



## Re: Why Bush and Co. are racing to cut Social Security

pensions, published yesterday, has suggested, among other things, that the state pension age should rise gradually from 65 to 68 by 2050. But who really knows how long we'll all be living in 2050? And how do they know?

The people who hold the best available answer to the question "When am I going to die?" are not doctors or scientists; they're actuaries, those anonymous mathematicians who toil in the service of insurance companies, compiling statistics and supplying and interpreting the risk tables upon which the calculations of annuities, premiums, dividends and reserves are based. And if you want specific information about mortality, you would do best to consult those scrupulous tabulators of death statistics who supply data to insurers and pension fund managers under the auspices of the Continuing Mortality Investigation (CMI). The CMI is funded by insurance houses, who pool their data on death and dying in order to get an overall idea about the future of mortality.

CMI executives are all volunteers, but the work of its "secretariat" is currently outsourced to an actuarial firm called Barnett Waddingham, and it is here, in an anonymous modern office building in Cheapside, London, that I find myself sitting across a boardroom table from Dave Grimshaw, chairman of the CMI's Critical Illness Committee, asking for an expert prognosis.

"Of course, the correct answer is, 'We don't know,'" he says. I don't want the exact day or anything, I say, just a general idea of current life expectancy.

"Man or woman?" Man, let's say.

"Of what age?" I don't know – 42. Grimshaw sighs. I hold my breath.

"We don't like life expectancy," he says. I'm beginning to realise just how difficult it is to get a pointed statement out of an actuary. Grimshaw grabs a sharp pencil from a vase and talks me through a basic graph of British mortality.

"If you have a group of people who are born in, let's say, 1935 – probably about a million, I don't know what the number is – what happens is they die off, and actually quite a lot of them die at age nought, in the first few months." His pencil descends at a steep angle to the Y axis. "And then very, very few die through their youth, until you get to age 17 or 18 and you start getting car accidents and things, so you actually get a bit of a hump." He draws the hump representing this little clutch of untimely expirations. "Then it slows down again. And then gradually over time it accelerates until somewhere in about 2055, when the last one pops his clogs."

Life expectancy, he says, is an average based on this graph. In other words, we can only find out the life expectancy of people born in 1935 when the last one has died. "The calculation of life expectancy is something you can only do after it ceases to be useful," he says. The alternative is projection and guesswork, which is why actuaries don't like it.

Grimshaw prefers to deal in mortality rates: the percentage change in the number

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of people of a specific age in a given sample who die in a given year. It is in these more down-to-earth calculations that the numbers have surprised even the actuaries. The CMI recently published figures that showed that pensioner mortality fell by 30% in just eight years – roughly double what they were predicting. To be more specific – and that's what actuaries like – the tables showed that of 10,000 males aged 65 in 1994, 181 could be expected to die within the year. In 2002, that figure was 129. For women the improvement was even more marked, from 110 to just 74. There were further drops in mortality at age 75 (25%) and 85 (about 12%). When they issued a press release about it, CMI chairman Brian Ridsdale said: "We're delighted to see that mortality is so much lower." It's a stark irony, however, that what's good news for most of us spells disaster for insurers.

Grimshaw points out that this all depends on the mix of your business. For companies that primarily sell life insurance, it's great news. They get more premium payments and pay out later. "It is undoubtedly creating problems for insurance companies that have pensions liabilities," says Grimshaw. "I think Brian was talking more from a social perspective." As for what the long-term future holds, Grimshaw is as cautious as I have come to expect.

"Two people can look at the same sets of data and argue different things," he says. "Among eminent demographers involved in the scientific side of gerontology, there is one who argues that the person has already been born who will live to 200." When I told my son this, he immediately said what I'd been thinking all day: "Is it me?"

Not everybody is so optimistic. "There is another eminent person," says Grimshaw, "who argues that there is a limit on human life which means that people will never live beyond 120." What about that old woman in France, Jeanne Calment, who lived until she was 122? Was she lying?

The CMI does not exist to fuel such rash speculation, but to provide insurers, and to some extent the government, with information they can use to plan for the future. "The fundamentals of pension planning," says Grimshaw, "both for companies and the state, the fundamentals of life insurance, the fundamentals of health provision, all depend on some sort of idea of how long people are going to live."

So are the actuaries partly to blame for the current pensions crisis? In a recent article, Michael Portillo blamed them for making "a poor job of forecasting demand", citing the government's estimate of the number of pensioners there will be in 2020, which has risen by a million since Labour took office. According to the CMI, however, it is the data itself, rather than the methodology, that makes such estimates unsafe. The future of mortality has become as unpredictable as the stock market. "We are now at a point," says Grimshaw, "if you think of it as bulls and bears in stock market terminology, where the bulls are saying that these rates of improvement have been consistently better than expected, so why shouldn't they continue in the future? And then there are the bears who are saying this has happened, there are good reasons why this happened, and those reasons won't repeat themselves." If mortality remains a grim certainty, longevity has now become a game for betting

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men.

Part of the reason for this is something called the Cohort Effect, whereby groups of people of a certain age show sharp falls in mortality rates that exceed both their predecessors and their successors. There is a particular group, those born around the year 1931, who have outstripped everyone else in terms of not dying. Some research shows that a reduction in smoking could account for about a third of the drop. In any case, people born later have – so far, anyway – not shown the same rates of improvement. The unforeseen robustness of the 1931 cohort is illustrative of the problem facing the government: when the pension age was set at 65, a man who reached that age (and many never did) was expected to draw his pension for two to three years before shuffling obligingly off this mortal coil. A man who turned 65 in 2000 had a life expectancy of 86. In light of this, an increase in retirement age of a few years seems a wholly inadequate response to the problem. It only seems fair that if people are going to live so long and stay so bloody healthy, then they should be prepared to work until they're older.

