



## Rates Stabilize; Risk Moderates

Annuity interest rates were flat in May. The immediate annuity rate rose 1 basis point to 4.51% from 4.50%, and deferred interest rates rose 10 basis points to 4.63% from 4.53%. The highest immediate annuity rate rose 5 basis points to 5.13% and the highest deferred rate climbed 30 basis points to 5.12%.

Treasury rates experienced volatility as the 10 Year ranged 39 basis points from 3.25% to 3.64% during April. The 30 Year treasury yield ranged from 3.53% to 3.83%, or 30 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread ranged between a low of 169 and a high of 179 during April.

US and Foreign equity markets rose in April. The S&P 500 rose 1.46% and aggregate MSCI World markets rose 1.80%. The debt limit legislation is moving forward. The Fed may be need to temper its next move against the back drop of still resilient economic fundamentals.

### PRT Rate Action

May 2023 PRT rates rose modestly, bringing annuity prices down. The US T 10 year moved in a narrower range during April as the budget deficit took focus. The 2023 PRT calendar continues to tighten as benefit commencement dates are now being quoted on the basis of starting November 1, 2023.

### Tactical Strategy Enters the Equation

QAS undertakes a Tactical strategy for many PRT clients. Market capacity is disruptive and challenging. Sensitivity to interest rate volatility remains elevated. Intermediaries employ different methods in advising clients. Macro factors can disrupt the process as strategies for plan terminations differ substantially from settlements or buyouts. QAS employs dynamic Tactical strategies customized for buyouts and plan terminations.

### Macro Events Increase Risks

World opinions are now being shaped by military initiatives. This approach to disputes or differences has existed since mankind walked the planet. Unfortunately, bigger sticks are being employed to back such threats. This is not diplomacy. History tells us that these disputes are best settled at a table and not with a sword.

QAS Pension Risk Transfer 1000 Index©



### Provider Risks Increase

QAS utilizes a host of metrics to evaluate credit and liquidity risk among providers. Provider risks differ substantially based upon their portfolios. QAS's year end 2022 review has revealed vulnerabilities due to the changed macro environment at year end 2022. These changes followed historical patterns. DOL 95-1 or "safest annuity standard" is inadequate even as a minimum. 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 3.45% and the ICE BofA BBB US Corp Index Option-Adjusted Spread was 174 basis points on April 30, 2023. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 11.6%	+/- 9.3%
YTD % Δ	+1.3%	-0.7%
3mos % Δ	+1.4%	+0.2%
1mo % Δ	+1.4%	+1.5%

As the rules of risk change, QAS adds value for its clients. Read more or subscribe here: <https://qualifiedannuity.com/newsletter-subscription/>

### Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
May	4.51%	+0.01	5.13%	+0.05	4.63%	+0.10	5.12%	+0.30