



March 1, 2016

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## ***Managing in a Vacuum***

The Pension Risk Transfer (“PRT”) market is evolving quickly into a guessing game. Plan sponsors seek to develop strategies and providers continue to focus narrowly on opportunities that are easily implemented. An example is the predominant use of PRT for retiree carve outs or buy outs. Such strategies are simple in concept, easy to arrange, attract more bidders and allow for critical mass.

### **Is There a Problem?**

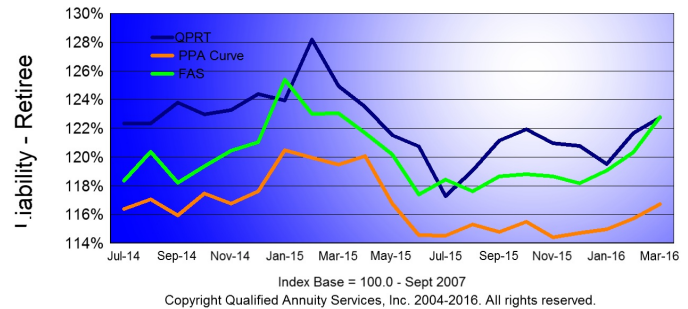
As the year unfolds plan sponsors will continue to focus on financial risks and assessments of future embedded DB plan costs. Expenses continue to rise as PBGC premiums and fees increase. The burden of remaining plans to fill PBGC deficits only worsens as the low interest rates plague fixed income returns and funding adequacy.

### ***Equity Alpha Anyone?***

Considering the options, investing allocations may find more opportunity in growth dividend plays. Return seeking assets can improve asset levels and funded status although equity volatility continues unabated. Reviewing defensive positions against rising rates is key to the right allocation mix.

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

Mar 2016 - Relative Price PRT v. PPA Curve - FAS



### ***When Is PRT Viable?***

Market dynamics demand critical thinking on strategy. Budget limits conflict with timing and business goals. Increased market activity results in stricter underwriting. Plans with unique features face increased limitations as providers vie for less risky retiree only deals.

### ***What Should Plan Sponsors Do?***

De-risking goes beyond today’s limited solution set. PRT advice is available; critical thinking is mandatory. Plan terminations face different prices for different risk profiles. QAS provides active monitoring and strategic advice in a dynamic market where indicative pricing may not always be available.

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

Request more about QAS here:

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***Learn More About Custom PRT Modeling and Glide Path Capabilities.***

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

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<b>Date</b>	<b>Immediate</b>	<b>Deferred</b>
February 1, 2016	2.71%	3.57%
March 1, 2016	2.58%	3.40%