



December 1, 2017

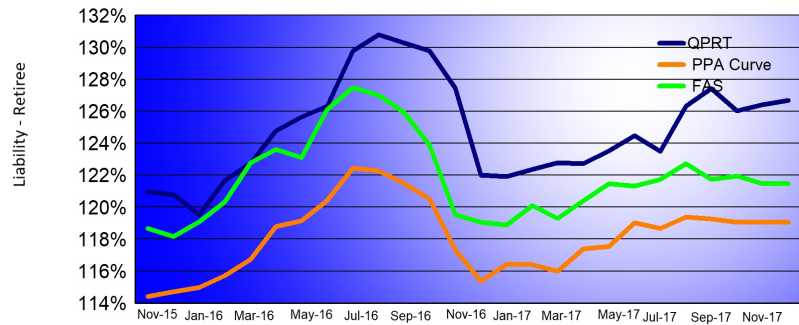
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### *Happy Holidays!*

The Fed raised rates again and imply that more rate hikes are coming. The GOP has lowered taxes (at least for some of us). Equity markets are on a roll, with broad domestic stock indices near +20% and foreign indices at +25%. Unemployment is low. Higher rates mean lower group annuity prices. Higher stock valuations give plan sponsors more assets to work with making for a great PRT market.

### QAS Pension Risk Transfer 1000 Index©

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



Index Base = 100.0 - Sept 2007

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#### **A Look At Decembers Past**

The Immediate rate in Decembers past were 2.89% in 2015 and 2.88% in 2016. Both rates are just slightly above the 2.72% in this newsletter. The Deferred rate was 3.65% in 2015 and 3.35% in 2016, well above the 2.91% in this newsletter. In the 2014 newsletter, we stated "The Fed has finally raised rates. The result so far: HO HUM." In 2016, there was the "Trump Effect". There was chatter of rates rising slowly from prognosticators, but not many predicted rates might drop.

#### **A Look At Decembers Future**

Although we would not predict what rates would do, we know that PBGC premiums are higher. We know that mortality has improved. Both will increase the ongoing costs for plan sponsors.

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

Plan sponsors need advice from sources capable of implementing a tactical approach. Advance planning with a skilled PRT advisor will help you be able to execute a transaction on your terms.

#### **Rates**

Rates rose so narrowly that we would call it flat. The 12-month volatility dampened further with last year's "Trump Effect" out of the equation. We already know what happened as a result of the passage of the new tax law: 10 Year Treasuries were 2.37% on December 1 and 2.49% on December 20. The upward trend in rates has been reignited in a big way: "Risk On". Tactical strategy takes center stage.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 4.5%
YTD % Δ	+ 3.1%
3 mos % Δ	- 0.6%
1 mo % Δ	+ 0.0%

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Date	Immediate	Deferred
November 1, 2017	2.70%	2.94%
December 1, 2017	2.72%	2.91%