



April 1, 2015

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MP Mortality Impact Exceeds 10%

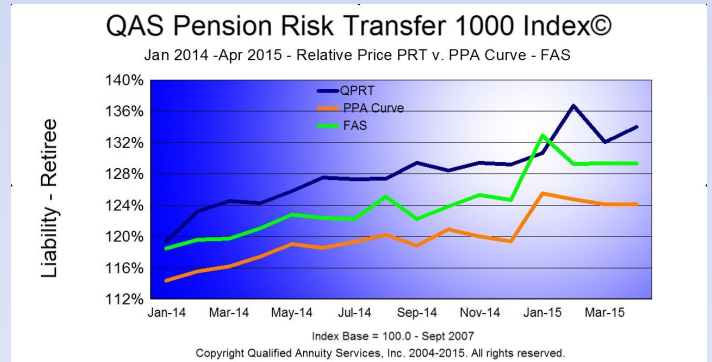
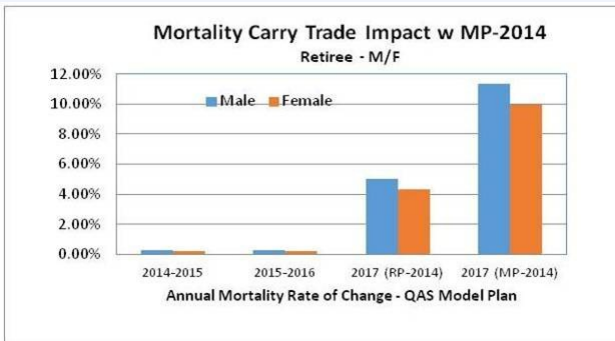
Cash flow is the sweet spot of DB plan risk. On a sour note, last month we assessed the impact from RP-2014 utilizing the QAS Model Plan (before discount). Applying MP-2014 turns a sour note into a bitter pill.

DB mortality has a much greater impact if MP-2014 is adopted.

The point is:

DB plans should sell longevity risk. Period.

This is not to say that DB plans should terminate. Overt time, higher alpha can mitigate the long term impact of rising funding costs for new mortality. Furthermore, we will make the case that PRT can be implemented in a way to minimize the impact of MP-2014. For now, focus on this impact:



What's the point?

MP-2014 is a dynamic mortality table. Talk to us for input. DB plan funding costs will increase. We can help you to find out by how much for your plan. We have said that the "alpha to break even" through asset returns is quite high. Get informed about the difference between PRT pricing and your plan's risk.

Conclusion

You can't "manage longevity". But you can manage the inherent risk: immunize or transfer. Our clients engage us to bring clear thinking to an otherwise complex set of rules, including mortality impact. 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 studies here:
<http://qualifiedannuity.com/contact.html>

Get more information on custom PRT modeling capabilities.

Get Informed. Think Strategic. Act Tactical.

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Date	Immediate	Deferred
March 1, 2015	2.64%	3.05%
April 1, 2015	2.39%	2.94%