



April 1, 2017

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### Functional Fiduciary

ERISA §3(21) Fiduciary services for the selection of the annuity provider are the crucial step in meeting requirements for protecting the interests of participants. A key issue is delegating the annuity selection responsibility to a third party. DOL IB 95-1 states that plan fiduciaries should seek expert advice if they have little experience with the selection process.

#### What does this mean?

Large institutional trust companies are able to fill this need for jumbo plans.

#### What about plans with less than \$1 billion or \$500 million?

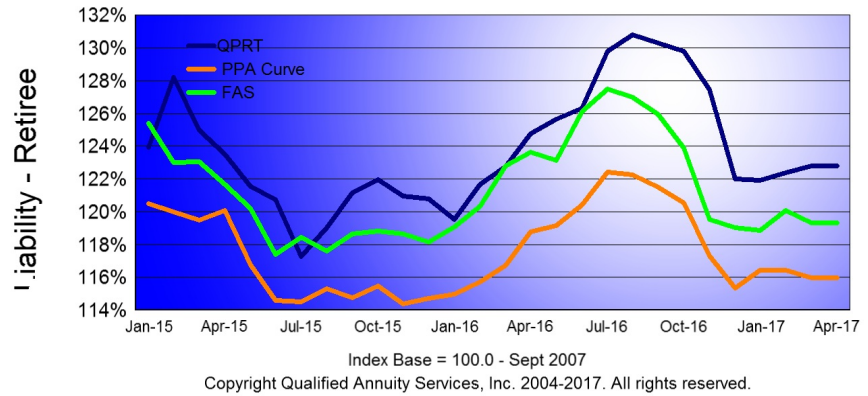
The new DOL Fiduciary Rule creates a need for ERISA protocol for de-risking and plan termination. This need is relevant for smaller plans which can retain services from an Independent ERISA §3(21) Fiduciary acting as Functional Fiduciary to select the provider.

#### Important Considerations Still Apply

- Most plan sponsors transact once
- Providers enter and exit a volatile market
- Providers offer very limited terms

### QAS Pension Risk Transfer 1000 Index©

Apr 2017 - Relative Price PRT v. PPA Curve - FAS



#### What's the Impact?

Capacity constraints exist despite assurances to the contrary. Small cases are difficult to place and may garner only a single offer.

**This raises an even greater need for an Independent ERISA §3(21) Fiduciary role.**

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#### Rates

Rates dropped in April sending PRT prices higher. Preparation is key to implementation.

PRT Trax Index	
12 mo Hi-Lo %	+/- 7.4%
YTD % Δ	+ 0.1 %
3 mos % Δ	+ 0.8 %
1 mo % Δ	+ 0.1%

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Date	Immediate	Deferred
March 1, 2017	2.84%	3.33%
April 1, 2017	2.82%	3.38%

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