

Continuous Mortality Investigation (“CMI”) Consultation on “S4” Series mortality tables

I am writing on behalf of Lane Clark & Peacock LLP in response to the SAPS Committee’s consultation regarding the next version, S4, of the mortality tables for Self-Administered Pension Schemes (SAPS) as set out in Working Paper 181.

Lane Clark & Peacock LLP (“LCP”) is a firm of financial, actuarial, health and business consultants, specialising in the areas of pensions, investment, health, insurance and business analytics.

As background to our use of the SAPS mortality tables, we typically scale tables to achieve consistency with the tables produced by our internal mortality models. Our main area of interest is therefore the shape of the S4 tables, and whether these differ materially to the shape of the S3 tables. However, we also have a keen interest in the allowance of IMD in mortality tables and are therefore particularly supportive of the SAPS Committee’s overall proposals for the S4 tables.

We had no material concerns with the approach set out in WP174 and have no further material concerns with the additional detail set out in WP181.

We continue to be supportive of the analysis carried out by the SAPS committee and would like to thank them for their ongoing work.

We have set out answers to the questions posed below.

1) Do you agree with an interval of roughly five years until the next update to SAPS mortality tables?

We agree with the proposal to maintain the current cycle of releasing new tables roughly every 5 years, noting that consideration will need to be given to how/whether post-pandemic experience is incorporated in due course.

2) Do you agree with the proposed omission of small pensions from the graduation dataset?

We have no material objections to this proposal.

3) Do you agree with the proposed graduation age ranges?

We have no material objections to the proposed graduation age ranges.

In particular, we are comfortable with the S4PFA_G3 table being graduated to ages 65-95 rather than 60-95.

4) Do you agree with the proposed graduation formulae?

We have no material objections to the proposed graduation formulae and support the Committee’s choice to focus their conclusions by looking at statistical tests such as the runs test, signs test, serial correlations test and the Quasi Bayesian Information Criterion.

5) Do you agree with the methods proposed for low age extensions?

We have no material objections to the proposed methods for low age extensions.

We are comfortable with the proposed approach for non-ill-health tables to extend the tables between ages 20-60/65 so that they taper to the appropriate parent table with reducing age.

We agree with the proposal to incorporate the ONS 2012-2020 population estimates now this data is available.

6) Do you have any other comments?

We have no further comments, noting that our previous response requesting the sensitivity of the CMI 2023 Mortality Projections Model to choice of S3 or S4 base tables has been passed to the Mortality Projections Committee (“MPC”) to consider.

We are grateful for the Committee’s consultation process, have no further comments and are supportive of the Committee’s proposals.

Ben Rees
Principal

Direct tel: +44 (0)20 7432 0699
Email: ben.rees@lcp.uk.com

8 January 2024

95 Wigmore Street
London W1U 1DQ
www.lcp.uk.com

About Lane Clark & Peacock LLP

We are a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK and in the EU. All partners are members of Lane Clark & Peacock LLP. A list of members’ names is available for inspection at 95 Wigmore Street, London, W1U 1DQ, the firm’s principal place of business and registered office.

Lane Clark & Peacock LLP is authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities. Locations in Cambridge, Edinburgh, London, Paris, Winchester and Ireland.

© Lane Clark & Peacock LLP 2024

<https://www.lcp.uk.com/emails-important-information> contains important information about this communication from LCP, including limitations as to its use.