

Mortality Improvement Scale Recommendation – 2014 VBT Table Committee (December 2013)

Background

As part of the work done by the Society of Actuaries Working Group currently developing the 2014 Valuation Basic Table and associated 2014 CSO table, a Mortality Improvements subgroup was tasked with reviewing recent mortality improvement levels based on available data for both the insured and general population.

As a result of this work, the Mortality Improvements subgroup recently presented a recommendation for a set of improvement factors that vary by gender and attained age to be used in conjunction with the 2014 Valuation Basic table. This recommendation was accepted by the full team on its 12/19/13 call.

Recommendation

The subgroup recommends that mortality rates be projected from the midpoint of the experience period included in the 2014 VBT table development (2002-2009) through the most recent year that actual data is available using actual improvement rates.

Then, for projecting mortality from 2009 to 2014, the recommendation is to employ a simple average of the following:

- General population mortality improvement levels from the most recent 10 experience years (1997-2007) available and,
- Mortality improvement levels implied by the Social Security Administration 2010 Trustee's report intermediate assumption as to mortality over the period 2009-2030.

The resulting 2009-2014 improvement scale recommendation was then manually smoothed to produce a simplified approach across gender and age groups.

The final improvement scale for use over the period 2009-2014 is shown in the attached table.

Applicability of Improvement Scale

The recommendation above represents the VBT development team's view of reasonable mortality improvement factors for short-term projections and, therefore, is not intended to be employed as a standard for longer-term projection periods.