

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

Selecting an annuity provider for de-risking or plan termination requires expertise in performing financial analysis. Few ERISA 3(21) Fiduciary providers offer proprietary research to analyze carrier financial statements. Analyzing credit is an absolute necessity. The question is:

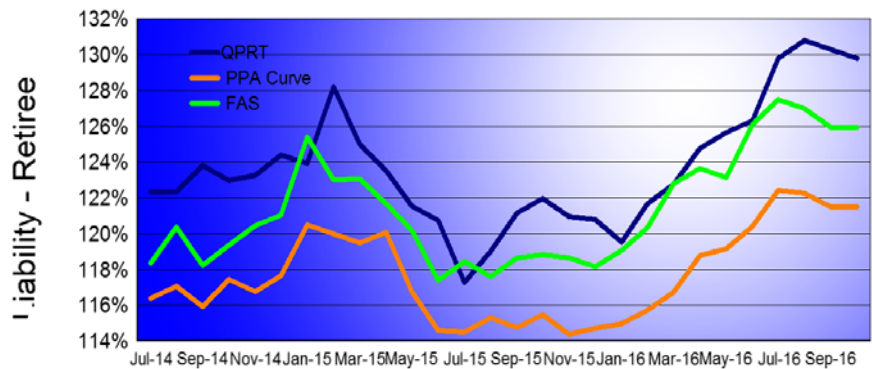
■ *Does the ERISA 3(21) Fiduciary use proprietary credit research?*

ERISA 3(21) Fiduciary Credit Research

Insurers have been subjected to financial stress over many decades. A decision to select a provider is irrevocable. Performing credit research is a process that must meet ERISA standards for *procedural prudence*. Credit research is the key ingredient in fulfilling an ERISA 3(21) Fiduciary role. Rigorous adherence to clearly defined processes must meet ERISA's "procedural prudence" standards. A practice discipline should be effective in navigating periods of stress. Such research should withstand stress and have been proven to be reliable over time. Internal vetting of system processes should be performed routinely. An effective process should lead to crafting benchmarks and performance expectations.

QAS Pension Risk Transfer 1000 Index©

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



Index Base = 100.0 - Sept 2007

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Rates

PRT rates continue to inch up at the beginning of October. The election is garnering the news with little direction resulting. Although spreads have tightened, expect them to widen as PRT rates generally rise in the last quarter.

PRT Trax Index	
12 mo Hi-Lo %	+/- 9.4%
YTD % Δ	+ 8.4%
3 mos % Δ	- 0.6 %
1 mo % Δ	- 0.4 %

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Date	Immediate	Deferred
September 1, 2016	2.14%	2.68%
October 1, 2016	2.16%	2.74%

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