

Drama in PRT Annuity Market as Prices Notch Big Decline

April annuity interest rates made another big move up. The immediate annuity rate rose 50 basis points to 3.10% from 2.60%, and deferred interest rates rose 25 basis points to 3.10% from 2.85%. The highest immediate annuity rate was up 47 basis points to 3.80%, while the highest deferred rate rose 57 basis points to 3.80%. Treasury rates continued their advance.

At the end of March, US Treasury bond yields were up from the end of February. The Ten Year treasury yield rose from 1.84% to 2.33%, a 49 basis point move and the Thirty Year treasury yield rose from 2.18% to 2.45%, a 27 basis point increase. The ICE BofA BBB US Corp Index Option Adjusted Spread declined from 160 to 149, or 11 basis points from February month end.

US and Foreign equity markets declined in February. The S&P 500 declined 4.65% while aggregate foreign markets MSCI were down 4.25%.

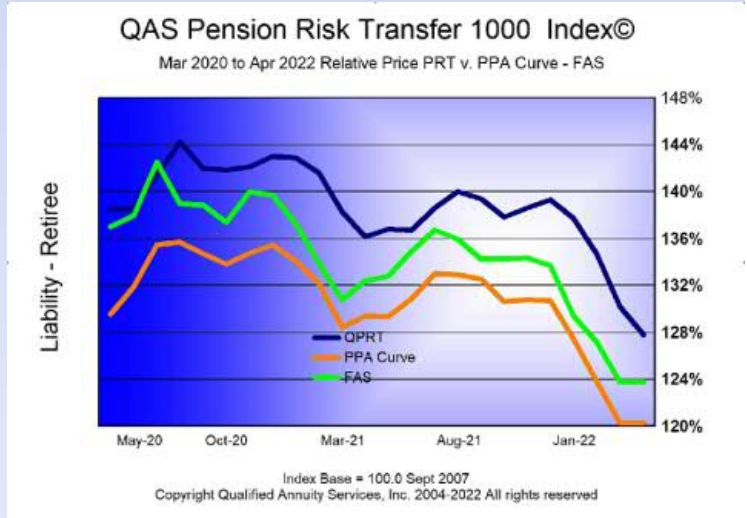
Sanctions on Russia have also impacted economic prospects in the EU and other countries. The Fed is expected to implement a rate hike of 75-100 basis points at its May 4 meeting.

There is Drama In PRT Rate Impact

As we indicated last month, the new macroeconomic world may be unfolding on a collision course. The same old equation underpins this hazard: energy. The PRT Risk Vortex continues its spiral (use the link below to read the January Newsletter). The ICE BofA BBB US Corp Index Option Adjusted Spread Index has backed off from the recent high of 185 basis points on March 15, 2022. PRT annuity purchase prices have fallen by a dramatic 8.2% from December 1, 2021 to April 1, 2022.

Does Price Matter?

Implementing a Pension Risk Transfer transaction requires expertise to be effective. With an 8.2% purchase price drop in just 4 months, plan sponsors can ill afford to get this wrong. Whether rates will top out is anyone's guess. Many plan sponsors implement annuity purchases at the end of a termination cycle. As plan sponsors consider



their options, outcomes can improve with a PRT Advice role. However, if the plan wishes to de-risk, QAS also excels in its tactical approach.

QAS merges the art with science in the PRT equation. At QAS, PRT Advice Matters Most. Consider engaging QAS as your PRT Advisor to achieve best outcomes.

PRT Advice Driven by Best Outcomes Rates

As this letter is being written, the 10 year yield touched 2.93% today, April 18, up from 2.15% on March 18, a 78 basis point increase. The ICE BofA BBB US Corp Index Option Adjusted Spread stood at 154 basis points as of April 14, 2022. Stay healthy.

PRT Trax Index +/-	
12 mo Hi-Lo %	+/- 9.50%
YTD % Δ	- 8.20%
3 mos % Δ	- 7.20%
1 mo % Δ	- 1.80%

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

Ron McHugh, FSA MAAA CFA Advisor (508)733-8591 # Joe Cleary Relationship Manager (201)447-3900

Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
April	3.10%	0.50%	3.80%	0.47%	3.10%	0.25%	3.50%	0.57%