

PRT Prices Flat; Focus on US Debt

Annuity purchase rates reversed in November lowering PRT prices. The immediate annuity rate for Retirees climbed 47 basis points to 4.76% from 4.29% and deferred rates rose 39 basis points to 4.74% from 4.35%. The highest immediate annuity rate rose 49 basis points to 5.46% and the highest deferred rate rose 46 basis points to 5.49%. The highest Retiree rate is about level with the Deferred. (Note: The chart uses PRT rates as of December 1, 2024.)

During November 10 Year Treasury rates ranged 34 basis points between 4.17% and 4.51%. The 30 Year Treasury ranged lower from 4.36% to 4.68%, or 32 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread continued its decline touching a low of 0.97 after recording its high of 107 for a narrow 102 basis point difference.

US and Foreign equity markets rose in November. The S&P 500 was up 5.4% and aggregate MSCI World markets rose 7.1% on positive results to Trump's re-election. Inflation moderated which added to positive market reaction. World events remain a bit fragile as some yet to be determined races are challenged in the courts.

PRT Rate Action – Spreads to Treasuries Narrowed

PRT Retiree Rate spreads to US 10 Year Treasuries fell to 39 basis points while the Retiree Max spread was 109 basis points. The November 2024 spread for deferred was 42 basis points and the Deferred Max hovered at 112 basis points. The PRT risk-free advantage has eroded suggesting closer scrutiny and greater attention to tactical implementation.

Trump Tarriffs Give Way to US Debt

The incoming Trump Team continues to evolve with most recent views examining issues on the total US debt. The system has managed to digest the Covid burden and continuing deficit increases. The legislators still can't come to grips on passing a budget and thus punt with continuing resolutions to dodge the business of the people. Citadel Securities has dropped its primary dealer plans with the Fed (Citadel Pauses). Any way you look at it, \$50 Trillion is a lot of debt. A Bloomberg article noted that primary dealers currently hold \$400 billion of US Debt now versus \$43 billion in 2024.

QAS Pension Risk Transfer 1000 Index©



Fed Watch

The Fed's next move according to the CME Group FedWatch Tool (CME FedWatch Tool) shows an 88.1% probability of a rate change to 425-450 basis points at the January 29, 2025 meeting. The probability for a Fed Target Rate of 400-425 now stands at 48.4% at the March 19, 2025 meeting. Some sentiment indicates that the Treasury might experience less demand. However, a report from TD Ameritrade on U.S. Financial Markets Government Finance & Policy concludes that overall demand for US debt is about the same as pre-Covid levels (TD Ameritrade).

Rates

Volatility in the 10-year yield continued by closing at 4.18% on November 30, climbing 48 basis points from September 16 when it closed at 3.62%. The ICE BofA BBB US Corp Index Option-Adjusted Spread dropped under 100 touching 0.97 several times.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 5.14%	+/- 4.04%
YTD % Δ	+2.01%	-0.89%
3mos % Δ	-1.80%	-2.01%
1mo % Δ	+0.56%	-1.54%

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Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
Nov	4.76%	+0.47	5.46%	+0.49	4.74%	+0.39	5.49%	+0.46%