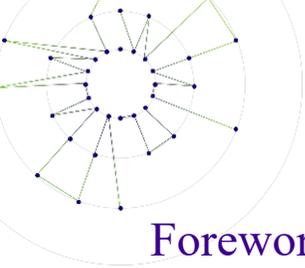


APRIL 2022

REALITY CHECK

Club Vita's longevity,
lifestyle and retirement
perception survey, 2022





Foreword

2022 marks a new chapter in the evolution of Club Vita. We are proud to announce the consolidation of our Canadian, UK and US operations into an independent, international data analytics business. The consolidation will allow us to draw on strong international collaboration in pursuit of helping pension funds, pension advisors, the insurance industry and asset managers to understand and actively manage their longevity risk in an efficient and transparent way. To mark this milestone, we have embarked on a temperature check to find out how well people in our three countries understand their own longevity. We've gone ten times further than Steve Harvey or Les Dennis¹ by surveying 1,000 people in each of Canada, the UK and US about their health, life expectancy and retirement planning.

At Club Vita, our passion for promoting later-life well-being is usually focused on financial health, helping institutions improve the stability and security of retirement income by effectively managing longevity risk. But all-round well-being is important for long and happy retirements. In our survey we have sought to understand the outlook on a wide range of areas affecting later-life health. The results will be of interest to all those concerned with the later life well-being of employees, members of society, friends and family or even themselves. How people view their own longevity, lifestyle health and retirement preparedness are all vital building blocks in understanding the upcoming retirement landscape.

At Club Vita, we've learned that from a statistical perspective, the inter-country similarities in longevity patterns are more profound than their differences. But are these similarities reflected in our survey, or do people in our three geographies have significantly different outlooks on life? How long do people expect to live? How does this compare to actual life expectancy? How are people trying to improve their health? And how might this affect retirement planning? For the answers to these questions and more, read on.



Erik Pickett, PhD FIA CERA
Actuary & Chief Content Officer

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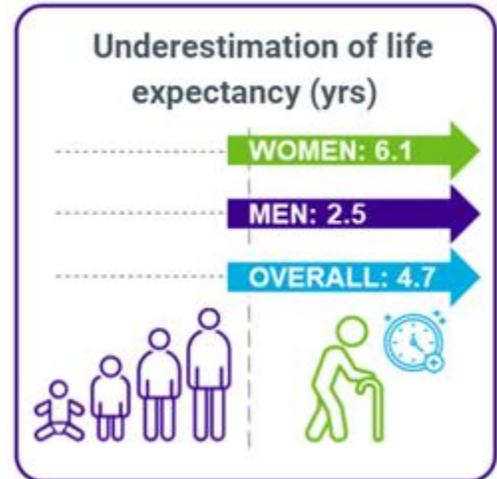
¹ in their roles hosting game shows Family Feud / Family Fortunes.

Executive summary

Our survey highlights a need for continued education and engagement with individuals on longevity issues. Otherwise, large groups of people will end up undersaving, overspending and running out of money in retirement.

- On average, respondents to our survey underestimate how long they will live – exhibiting “*longevity pessimism*”. This is true for women and men in all three countries with greater magnitude for women, the strongest effect in the UK and the smallest in the US.

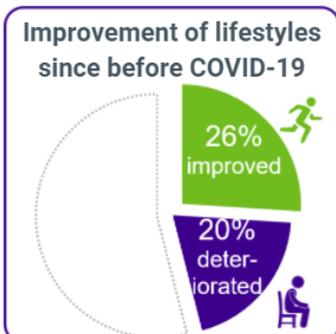
Longevity pessimism could significantly impact later-life financial well-being. If people underestimate how long they will live, they expose themselves to the risks of undersaving and overspending in retirement. It also means they will undervalue guaranteed lifetime payment offerings such as annuity contracts or workplace Defined Benefit pensions.



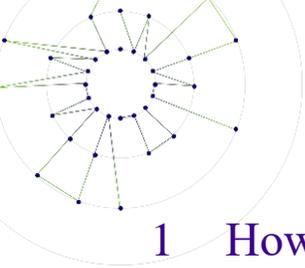
- Zooming in on answers correlated with longevity pessimism, people who seem more conscientious or engaged with their health and retirement savings seem to show lower levels of longevity pessimism. The following groups of people were on average better at estimating their life expectancy:
 - People who believe they are better financially prepared for retirement
 - People who believe they have healthier lifestyles
 - People who use health trackers or who follow health-driven diets

This highlights a real divide between engaged and disengaged people. Pension plans and sponsors may need to enlist targeted communications to close this gap.

- Most people surveyed feel they are not financially well prepared for retirement, with US women feeling the least prepared and Canadian Men the most. Despite this, on average, people still expect to retire in their early 60s. This raises more concerns about people running out of money in retirement.



- Most people surveyed believe they have a fairly healthy lifestyle, with Canadian men the most positive about their lifestyle and UK men the least. The pandemic may have even contributed to this positivity: more people felt that their lifestyles had improved, rather than deteriorated since before the pandemic.



1 How well do we know our own longevity?

An individual's longevity has a number of different drivers: their health, their lifestyle, their affluence and even their family history (although not as much as often thought²). At Club Vita we have developed longevity models in the UK, US and Canada to measure life expectancy for individuals based on many of these characteristics. The most important factor in our models is derived from postal codes, which capture a lot of information about lifestyle factors of residents. In fact, where someone lives is more predictive of their life expectancy than their sex! We have used our models to calculate a life expectancy for each individual in our survey and compared it to their own estimation of their longevity. The results are striking, with women and men in the UK, US and Canada all underestimating their life expectancy, a phenomenon we refer to as *longevity pessimism*.

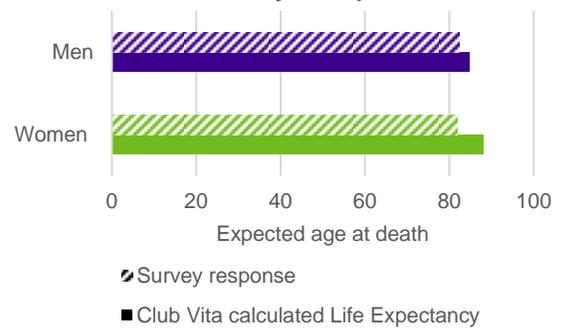
Longevity pessimism: the underestimation of life expectancy

Longevity pessimism could significantly impact later-life financial well-being. If people underestimate how long they will live, they expose themselves to the risks of undersaving, overspending and running out of money in retirement. It also means they will undervalue guaranteed lifetime payment offerings such as annuity contracts or workplace Defined Benefit pensions.

