

Press release

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ATP adjusts its life expectancy model and projects longer life expectancies

More detailed data has led to adjustments being made to ATP's life expectancy model and raised the expectations of the population's life expectancy. As a result, the guaranteed pensions will be extended, just like ATP will move DKK 20.0bn from the bonus potential to the hedging portfolio. Thus, the members' guarantee for ATP Lifelong Pension remains intact.

A newborn boy in Denmark will live 3.7 years longer than previously projected - a newborn girl will live almost 2 years longer

For the past 6 months, ATP has been carrying out a thorough review of its life expectancy model. The work has resulted in crucial adjustments being made to the model that provide a more accurate and robust estimate of life expectancies for ATP's members.

"We have expanded the method, and for the first time we included detailed data on, for example, causes of death that allow us to make an even more precise projection of future life expectancies. We now project that a girl born today will live almost 2 years longer than what the previous model had projected. For boys, we see life expectancies increase by 3.7 years. At the same time, we expect that 40 per cent of all newborn girls born in 2018 will live to experience their 100th birthday," says the CEO of ATP, Christian Hyldahl.

The main reason for the change is that the United States has been removed from the datasets due to the causes of death there being notably different from what we see in Denmark. Historically, data from the United States has amounted to approximately 40 per cent of the dataset in the life expectancy model, and has therefore had a large impact on the projections for life expectancy. On the other hand, Scotland and Luxembourg are now included, which are countries that are more similar to Denmark. Despite these changes, the dataset is still very comprehensive and consists of 330 million people.

The guarantees for ATP Lifelong Pension remain intact

As of 21 June, ATP moves DKK 20.0bn from the bonus potential to the hedging portfolio from which the lifelong pensions are paid out. In terms of accounting technicalities, the transfer will have a negative impact on the half-year results, but the total assets of the members will remain the same.

"We are wise to use this new insight and modify our life expectancy model accordingly. It is good news that our best estimates now show that our members can expect to live longer than previously projected. Seen from my chair here in ATP, it is particularly good news that we are so well-padded financially that we can continue to fulfil the guarantees that we have given our members in relation to a lifelong pension while at the

ATP is a mandatory savings scheme with more than five million members. ATP Livslang Pension is guaranteed and lifelong and is disbursed to nearly all pensioners. For almost 50 per cent of all old-age pensioners, ATP Livslang Pension is their only source of pension income other than their state-funded old-age pension. In addition to ATP Livslang Pension, ATP administers key welfare benefits and schemes on behalf of the Danish state, the local authorities in Denmark and the social partners. ATP is the largest administration provider in the Nordic countries, managing two thirds of welfare benefits disbursed in Denmark.

same time maintaining a funding ratio of 114.8 per cent,” Christian Hyldahl continues.

After the adjustment of the life expectancy model, ATP’s hedging portfolio will amount to DKK 677.3bn while the bonus potential will amount to DKK 99.1bn. ATP pays out DKK 16bn in lifelong pensions each year. In 2017, ATP had an annual investment return of DKK 29.7bn, of which DKK 6.4bn were used for bonus payment and DKK 17.3bn were transferred to 2018.

Facts concerning life expectancy based on ATP’s new estimates

These are our current life expectancies:

- A girl born in 2018 is expected to live to the age of 95.6 after the adjustments made to the life expectancy model. Before the adjustment was made, the projected life expectancy was 93.4 years. We thus expect that a girl born in 2018 will live 23.8 months longer.
- A boy born in 2018 is expected to live to the age of 92.4 after the adjustments made to the life expectancy model. Before the adjustment was made, the projected life expectancy was 88.7 years. We thus expect that a boy born in 2018 will live 44.6 months longer.

This is how many can expect to reach the age of 100:

- For a girl born in 2018, we project that 40 per cent will reach the age of 100. Before the change, the projection was that 33.2 per cent would reach the age of 100. We thus expect that 6.9 per cent more women can expect to reach the age of 100.
- For a boy born in 2018, we project that 29 per cent will reach the age of 100. Before the change, the projection was that 18.5 per cent would reach the age of 100. We thus expect that 10.5 per cent more men can expect to reach the age of 100.

Comparison between the causes of death in Denmark and the United States:

- The cause of death is 5.5 times as likely to be drug-related in the United States as it is in Denmark.
- The cause of death is 3.5 times as likely to be due to traffic accidents in the United States as it is in Denmark.

For more information: Stephan Ghisler-Solvang, Head of Press: +45 61 22 93 92.