

PPA Curve Exhibits Higher Volatility Than PRT

June annuity interest rates increased again. The immediate annuity rate rose 10 basis points to 3.82% from 3.72%, and deferred interest rates rose 13 basis points to 3.85% from 3.72%. The highest immediate annuity rate fell 13 basis points to 4.55% and the highest deferred rate fell 3 basis points to 4.20%.

Treasury rates continued their volatility. From May 1 to June 1, the US Treasury 10 Year bond yield rose from 2.84% to 3.16%, a 32 basis point advance while the 30 Year treasury yield rose from 3.06% to 3.20%, a 14 basis point increase. The ICE BofA BBB US Corp Index Option Adjusted Spread declined from 171 to 170 for a 1 basis point drop from May 1 to June 1.

US and Foreign equity markets declined in May. The S&P 500 declined 0.70% while aggregate foreign markets per the MSCI were up 0.40%. The Fed must now wrestle a tug of war between high inflationary pressures versus looming recessionary fears.

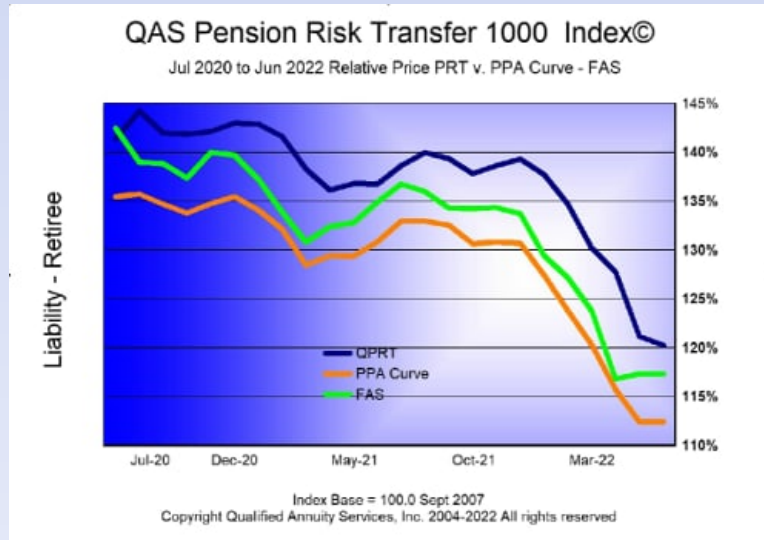
PPA Volatility

The Rates summary now includes the PPA rates which are more volatile than PRT rates over the past 12 month period. The 18.30% volatility may signal opportunities when developing dynamic de-risking strategies. Last month we pointed out that this two edged sword cuts deeply when plans invest in LDI matched bond portfolios.

This collision course is fueled by an inflammatory energy price explosion - pun intended. The ICE BofA BBB US Corp Index Option Adjusted Spread Index continues to hover at around 170 basis points from May 1 to June 1. Year to Date PRT annuity purchase price rates registered 13.70% lower through June 1, 2022.

De-Risking Comes With Execution Risk

Pension Risk Transfer has exhibited similar volatility adding to the risk equation. Last month we remarked that a 12.8% PRT price move was dramatic. Now, we consider the 12 month PPA volatility of 18.30% and the value of tactical strategy becomes even more relevant. QAS's tactical PRT approach is spot on in dealing with hyper interest rate sensitivity. QAS's advice role answers the



When, Where, How, Why and How Much PRT question. Plan sponsors need to know their best options - in all markets.

QAS merges the art with science in the PRT equation. At QAS, PRT Advice Matters Most.

PRT Advice Is Driven By Best Outcomes

Rates

The 10 year yield closed at 3.16% on June 10, a new high from 3.12 on May 10. The ICE BofA BBB US Corp Index Option Adjusted Spread stood at 175 basis points as of June 10, 2022. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12 mo Hi-Lo %	+/- 16.40%	+/- 18.30%
YTD % Δ	- 13.70%	- 14.00%
3 mos % Δ	- 7.60%	- 6.50%
1 mo % Δ	- 0.80%	- 2.90%

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Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
June	3.82%	0.10	4.55%	-0.13	3.85%	0.13%	4.20	-0.03%