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How big is the life expectancy gap by social class?

Introduction

The government has ruled out raising state pension age (SPA), stating the disproportionate effect it could have on people in groups more likely to have lower life expectancies. This Briefing Note explains this issue, and in the PPI response to the Pensions Commission's First Report, ways to deal with it are discussed.

The life expectancy of the average manual worker

It is often reported that the life expectancy of the average male unskilled manual worker (Social Class V) is **71 years,** while the life expectancy of the average professional (Social Class I) is **79**.

These figures come from the latest published Office of National Statistics (ONS) data[1]. However, these numbers can mislead when used to debate changes in SPA because they are based on life expectancy at birth not at age 65, they are calculated on a period rather than a cohort basis, and there are well known problems with the data used.

Life expectancy at birth vs. life expectancy at age 65

71 and **79** measure life expectancy at birth, rather than at age 65. Life expectancy at birth estimates the average number of years a new born baby can expect to live based on death rates at each age throughout his or her life.

Calculating longevity on this basis incorporates the shorter life spans of those who die before age 65.

Chart 1: Life expectancy for men in Social Class V is often under-estimated

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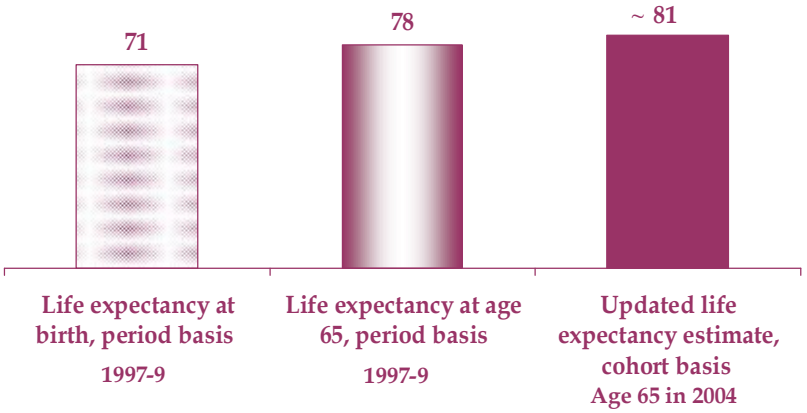


But it would be inappropriate to consider how increasing the SPA would affect these people, as they would not receive a state pension with the current SPA.

Life expectancy at 65 is an estimate of the number of additional years expected, for someone who has already reached the age of 65, so *excludes* all those that did not reach age 65. It shows how long a pension would need to be paid if SPA is kept at 65.

On this measure, the ONS data gives the expected ages at death of those aged 65 as **78 years** for men in Social Class V, rather than 71, and **83**, not 79, for Social Class I.

Life expectancy on a period vs. cohort basis

But these measures are based on longevity studies which have used 'period' rather than 'cohort' mortality rates.

Period life expectancies do not allow for future mortality improvements. So the life expectancy of an individual aged 65 in 2004 would be calculated using the mortality rates for a 65 year old in 2004, and for a 66 year old in 2004, and so on.

However, on a cohort basis, the individual's life expectancy would be more helpfully estimated using the mortality rates for a 65 year old in 2004, for a 66 year old in 2005, and so on.

Because longevity is improving (and is expected to continue to improve, especially in the short term, for older people), life expectancies are longer for all social classes when calculated on a cohort basis.

Current cohort life expectancy estimates

No indication of the socio-economic gap in life expectancy for Social Class I and Social Class V has been published using data later than the ONS figures, which are based on the period 1997-9.

However, a more up to date cohort estimate can be made by taking the ONS gap in life expectancy between socio-economic groups, applying it to the GAD's cohort projections[2] and incorporating a further adjustment to take into account that the gap may be widening[3].

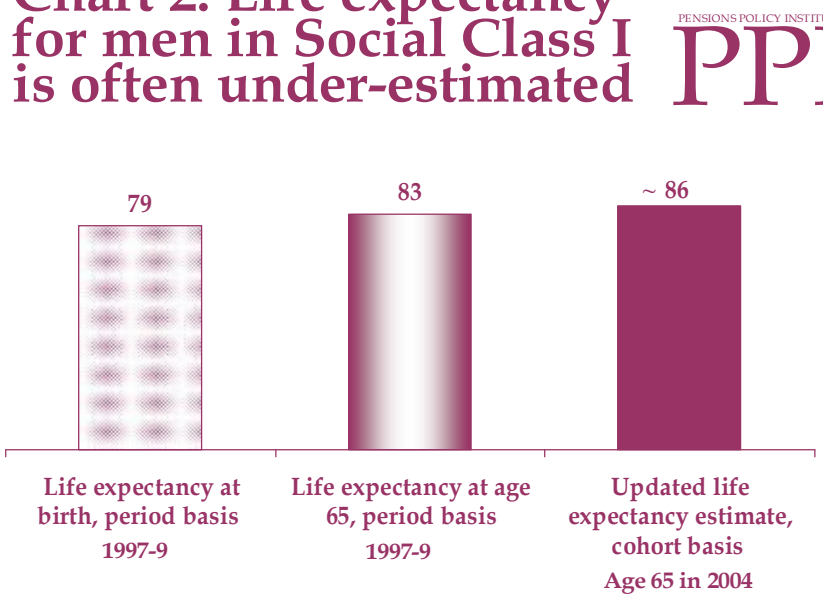
This suggests that the life expectancy at age 65 for men in Social Class V could be more like **81**, and for Social Class I more like **86** (Chart 1 and 2).

This may still be underestimating the impact of raising SPA, which would be done with notice, affecting people aged 65 in, say, 2025 and beyond. By then the expected lifespan for all classes could be a couple of years longer.

Data issues remain

Fewer than 5% of men are in Social Class V, and this number is declining. A similar proportion is in Social Class I. Looking at the differences between Social Class I and V is looking at the very limit of the range and does not cover the experience of most of the population.

Chart 2: Life expectancy for men in Social Class I is often under-estimated



Women (the majority of people over age 65) live longer than men. The data on female longevity by socio-economic group is even less good than data on men, as the assignment to the correct group is more problematic.

Because of these data problems, the ONS recommends that instead of using for analysis the socio-economic groups I to V, only two categories 'Manual' and. 'Non-manual' should be used. The gap in period life expectancy at age 65 between manual and non-manual male workers is only 2 years[4].

Life expectancies are also shown to vary by region. However, these studies are also based on out of date period data, and so are as problematic for an assessment of the effect of raising SPA as the socio-economic data.

Conclusion

There is a gradient in longevity by Social Class. Professional people live longer than manual workers. This has to be taken into account in any consideration of raising SPA. However life expectancies for all socio-economic groups are usually understated.

This estimate suggests that the current expected lifespan for men in Social Class V at age 65 is nearer age 81 than the 71 often quoted, with a gap of around 5 years to the higher life expectancy of men in Social Class I.

For more information on this topic please contact
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[1] Donkin et al (2002) *Inequalities in life expectancy by social class 1972-1999* Health Statistics Quarterly No 15 Autumn 2002

[2] 2002-based cohort projections from the Government Actuary's Department

[3] As suggested by ONS work for the Pensions Commission, *Pensions: Challenges and Choices* (2004) TSO

4 Donkin et al (2002)