

MAY 2019

Society of Actuaries Releases Exposure Draft of New Private Sector Mortality Tables

The Society of Actuaries' Retirement Plans Experience Committee (RPEC) released an exposure draft of new private sector mortality tables on May 22, 2019. The so-called Pri-2012 Mortality Tables were developed based on data collected for 2010 – 2014. The Pri-2012 Mortality Tables update the RP-2006 Mortality Tables (more commonly known as the RP-2014 mortality tables adjusted to base year 2006), which were developed using data from 2004 – 2008. The Pri-2012 Mortality Tables are actually an update of the RP-2014 tables despite the naming nomenclature.

In developing the Pri-2012 Mortality Tables, RPEC gathered data from 402 private-sector pension plans across the U.S. The data includes a substantial amount of information from multiemployer plans, unlike the prior RP-2006 study. However, participants in multiemployer plans were not found to have significantly different mortality experience than participants in single employer plans; therefore, separate tables were not produced for multiemployer plans.

Below are some of the more interesting findings from the Pri-2012 study:

- Collar type (blue vs. white) and income level (including benefit amount for pensioners) were found to be significant indicators of mortality. In particular, collar type was found to be a stronger predictor of longevity than income level.
- In comparing the RP-2006 and the Pri-2012 total dataset tables, life expectancy for females remained roughly constant, but male life expectancy declined slightly. The life expectancy for a 65 year old female remained 87.4 years; the life expectancy for a 65 year old male decreased from 85.0 to 84.7 years.
- The Pri-2012 study was the first to separately review mortality experience for surviving spouses. This group was found to have lower longevity than retirees, leading RPEC to create separate tables for surviving spouses.

The following table compares selected life expectancies (in years from age 65) for a 65 year old retiree in 2019:

Dataset	Female			Male		
	RP-2006	Pri-2012	% change	RP-2006	Pri-2012	% change
Total	22.39	22.37	-0.1%	19.97	19.70	-1.3%
Blue Collar	21.93	21.66	-1.2%	19.26	19.13	-0.7%
White Collar	23.48	22.92	-2.4%	21.66	20.89	-3.6%

In general, plans that update their mortality assumption from RP-2006 to Pri-2012 should see only a modest change in their pension liabilities, usually within +/- 1%. The amount will vary depending on the plan's mix of blue vs. white collar, age, and gender. Consistent with the RP-2006 tables, improvement projection scales should be used in conjunction with the Pri-2012 tables for future years.

While the Pri-2012 tables were released only in draft form, we expect these tables or largely similar tables to be finalized before year end in time to consider for calendar year financial disclosures.

If you would like more information about the new mortality tables and how they could affect your plan, please contact Jim Ritchie at 443-573-3924.