



## Riley v. Murdock Contrasts Bussian; PRT Prices Rise

Annuity purchase rates fell in July with August heading higher. The immediate annuity rate for Retirees fell 5 basis points to 4.92% from 4.97% and deferred rates fell 4 basis points to 4.82% from 4.86%. The highest immediate annuity rate fell 7 basis points to 5.56% and the highest deferred rate rose 8 basis points to 5.57%. The highest Retiree rate was still inverted to the max deferred rate. (Note: The chart lists PRT rates as of August 1, 2024.)

10 Year Treasury rates trended lower ranging 39 basis points between 4.09% and 4.48% during July. The 30 Year treasury ranged lower from 4.34% to 4.66%, or 32 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread began firming and ended July 31 at 120 basis points up from a low of 119 at June 30.

US and Foreign equity markets diverged in July. The S&P 500 gained 0.6% and aggregate MSCI World markets rocketed 12.2% higher. Inflation concerns waned further as markets firmed. Attention remains acute for macro events as artificial intelligence goes through a period of pause.

### PRT Rate Action – PRT Spreads Narrow

PRT Max Rate spreads to US 10 Year Treasuries have been extremely robust for Retiree liabilities. After Retiree spreads peaked at +207 in July 2022, they averaged +141 basis points over US T-10 between July 2022 and July 2024. The July 2024 spread stood at +109 crimping the PRT risk-free advantage. Private credit is coming more into view potentially delivering higher margins. Retiree rates are inverted to Deferred for the third month in a row.

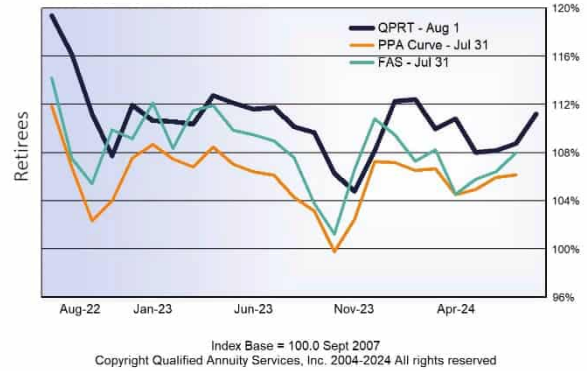
### The QAS Procedural Prudence Standard

The little-known case of *Riley v. Murdock* (*Riley*) involved the purchase of an Executive Life group annuity. *Riley* sheds light on ERISA Fiduciary standards for procedural prudence in selecting annuity providers and held for the defense. This contrasts with *Bussian v. RJR Nabisco* (*Bussian*) which held for plaintiffs. Both cases resulted from Executive Life annuity purchases with differing facts. *Bussian* is most often cited in establishing whether *procedural prudence* has been followed, citing *Riley*. Many cases question the notion of “safest available annuity” as a standard.

QAS’s annuity selection process is our most important product. A proven track record as ERISA §3(21) Fiduciary demonstrates our rigorous practice discipline. This practice discipline is labeled “The QAS Procedural Prudence Standard.” It’s the “appropriate standard” to select providers. ([QAS Procedural Prudence](#))

### QAS Pension Risk Transfer 1000 Index©

Aug 2022 to Jul 2024 Relative Price PRT v. PPA Curve - FAS



### Fed Watch

The CME Group FedWatch Tool shows a 64.5% probability of a range of 500-525 (down) at the September 18, 2024 meeting. The Fed’s December 18, 2024 Target Rate of 425-450 now stands at 41.5%. The update indicates a higher probability of multiple rate cuts by December 2024. Inflation indicators are favorable. Volatility is dampened with PRT rates inverted, but lower across liability segments. ([CME FedWatch Tool](#))

### Rates

The 10-year yield closed at 4.11% on July 31, down 39 basis points from June. The ICE BofA BBB US Corp Index Option-Adjusted Spread closed at 120 basis points as of July 31, rising by 1 basis point from June.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 7.27%	+/- 8.08%
YTD % Δ	+0.57%	-1.03%
3mos % Δ	-1.84%	+1.59%
1mo % Δ	+0.56%	+0.22%

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### Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
July	4.92%	-0.05	5.56%	-0.07	4.82%	-0.04	5.57%	+0.08%