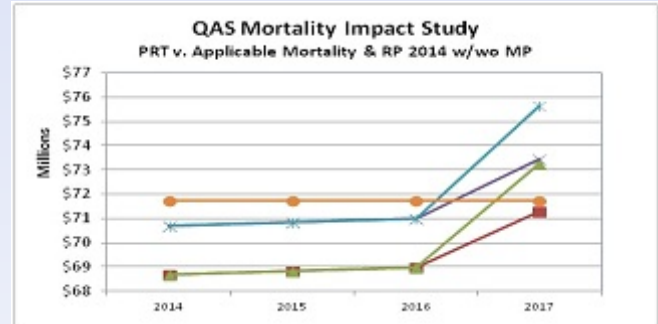
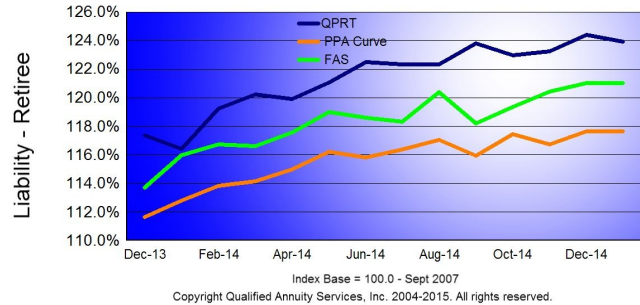
December 1, 2014

2.59%

3.13%

## QAS Pension Risk Transfer 1000 Index©

Jan 2015 - Relative Price PRT v. PPA Curve - FAS



## Conclusion

Quantifying longevity may seem challenging. The QAS Longevity Impact Study makes it clear: PRT may offer savings. We grasp the issues and communicate risks in a sensible way for our clients. We develop strategies starting with fundamentals. Only then are solutions applied within a frame work of sound risk management principles.

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

Request more about QAS's study here:

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