Mortality Improvement Rates: Modelling and Parameter Uncertainty

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Abstract

Rather than looking at mortality rates directly, a number of recent academic studies have looked at modelling rates of improvement in mortality when making mortality projections. Although relatively new in the academic literature, the use of mortality improvement rates has a long-standing tradition in actuarial practice when allowing for improvements in mortality from standard mortality tables. However, mortality improvement rates are difficult to estimate robustly and models of them are subject to high levels of parameter uncertainty, since they are derived by dividing one uncertain quantity by another. Despite this, the studies of mortality improvement rates to date have not investigated parameter uncertainty due to the ad hoc methods used to fit the models to historical data. In this study, we adapt the Poisson model for the numbers of deaths at each age and year, proposed in Brouhns et al. [Insurance: Mathematics and Economics 3 (2002) 31] to model mortality improvement rates. This enables models of improvement rates to be fitted using standard maximum likelihood techniques and allows parameter uncertainty to be investigated using a standard bootstrapping approach. We illustrate the proposed modelling approach using data for the USA and England and Wales populations.

Keywords: Mortality improvements; Mortality forecasting; Parameter uncertainty

1. Introduction

Some of the most far-reaching social and economic challenges of the current age are caused by the rapid increases in longevity and ageing of populations across the world. One strand in meeting these challenges has been the development of a wide range of models in order to forecast the future evolution of mortality rates, based on a combination of statistical extrapolation of historic data and expert judgement.

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However, one of the subtle differences between academic models for forecasting and those used by actuaries in the life insurance industry is over what variable to model. Academic mortality models usually focus on modelling mortality rates at age, \( x \), and time, \( t \), denoted variously as \( \mu_{x,t} \) (the instantaneous force of mortality), \( m_{x,t} \) (the central rate of mortality) or \( q_{x,t} \) (the one year probability of dying). Many of these models have been inspired by the seminal paper of Lee and Carter (1992) and operate in the generalised age/period/cohort framework described in Hunt and Blake (2015c) and implemented in Villegas et al. (2016). More specifically, as discussed in Hunt and Blake (2015c), much of the recent actuarial literature looking at the modelling and forecasting of human mortality builds on the Poisson log-bilinear modelling approach introduced in Brouhns et al. (2002), in which the number of death at age \( x \) and year \( t \) are modelled as independent Poisson variables and where the central rate of mortality, \( m_{x,t} \), is taken as the response variable linked to a parametric predictor structure, \( \eta_{x,t} \), by means of a log-link function, i.e.,

\[
\ln m_{x,t} = \eta_{x,t}.
\] (1)

In contrast, practitioners are often interested primarily in the mortality improvement rates, usually defined by \(- \ln \left( \frac{\mu_{x,t}}{\mu_{x,t-1}} \right)\), \(- \ln \left( \frac{m_{x,t}}{m_{x,t-1}} \right)\) or \(1 - \frac{q_{x,t}}{q_{x,t-1}}\). This is because it is the changes in mortality rates that are of interest when assessing longevity risk for an insurer or pension scheme. However, improvements rates are usually estimated using the largest dataset available over a long time period, often the national population, in order to give reliable estimates. Such a dataset will usually have very different mortality rates to the population of interest. Nonetheless, by considering mortality improvement rates, inferences made using these large datasets can still be used for smaller sub-populations, albeit potentially subject to longevity “basis risk” (see Haberman et al. (2014)). Furthermore, the discussion of mortality improvement rates also allows practitioners to compare the evolution of mortality in populations with very different levels of mortality, for instance, men and women or in different countries. In the UK, the concept of mortality improvement rates became widely adopted among actuaries as a result of Continuous Mortality Investigation (2002) and has continued with the developments of the CMI Mortality Projection Model (Continuous Mortality Investigation (2009) and subsequent developments). Similarly, the Scale AA improvement rates were introduced by the Society of Actuaries in the United States in 1995, and the Scale BB improvement rates in 2012, for use when projecting mortality rates (Society of Actuaries Group Annuity Valuation Table Task Force, 1995; Society of Actuaries, 2012).

