

Third Participant Action Filed; Rates Bump Up

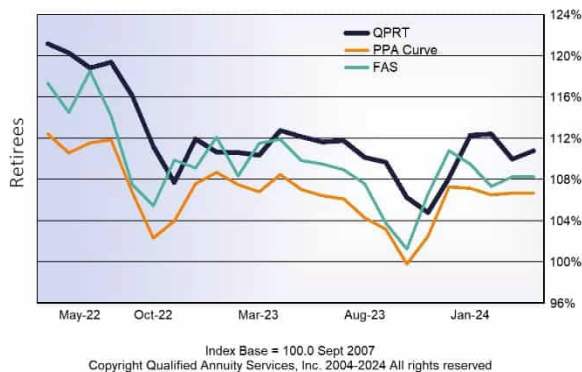
Annuity purchase rates were flat in February causing annuity prices to remain unchanged. The immediate annuity rate rose 26 basis point to 4.85% from 4.59%, and deferred rates rose 15 basis points to 4.72% from 4.57%. The highest immediate annuity rate rose 31 basis points to 5.47% and the highest deferred rate rose 29 basis points to 5.31%.

Treasury rates leveled as the 10 Year ranged 31 basis points from 4.04% to 4.35%. The 30 Year treasury plodded upward ranging from 4.19% to 4.47%, or 28 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread continued its decline as it ranged from 128 to 116 in January.

US and Foreign equity markets rose in March. The S&P 500 gained 3.1% and aggregate MSCI World markets rose a meager 0.3%. Inflation concerns caused equity markets to become restless. Fed remarks began to dominate headlines and AI volatility took hold to the down side.

QAS Pension Risk Transfer 1000 Index©

Apr 2022 to Mar 2024 Relative Price PRT v. PPA Curve - FAS



PRT Rate Action

March 2024 PRT rates advanced providing lower market prices. Providers evaluated bid activity against potential increased fixed income risks. Risk appetite was unabated as jumbo deals were inked. Early 2024 activity remained robust. BofA BBB US Corporate Option Adjusted spreads continued to trade down narrowly between 114 and 125 basis points in March. Commercial real estate remains exposed to sector risk in the face of economic slowdown.

Participant Actions Continue

QAS continues to assert that Interpretive Bulletin 95-1 (“IB 95-1”) is neither regulation, nor law. It is guidance in the form of a *Bulletin* which is a “notice from an authoritative source.” (Merriam Webster). As such, participant actions lack substance: currently, there is no loss. Despite this, participant action has now come against Alcoa (Alcoa).

As the NAIC continues its review of what we call “stacked provider” risks, it is now formulating its exposure draft (“Proposal to Require Asset Adequacy Analysis of Certain Reinsurance”).

QAS, as an ERISA §3(21) Fiduciary, continues to deepen its capability to respond to these issues. We continue to apply rigorous discipline to our proprietary approach (“The QAS Procedural Prudence Standard”) as defined in 2001 ([Procedural Prudence](#)). It is the “appropriate standard” for selecting such annuity providers.

Fed Watch

The CME Group FedWatch Tool shows a 97.3% probability of a range of 525-550 at the May 1, 2024 meeting. The confidence in the Fed’s June 12, 2024 Target Rate of 525-550 now stands at 88.9%. There is modest weight of 38.7% for a rate cut in December 2024. Higher equity and bond volatility will drive sentiment in a narrowing range as PRT rates become flat into the summer of 2024. ([CME FedWatch Tool](#))

Rates

The 10-year yield closed at 4.21% on March 28. The ICE BofA BBB US Corp Index Option-Adjusted Spread closed at 117 basis points sliding in March in a narrow change from February. Stay healthy.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 7.6%	+/- 10.2%
YTD % Δ	+1.7%	-2.1%
3mos % Δ	+1.7%	-2.1%
1mo % Δ	+2.2%	+0.6%

As the rules of risk change, QAS adds value for its clients.

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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	+/-
Mar	4.85%	+0.26	5.47%	+0.31	4.72%	+0.15	5.31%	+0.29