



August 2025

Vol. XXV, No. 8

PRT Price Mostly Flat; Minimal Volatility

Annuity purchase rates flattened in August, resulting in flat PRT prices. Immediate annuity rates for Retirees rose 1 basis point from 4.90% to 4.91% and deferred rates rose 5 basis points to 5.03% from 4.98%. The highest immediate annuity rate fell 5 basis points to 5.60% and the highest deferred rate declined 4 basis points to 5.74%. Rate volatility softened. (Note: The chart uses PRT rates as of September 1, 2025.)

July 10 Year Treasury rates traded narrowly, ranging from 4.19% to 4.35% during August. The 30 Year Treasury flattened a bit ranging from 4.77% to 4.96%, or 19 basis points. The ICE BofA BBB US Corp Index Option Adjusted Spread ranged from 104 basis points on August 1 and posted its low of 96 basis points on August 25 signaling moderate volatility.

US and Foreign equity markets went in opposite directions during July. The S&P 500 advanced 2.8% and aggregate MSCI World markets increased 1.9%. The tariffs were unsettled and negotiations stalled with little progress. However, the negotiations continue to drag on as the markets seem to move more gradually as the challenges remain.

PRT Rate Action – Tame Temperament

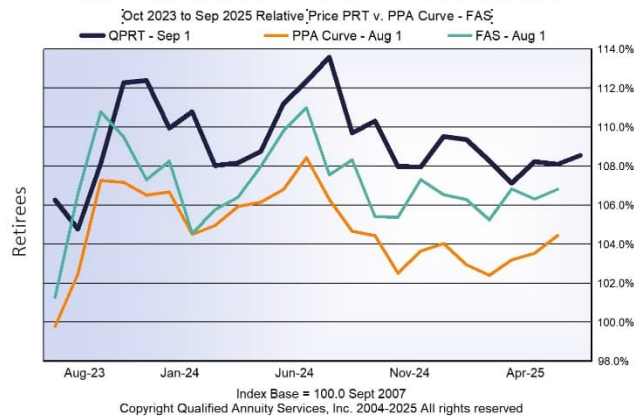
PRT Retiree Rate spreads to US 10 Year Treasuries rose 4 basis points to close at 68. The Retiree Max of 5.60% provided a 137 basis point spread, about even with July's 139 basis points. The August Deferred spread to US 10 Year Treasuries rose 5 basis points from 76 to 81 as the Deferred Max spread dropped 1 basis point to 151 from 152. QAS notes that higher long-dated spreads have been muted. Spreads help to boost effective tactical PRT de-risking which assists implementing "buy-in" strategies.

PRT Credit Pull

QAS Credit has been on the burner for a while. It has been recast as credit quality faces scrutiny in the face of challenges to DOL IB 95-1, the "safest available annuity" standard. There are numerous court challenges based upon this flawed "standard."

The "Bermuda Triangle" as defined by Kerry Pechter, highlights the added risks of offshore controlled reinsurance ("affiliated company reinsurance"). This arena is known as "asset intensive reinsurance." The QAS Quality Scoring System evaluates asset intensive reinsurance in our scoring system. However, the impact has been minimal, although several transactions have affected a few PRT providers.

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 high 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 August 31 was 4.23%, down 13 basis points from 4.36% as of July 31. The ICE BofA BBB US Corp Index Option-Adjusted Spread declined from 102 to 99 basis points on August 31, 2025.

PRT Model Plan Trax Index +/-	PRT	PPA
12mo Hi-Lo %	+/- 6.03%	+/- 5.91%
YTD % Δ	-1.61%	+1.19%
3mos % Δ	+1.33%	+1.21%
1mo % Δ	+0.40%	+0.89%

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	+/-
August	4.91%	+0.01%	5.60%	-0.05%	5.03%	+0.05%	5.74%	-0.04%