How long do you think you will live?

Our survey highlights the inclination people have to underestimate how long they are expected to live. The chart compares the average survey response to the question "To what age do you expect to live?" with the average expected age at death calculated by Club Vita³ for the individuals in our survey. The people in our survey, on average, underestimated how long they are expected to live by 4.7 years.

Calculated life expectancy vs survey response



Zooming in, we see that women exhibit greater longevity pessimism than men, underestimating how long they will live by an average of 6.1 years compared to 2.5 years for men. There is longevity pessimism in all our geographies, greatest in the UK and smallest in the US.

Longevity pessimism: underestimation of life expectancy



²A study by Kaplanis et al, published in Science in 2018, using data from around 3 million individuals showed that only 16% of differences in life span are actually attributable to genetics. <https://www.science.org/doi/10.1126/science.aam9309>

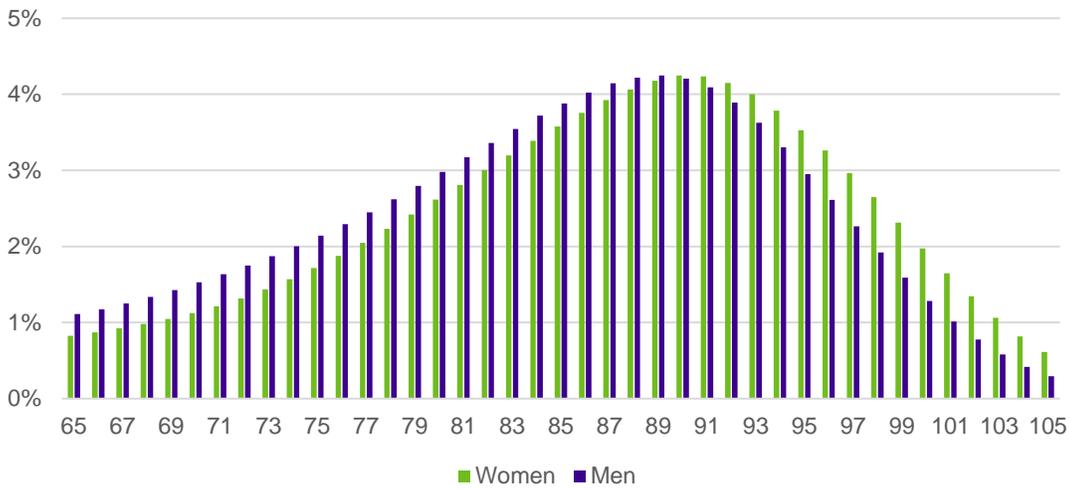
³Club Vita life expectancies are cohort life expectancies calculated at 2021 for the age attained by each survey participant. We have used VitaCurves individual baseline assumptions using postcode, postal code and ZIP code covariates for the UK, US and Canada respectively and assuming normal health. We have used improvement scales of CMI-2019 (LTR=1.5%), MP-2021, and MI-2017 for the UK, US and Canada respectively, all using core parameters.



Beware the flaw of averages

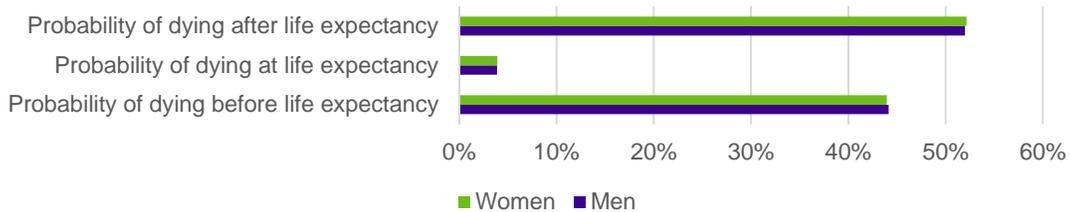
Average figures are useful for understanding the systematic trends in experience of large groups, however there will be a lot of variation in the experiences of the individuals within that group. In fact, life expectancy itself is an *average* of how long people within a certain group are expected to live. There will, however, likely be large variations in how long individuals in that group will actually live, with many living longer lives than the average and many living shorter lives.

Probability of a 65 year old dying at a given age

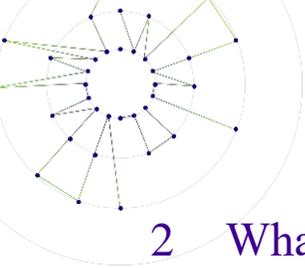


In fact, for a 65 year old individual there is only about a 4% chance they will die at the age of their life expectancy. This is worth considering when planning for retirement.

Probability of a 65 year old dying before, after or in the year of their life expectancy



Source: [Club Vita, 2020](#) (US analysis using Pri-2012 baseline mortality and MP-2018 improvements, [UK](#) and [Canadian](#) analysis also available, with similar results)

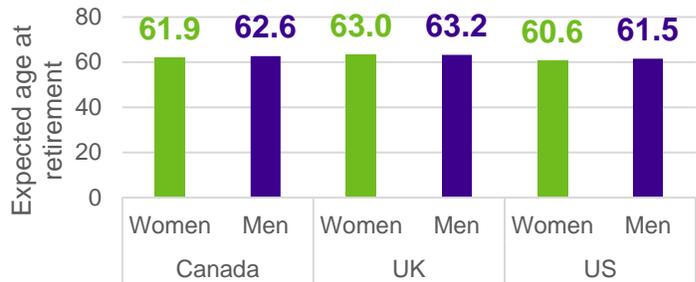


2 What are we expecting from retirement?

When do you expect to retire?

Our survey covered people between 40 and 60 years of age. The average responses to the question “At what age do you expect to retire?” were in the early 60s for both women and men across all our geographies, all lying between 60 and 64 years. People in the US had the lowest expected retirement ages, people in the UK had the highest. Women tended to expect to retire slightly earlier than men. There was not much further variation when looking more closely at income bands, industries, or education levels.

