

ERISA 3(21) Fiduciary and What it Means - Part I

Selecting an annuity provider for de-risking or plan termination is a critical role. Plan administrators, as ERISA 3(16) Fiduciary, have two choices: 1) go it alone, or 2) get help. Few plan administrators have experience in selecting annuity providers, so getting help makes sense. The question is:

What kind of help is needed?

The subtleties are significant and begin with key questions:

- Does the provider offer to serve as Independent ERISA 3(21) Fiduciary to select the annuity provider?
- Does the provider confirm this in writing?

ERISA 3(21) Fiduciary Services for TFA

When DB plans terminate, benefit liabilities are settled in lump sum or annuities. Selecting annuities is a process subject to ERISA standards for *procedural prudence*. Most plan sponsors seek expertise to do so. Defining this role and vetting providers requires doing so in writing with complete transparency and full disclosure. The ERISA 3(21) Fiduciary selection responsibility should be explicit to the agreement and based upon the plan's circumstances.

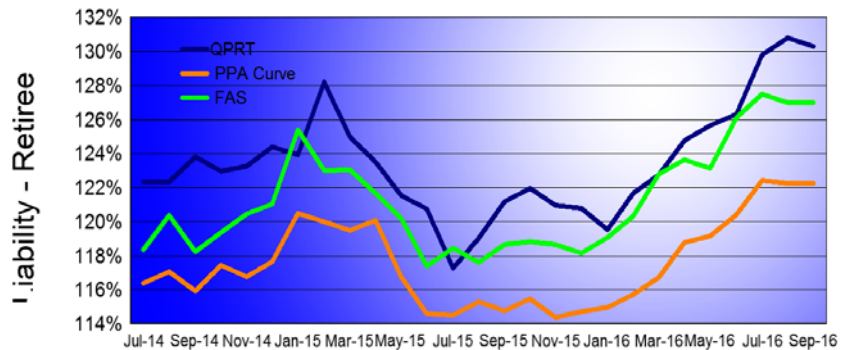
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Ron McHugh, FSA MAAA CFA (508)733-8591 Joe Cleary (201)447-3900

Date	Immediate	Deferred
August 1, 2016	2.11%	2.68%
September 1, 2016	2.14%	2.68%

QAS Pension Risk Transfer 1000 Index©

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



Index Base = 100.0 - Sept 2007
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Rates

PRT rates have bounced off their all time lows. As the Fed wrestles with macros, the high price of PRT may be waning. Fed action is tempered. Spreads have loosened slightly. Volatility is present, while very subtle:

PRT Trax Index	
12 mo Hi-Lo %	+/- 9.4%
YTD % Δ	+ 9.0 %
3 mos % Δ	+ 3.1 %
1 mo % Δ	- 0.4 %

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