

Club Vita's Top Charts

August 2022

Issue 22-08: Insulation of US DB pension plans from COVID-19

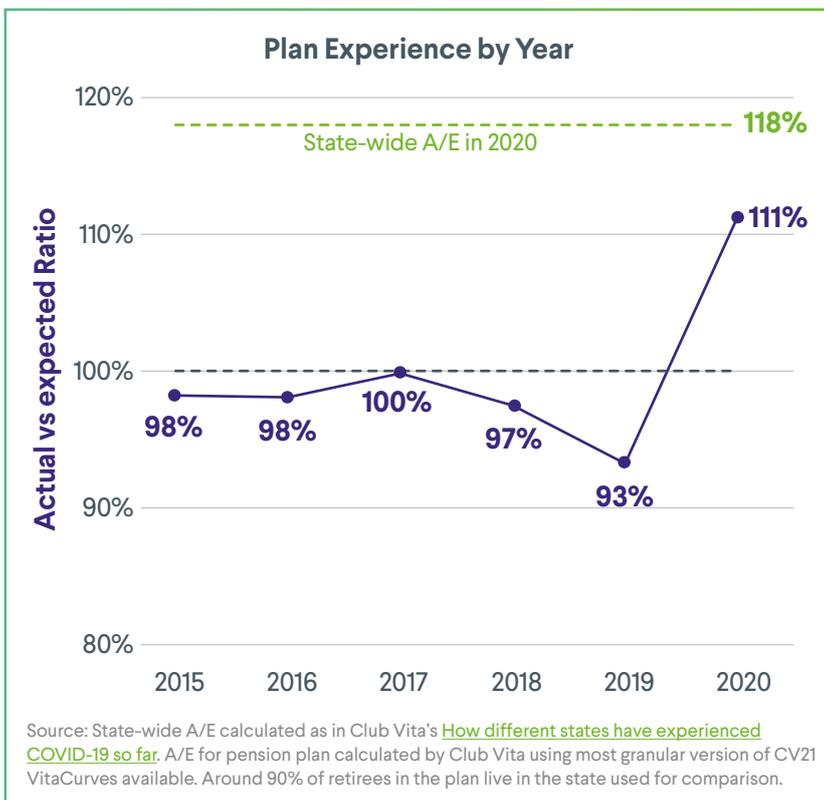
Question:

Have defined benefit pensioners in the US been insulated from the worst effects of the COVID-19 pandemic?

Answer:

It certainly looks that way from the first set of pension plans we are analyzing here at Club Vita.

The chart below shows a comparison of the [actual deaths observed compared to the deaths expected](#) under Club Vita's VitaCurves model (weighted by pension amount) for a large geographically-concentrated US pension plan for the years 2015-2020. A value of over 100% means there were more deaths than expected and a value under 100% means fewer.



Key takeaways:

- The pension plan in the chart saw an A/E of 111% in 2020, a 13% increase from the Plan's running average, but significantly lower than the state figures of 118% (where around 90% of retirees in the plan live).
- This could be a result of better access to health care, ability to self-isolate or the benefit of having regular and reliable retirement income – and highlights the importance of analyzing annuitant data when trying to understand mortality rates of DB pensioners.
- VitaCurves has historically provided a good fit for this plan's experience, although 2019 was a particularly light year of mortality. This experience was similar across the US, meaning improvement scales using 2019 data may be baking in a trend towards higher improvements that have not materialized through the pandemic.

The key questions are:

- Have other DB pension plans been insulated from the worst effects of the pandemic in a similar way?
- Will this insulation continue as COVID-19 becomes endemic?
- What are the main drivers that could be influencing this insulation effect?
- How can we use these analytics to predict future longevity patterns?