Retirement age expectation

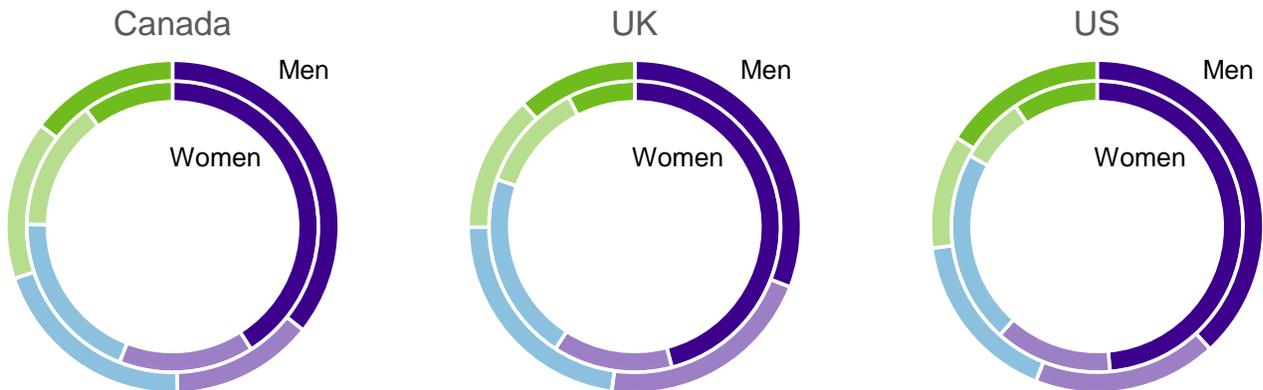


The lower retirement age expectation in the US accompanies a lower amount of longevity pessimism. In fact, at a country level, the more longevity pessimism, the later people seem to intend to retire.

How financially prepared are you for retirement?

Of crucial importance to deciding when to retire is how financially prepared people feel for their retirement. In answer to the question “How confident are you in your current retirement savings plan?”, well over half our participants said their savings might or will not be sufficient for a comfortable retirement (56% overall, 59% of women and 53% of men). Only 23% of participants (20% of women and 27% of men) feel that their retirement savings might or will be sufficient.

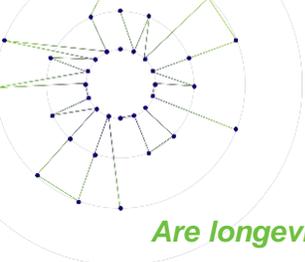
Retirement preparedness



- My savings won't be enough for a comfortable retirement
- My savings might not be enough for a comfortable retirement
- I don't know whether my savings will be enough for a comfortable retirement
- My savings might be enough for a comfortable retirement
- My savings will be enough for a comfortable retirement



Across all our geographies the picture is similar, and on average women feel less financially prepared for retirement than men.



Are longevity pessimism and retirement preparedness related?

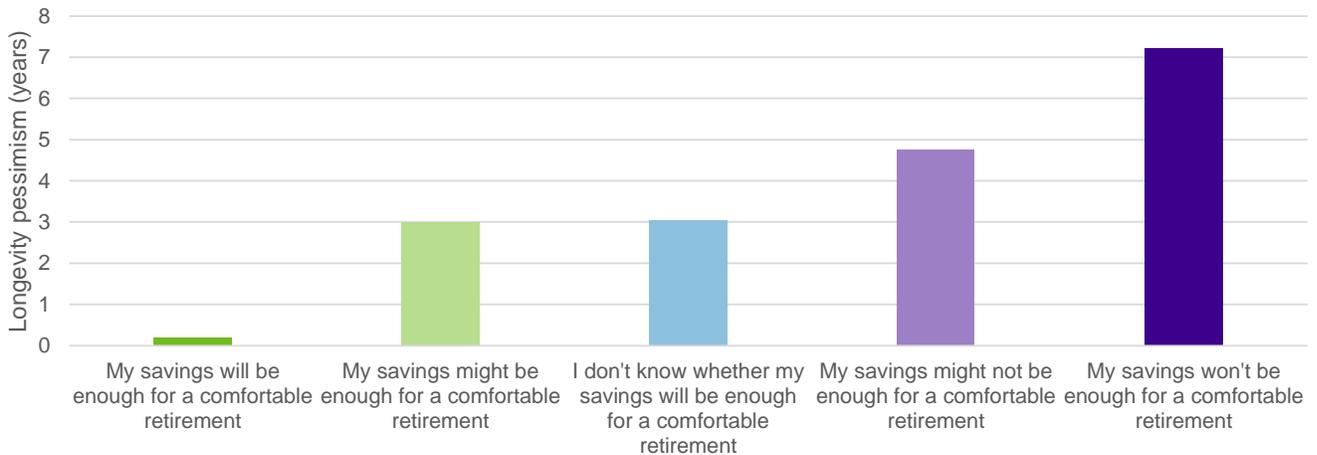
Comparing retirement preparedness and longevity pessimism shows a very interesting interaction. People who feel more financially prepared for retirement, on average, are not as prone to underestimating their life expectancy. Perhaps partly driven by people either engaging entirely or not at all with the process of retirement planning.

This raises the concern, that the people who feel the least financially prepared for retirement have also, on average, underestimated their life expectancy the most, so they may be even less prepared for retirement than they think.

