

July 2021

Vol. XXI, No. 7

## Covid Strikes Back

Purchase rates were down in June. The immediate annuity purchase rate was down 12 basis points from 2.12% to 2.00%, while the deferred purchase rate was down 19 basis points from 2.43% to 2.24%. The highest rate for immediate annuities was down 17 basis points to 2.38%, while the highest deferred rate was down 24 basis points to 2.61%. Decreasing treasury rates were again the main driver.

At the end of June, US Treasury bond yields were down from the end of May. The 10 Year treasury yield decreased from 1.58% to 1.45%, a decrease of 13 basis points, while the 30 Year treasury yield decreased from 2.26% to 2.06%, a decrease of 20 basis points. The Two Year treasury yield was up 11 basis points to 0.25%. During the month of June, the ICE BofA BBB US Corp Index Option Adjusted Spread tightened by 6 basis points to 1.07%.

US and Foreign equity markets were mixed in June. The S&P 500 was up roughly 2% in June while aggregate foreign markets fell around 1%. Year-to-date US markets were up roughly 15% while foreign markets were up 9%. Since the end of June, markets remain mixed with US markets up slightly and foreign markets down about 2.5%.

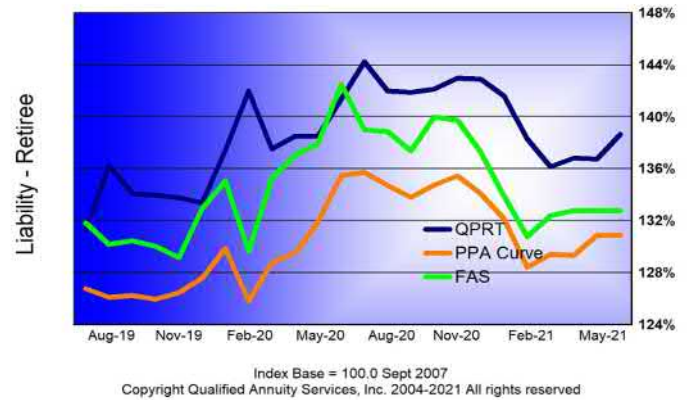
The Delta variant has quickly become the dominate strain in the US. Coupled with a slowing vaccine rollout, case increases, hospitalizations and deaths are up in almost every US state within just a few weeks. Mask mandates and closures are being implemented again, especially in states having large numbers of unvaccinated people. It's worse overseas where vaccination rates are much lower. The Olympics are starting to empty stadiums in Japan this week as the country goes into partial lock down. Fear of a rockier recovery has pressured stocks and lowered bond yields. The result is a flattening curve, especially on the long end.

### ***I Couldn't Get A Quote. What Should I Do Now?***

When some plans seek bids from insurers in the annuity marketplace they sometimes find no insurer willing to bid.

## QAS Pension Risk Transfer 1000 Index<sup>©</sup>

Aug 2019 to Jul 2021 Relative Price PRT v. PPA Curve - FAS



This is common with plans having complex and non-standard benefit provisions, small size, a majority of active and term vested participants to name a few reasons. QAS has years of experience with hard to place cases and we have opened doors that were previously closed after other PRT advisors failed to deliver. If you'd like to hear more, give QAS a call.

### Rates

Since the end of June, the 10 year yield decreased 22 basis points to 1.23%, while the 30 year yield decreased 18 basis points to 1.88%. The 2 year treasury is down 5 basis points to 0.20%. The ICE BofA BBB US Corp Index Option Adjusted Spread has widened 7 basis points since the end of June. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 6.6%
YTD % Δ	- 3.00%
3 mos % Δ	+ 1.80%
1 mo % Δ	+ 1.40%

**As the rules of risk change, QAS adds value for its clients.** Read more or subscribe here:  
<https://www.qualifiedannuity.com/monthly-newsletters/>

### **Learn More About QAS's PRT Advice Alpha Capabilities.**

#### **Get Informed. Think Strategic. Act Tactical.**

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

Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
July	2.00%	-0.12%	2.38%	-0.17%	2.24%	-0.19%	2.61%	-0.24%