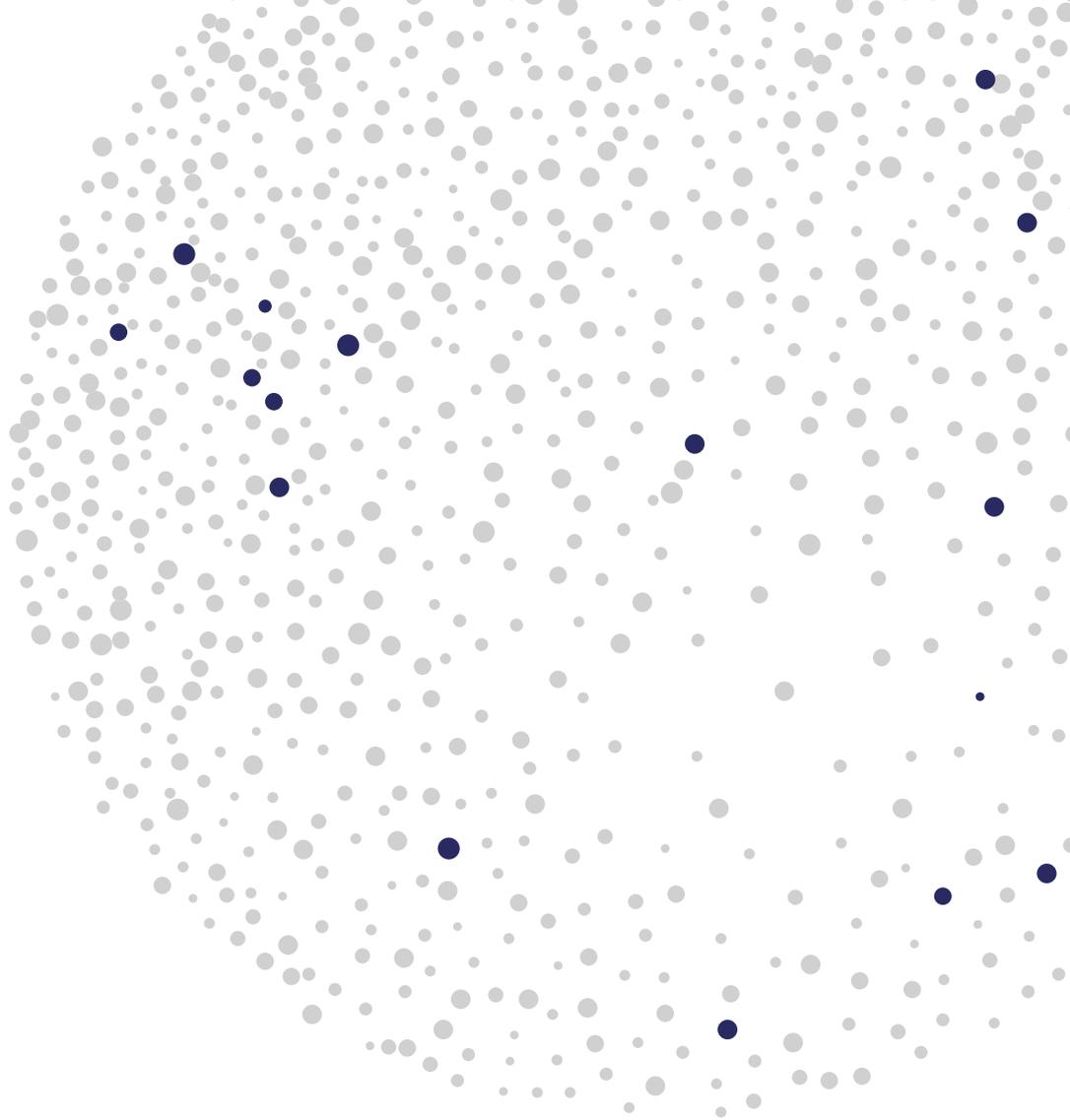
At Club Vita we are currently analyzing how COVID has affected all the plans in our data set. We will be releasing more detailed analysis on this subject in the fall.

What do you think?

Please post your questions in our [Friends of Club Vita](#) discussion group on LinkedIn.



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