Underestimation of life expectancy among those who reported insufficient savings

7.2 years

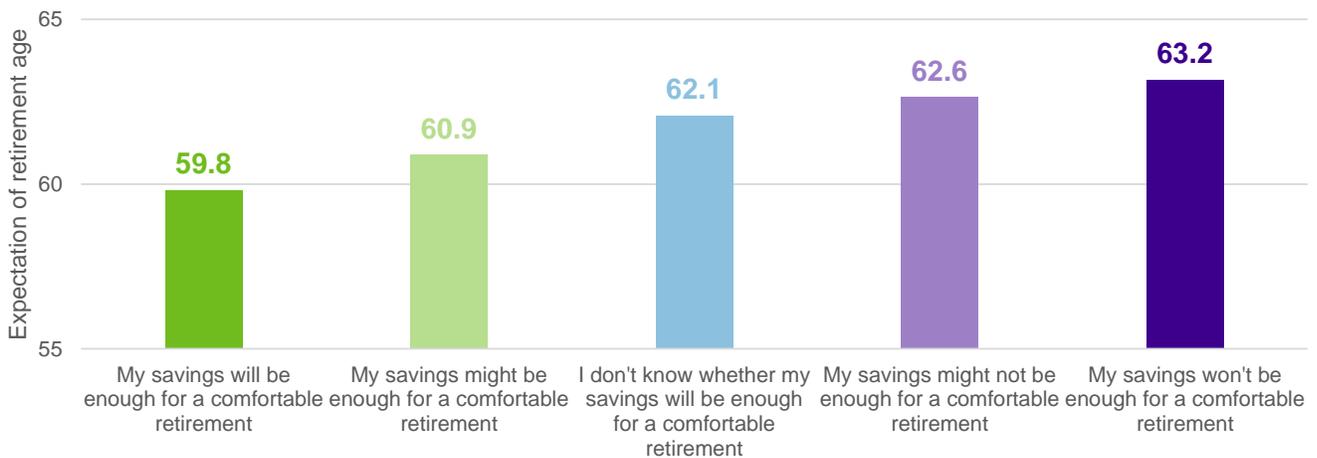
Longevity pessimism vs retirement preparedness

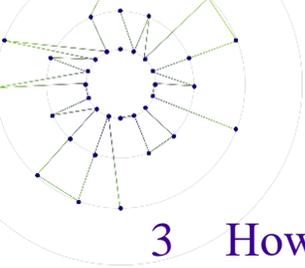


Are retirement preparedness and expected retirement age related?

Unsurprisingly, those who feel financially unprepared for retirement are expecting, on average, to retire later than those who feel more prepared.

Retirement age expectation vs retirement preparedness





3 How healthy do we feel?

With only around 16% of the differences in lifespans due to genetics⁴, additional factors such as lifestyle can have a significant impact on longevity. Key lifestyle drivers of longevity include:

- smoking status – life expectancy is estimated to be over 10 years shorter for smokers compared to non-smokers⁵;
- diet – poor diet is claimed to be responsible globally for more deaths than any other risk factor (including smoking status)⁶; and
- physical activity – all-cause mortality is estimated to be around a third lower in physically active individuals compared to inactive individuals.⁷

With this background, we asked the respondents of our survey to assess how healthy they believe their lifestyles to be and whether this has changed since before the pandemic.

How healthy do you think your lifestyle is?

The participants of our survey, in general, felt fairly good about the healthiness of their lifestyles. In answer to the question “**How healthy or unhealthy is your lifestyle?**”, 50% (49% of women and 51% of men) responded saying they felt their lifestyle was somewhat or very healthy. In our survey, Canadians were most positive and people in the UK the least.

Self-reported healthiness of lifestyle



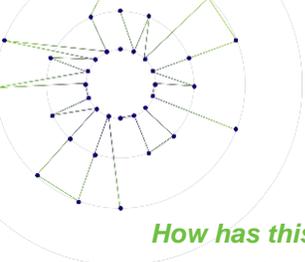
⁴ Kaplanis et al, 2018. <https://www.science.org/doi/10.1126/science.aam9309>

⁵ CDC summary, 2022. https://www.cdc.gov/tobacco/data_statistics/fact_sheets/health_effects/tobacco_related_mortality/index.htm

⁶ The Lancet, 2019. [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(19\)30041-8/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(19)30041-8/fulltext)

⁷ Reimers et al, 2012 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3395188/#:~:text=Physical%20activity%20reduces%20many%20major,as%20compared%20to%20inactive%20subjects>

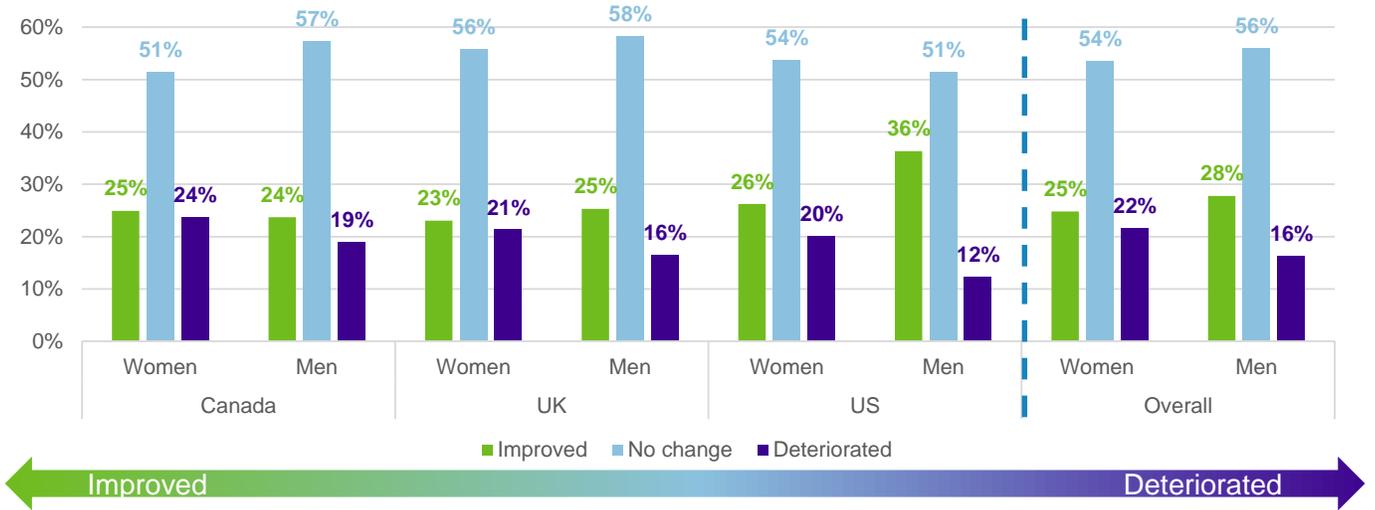
For more discussion on this topic, see Club Vita's [VitaMins Health article: Physical activity – are you sitting comfortably?](#)



How has this changed since before the pandemic?

