

November 1, 2017

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PRT Risk Paradigm

Partisan politics is taking form in crafting the shape of the new tax bill. Rumbblings continue as the debate gathers steam about haves and have nots. The actual impact will not be known until after the fact.

Such is Washington's Way.

What's The Point?

Amid numerous bylines is a theory that businesses will avail themselves to make larger contributions to DB plans for 2017. Funded status should rise significantly, if such plans have not already been baked into the equation.

What's The Impact?

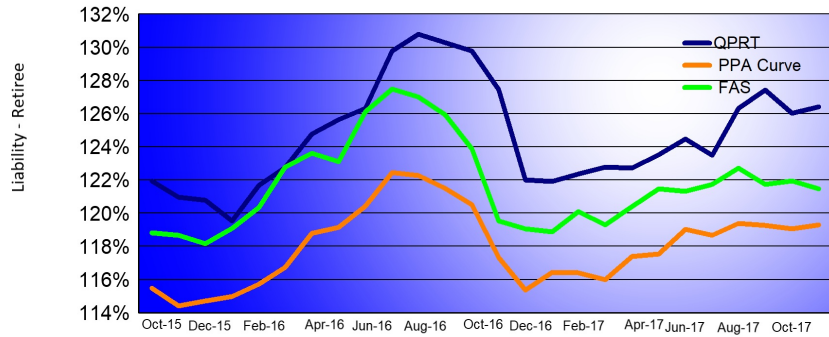
Plans will become more adequately funded. If equity markets perform in a positive way, plans could actually become over funded. The thought might be scary. DB participants might be well served after years of hand wringing at perils of under funded status.

What Should Plan Sponsors Do?

Now, more than ever, plan sponsors should carefully consider a new priority: the risk paradigm of over funding their plans. If so, PRT strategies take on a whole new meaning.

QAS Pension Risk Transfer 1000 Index©

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



Index Base = 100.0 - Sept 2007

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Rates

Rates take a step back in November as the markets wait in anticipation of a new tax policy. Is year end PRT demand impacting bond prices? Is debt being issued to fund new PRT deals? Could be. Modest volatility prevails - for now. Reversals can occur swiftly. What strategy is best? Answers are available.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 6.8%
YTD % Δ	+ 5.1%
3 mos % Δ	+ 0.4%
1 mo % Δ	+ 0.4%

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

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Date	Immediate	Deferred
October 1, 2017	2.73%	2.99%
November 1, 2017	2.70%	2.94%

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