



New Year Greet PRT Buyers With Higher Prices

Annuity purchase rates peaked in November. The immediate annuity rate dropped 47 basis points to 5.04% from 5.51%, and deferred interest dropped 46 basis points to 4.97% from 5.43%. The highest immediate annuity rate dropped 55 basis points to 5.42% and the highest deferred rate dropped 42 basis points to 5.54%.

Treasury rate volatility widened further during December as the 10 Year ranged 56 basis points from 4.35% to 3.79%. The 30 Year treasury trended down from 4.52% to 3.94%, or 58 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread declined as it ranged from 140 to 129 in December.

US and Foreign equity markets rose in December. The S&P 500 gained 2.1% and aggregate MSCI World markets climbed 9.0%. The inflation concerns started to dampen and underlying equity markets responded with increases.

PRT Rate Action

December 2023 PRT rates fell as PRT buyers closed deals during a declining rate market. Sheer volume in transaction count heralded a strong 4Q. Spread compression means that margins narrowed, most likely to the demand side of the curve. Providers may need to lower deal size parameters in order to meet more robust 2024 goals. Adding to the competitive market is the entry of new providers. Pricing competition will increase squeezing margins.

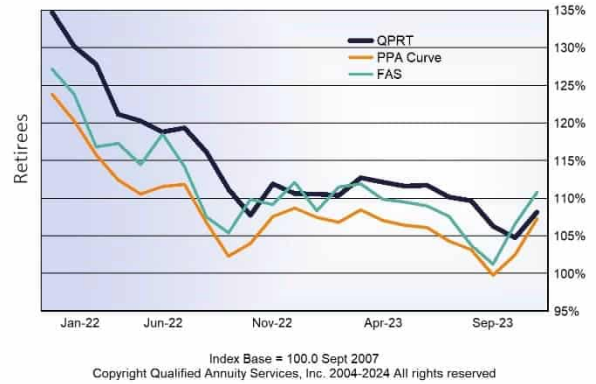
Plan Terminations Heat Up

During Q3 the number of deals increased by 39%. As new providers enter the market, bid activity will increase as competition for smaller deals grows. Managing more provider offerings will increase advisory fees as more focus is placed on the qualitative process of "selection." Evaluating providers will become more burdensome. Just ask RJR Nabisco. ([BUSSIAN V. RJR NABISCO](#))

The DOL made no changes in its review of Interpretive Bulletin 95-1 (IB 95-1) as required in Secure Act 2.0. The fact that the goal posts weren't moved is an indication that the DOL might not have had the correct approach. Arguments for single metric classifications have serious limitations when compared to Bussian. Our proprietary approach applies the "QAS Procedural Prudence Standard", a concept defined in 2001. ([Procedural Prudence](#))

QAS Pension Risk Transfer 1000 Index©

Jan 2022 to Dec 2023 Relative Price PRT v. PPA Curve - FAS



Fed Watch

The CME Group FedWatch Tool shows a 97.4% probability of a range of 525-550 at the January 31, 2024 meeting. The confidence in the Fed's March 2024 Target Rate of 525-550 increased to 54.6% while the probability of a rate cut to 475-500 registers 51.3%. There is modest weight in the confidence for rate cuts in 2024. Such a trend implies higher PRT rates during 2024. ([CME FedWatch Tool](#))

Rates

The 10-year yield closed at 3.87% on December 29. The ICE BofA BBB US Corp Index Option-Adjusted Spread declined to 129 basis points during December squeezing margins. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo HI-Lo %	+/- 7.6%	+/- 8.9%
YTD % Δ	-3.4%	-0.3%
3mos % Δ	-1.4%	+4.0%
1mo % Δ	+3.2%	+4.7%

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Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
Dec	5.04%	-0.47	5.42%	-0.55	4.97%	-0.46	5.54%	-0.42