"That would be an obvious conclusion," admits Grimshaw. And yet the very notion runs contrary to more than a century of thinking.

When Edward Bellamy wrote his utopian novel, *Looking Backward*, in 1887, he predicted that technology and a universal collectivist welfare state would mean that by the year 2000 most people would work for only a fraction of their lives, perhaps as little as five or 10 years. Although it quickly became apparent that this figure needed to be revised downwards, a steady increase in leisure time was considered a corollary of social progress.

"I remember when I was at college," says Grimshaw, "listening to people like [the Liberal MP] John Pardo speak, and all the talk was of people having more time, and maybe only working three or four days a week instead of five. Now we are not only working harder, but facing the prospect of working longer. Until very recently people have had an expectation that the retirement age would come down."

Does it ever become disturbing to work with mortality tables all day long? They do, after all, represent the deaths, or the projected deaths, of real people. "You don't think about it in terms of it being your grandmother or your mother," Grimshaw says.

I think of it more in terms of it being me. I can see my own age and gender represented on his graph, languishing in a river of dark green, the colour of the lowest rates of improvement you can have without actually going backwards. Grimshaw says I shouldn't think about it like that. The improvements for my cohort are above and beyond those that have gone before. My life expectancy is still higher than the age group that has come previously, even if it isn't increasing quite as quickly as the previous generation.

So go on then: how long have I got? Grimshaw really does not want to give me an answer, but eventually I drag it out of him. He sends me this email the next day:

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"We have estimated the expectation of life for male aged 42 is 48 years, 1 month, ie to live till just over age 90!" He wishes to make it clear that this is just an estimate, based on a set of assumptions, and that longevity has a lot to do with lifestyle. I'll admit that I'm vaguely disappointed not to be the first 200-year-old man, but this estimate certainly gives me a lot more mortality contemplation time. Also, the Government Actuary's Department only gives me another 36.06 years, so I'm happy to stick with the CMI's figures. Either way, the threat I present to the future of the state pension is formidable. Maybe I should get a pension, or something.

Three score and ten? Old age through the ages

Methuselah

According to Genesis, the grandfather of Noah lived to the age of 969 –no mean feat when the only health care available was herbal tinctures and the occasional divine intervention.

Unfortunately, this gerontologically pleasing era was over by Psalms 90 verse 10, which states we will be allotted three score years and ten.

Prehistoric man

Mr and Mrs Cro–Magnon rarely saw out the promised 70–year span, thanks to mastodons and peat bogs. The average life expectancy for our knuckle–dragging ancestors was in the mid–30s – the age at which modern single urban females start weeping about how their lives are over.

The Romans

There is a reason why the preservative properties of stuffed dormice and straight roads have not been lauded down the ages. The average Roman lived for just 22 years – a lot less if you were a slave boy being buggered on a regular basis by the Praetorian Guard.

Medieval man

You were doing well to be middle–aged in the middle ages. An average lifespan of 33 years is usually given, although experts increasingly insist that this is unfairly skewed by the high infant mortality rate. If you could get past the tricky first few years, your chances of making it into your 40s were reasonably respectable. Unless, of course, you were struck by the Black Death – life expectancy fell by about 20 years when the plague swept Europe.

The Victorians

By the middle of the 19th century, life expectancy had risen to 43 years, despite the initially deleterious effects of the industrial revolution. Fortunately, progress in medicine, engineering and understanding of disease outpaced the evils of capitalism and the average lifespan increased throughout

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the century, from 41 in 1871 to 46 in 1901.

### The 20th century

The success story continued and by 1911 the average British citizen could expect to make his half century. Someone born 50 years later could look forward to 67 years. By the end of the century, the figure was 77, but there are now more than 6,000 centenarians in the UK alone. The oldest man currently living is Emilio Mercado del Toro in Puerto Rico, who is almost 114. His female counterpart, Elizabeth Bolden, is 115 years and 75 days old.

### The future

Business professor and author Michael Zey said at the annual conference of the World Future Society this year that "we are knocking on the door of immortality. I think that by 2075 we will see it, and that is a conservative estimate." Octogenarian Texas oil billionaire Miller Quarles founded the Curing Old Age Disease Society, poured millions into researching life extension possibilities and declared his intention to be the first person to live to 200. Unfortunately, there has been nothing heard of him since 2002 and the COADS telephone number is now defunct, so we may have to knock a little longer.  
Lucy Mangan

<http://www.guardian.co.uk/medicine/story/0,11381,1654735,00.html>

### Lord Cerne Abbas

Humpty Dumpty Bush fell off the Iraq wall.  
Humpty Dumpty Bush had a big fall.  
All his spin doctors and all the President's men  
couldn't put Humpty Dumpty Bush together again.

<http://www.velocerautor.free-online.co.uk/identity.html>

<http://www.velocerautor.free-online.co.uk/mylinks.html>

<http://www.john-lennon.com/>

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- *Follow-Ups:*

- ◆ ***Re: Why Bush and Co. are racing to cut Social Security***

- ◇ From: Alan

- *References:*

- ◆ ***Re: Why Bush and Co. are racing to cut Social Security***

- ◇ From: Ray

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