COVID-19: understanding the impact on members' life expectancy

What you **need to know**

- Pension scheme trustees need to set assumptions about the life expectancy of their members but there is currently considerable uncertainty around the effect COVID-19 will have.

- Uncertainties exist around the spread of the disease, the actual number of deaths from the disease and how the UK response will impact the economy in the long term.

- How any one scheme is affected will depend on how vulnerable its members are to contracting and dying from the disease and how the long-term economic impacts will affect its members.

- Trustees can start to understand the possible effects on their members using publicly available sources of information on deaths from the Office for National Statistics (ONS) and other relevant agencies.

- Combining the insights this data brings with detailed profiling of a scheme's membership, trustees can begin to form a picture of how exposed their scheme is to the possible long-term effects of COVID-19.
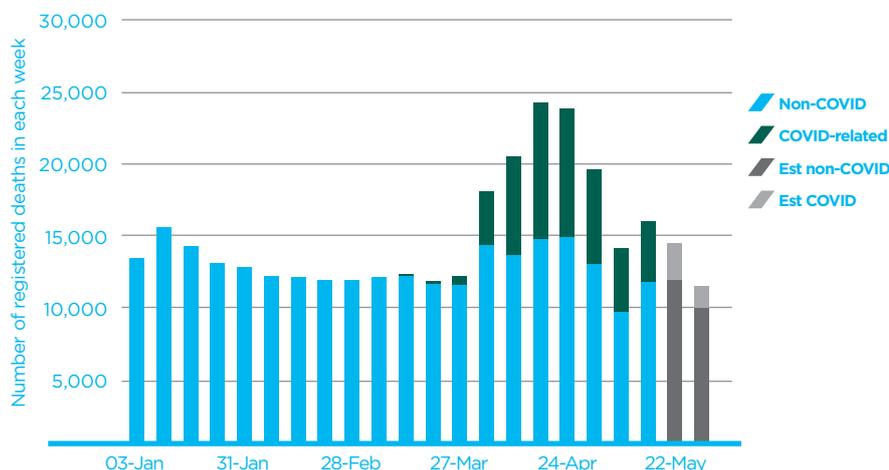
Actions you can take

- **Understand** what the data from the ONS and other relevant sources is telling us about COVID-19 infections and deaths.

- **Stay up to date** on how this experience is developing – our XPS COVID-19 Tracker can help.

- **Profile your scheme members** to understand how exposed they are to catching COVID-19 and dying from it.

- **Carry out scenario analysis** using the profiling data to see the range of possible outcomes for your scheme's mortality experience and liabilities.

XPS COVID-19 Tracker

Weekly COVID-related registered deaths in England, Wales and Scotland

- Data shows 45,000 COVID-19 related deaths registered up to 15 May 2020.

- At 29 May we estimate COVID-19 related deaths for the UK are at or close to 50,000.

- We estimate that total COVID-19 related and excess deaths to 29 May 2020 were approaching 70,000.

- Key drivers of COVID-19 related deaths are age, sex, location, deprivation and underlying health conditions.

> **Click here** to access our XPS COVID-19 Tracker

Source: Office for National Statistics, National Records of Scotland, Continuous Mortality Investigation Mortality Monitor

The finer detail: understanding the impact of COVID-19 on life expectancy

The data

There is a wide range of data	The headline data source is the Government's daily reported deaths which is based on deaths with a positive COVID-19 test. At 29 May this was 38,161, but when you include all COVID-19 registered deaths which have a recording time delay and excess death figures, we estimate the actual deaths are almost double that at 70,000.
Who appears to be at risk?	The data indicates a number of risk factors: 89% of deaths are people aged 65 or over and 91% had underlying health conditions (such as dementia and pneumonia). Males also appear to be marginally more at risk. Location is important and it appears that deaths are correlated to areas with higher deprivation (i.e. areas with a combination of low income, high unemployment, poor health, low levels of education, high levels of crime and poor living environment).
Are all excess deaths COVID-19 related?	The data shows excess deaths above the average expected have been high in some weeks (ranging up to 3,000 a week). These are not all COVID-19 related and possible explanations include people not seeking treatment for other illnesses for fear of catching COVID-19 in hospital. In the last three weeks the data suggests that excess deaths are now much lower.

Understanding if your scheme members are exposed

Profiling	Our member profiling tools use data on your membership to see if they are in the key risk areas identified. The tool can look at various measures of vulnerability to see if your members are exposed to catching and dying from COVID-19.
Using scenario analysis	It is far too early to say how COVID-19 will affect long-term life expectancy of members. Scenario analysis can help understanding and allow trustees to make contingency plans. Good scenario analysis will reflect the actual membership profile, how exposed members are to COVID-19 and overlay that with possible economic scenarios. This is important to help trustees see how movements in liabilities and assets are related in a range of economic scenarios.

What tools can help?

XPS COVID-19 Tracker	We will be publishing weekly updates to our XPS COVID-19 Tracker. This will provide regular information for trustees to understand the emerging impact of COVID-19. Combining this with profiling and scenario analysis can help trustees make plans for the medium to long term.

What member profiling can tell you about your members' vulnerability

Where they are	Infection rates have been much higher in some areas and there is a strong correlation between the incidence of COVID-19 and the level of deprivation. Profiling helps to see whether your members are in hospital, a care home or living in an area of comparative deprivation.
Underlying conditions	Profiling helps to assess the prevalence of key health conditions compared with the UK population e.g. heart disease, chronic bronchitis.

For further information, please get in touch with **Matthew Plail** or **Natasha Hill** or speak to your usual XPS Pensions contact.

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