

Mortality briefing, June 2023 – CMI releases new version of its mortality model

In this briefing, we discuss the latest version of the Continuous Mortality Investigation's (CMI) mortality improvements projection model. How will it impact your pension scheme?

Last week, the Continuous Mortality Investigation (CMI) released CMI_2022, the latest version of its mortality projection model. CMI models are used by most Defined Benefit schemes to project current mortality rates improvements into the future.

The CMI generally updates its models every year, and adjusting your mortality assumptions to align with the latest version can feel like simply 'turning the handle'.

However, CMI_2022 is the first version of the model to make allowance for mortality experience in the years following the Covid-19 pandemic. Previous default versions of the model placed zero weight on the 2020–2021 experience. However, the default version of CMI_2022 places 25% weight on data from 2022.

This means that the default model produces projected life expectancies that are **around six to eight months lower** for a typical member. This could potentially **reduce the value placed on a scheme's liabilities by around 2%**.

The table below compares life expectancies from the default 2022 model with previous versions:

Model	Male – aged 65	Female – aged 65
CMI_2019	22.3	24.6
CMI_2020	22.2	24.6
CMI_2021	22.2	24.5
CMI_2022	21.6	24.0

Employers with 31 December 2022 and 31 March 2023 financial year-ends are likely to have completed their year-end accounting disclosures by now, but should consider whether to adopt this model for next year's figures. We expect most employers with financial year-ends on or after 30 June 2023 to adopt the CMI_2022 model.

Trustees with 2023 valuation dates should discuss with their advisers how adopting the latest model could impact their valuation results. Care should also be taken in choosing a suitable 'base table', which can be done using mortality and postcode analysis. Trustees will want to ensure that their overall assumptions reflect the profile of the membership and include an appropriate level of prudence.

Get in touch

To discuss the contents of this briefing, and how they may impact your scheme, contact one of our mortality experts:

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