Driving this positivity about healthiness could be new habits adopted throughout the pandemic. In response to the question “How, if at all, has the healthiness of your lifestyle changed since before the pandemic?” more participants said their health had improved than deteriorated. If this continues, it could affect levels of future longevity improvements.

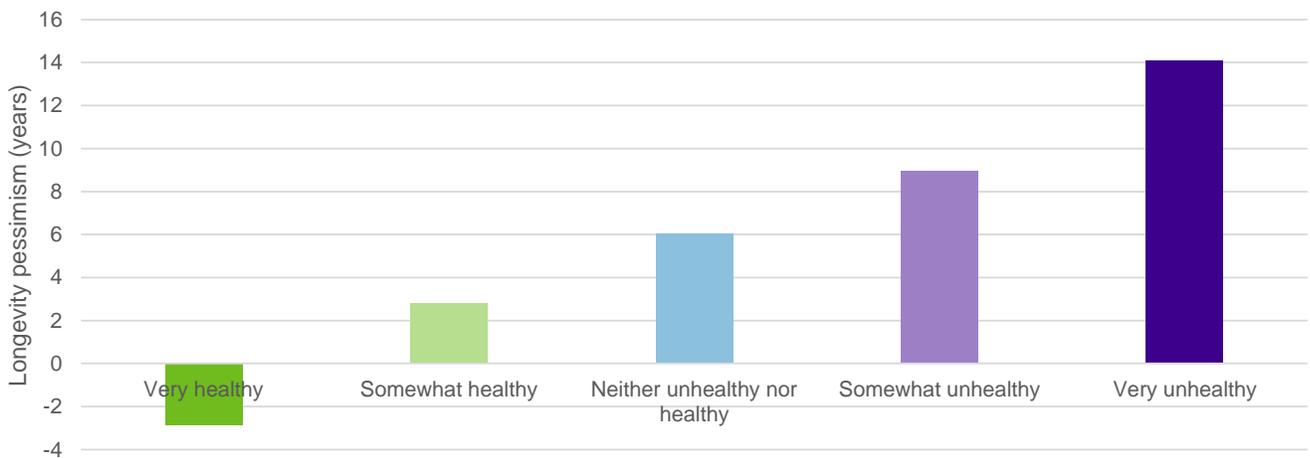
How has your lifestyle changed since before the pandemic?



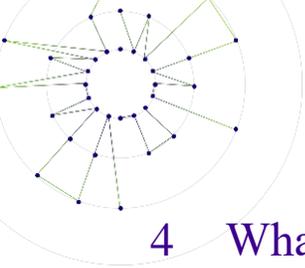
Are self-reported lifestyle health and longevity pessimism related?

Longevity pessimism does indeed seem to be correlated with our participants' self-reported levels of lifestyle health.

Longevity pessimism vs self-reported healthiness of lifestyle



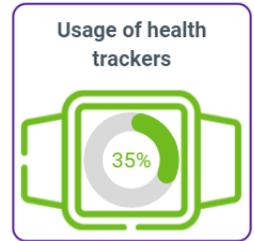
It is worth noting that our estimates of life expectancy are based on the demographic data provided in our survey and do not make allowances for the actual levels of health of each participant. Individuals reporting to have very unhealthy lifestyles, may in fact be in worse health than assumed by our model and their “longevity pessimism” may be justified. Similarly, the “longevity optimism” of those reporting to have very healthy lifestyles may also be justified.



4 What are we doing to improve our health?

Are you using a digital health tracker?

With the growing prevalence of smart watches and the multitude of health apps on our phones, we could be forgiven for thinking that everyone is using some kind of digital health tracker. However, in answer to the question “Do you use a health tracking device or a health tracking app?”, only 35% of our respondents answered ‘yes’ (the same for women and men).



Prevalence of health trackers

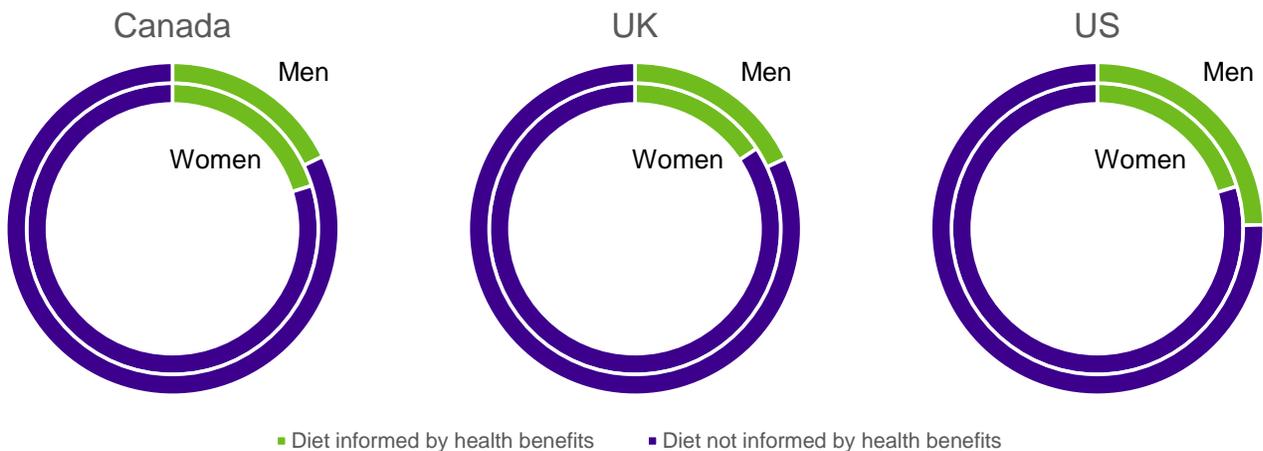


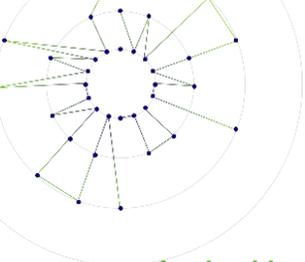
Are you following a health-driven diet?

The majority of our respondents were not following any specific diet informed by health benefits. In answer to the question “Do you follow a particular diet?”, 19% (19% of women and 20% of men) chose the option saying they followed a diet informed by health benefits.



