



July 2025

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al dente PRT Credit; Rates Fall Posting Higher Prices

Annuity purchase rates were mixed in July, resulting in higher PRT prices. Immediate annuity rates for Retirees fell 12 basis points from 5.02% to 4.90% and deferred rates fell 19 basis points to 4.98% from 5.17%. The highest immediate annuity rate fell 16 basis points to 5.65% and the highest deferred rate declined 16 basis points to 5.78%. Rate volatility continued. (Note: The chart uses PRT rates as of August 1, 2025.)

July 10 Year Treasury rates traded narrowly, ranging from 4.21% on July 1 and hitting 4.49% on July 17. The 30 Year Treasury widened a bit ranging from 4.75% to 5.08%, or 33 basis points versus 22 basis points during June. The ICE BofA BBB US Corp Index Option Adjusted Spread was at 106 basis points on July 1 and gradually declined to a low of 98 basis points on July 28, as the risk-off stance persisted.

US and Foreign equity markets went in opposite directions during July. The S&P 500 advanced 2.5% and aggregate MSCI World markets declined 2.3%. The tariff imposition and negotiations continue to create a drag on the markets as the Trump Administration confronts further challenges to its authority.

PRT Rate Action – Favorable Spreads Continue

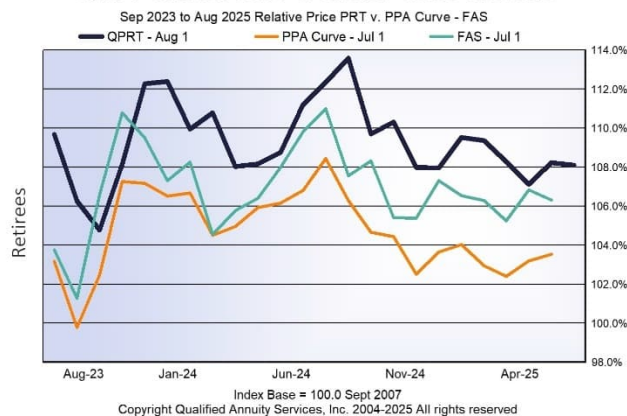
PRT Retiree Rate spreads to US 10 Year Treasuries rose 5 basis points to close at 64. The Retiree Max of 5.65% provided a 139 basis points spread, about even with June's 138 basis points. The July Deferred spread to US 10 Year Treasuries dropped 2 basis points from 74 to 72 as the Deferred Max rose 1 basis point from 151 to 152. QAS reiterates that higher average long-dated spreads help to remove the riskiest liabilities. Effective tactical PRT de-risking can be implemented with "buy-in" strategies.

Cooking Up PRT Credit

My passion is cooking. As I examined the Bucatini pasta resting draped between the tines of the fork, I realized it was perfect "al dente." I now have a new use for an old tool in my kitchen: the outcome was "perfecto."

In 2023, the QAS Quality Scoring System stood the test: the correlation of qualitative assessment to quantitative score stood at 80-85%. Now, we have the proof of the veracity of the scoring system theory. The 2024 back-testing is nearing completion. The preliminary findings have improved. The QAS Quality Scoring System is close to "al dente." The final product will be ready for tasting next month.

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 an 86.4% probability of rates declining to 400-425 basis points at the September 17, 2025 Fed meeting. Emerging inflationary threats temper this shift in the Fed Target Rate. The Fed's restraint faces further pressure from the Administration as the recipe continues to be mixed in the face of sweetening inflationary pressures.

Rates

The US Treasury 10-year yield at month-end July 31 at 4.36%, up 13 basis points from 4.23% as of June 30. The ICE BofA BBB US Corp Index Option-Adjusted Spread declined from 108 to 99 basis points on July 31, 2025.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 6.03%	+/- 5.91%
YTD % Δ	-2.00%	-0.87%
3mos % Δ	-0.16%	+0.56%
1mo % Δ	-0.12%	+0.32%

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	+/-
July	4.90%	-0.12%	5.65%	-0.16%	4.98%	-0.19%	5.78%	-0.16%