

# VM-22 Standard Projection Amount Group Annuity Mortality Assumptions

American Academy of Actuaries  
Annuity Reserves and Capital Work Group

Chris Conrad, FSA, MAAA, Chairperson

Brent Dooley, FSA, MAAA, PRT Subgroup

Society of Actuaries  
Group Annuity Experience Committee

Kristin Gustafson, FSA, MAAA, Chairperson

Patrick Nolan, FSA, MAAA, Senior Experience Studies Actuary

# General Recommendation for Pension Risk Transfer Annuities

- PRI-2012 and MP Projection Scale recommended by Willis Towers Watson, *Non-Variable Annuity Assumption Development: A report for the American Academy of Actuaries* (May 2022)
- Valuation should reflect most recently released MP scale (currently MP-2021)
  - RPEC released annual updates to the MP scales from 2014–2021, but has not released an update since then due to COVID-19 impacts in the 2020–2021 data
- Should only be applied to annuities owned or purchased by retirement plans
  - “purchased under a retirement plan or plan of deferred compensation, established or maintained by an employer, including a partnership or sole proprietorship, or by an employee organization, or by both, other than a plan providing individual retirement accounts or individual retirement annuities under section 408 of the internal revenue code of 1986, 26 USC 408” ([NAIC Model-820 – Standard Valuation Law](#))
  - Group structured settlements should use Structured Settlement mortality assumptions
  - Other group annuities and IRAs should use Individual Annuity mortality assumptions

# Specific Recommendations for Applying the PRI-2012 and MP Scales

- Amount weighted tables based on total dataset
- Upper and lower quartile tables are not appropriate for use in the standard projection
- Allow use of blue-collar and white-collar tables separately or weighted based on company-specific inforce population
  - PRI-2012 Total tables assume a mix of blue/white collar annuitants that may not be appropriate for a given group of group annuitants
  - Guidance provided in SOA Retirement Plans Experience Committee PRI-2012 Report subsection 2.3.2\*
    - Annuitants classified as either “hourly wage earners” or “belonging to a union” are considered “blue collar”; annuitants classified as either “salaried wage earners” or “no union affiliation” are considered “white collar”
    - Plans may be classified as blue or white collar if at least 70% of the annuitants meet the criteria for either “blue collar” or “white collar” as described above
- Retirement tables should be used for in-pay annuities (retired annuitants), and Employee tables should be used for deferred annuities (active or term-vested annuitants)
- Contingent survivor tables should be used for beneficiaries to the extent that beneficiaries can be identified, or the base tables should be weighted based on company expectation of proportion of benefits associated with beneficiaries

\*<https://www.soa.org/49c106/globalassets/assets/files/resources/experience-studies/2019/pri-2012-mortality-tables-report.pdf>