

### PRT Rates Reverse Course

Annuity interest rates fell in December. The immediate annuity rate dropped 49 basis points to 4.68% from 5.17%, and deferred interest rates fell 48 basis points to 4.69% from 5.17%. The highest immediate annuity rate dropped 28 basis points to 5.20% and the highest deferred rate fell 34 basis points to 5.11%.

Treasury rates continued their volatility as the 10 Year ranged from a low of 3.70% to a high of 4.22% during November. The 30 Year treasury yield ranged from a high of 4.33% to a low of 3.74%, a 59 basis point swing. The ICE BofA BBB US Corp Index Option Adjusted Spread opened at 201 basis points on November 1, 2022 with a low of 177 basis points on November 25, 2022.

US and Foreign equity markets rose in November. The S&P 500 gained 4.6% and aggregate MSCI World markets climbed 7.0%. The Fed may react favorably to just released data showing a slowdown in core inflation. This may allow the Fed to temper future increases. As we posited in November, the news sparked equity gains.

#### PRT Rate Action

December PRT rates began faltering during November causing further rate curve dislocation in the eight to 12 year range. Longer durations suffered a bit for deferred life opportunities. It's crowded at year end with Retiree only interest rates suffering as well.

#### Value of Custom PRT Index

Many plan sponsors are advised to manage risk through LDI portfolio investing strategies which provide a steady path to adequate funded status. The success of this investing eventually determines the timeline. Little attention is paid to volatility. However, PRT pricing is volatile and is also spread based. So if spreads move and rates don't, you may not see them in your models. In order to incorporate such dynamics, a Custom PRT Index reflecting embedded risks is needed. Adopting such a Custom PRT Index increases available options and may yield better outcomes.

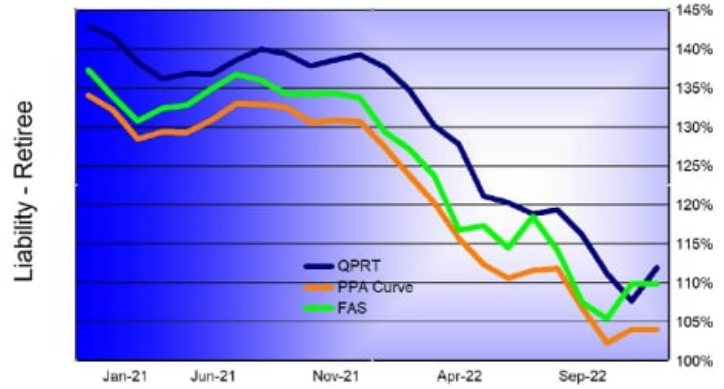
#### Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
December	4.68%	-0.49%	5.20%	-0.28%	4.69%	-0.48%	5.11%	-0.34%

### QAS Pension Risk Transfer 1000 Index©

Jan 2021 to Dec 2022 Relative Price PRT v. PPA Curve - FAS



Index Base = 100.0 Sept 2007  
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#### Tactical Advice Yields Better Outcomes

QAS focuses on advice based strategies and employs a Tactical Advice practice discipline. We answer the *When, Where, How, Why and How Much* question by merging the art with the science of the PRT equation.

#### Next Month

How effective is a Custom PRT Index?

#### Rates

The 10 year yield closed at 3.73% on December 17, 2022 and the ICE BofA BBB US Corp Index Option-Adjusted Spread fell to 175 basis points as of December 17th. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12 mo Hi-Lo %	+/- 27.8%	+/- 27.7%
YTD % Δ	- 18.7%	- 18.4%
3 mos % Δ	- 3.6%	- 2.6%
1 mo % Δ	+ 3.9%	- 1.6%

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

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