

VM-22 Reinvestment Guardrail Sensitivities

The impacts of testing alternative reinvestment guardrails resulted in lower reserves than the baseline 50/50 A/AA split. The table below shows the impact on the Stochastic Reserve for the following tests:

- **Baseline:** 50% AA, 50% A
- **Sensitivity 1:** 5% Treasury, 15% AA, 40% A, 40% BBB
- **Sensitivity 2:** 5% Treasury, 15% AA, 80% A

Product	Baseline (\$M)	Sensitivity 1 (\$M)	Difference from baseline	Sensitivity 2 (\$M)	Difference from baseline
SPIA	512.4	512.6	0.0%	511.9	(0.1%)
PRT	472.3	471.7	(0.1%)	470.2	(0.5%)
FDA (no WB)	278.7	277.4	(0.5%)	277.9	(0.3%)
FDA (WB)	808.7	802.3	(0.8%)	806.5	(0.3%)
FIA (no WB)*	289.3	286.2	(1.1%)	288.0	(0.4%)
FIA (WB)*	846.9	839.9	(0.8%)	844.3	(0.3%)

* **Important disclaimer for the FIA model office results:** the cost of the FIA hedges is currently accounted for via a spreadsheet topside for each scenario. The model currently incorporates the payoffs of the hedges, but not the costs. We have included the costs via topside, estimated as $option\ budget \times AV / 12$ (since there are annual resets), which are reflected in the results above and throughout this presentation. A system enhancement is in progress from the vendor.