

## Stock Volatility, Low Rates & COVID-19 Continue

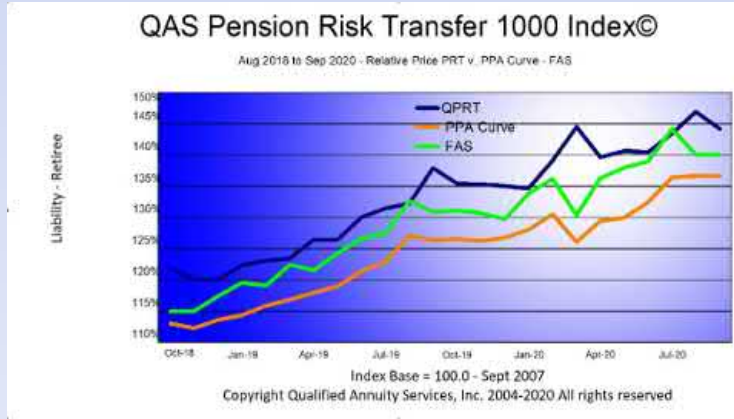
Immediate and deferred purchase rates increased in August after a string of monthly declines. The immediate annuity purchase rate was up 13 basis points from 1.53% to 1.66%, while the deferred purchase rate was up 18 basis points from 1.75% to 1.93%. The highest rate for immediate annuities was 2.15%, up 7 basis points, while the highest deferred rate was 2.13%, up 4 basis points.

At the end of August, treasury yields were up significantly from the end of July. The 10 Year treasury yield increased 17 basis points from 0.55% to 0.72% while the 30 Year treasury yield rose 29 basis points from 1.20% to 1.49%. The Two Year treasury yield rose 3 basis points from 0.11% to 0.14%. Corporate spreads widened in August as spreads on Moody's Seasoned Baa 10 year rose 7 basis points and Seasoned Aaa 10 year spreads rose 22 basis points.

US and Foreign equity markets rose in August. The S&P 500 was up nearly 7% while aggregate foreign markets were up 4.4%. The S&P 500 was up 8.5% year-to-date at the end of August while foreign markets declined roughly 4%. Stocks have given back their August gains as the S&P 500 fell 7% and foreign markets dropped 4.4%. New virus cases are rising in the US and Europe amid concerns about a second wave as American deaths now exceed the once unthinkable mark of 200,000. The race for a vaccine continues. The elections are in view with Former Vice President Biden leading President Trump in the polls; but recent history tells us that polls aren't always reliable. The markets are on edge causing volatile swings as the election nears. This volatility is likely to continue until a vaccine has been vetted and distributed globally.

### QAS PRT 1000 Index

QAS developed the QAS PRT 1000 Index over a number of years. The QAS PRT 1000 Index tracks the change in value of a Model Plan due to interest rates alone. The Model Plan is based on 1000 of the largest defined benefit plans. The QAS PRT 1000 Index was structured to have a beginning value of 100.0 on September 1, 2007.



The QAS PRT 1000 Index also functions as a benchmark to compare and evaluate the relative impact of price change for PPA-3 Segment, PPA Curve, FAS accounting and Pension Risk Transfer (PRT) costs. A customized view of retirees, for example, can model the changes in risk or funding as benchmarks for our clients. The PRT Trax Index below measures the relative change in PRT annuity cost. If you have a \$100 million plan, your cost to buy an annuity has increased by \$7.1 million this year.

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### Rates

Since the end of August, treasury rates decreased. The 10 year yield fell 4 basis points to 0.68% as the 30 year yield dropped 7 basis points to 1.42%. The 2 year treasury is unchanged. The Moody's Seasoned Baa Spreads have tightened 1 basis point while Seasoned Aaa Spreads tightened 11 basis points. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 9.1%
YTD % Δ	+ 7.1%
3 mos % Δ	+ 2.7%
1 mo % Δ	- 1.8%

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
September 2020	1.66%	-0.13%	2.15%	+0.07%	1.93%	0.17%	2.15%	+0.04%