Diet informed by health benefits

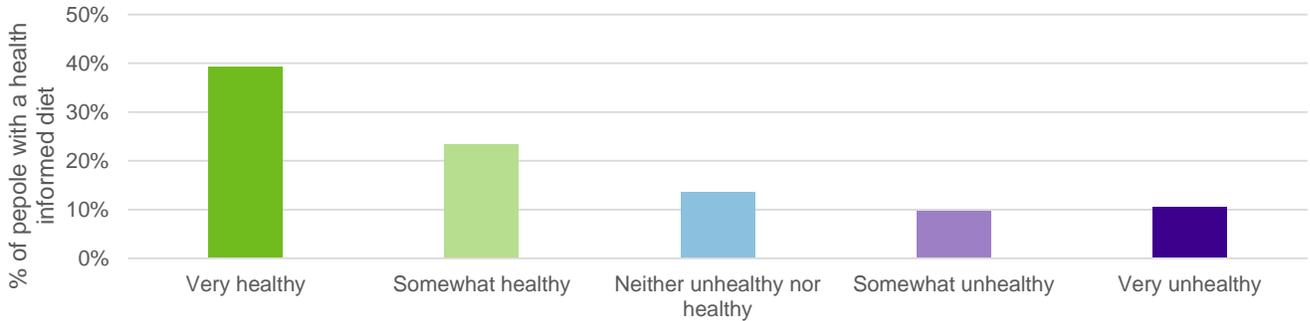




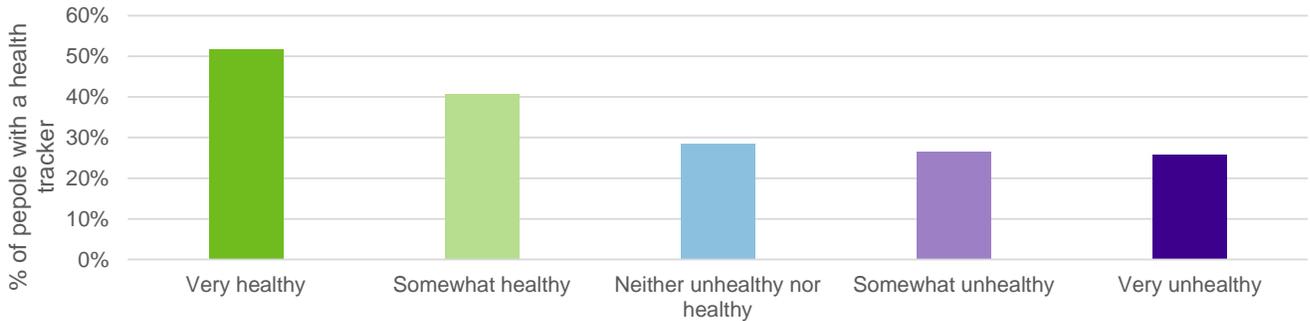
Are healthy lifestyles related to health trackers and diets?

Unsurprisingly again, the healthier people reported their lifestyles to be, the more likely they were to be using a health tracker or following a health-related diet. The increase in availability of health and diet trackers could contribute to a widening of health states for the population: those engaged with their health now have more ways than ever before to help them improve.

Health diet vs self-reported healthiness of lifestyle



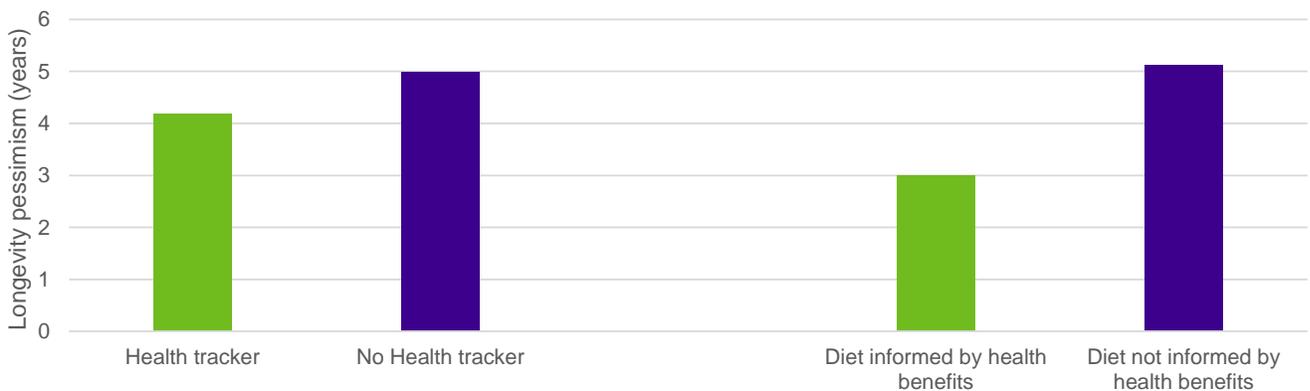
Health tracker vs self-reported healthiness of lifestyle

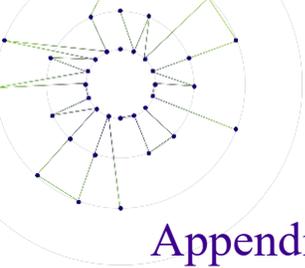


Is longevity pessimism related to health trackers and diets?

Interestingly, those using health trackers and following diets driven by health benefits on average showed lower levels of longevity pessimism.

