

Higher Rates = Lower Annuity Prices

February purchase rates were up. The immediate annuity rate leapt 25 basis points to 2.36% from 2.11%, and deferred purchase rates rose 23 basis points to 2.50% from 2.27%. The highest immediate annuity rate was up 30 basis points to 2.93%, while the highest deferred rate rose 22 basis points to 2.87%. Treasury rates continued to advance driven by comments from the Fed.

At the end of January, US Treasury bond yields were up from the end of December. The Ten Year treasury yield rose from 1.51% to 1.78%, a 27 basis point move and the Thirty Year treasury yield rose from 1.91% to 2.10%, a 19 basis point increase. The ICE BofA BBB US Corp Index Option Adjusted Spread advanced from 1.21% to 1.34%, a 13 basis point increase at January month end.

US and Foreign equity markets declined in January. The S&P 500 declined 5.50% while aggregate foreign markets MSCI were down 3.8%.

As the Omicron variant begins to wane, public demand for relaxed controls has escalated. The markets are now fixated on the size and date of the Fed's rate increase. Global friction adds to the international risks stoking even greater volatility.

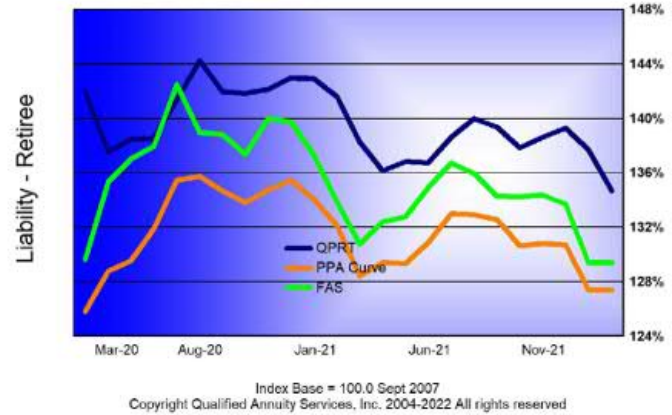
Higher Rates Influence PRT Discussions
Macro economic factors and COVID-19 have caused worldwide financial disruption. Built up demand for goods and services has inflated prices as vendors scramble to get back to full speed as soon as possible. The costs of "just in time" inventory management impact everyone. Asset levels and funding have increased so that many defined benefit plan sponsors have more options in choosing viable de-risking strategies. The new year bodes well for PRT as the market returns to a "modified new normal." The CME FedWatch Tool now predicts a greater than 35% chance that the Target Rate will be 175-200 basis points by December, 2022. The question of the day has become:

What's Next?

PRT pricing is a moving target that's cloaked in mystery and driven by the life and annuity actuarial complex. Mix in exotic forms of hybrid securities and opaque structures and you get fog. Pension accounting and regulations can

QAS Pension Risk Transfer 1000 Index©

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



materially impact final settlement cost.

QAS specializes in the "What, When, Where and How?" de-risking questions. Implementing a tactical strategy in volatile markets requires skillful navigation. QAS is Where PRT Advice Matters Most. Consider engaging QAS as your PRT Advisor where best outcomes is our mission.

PRT Advice Driven by Best Outcomes Rates

The 10 year yield ended at 1.78% in January and jumped 28 basis points to 2.05% as of February 11. The 30 year yield increased 25 basis points since end of January to 2.26%. The ICE BofA BBB US Corp Index Option Adjusted Spread rose 13 basis points to 134 at January month end. 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%

As the rules of risk change, QAS adds value for its clients. Read more or subscribe here:

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Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
February	2.36%	0.25%	2.93%	0.30%	2.50%	0.23%	2.87%	0.22%