

THE SOCIETY OF ACTUARIES IN IRELAND

Press Release

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People with larger pensions live longer

The Society of Actuaries in Ireland has completed an investigation into the pensioner mortality experience of members of self administered pension schemes during the period 2003 to 2006. In total, data in respect of 49 schemes and approximately 93,000 scheme members, ranging from over 60 to over 90 years of age, were examined. The study found that pensioner mortality experience is improving at approximately 4% per annum. (This means that, for example, the probability of a 65 year old person dying in 2009 is 4% less than the probability of a 65 year old person dying in 2008.) This rate of improvement in mortality is broadly similar to the rate of improvement experienced by the population as a whole.

Mr Padraic O'Malley, chairman of the Society of Actuaries 'Pensioner Mortality Working Party' stated, "Evidently, pensioners are living longer and we all need to start planning for longer retirement periods."

One of the areas investigated by the working party was the relationship between the amount of pension received and mortality experience. The results of the analysis show that people with larger pensions tend to live longer. The working party examined the mortality experience of pensioners receiving different levels of pension and found that pensioners in receipt of more than €30,000 per annum have a significantly lower probability of dying than pensioners receiving a lower pension. For pensioners receiving a pension of less than €5,000 per annum, the probability of death is over 50% greater than that of someone receiving more than €30,000 per annum.

Mr O'Malley, stated, "It is well recognised that people with higher incomes tend to have better mortality experience. This does not mean that a higher income in itself leads to longer life. However, a higher income makes favourable lifestyle factors more affordable. A higher income in retirement may be an indicator that you earned a good salary, you were able to spend sufficient money on health and nutrition throughout your life and you were sufficiently healthy to work for enough years to build up the pension. Also, the prevalence of smoking is lower among people with higher incomes and smoking has a major impact upon mortality."

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The Working Party report is available on the Society of Actuaries website (<http://www.actuaries.ie/Press%20Office/Press%20Releases/SAI%20Mortality%20Report.pdf>).

Mr Padraic O'Malley, chairman of the Society of Actuaries 'Mortality Working Group', is available to provide more information (086 3808740).

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Society of Actuaries in Ireland

The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland. Actuaries provide advice and relevant solutions for financial, business and societal issues involving uncertain future events. Most of the Society's members work in the financial services industry, and the profession has a statutory role relating to the supervision of pension schemes and insurance companies.

The Society seeks to make an impartial contribution to public debate on social policy and public interest matters where an actuarial perspective can add value.