

Stress Returns; PRT Prices Volatile

Annuity interest rates rose in March. The immediate annuity rate bounced 45 basis points to 4.81% from 4.36%, and deferred interest rates bounced 40 basis points to 4.76% from 4.36%. The highest immediate annuity rate jumped 37 basis points to 5.30% and the highest deferred rate popped 46 basis points to 5.12%.

Treasury rates experienced greater volatility as the 10 Year ranged 65 basis points from 3.33% to 3.98% during February. The 30 Year treasury yield ranged from 3.49% to 3.98%, or 49 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread ranged between a low of 150 and ended February at 160.

US and Foreign equity markets rose in February. The S&P 500 fell 2.44% and aggregate MSCI World markets declined 2.30%. The Fed may be challenged to make its next move ignoring the confidence that has rattled the banking sector.

PRT Rate Action

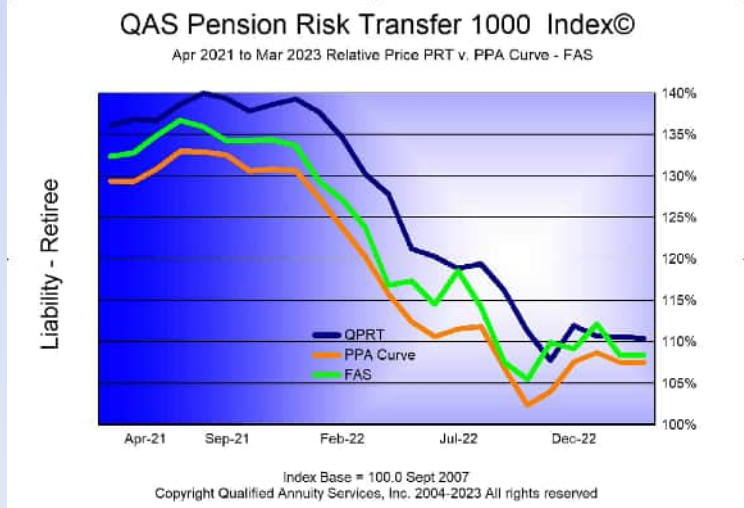
March 2023 PRT rates rose resulting in a decline in annuity prices. However, the US T 10 had a high of 4.00% on March 1 and fell 51 basis points to 3.49% as of March 20, 2023. This decline marks the increased "risk off" market reaction. The 2023 PRT calendar in Q1 is very active.

Bid Discipline Enters the Equation

QAS applies Tactical PRT strategies to plan the bid process. Intermediaries employ different methods. Market dynamics can disrupt the process. Settlement activity differs from plan terminations in that timing is discretionary. Financial goals may be difficult to achieve as rate volatility increases.

Banking Related Risks

The rate increases are favorable for implementing PRT settlements and plan terminations. The quandary is how to obtain best execution and implement a plan that reaches objectives. As the markets absorb the recent international banking restructuring, insurers will be reviewed for exposure to untested risks. The banking sector possesses demand liquidity risks. PRT risks are slower breathing beasts than banks.



PRT Providers Don't Have ATM Machines
PRT annuity providers are invested for long dated liabilities. Risks like COVID-19 may create sudden onset fears. However, the impact is still damped by time. Providers also don't suffer from demand liquidity. QAS envisions new findings when reviewing year end 2022 statutory filings. The Secure Act 2 revisits the adequacy of the DOL's "safest annuity standard" per IB 95-1.

Procedural Prudence

Transferring pension promises to insurers is subject to ERISA standards for "procedural prudence." QAS is in synch with ERISA.

Rates

The 10 year yield closed at 3.95% and the ICE BofA BBB US Corp Index Option-Adjusted Spread was 198 basis points on March 20, 2023. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12 mo Hi-Lo %	+/- 18.5%	+/- 17.5%
YTD % Δ	- 1.4%	- 0.1%
3 mos % Δ	- 1.4%	+ 3.3%
1 mo % Δ	- 0.2%	- 1.1%

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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	+/-
March	4.81%	+0.45	5.30%	+0.37	4.76%	+0.40	5.12%	+0.46