

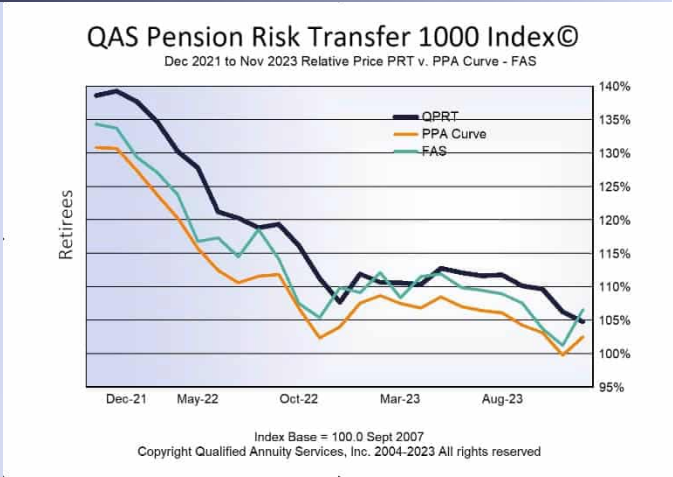


PRT Volume Drops 60%; Annuity Prices Set To Climb

Annuity purchase rates peaked in November. The immediate annuity rate jumped 23 basis points to 5.54% from 5.31%, and deferred interest jumped 22 basis points to 5.43% from 4.21%. The highest immediate annuity rate rose 3 basis points to 5.97% and the highest deferred rate rose 4 basis points to 5.96%.

Treasury rate volatility widened further during November as the 10 Year down trend ranged 45 basis points from 4.70% to 4.25%. The 30 Year treasury trended down from 4.87% to 4.44%, or 43 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread declined as it ranged from 163 to 139 in November.

US and Foreign equity markets fell in October. The S&P 500 down 2.1% and aggregate MSCI World markets declined 7.8%. The Fed tempered the underlying equity markets as inflation news countered the need for further increases.



PRT Rate Action

November 2023 PRT rates topped out as happy PRT buyers closed deals during what might be the highest volume year by historical standards. As the US T 10-year decline accelerated, PRT prices started to harden and climb. Several PRT providers reached capacity and exited the market. Very selective pricing ensued which again put limitations on placements.

Many Happy Returns

In the blink of an eye, the Grinch stole the PRT Christmas as rates pulled back in rather dramatic fashion during late November. PRT activity filled provider's stockings with premiums to hang on their corporate mantles. The exit by a few providers and the increased selectivity narrowed the possibility of year end deals. The larger number of smaller deals indicated a backlog was crimping capacity.

PRT sales for 2023 Q3 fell 60% as the number of deals increased 39%. See the links ([LIMRA PRT 2023 Q3](#)) ([Chart](#)).

The volume declined as the number of deals increased. Smaller deal size bodes well for many plan sponsors as they attempt to compete for limited space to complete their goals. The higher PRT rates may dampen some activity, however the number of plans interested in PRT deals means that de-risking is becoming more mainstream.

Fed Watch

The Fed's tempered view provided stimulus to equity markets in cheerful fashion. The Fed Watch tool for probability of a range of 525-550 in January 2024 stands at 89.7%, down from 96.8% in October. The confidence in the Fed's Target Rate of 525-550 for March 2024 dropped to 25.1% while the probability of a rate cut to 500-525 registers 67.5%, up from 32.9%. The trend for this reversal is strengthening.

Rates

The 10-year yield closed at 4.35% on November 28. The ICE BofA BBB US Corp Index Option-Adjusted Spread declined to 138 basis points to close at 138 as of November 30. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo HI-Lo %	+/- 7.6%	+/- 8.9%
YTD % Δ	-6.4%	-4.7%
3mos % Δ	-4.9%	-1.7%
1mo % Δ	-1.4%	2.7%

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Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
Nov	5.54%	+0.23	5.97%	+0.03	5.43%	+.22	5.96%	+0.04