



CMF and Superintendence of Pensions issue joint regulation on new mortality tables

- *The issuance comes after completing a public consultation process and holding meetings with the OECD technical teams.*
- *Updated mortality tables adequately reflect changes in life expectancy of the population and ensure that both programmed withdrawal and life annuity pensioners receive their respective payments in accordance with their commitments throughout their life cycle.*
- *The new mortality tables are used to calculate programmed withdrawal pensions and technical reserves for life annuities starting on July 1, 2023. They do not apply to current pensioners or beneficiaries of the Universal Guaranteed Pension.*

February 24, 2023 — The Financial Market Commission (CMF) and the Superintendence of Pensions (SP) issued today [a joint regulation with the mortality tables to use between 2023 and 2029](#), in accordance with the provisions of Decree Law No. 3,500 of 1980 and Decree with Force of Law No. 251 of 1931. The tables were in public consultation between November 6 and December 7, 2022. In addition, both institutions held meetings last December with technical teams from the Organization for Cooperation and Economic Development (OCDE).

Mortality tables are used to calculate amounts paid to pensioners and their beneficiaries who have opted for programmed withdrawals; determine the technical reserves that life insurance companies must constitute to back life annuities of policyholders and their beneficiaries; and calculate additional contributions that insurers must make for disability and survival pensions plus their backup reserves. **These updated tables adequately reflect changes in life expectancy of the population and ensure that both programmed withdrawal and life annuity pensioners receive their respective payments in accordance with their commitments throughout their life cycle.**

The new mortality tables become effective on July 1, 2023 and do not affect people who are already pensioned, nor on the process and delivery of the Universal Guaranteed Pension.

Update Process

Since 2014, the process of updating the mortality tables considers the collaboration of the OECD to incorporate the best international practices and apply new methodologies in this area.

The new tables estimate a life expectancy in 2022 of 86.6 years for a 65-year-old male pensioner and 90.8 years for a 60-year-old female pensioner. Compared to the tables in effect since 2016, the update means an increase of about six months in life expectancy for men and a decrease of about five months for women.

Since men now receive a pension for a longer period due to updated tables, this means the first programmed withdrawal payment for men aged 65 is 1.7 percent lower than what they would have received under the tables in force since 2016. Women aged 60, on the other hand, receive a payment 0.8 percent higher than the one calculated with previous standards. Technical reserves for life annuity pensions also increase by 0.14 percent under the new tables.

The table update proposal for the period between 2023 and 2029 **maintains the maximum pensioner age at 110 years and admits the possibility of reaching said age is minimal.** A man aged 65 in 2020 has a 0.02-percent probability (that is, 2 out of 10,000 men) of living to age 110. For a woman aged 60 in 2020 the probability is a mere 0.22 percent. Variations for both genders show no meaningful change compared to current mortality tables.

Table Components

Mortality tables have two main components:

- Estimated mortality rate based on observed experience in the most recent period of the pensioner population.
- Improvement factors that adjust these rates as mortality decreases because of medical advances and improvements in quality of life.

On improvement factors, **this update considers a methodological change stating that mortality improvement rates in the long term will not maintain the levels observed in recent years and, instead, will trend downward in the future.** As a result, adjustments to mortality rates had a lower impact on the estimation of life expectancy. For women, this means a decrease in life expectancy and, therefore, a slight increase in the estimate amount of their first programmed withdrawal payment.

Impact of Covid-19 on Current Tables

The current mortality tables are in force since July 2016. Various international regulators update them regularly within limited timeframes ranging from five to ten years. Since they must adequately reflect the life expectancy of people in the

pension system, a review of the methodological assumptions and parameters used in this calculation is conducted.

In the last two years, the Covid-19 pandemic had a significant impact on mortality rates, evidenced by an increase in the number of deaths due to the virus. **While such impacts on mortality persist, it is reasonable to expect they will have a significant effect on short-term mortality only, and that most of them will be temporary.**

The joint analysis of the CMF and the SP alongside the OECD states that life expectancy is projected to return to pre-pandemic levels in the coming years, so **higher mortality rates recorded in 2020 and 2021 were not considered to compile the new tables.**

Both the databases used to compile the mortality tables and the tables themselves are available in the [Mortality Tables subsection](#) of the CMF website, while the SP has published them in its [Access to Public Databases](#). The new regulation is also available in the [Rules and Norms section](#) of the CMF website and the [General Rules for the Pension System section](#) of the SP website.

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