

Informal Discussion Transcript  
Session 4B – Longevity and Lifestyle

Presented at the Living to 100 Symposium

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**FROM THE FLOOR:** I just can't let these people go without having to say something. Very fascinating papers. One observation I had is that there exists a wide range of tolerance of risk all the way from tolerance to adverse. I would think that that would be something that would be impacting the Committee on Post Retirement Risk surveys. Have you considered that and have you seen any differences in that? The thought that I had is about our inability to assess probabilities. There is a sort of central range that I've observed that people are pretty good at picking probabilities. But if you ask them what the chances are that they will survive another year barring some given information, they'll miss it pretty good usually. If we had a \$600 million prize and the probability of winning is 1 in over 175 million or something like that, which means that if you say that you just actually hit the number of tickets that it took to win it, that's an awful lot of people that are willing to take a wild chance. So the issue is of our tolerance, our perception of risk. Another thought I had is to substitute the word maturity for the word retirement.

**ANNA RAPPAPORT:** In response to the question, one of the things that has not been in traditional actuarial education, but that we are all paying attention to, are the learnings from behavioral finance, where so much is being learned about the way people make decisions. Many of us

grew up at a time when we heard about congressional market balance in terms of the market's going to adjust. If there's information out there, people are going to use it. But there's now increasing information about how you can change. You can take the exact same position and you can frame the information three different ways and get really predictable different results. This is true in finance, in medicine and in every aspect of life. So this is a very important issue.

I wanted to pick up on a couple of points on Rick's paper. He showed the multigenerational family up there. If you expand that to the four and five generations, and actually there are four generations in the work place today in some places. That's different from the past, but there are many, many more multigenerational families. The issues surrounding caregiving and security raise a lot of issues for actuaries, and there is some studies that already—One of the places where I feel we have fallen short in our work is the role of the family as the risk pooler. How do we and how can we support each other? The role of the family is very important. We should think about segmenting our thinking to focus on different family types. Last year, the Society of Actuaries did research perceptions and risks by family type. This is published in our study "The New American Family." We have another report coming on gender

differences this year. The focus groups that we did last year with retirees who were recently retired in the last few years had some money to invest, but they were resource limited. They were separated by gender, but were within the same asset ranges. Every one of the committee members who were observers of these focus groups [saw] there were huge differences between the men's groups and the women's groups. This was their dramatic observation and it held true in multiple locations. The observers said that the women seemed much more concerned about risk and financial security, but that the men seemed oblivious and a little bit cocky. Their concerns about retirement security showed an entirely different attitude toward planning. In addition, the reasons that they retired are quite different, and of course, the life history of men is quite different than that of the women. Differences include expected longevity, work history, fewer years for women in the work place and lower pay. The pay gap has narrowed, but there are still big gaps. The risk perceptions from the survey told a different survey. The risk perceptions questions from the risk survey showed little difference by gender. So we have similar risk perceptions, but big underlying differences in circumstances. On the other hand, there were big differences in what was said in the focus groups. The committee is thinking about how to address this

in the forthcoming report. This is one of the agenda items we are considering now.

**DOUG DOLL:** Actually, this question is for Rick. Another area you might think about, and I haven't thought about to hazard a guess what might happen, but we make an assumption here that all these technologies or improvements are going to allow everybody to live longer and are going to be available to everyone. What are the implications if we have the will to do segment of society living much longer, but other people not able to afford those?

**RICK GORVETT:** Very good question.

**ANNA RAPPAPORT:** For those of you that have a chance to talk to Jay Olshansky, who is not in this room, but who is here, he's doing work for MacArthur. I believe he's looking at different population segments and finding huge differences in life spans by socioeconomic and demographic characteristics. Of course, some of our work shows differences as well.

**FAYE ALBERT:** Thank you for your presentations.