However, the modelling of improvement rates is more challenging than the modelling of mortality rates themselves. Since improvement rates are effectively the first derivatives of the mortality rates, any uncertainty in the measurement of mortality rates is magnified significantly in the measurement of improvement rates. On the one hand, as illustrated by Figures 1a and 1b, the general trend in generally improving mortality rates in the raw (or “crude”) data is far clearer when looking at mortality rates themselves than the improvement rates, where the noise around the signal is far more prominent. On the other hand, as Figures 1c and 1d illustrate, the age shape of mortality rates is very clear and well understood, while the age shape of mortality improvement rates is very noisy and displays considerable heteroscedasticity across ages.
In recent years, a number of academic studies have modified the structure in Equation (1) to look at the modelling and forecasting of mortality improvement rates. This has meant using response variables and link functions such as

\[ \eta_{x,t} = \ln \left( \frac{m_{x,t+1}}{m_{x,t}} \right) \]

in Mitchell et al. (2013), and

\[ \eta_{x,t} = 2 \frac{m_{x,t-1} - m_{x,t}}{m_{x,t-1} + m_{x,t}} \]

in Haberman and Renshaw (2012). This is usually thought of as using a new response variable with the log or identity link respectively, rather than keeping \( m_{x,t} \) as the response variable with a non-standard link function.
Such an approach does not present any theoretical problems, however there are a number of practical issues which need to be considered. First, the distribution of the response variables is highly non-standard and so the use of the Poisson distribution is no longer appropriate. In practice, a Gaussian error structure is often assumed with suitable modifications to allow for the complex relationship between the variance of an observation and the underlying exposures.

Second, as illustrated before, the variance of the response variable is likely to be far higher as a proportion of the mean than when modelling mortality rates and with a high degree of heterogeneity across ages and years. The parameter error in the measurements of the free parameters in the predictor structure will therefore be far higher than for the corresponding model of mortality rates. This means we must adopt far simpler predictor structures than would be the case for models of the mortality rate. For these reasons, more research is needed before such mortality improvement models become widely adopted.

The academic studies of improvement rates to date, whilst trailblazing in their approach to the topic, have been forced to make ad hoc modelling assumptions in order to deal with the challenges associated with the direct modelling of mortality improvement rate. In contrast, a well-developed theoretical framework for the class of generalised age/period/cohort models of mortality rates has been developed. Therefore, this paper tries to apply some of the structure developed for the study of mortality rates to the modelling of mortality improvements, to reduce the need for some of the ad hoc modelling assumptions and allow a more rigorous examination of mortality improvement rates. More specifically, we adapt the Poisson model for the numbers of deaths at each age and year, proposed in Brouhns et al. (2002), to model mortality improvement rates. This approach enables models of improvement rates to be fitted using standard maximum likelihood techniques, which has several advantages:

i. the Poisson structure for death counts accounts automatically for heterogeneity across ages due to exposures (c.f., Haberman and Renshaw (2012)), and
ii. it allows parameter uncertainty to be investigated using the standard bootstrapping techniques considered in Brouhns et al. (2005) and Koissi et al. (2006).

The reminder of this paper is organised as follows. In Section 2 we introduce some of the notation used throughout the paper. In Section 3 we investigate the connections between models of mortality and improvement rates, as well as the potential to allow for constant improvement rates in mortality models. We then develop techniques for fitting improvement rate models to data and apply them to the mortality experiences of England and Wales and of the United States in Section 4 and 5. In doing so, we note some of the differences in the definition of improvement rates in previous studies, and the impact these have on the robust estimation of the parameters within improvement rate models. We also investigate the impact of parameter uncertainty on the age and period terms in improvement rate models and briefly look at projections from improvement rate models. Finally, in Section 6 we summarise our findings and provide some conclusions.

