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Re-introducing QAS Credit Monitor; PRT Prices Rise

Annuity purchase rates declined in June, resulting in lower PRT prices. Immediate annuity rates for Retirees rose 14 basis points from 4.88% to 5.02% and deferred rates rose 15 basis points to 5.17% from 5.02%. The highest immediate annuity rate rose 21 basis points to 5.81% and the highest deferred rate rose 23 basis points to 5.94%. Rate volatility continued. (Note: The chart uses PRT rates as of July 1, 2025.)

June 10 Year Treasury rates were less volatile, ranging from 4.23% on June 30 and hitting 4.52% on June 9, a narrower range than during May. The 30 Year Treasury narrowed ranging from 4.78% to 5.00%, or 22 basis points versus 50 basis points during May. The ICE BofA BBB US Corp Index Option Adjusted Spread was at 115 basis points on June 2 and steadily declined to 108 basis points on June 30 as a risk-off stance continued.

US and Foreign equity markets were up nicely in May. The S&P 500 had its largest advance of 5.2% and aggregate MSCI World markets advanced 3.4%. The latest tariff negotiations sparked modest volatility as the Trump Administration's efforts seemed to slow.

PRT Rate Action – Spreads to Treasuries Increase

PRT Retiree Rate spreads to US 10 Year Treasuries recaptured the 4 basis points increase to 63 by closing at 59 basis points. However, the Retiree Max gained 21 basis points to 5.81%, an increase of 21 basis points as the spread improved to 138 basis points. The June Deferred spread to US 10 Year Treasuries dropped 3 basis points from 77 to 74 as the Deferred Max climbed another 5 basis points from 146 to 151. QAS reiterates that improved long dated spreads translate to removing the riskiest liabilities. Such conditions call for implementing tactical PRT strategies with “buy in” contracts.

PRT Provider Credit Monitor

QAS had previously published monthly reports relating to credit quality on providers. While we continue to monitor provider credit, the process has been recharacterized and updated. Conceptually, provider credit is essential for the PRT marketplace. However, QAS is going about it differently.

Since 2001, QAS has offered annuity selection services in conjunction with annuity placements. In 2024, QAS performed an exercise by back-testing to determine if our proprietary approach to credit could demonstrate its value. Indeed, it did. Now, QAS plans to demonstrate this essential capability. Watch for more in coming Newsletters. Or, give us a call now to discuss further.



Fed Watch

The Fed's next move according to the CME Group FedWatch Tool (CME Fed Watch Tool) shows a 95.3% probability of rates remaining unchanged at 425-450 basis points at the July 30, 2025 meeting. The probability for a Fed Target Rate easing to 400-425 at the September 17, 2025 meeting is 60.6%, up from 4.7% at the July meeting. Tariffs and fluctuating macro events are battling for solid footing, finding it nowhere in sight. The Fed Chair exercises restraint in the face of criticism from the Administration.

Rates

The US Treasury 10-year yield ended June 30 at 4.23%, down from 4.42% as of May 30. The ICE BofA BBB US Corp Index Option-Adjusted Spread declined during June from 115 to 108 basis points ending June 30, 2025.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 6.03%	+/- 5.91%
YTD % Δ	-1.89%	-1.19%
3mos % Δ	-1.03%	+0.24%
1mo % Δ	+1.04%	-0.77%

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	+/-
June	5.02%	+0.14%	5.81%	+0.21%	5.17%	+0.15%	5.94%	+0.23%