



September 1, 2017

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### ***Inching Forward***

As the season approaches for PRT placements, the prospects for transacting will be subject to the law of supply and demand. It's simple economics:

***demand exceeds supply***

#### ***What's The Point?***

The PRT market has not matured. The entry price for new providers includes a world of complex underwriting for DB plan annuities. Legislative tinkering spans resulted from managing US deficits via new pension regulation: perverse; not productive. It only serves to frustrate DB plan sponsors. Others accept the morass of regulation and move on with business as usual.

#### ***What's The Impact?***

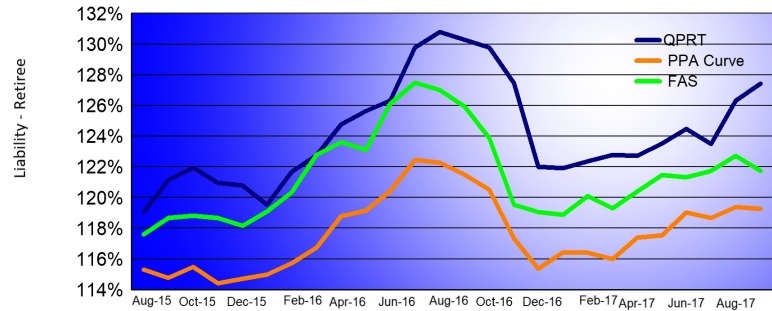
New PRT providers have an appetite for all retiree carve outs. Dealing with deferred life plan provisions is saved for another day. This further exacerbates availability of providers willing to offer deferred life pension annuities.

#### ***What Should Plan Sponsors Do?***

Plan sponsors should consider an overall strategy before embarking on retiree only carve outs. Off loading deferred liabilities at the same time can make sense depending on long term goals for the plan.

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

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



Index Base = 100.0 - Sept 2007

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#### **Rates**

Rates notched another down month adding a higher PRT price to the table. Volatility is somewhat muted at 7.4% for 12 months and the narrower range will set up some further movement if rates reverse. The upward price trend for PRT continued. Tactical strategy still carries the day.

<b>PRT Trax Index +/-</b>	
12 mo Hi-Lo %	+/- 7.4%
YTD % Δ	+ 5.6%
3 mos % Δ	+ 1.9%
1 mo % Δ	+ 1.0%

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

<b>Date</b>	<b>Immediate</b>	<b>Deferred</b>
August 1, 2017	2.67%	3.02%
September 1, 2017	2.59%	2.87%

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