

PRT Rates Take A Breather

Annuity interest rates rose in January. The immediate annuity rate rose 6 basis points to 4.74% from 4.68%, and deferred interest rates rose 10 basis points to 4.79% from 4.69%. The highest immediate annuity rate rose 3 basis points to 5.23% and the highest deferred rate fell 6 basis points to 5.05%.

Treasury rates continued their volatility as the 10 Year ranged from a low of 3.41% to a high of 3.89% during December. The 30 Year treasury yield ranged from a high of 3.98% to a low of 3.42%, or 56 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread was range bound between 170 and 175 basis points during December.

US and Foreign equity markets rose in December. The S&P 500 fell 3.0% and aggregate MSCI World markets climbed down 4.23%. The Fed hinted at a potential slowing of rate increases which allowed the market to breathe a sigh of relief.

PRT Rate Action

January 2023 PRT rates opened a bit stronger showing a firming from recent trends. PRT rates are fairly flat across the curve now. Year end deal flow caused demand to exceed supply as buy dates moved onto the 2023 calendar. A robust Q1 is expected.

Positive Results with Custom PRT Index

QAS advised a number of plan sponsors to transact during 2022. Planning and strategy requires being prepared to implement quickly as year end activity was crowded. Fortunately, spreads remained solid and many plan sponsors were able to move to 2023 calendar dates without disruption. Dynamic monitoring allows us to provide feedback on potential outcomes.

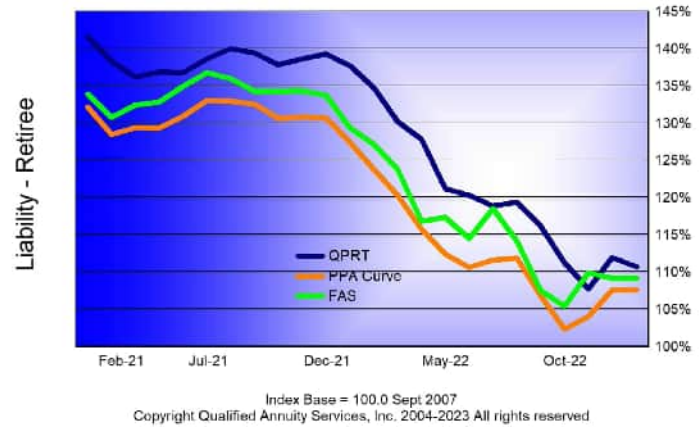
Q. What's Advice Worth? A. \$6 million

The 48 basis point move in 10 Year Treasuries during December translates to more than 600 basis points or 6% price movement on a liability with a 13 year duration. A \$100 million settlement might cost \$106 million.

Recent volatility leveled as PRT rates steadied in January.

QAS Pension Risk Transfer 1000 Index©

Feb 2021 to Jan 2023 Relative Price PRT v. PPA Curve - FAS



The new House Speaker has aimed for action on the government debt ceiling. It is more important than ever to be positioned to act on short notice. The nature of risks has changed as revealed by banking and IT sectors.

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.

Rates

The 10 year yield closed at 3.48% on January 20, 2023 and the ICE BofA BBB US Corp Index Option-Adjusted Spread was 161 basis points on the 19th. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12 mo Hi-Lo %	+/- 25.0%	+/- 21.0%
YTD % Δ	- 1.1%	+ 3.4%
3 mos % Δ	- 0.5%	+ 5.1%
1 mo % Δ	- 1.1%	+ 3.4%

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

<https://www.qualifiedannuity.com/monthly-newsletters/>

Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
January	4.74%	0.06%	5.23%	0.03%	4.79%	0.10%	5.05%	-0.06%