

Research areas for Advisory Group

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Seminar on Current Issues in Retirement Benefits

Mumbai

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Longevity

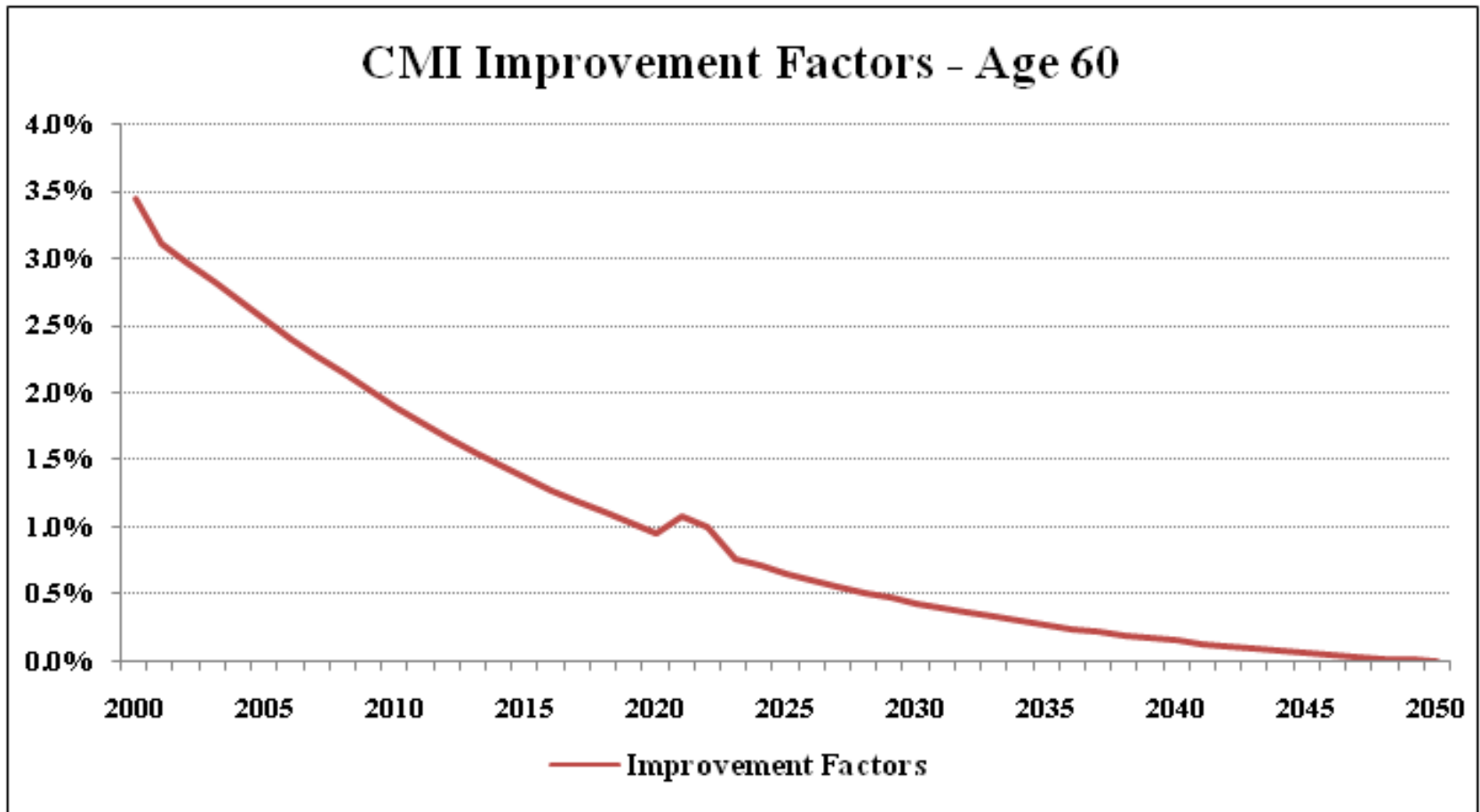
- Annuitants table was last published based on 1996 – 98 data.
- It had following life expectancy:

Entry Age	Average Life Expectancy based on LIC 96-98 annuitants table
55	80
60	81
65	82
70	83
75	85
80	88

- **Table is almost 20 years old.**

Longevity

- Referred to mortality improvement factors published by Mortality Investigation Bureau, UK. (Refer Working Paper 1 published in 2002)
- Original projected improvement factors in the report:



Longevity

- Scaled up the improvement factors by 25% to reflect expected Indian experience.
- Impact on life expectancy:

Entry Age	Average Life Expectancy based on LIC 96-98 annuitants table	Average Life Expectancy based on LIC 96-98 table brought forward using improvement factors
55	80	86
60	81	86
65	82	87
70	83	87
75	85	88
80	88	90

*Assumes life enters in Calendar Year 2012.

** Improvement Factors used have been scaled up to reflect the Indian experience

- **Without scale up, the life expectancy would be lower by c 2 years.**

Longevity

- Are we significantly undervaluing Pension and PRMBS liabilities?
- When are we looking to publish new annuitants table?
- Should we not also publish projected improvement factors?
- When we transition – will not create a lot of hue and cry in the market?
- Are we running a professional risk?
- Should we do something in the interim to minimise impact of transition?