Longevity pessimism vs health behaviors

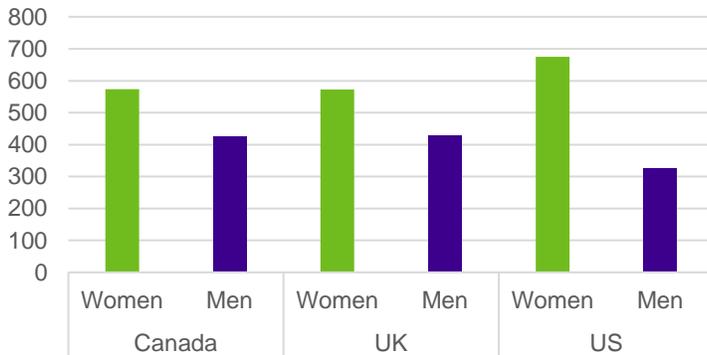




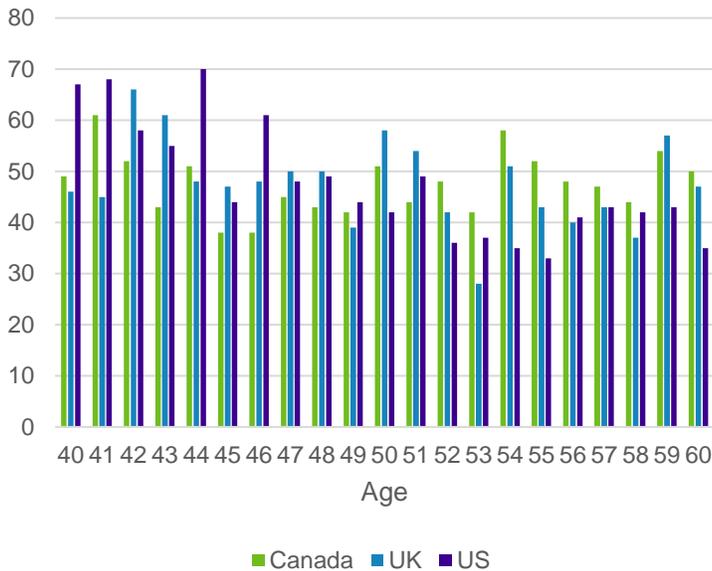
Appendix: who did we survey?

In December 2021, we surveyed 3,000 people between the ages of 40 and 60, 1,000 from each of the UK, US and Canada, with the questions set out in this document. The survey was conducted by Censuswide, an independent market research consultancy via an online survey. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles. A summary of some of the key demographics of this group are as follows.

