Actuaries Institute.

Actuaries Institute highlights stark gaps in Australian life expectancies

Australians' life expectancies can vary by more than a decade depending on their income, home ownership, marital status and where they live, revealing a "longevity divide" across the country.

A new Dialogue Paper* published by the Actuaries Institute, *Bridging the Longevity Divide*, identified an 11.5 year difference in life expectancy at age 60 between men in the most and least advantaged socio-economic profiles examined. Among women, the gap was 9.1 years.

The paper analysed linked, de-identified microdata from the Australian Bureau of Statistics' Person Level Integrated Data Asset (PLIDA). It examined differences in life expectancy across socio-economic groups using mortality rates observed in 2016–17.

"We know life expectancy differs across the population, but what is striking is just how large those differences actually are," says paper co-author Dr Fei Huang, Associate Professor at the School of Risk and Actuarial Studies at UNSW Business School.

"Our analysis shows that life expectancy can differ significantly when we consider the combination of people's circumstances. For example, single, lower-income non-homeowners in disadvantaged areas had considerably shorter life expectancies than married, higher-income homeowners in more advantaged areas.

"These findings provide an important evidence base for individuals, communities and society at large to better understand longevity differences. They are also useful for informing discussions on retirement income, superannuation and broader policy," says Dr Huang.

As paper co-author Philip Clark, Actuarial Consultant at Azuria Partners, says, "How much someone can comfortably draw down from their superannuation depends in part on how long they can expect to live. As our analysis shows, applying the same life expectancy assumptions to everyone can overlook very different retirement needs and outcomes.

"We encourage the industry to consider how it could use this new evidence to explore expanding the range of retirement income strategies and products that speak to a greater spectrum of Australians. As highlighted in the recent Intergenerational Report from the Government, the retirement income system is expected to play a growing role in the decades to come."

In addition to retirement income solutions, the findings could also inform public information resources, superannuation fund calculators, and adviser conversations. These could help people in and approaching retirement to better understand their own longevity risk – their personal risk of outliving their savings.

The paper was also co-authored by Andrés Villegas, Associate Professor in the School of Risk and Actuarial Studies at UNSW Business School; Francis Hui, Associate Professor of Statistics in the Research School of Finance, Actuarial Studies, and Statistics at the Australian National University.

For media inquiries, please contact:

Emma Cryan
Honner
Emma@honner.com.au | actuaries@honner.com.au
M: +61 0432 681 183 | T: +61 2 8248 3700

***Dialogue Papers** are a series of papers written by actuaries and published by the Actuaries Institute as part of its Public Policy Thought Leadership program. The papers aim to stimulate discussion on important, emerging issues. Opinions expressed in this publication are the opinions of the Paper's authors and do not necessarily represent those of either the Institute of Actuaries of Australia (the "Institute"), its members, directors, officers, employees, agents, or of the employers of the author.

About the Actuaries Institute and the Profession
As the peak professional body for actuaries in Australia, the Actuaries Institute represents the profession to government, business and the community. Our members work in a wide range of fields including insurance,

superannuation and retirement incomes, enterprise risk management, data analytics and AI, climate change and sustainability, and government services.

Actuaries use data for good by harnessing the evidence to navigate into the future and make a positive impact. They think deeply about the issue at hand, whether it's advising on commercial strategy, influencing policy, or designing new products. Actuaries are adept at balancing interests of stakeholders, clients and communities. They're called upon to give insight on complex problems and they'll look at the full picture. Actuaries analyse the data and model scenarios to form robust and outcome-centred advice.

www.actuaries.asn.au

Actuaries Institute
Level 34, Australia Square, 264 George Street, Sydney, NSW 2000
t +61 (0) 2 9239 6100 I www.actuaries.asn.au