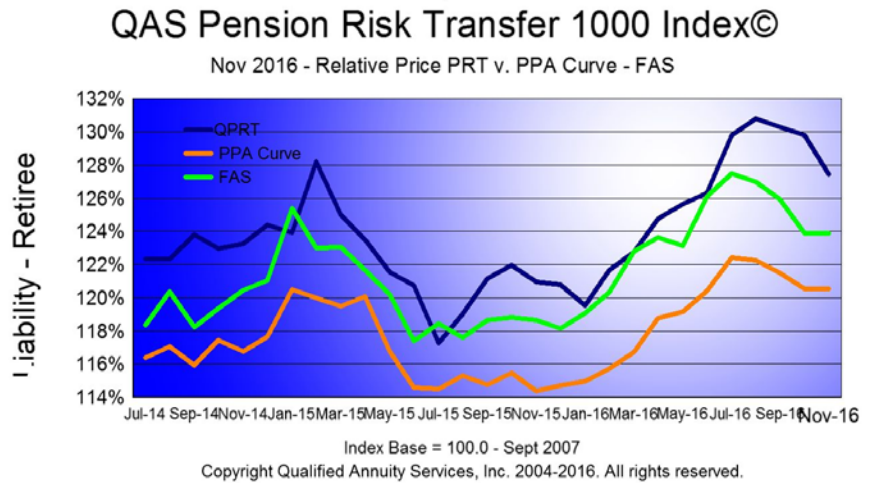


### ERISA 3(21) Fiduciary and What it Means - Part III

Last month we discussed the role of credit analysis as an ERISA 3(21) Fiduciary. Proprietary research should demonstrate an ability to reveal elements of comparability, critical in an annuity selection. A question to be asked might be:

- *Does the ERISA 3(21) Fiduciary have a track record based upon credit selection?*



#### ERISA 3(21) Fiduciary Credit Research

Insurer financial statements are complex sets of tables. Devising a system to capture relevant data in itself is an art. Applying an analysis to an annuity selection requires knowledge of the requirements of DOL IB 95-1. Applying the principles of ERISA for *procedural prudence* as defined by Bussian is an even greater challenge. Once a disciplinary method is constructed, it must be rigorously examined. Only through periods of stress can the value of a particular methodology be known. Fundamental analysis methodologies may lead to important findings and reveal important conclusions and concerns. Developing a track record is decades long research to be reliable over time.

#### Rates

PRT rates rose smartly at the beginning of November before the post election run. The prospect for infrastructure spending has driven rates much higher and quickly. Spreads are likely to widen from here as bets are “risk on”.

PRT Trax Index	
12 mo Hi-Lo %	+/- 7.5%
YTD % Δ	+ 7.7%
3 mos % Δ	- 2.2 %
1 mo % Δ	- 1.8 %

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

Date	Immediate	Deferred
October 1, 2016	2.16%	2.74%
November 1, 2016	2.41%	2.90%

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