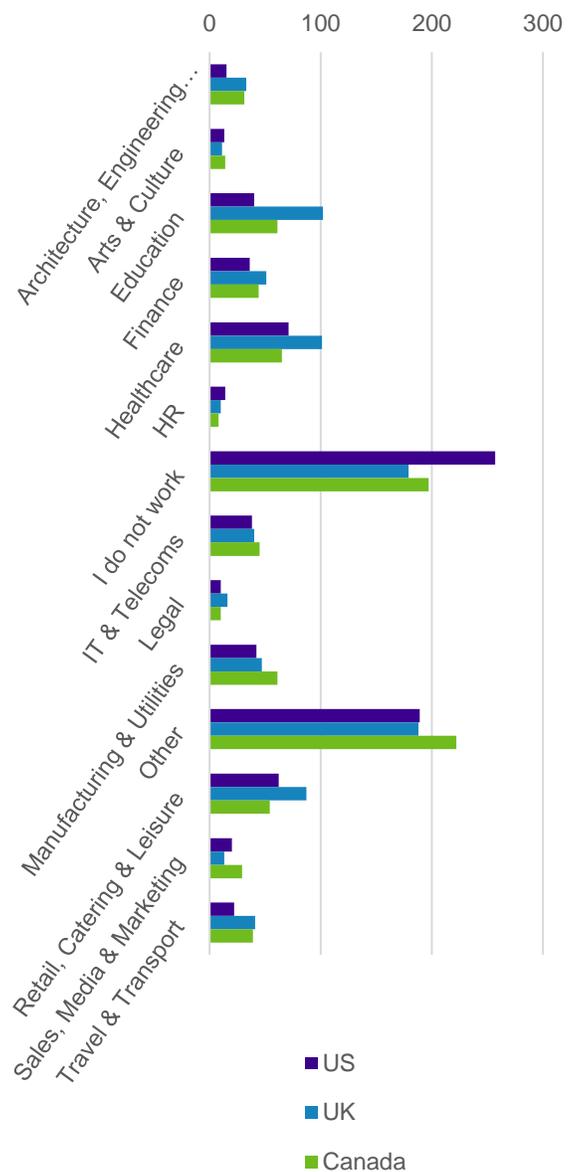
Total participants



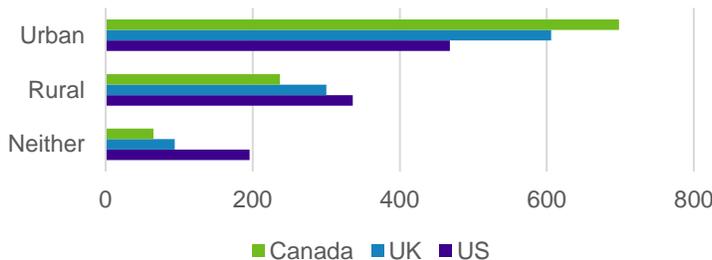
Age profile

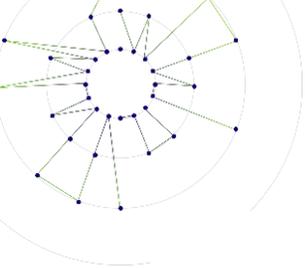


Industry

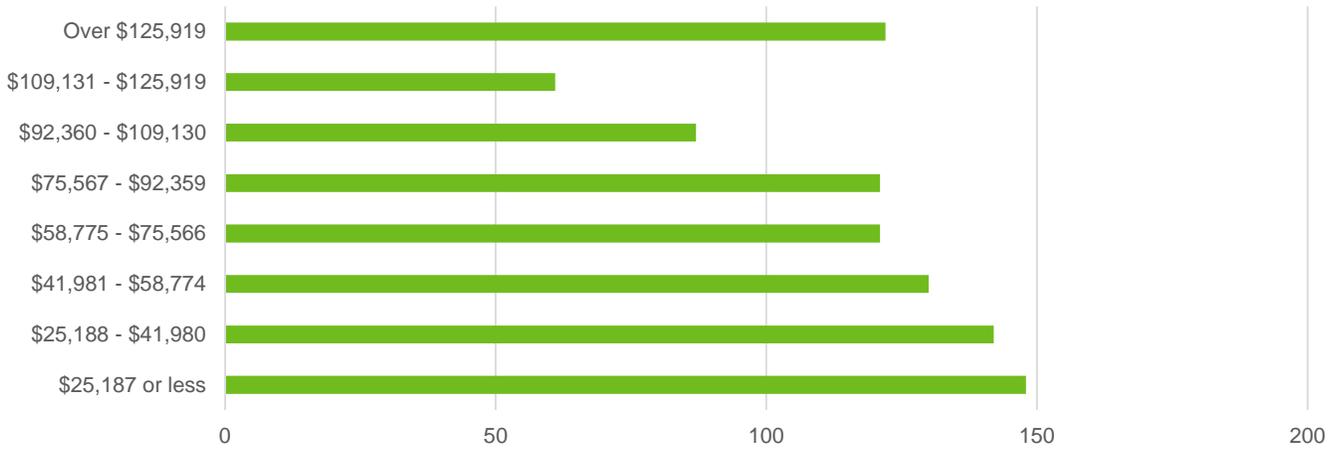


Urban/rural

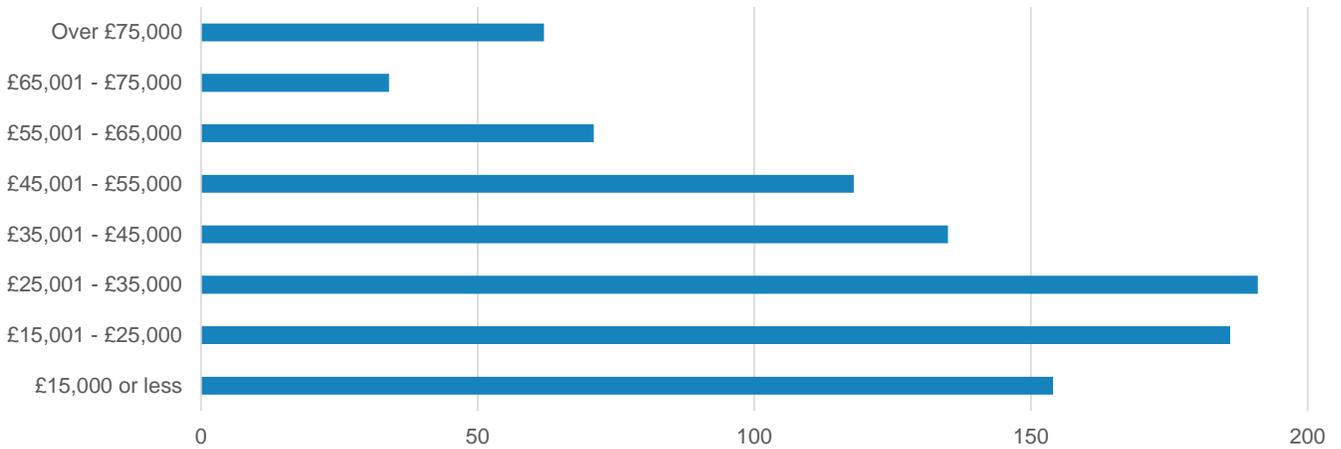




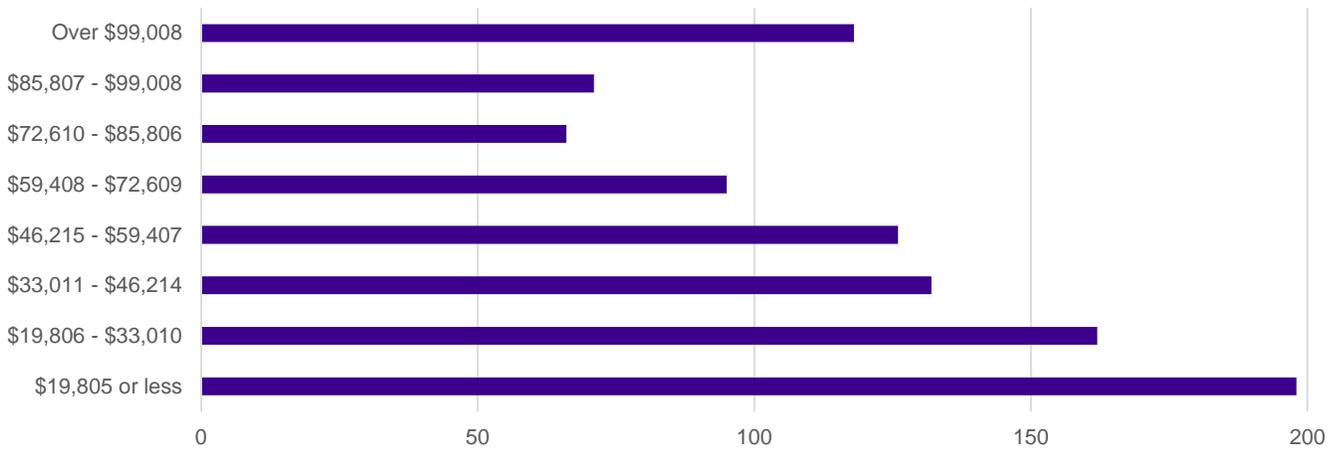
Canada participants household income



UK participants household income



US participants household income



About Club Vita

Club Vita's mission is to improve later life financial well-being by promoting awareness of longevity risk and making its management transparent and efficient.

We work primarily with workplace pension funds in the UK, Canada and the US. On their behalf, we facilitate the accumulation and pooling of data underlying the longevity patterns of retirees with annuity benefits. Club member pension funds and their advisors use our analytics to understand their emerging longevity patterns, to drive more informed strategic decisions and to embed best-practice risk-management into their governance frameworks. We also support financial institutions that manage longevity risk: insurers, reinsurers and asset managers, helping them offer attractive longevity risk protection products in a tech-enabled, efficient manner. Our current community includes 400 pension funds, 7 pension advisory firms and 25 (re)insurers. Across our three clubs, we are tracking the survival patterns of a diverse population of over five million people with benefits in workplace pension plans.

Club Vita was born in the UK in 2008. Our systems and processes were designed by a multi-disciplinary team, with a shared passion for "allowing the data to do the talking" by combining modern technology and statistical techniques. Following a successful UK launch, we went on to build similar communities in Canada (2015) and in the United States (2019).



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This communication has been compiled by Club Vita, and is based upon their understanding of legislation and events as at time of publication. It is designed to be a general summary of topical longevity issues and it is not specific to the circumstances of any particular employer or pension fund. The information contained is not intended to constitute advice, and should not be considered a substitute for specific advice in relation to individual circumstances. Where the subject of this document involves legal issues you may wish to take legal advice. Club Vita accepts no liability for errors or omissions. Club Vita will be pleased to discuss any issue in greater detail.