

New Year Ushers PRT Vortex Risk

December purchase rates were up. The immediate annuity rate rose 15 basis points to 2.11% from 1.96%, and deferred purchase rates rose 14 basis points to 2.27% from 2.13%. The highest immediate annuity rate was up 10 basis points to 2.63%, while the highest deferred rate rose 15 basis points to 2.65%. Treasury rates began climbing as the year ended.

At the end of December, US Treasury bond yields were up from the end of November. The Ten Year treasury yield rose from 1.44% to 1.51%, a 7 basis point increase and the Thirty Year treasury yield rose from 1.79% to 1.91%, a 12 basis point increase. The month end November ICE BofA BBB US Corp Index Option Adjusted Spread fell from to 1.26% to 1.21% in December.

US and Foreign equity markets advanced in December. The S&P 500 rose 4.36% in December while aggregate foreign markets MSCI were up 3.1%. For 2021 the S&P was up 26.9% while foreign markets measured by MSCI were up 8.7%. As of January 13, 2022 the S&P 500 is down 2.2%.

The Omicron variant has dramatically increased new cases in the U. S. Hospitalizations of unvaccinated continue to rise and have begun to strain facilities. The markets seem wary of the spread and, when coupled with the Fed's stance on rate increases, reacted accordingly. The Supreme Court ruled against private sector workers being required to test or vax while medical workers may be required to do so. The CME FedWatch Tool now predicts a greater than 30% chance that the rate will increase to 100-125 basis points by December, 2022.

PRT Vortex Risk

As defined benefit plan sponsors seek to unload liabilities, they are faced with reviewing their risk mitigation strategies. Equities are weakening in the face of higher interest rates and bonds are falling, reflecting the anticipated rate increases by the Fed. In between is the PRT option. This accelerated rate of volatility impacts funded status. Once begun, (has it?) the cycle might swirl into a vortex of risks in a race to the bottom. The "What, When, Where and How?" to de-risk questions will arise.

Learn More About QAS's PRT Advice Alpha Capabilities.

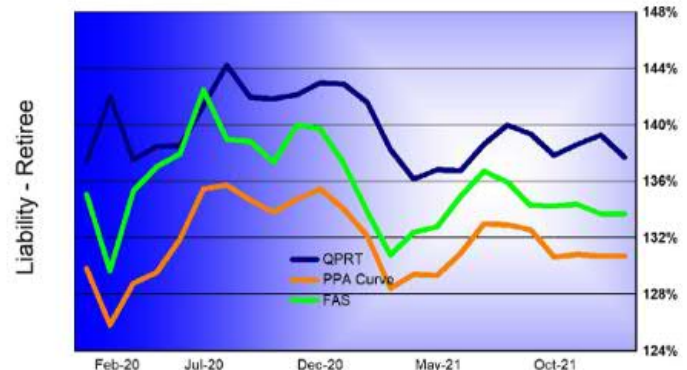
Get Informed. Think Strategic. Act Tactical.

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
December	2.11%	+0.15%	2.63%	+0.10%	2.27%	+0.14%	2.65%	+0.15%

QAS Pension Risk Transfer 1000 Index©

Feb 2020 to Jan 2022 Relative Price PRT v. PPA Curve - FAS



Index Base = 100.0 Sept 2007
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QAS's tactical strategy continues to deliver positive results in volatile markets. Like cooking a fine dinner, it's all in the planning and preparation. Having an effective de-risking strategy requires the right kind of PRT Advice. Consider engaging QAS as your PRT Advisor where sensitivity to best outcomes is our mission.

Rates

The 10 year yield climbed 7 basis points to 1.51% during December and jumped 26 basis points to 1.77% as of January 14. The 30 year yield has increased 12 basis point to 2.11%. The 2 year treasury rose 21 basis points to 0.72% from November 30. The ICE BofA BBB US Corp Index Option Adjusted Spread fell 5 basis points during December, 2021. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 4.90%
YTD % Δ	- 1.10%
3 mos % Δ	- 0.10%
1 mo % Δ	- 1.10%

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