Housing briefing, April 2026
What the latest life expectancy assumptions mean for your scheme

Schemes such as the Local Government Pension Scheme (LGPS) and the Defined Benefit (DB) section of the Social Housing Pension Scheme give members a pension for life.

This means that when assumptions about future life expectancy change, so does the amount of money that these schemes need to hold *now*, to make all *future* payments (known as *liabilities*).

If members are assumed to live longer than previously thought, schemes need to hold more money now for the same lifelong pension.

In this briefing, we discuss the latest mortality data from the actuarial profession, how this could impact life expectancies, and why this is important for employers with DB schemes.

Broad life expectancy improvements

Over time, life expectancy has generally improved.

Reductions in smoking and improvements in the diagnosis and treatment of diseases mean that pensioners today can expect to live longer lives than people retiring in the past.

But improvement rates vary from year to year and can be volatile. This is seen in the chart opposite, which tracks the level of mortality improvement in each calendar year over the last decade. The higher the line, the greater the mortality improvement – and vice versa.

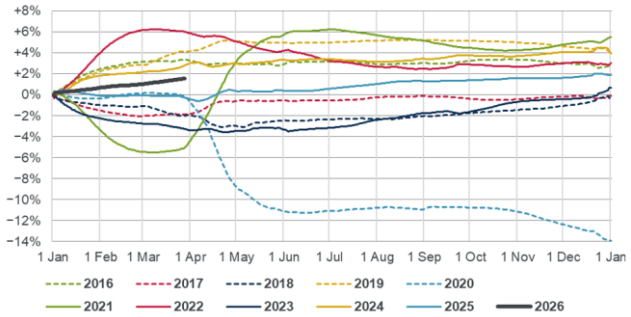
For example, a mortality improvement of 1% means that the assumed probability of death at each age is reduced by 1%.

For context, the Office for National Statistics published research suggesting that the average mortality improvement in England and Wales over the 20th century was 1.2% pa for both males and females.

The impact of the Covid-19 pandemic in 2020 is clear, with a negative 'improvement' of around 14%.

Since then, mortality improvements have generally been positive, and improvements for the last three calendar years have been around 0.7%, 4.0% and 1.9%, respectively.

The improvement for 2026 to date is shown by the solid black line and is currently around 1.7%.



Source: CMI England & Wales mortality monitor – Q1 2026

Making assumptions for future improvements

When setting assumptions for life expectancy, actuaries must consider two areas:

- Mortality rates for members ***now***
- How these are expected to improve in ***future***.

The first assumption is typically set by the actuary at each three-yearly valuation, by analysing the number of deaths in a scheme and comparing it to a *typical* scheme.

For the second assumption, actuaries generally use a mortality improvements model provided by the Continuous Mortality Investigation (CMI), a subsidiary of the Institute and Faculty of Actuaries.

These models allow assumptions to be made about life expectancy improvements over coming decades.

The latest mortality improvement model

The CMI has now published the latest version of its mortality improvements model – CMI_2025.

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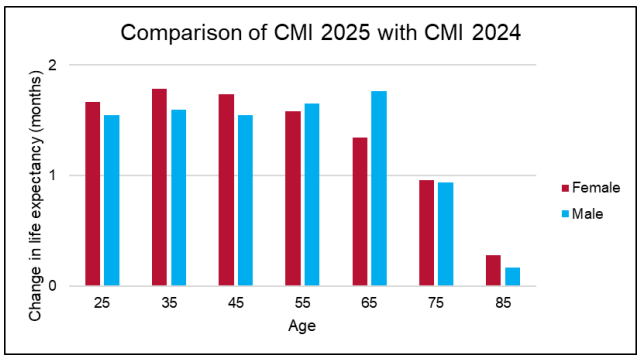
This is a *business as usual* update, with no significant changes besides the inclusion of 2025 data.

Mortality rates in 2025 were lower than in any year in the last decade. We therefore expect this latest data to result in an increase in projected life expectancies.

Impact on life expectancies

The latest version of the model shows a small increase in projected life expectancies of around 1–2 months for both males and females up to age 75.

For older ages, the difference decreases.



The CMI model was released slightly later than usual last year. As a result, employers with a 31 March year end may have retained the 2023 version of the model for their pension disclosures, whereas employers with year ends from 30 June 2025 onwards are more likely to have updated to the 2024 model.

Where an employer used the 2024 version of the model last year, updating to the 2025 version will result in a slight increase in the value of the disclosed liabilities – all else being equal.

Where an employer used the 2023 version of the model last year, updating to the 2025 version will have little impact on the value of the disclosed liabilities.

Other pension cost accounting assumptions

Life expectancy is just one factor of many that will impact employers' pension cost accounting disclosures at 31 March 2026. Other factors include:

- Asset performance
- Changes in financial conditions
- Member experience.

You can read about this in our February briefing.

The assumptions used are the responsibility of each organisation's directors, and there is always a range of outcomes that can be considered reasonable. You should be aware that you can take independent advice and request results based on different assumptions should you decide to.

Cross-subsidies in multi-employer schemes

Employers in multi-employer schemes like SHPS, SHAPS and LGPS will experience cross-subsidies in a number of areas, including:

- Pooling of mortality – Employers with workers who have longer than average life expectancy may be subsidised by employers with workers who have shorter than average life expectancy.
- Differences between employers open to future accrual and those closed to accrual – Funding and investment decisions may favour one group over another.

Cross-subsidies are an inherent feature of multi-employer schemes and will be beneficial for some employers and detrimental to others.

Employers should understand how cross-subsidies arise within their multi-employer scheme(s), how they are managed, and how this compares with the risk and cost profile of a single-employer scheme.

Upcoming events

Thursday 25 June: First Actuarial's Annual Conference

For this year's Annual Conference, we return to the prestigious De Vere Grand Connaught Rooms, 61–65 Great Queen Street, London WC2B 5DA.

We're putting together a great line-up of speakers to cover the areas we think you'll want to hear about – from investment and compliance to the latest pension and employee benefit developments.

If you would like to join us, please RSVP here.

Keep an eye on your inbox for further updates.

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First Actuarial provides independent advice to more housing associations than any other firm. To discuss the topics in this briefing, or any area of pensions, contact any of our nationwide social housing team.