



June 1, 2017

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### ***PRT Emerging Issues***

As defined benefit plan sponsors seek to de-risk their plans, the number of retiree transfers has increased dramatically. At the same time, offering lump sums to term vested continues to increase. The outcome is the changing risk profile of the plan and its remaining participant profile. The easiest deals are retirees. The most difficult? Whatever is left over.

#### ***What does this mean?***

Large retiree deals are driving participation by new providers. However, the plan risk profile changes dramatically. The remaining plan profile becomes a very risky basket of problems in many instances.

#### ***What's the Impact?***

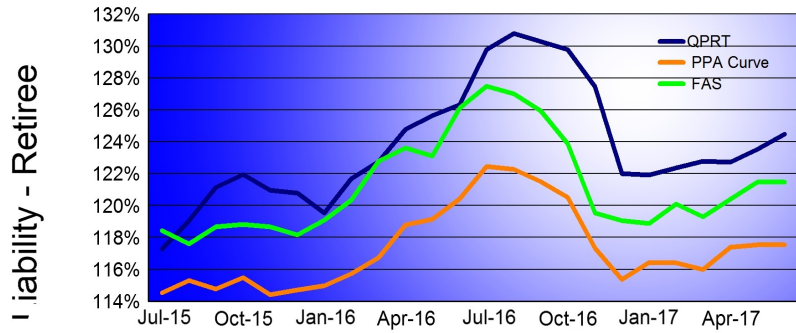
- Providers enter and exit a volatile market
- Providers offer very limited terms

#### ***What's the Impact?***

- PRT providers are balking at risk
- Plans will pay higher exit prices
- Risky plan profiles may not obtain any bids
- Plans will delay terminations
- Fees will rise

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

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



Index Base = 100.0 - Sept 2007  
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***This dilemma will continue to worsen until plan sponsors realize that PRT Strategy is key and it's not just about transferring retiree liabilities at a competitive price today.***

#### **Rates**

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

<b>PRT Trax Index +/-</b>	
12 mo Hi-Lo %	+/- 12.5%
YTD % Δ	+ 3.4%
3 mos % Δ	+ 2.5%
1 mo % Δ	+ 1.4%

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

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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>
May 1, 2017	2.71%	3.25%
June 1, 2017	2.68%	3.11%