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## Risk Muted; PRT Prices Post Modest Decline

Annuity purchase rates continued to increase in May resulting in lower PRT prices. Immediate annuity rates for Retirees rose 12 basis points from 4.76% to 4.88% and deferred rates rose 16 basis points to 5.02% from 4.86%. The highest immediate annuity rate rose 20 basis points to 5.60% and the highest deferred rate rose 32 basis points to 5.71%. Rate volatility continued. (Note: The chart uses PRT rates as of June 1, 2025.)

April 10 Year Treasury rates were volatile, ranging from 4.12% on May 1 and hitting 4.60% on May 21, a narrower range than in April. The 30 Year Treasury narrowed ranging from 4.65% to 5.15%, or 50 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread peaked at 138 basis points on May 1 and steadily declined to 116 basis points during May as risk diminished.

US and Foreign equity markets were up nicely in May. The S&P 500 rose 5.1% and aggregate MSCI World markets rose 4.2%. The tariff negotiations began to settle down as the Trump Administration continued to make progress on many fronts.

### PRT Rate Action – Spreads to Treasuries Increase

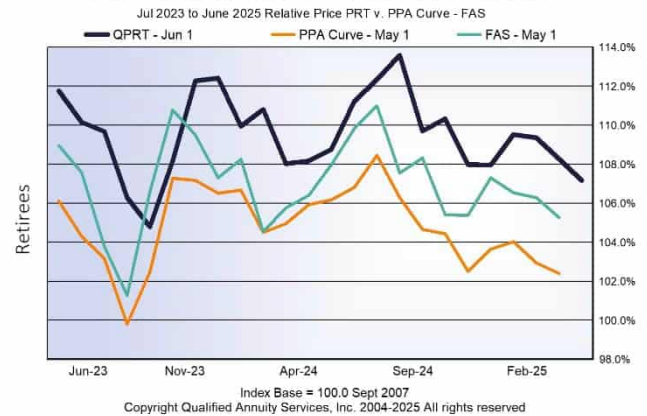
PRT Retiree Rate spreads to US 10 Year Treasuries rose 4 basis points from 59 to 63 while the Retiree Max spread rose 12 basis points from 123 to 135. The May 2025 Deferred spread to US 10 Year Treasuries rose 8 basis points from 69 to 77 and the Deferred Max rose another 24 basis points from 122 to 146. As long end spreads increase, removing long dated risks becomes more advantageous. QAS suggests implementing tactical PRT strategies with “buy in” contracts.

### Tariff Takeways Affect PRT

Tariff headlines indicate a settling into a period of adjustment. More “invest in America” wins are announced. Commitments to building factories in the tech sector sound a positive drum beat. Employment opportunities increase. Outcomes include various snippets revealing small adjustments by businesses. It’s slow, but progressing in a positive way.

The budget remains an issue as the Senate debates the House version. When it’s said and done, it might come out of the oven in the form of *sourdough*. There will be crumbs everywhere. Hopefully, the *people’s business* can be concluded in a manner beneficial for *all the people*.

### QAS Pension Risk Transfer 1000 Index©



### Fed Watch

The Fed's next move according to the CME Group FedWatch Tool ([CME Fed Watch Tool](#)) shows a 75.2% probability of rates remaining unchanged at 425-450 basis points at the July 30, 2025 meeting. The probability for a Fed Target Rate of 400-425 at the July 30, 2025 meeting is 24.8%, down from 29.4% in May. The macro events have tempered any movement as the Fed maintains restraint in its role over monetary responsibility.

### Rates

The US Treasury 10-year yield ended May 31 at 4.42%, up from 4.18% from April 30. The ICE BofA BBB US Corp Index Option-Adjusted Spread trended down during May to 116 from 138 basis points ending May 31, 2025.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 5.98%	+/- 5.91%
YTD % Δ	-2.85%	-1.95%
3mos % Δ	-2.15%	-1.57%
1mo % Δ	-1.02%	-0.53%

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

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### Where PRT Advice Matters Most

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Date	Immediate	+/-	High	+/-	Deferred	+/-	High	+/-
May	4.88%	+0.12%	5.60%	+0.20%	5.02%	+0.16%	5.71%	+0.32%