2. Data and notation

Throughout this paper we assume that the available data comprise a cross classified mor-
tality experience containing observed numbers of deaths at age $x$ in year $t$, $d_{x,t}$, with matching central exposures, $e_{x,t}$. We assume that age, $x$, is in the range $[1, X]$, calendar year or period, $t$, is in the range $[0, T]$ and, therefore, that year of birth, $y = t - x$, is in the range $[-X, T - 1]$.

We denote the force of mortality and the central rate of mortality by $\mu_{x,t}$ and $m_{x,t}$, respectively, with the crude (empirical) estimate of the latter being $\hat{m}_{x,t} = d_{x,t}/e_{x,t}$. Furthermore, we assume that the force of mortality is constant over each year of age $x$ and calendar year $t$, implying that the force of mortality and central death rate coincide, i.e., $\mu_{x,t} = m_{x,t}$. Finally, consistent with [Brouhns et al. (2002)], we assume that the random number of deaths, $D_{x,t}$, at age $x$ in year $t$ is a Poisson distributed random variable with distribution

$$D_{x,t} \sim \text{Poisson}(e_{x,t}m_{x,t})$$

and, hence, that $m_{x,t} = \mathbb{E}(D_{x,t})/e_{x,t}$. Observed death counts, $d_{x,t}$, are the realisation of the random variable defined in Equation (2).

3. Poisson improvement rate models

In this section we exploit the connections between improvement rate models and mortality rate models to produce a Poisson formulation of mortality improvement rate models. We then discuss how this formulation can be used to assess parameter uncertainty in mortality improvement rate models and to obtains forecasts of mortality rates.

3.1. Preliminaries

Similar to [Mitchell et al. (2013)], we start from a model of the annual improvement rate, given by

$$-\ln \left( \frac{m_{x,t}}{m_{x,t-1}} \right) = -\Delta m_{x,t} = \eta_{x,t},$$

where the minus sign is for presentational purposes to ensure that improvements (i.e., falling) in mortality rates are positive and that $\eta_{x,t}$ can be interpreted as the continuous rate of improvement at age $x$ in year $t$.

In order to add structure to this, we then define the predictor structure, $\eta_{x,t}$, using the general age/period/cohort structure described in [Hunt and Blake (2015c)], i.e.,

$$\eta_{x,t} = \alpha_x + \sum_{i=1}^{N} \beta_x^{(i)} \kappa_t^{(i)} + \gamma_{t-x},$$

where

- $\alpha_x$ is a static function of age, which gives the average (constant) rate of improvement in mortality at each age $x$;
- $\kappa_t^{(i)}$ are period functions governing the change in improvement rate in year $t$;
• $\beta^{(i)}_x$ are age functions which modulate the corresponding period functions\(^2\) and
• $\gamma_y$ is a cohort function describing systematic differences in the rate of improvement which depend upon a cohort’s year of birth, $y = t - x$.

Unlike Mitchell et al. (2013) and Haberman and Renshaw (2012), we do not model $-\Delta m_{x,t}$ directly, since the mortality improvement rates in this specification do not follow a standard probability distribution. They are also highly heteroscedastic, meaning that standard estimation techniques are problematic. Instead, we iterate Equation (3) to give

$$\ln (m_{x,t}) = \ln (m_{x,0}) - \sum_{\tau=1}^{t} \eta_{x,\tau}$$

By defining $A_x = \ln (m_{x,0})$ as the initial mortality curve, this can be re-written as

$$\ln (m_{x,t}) = \tilde{\eta}_{x,t} = A_x - \sum_{\tau=1}^{t} \eta_{x,\tau} \tag{5}$$

In this form, it is natural to use a Poisson model for the death counts, such that the number of deaths observed at age $x$ and for year $t$ follows a Poisson distribution with mean $e_{x,t}m_{x,t}$. Under this assumption and with the log-link function

$$D_{x,t} \sim \text{Poisson}(e_{x,t}\exp(\tilde{\eta}_{x,t})),$$  \tag{6}

as per Brouhns et al. (2002) and Hunt and Blake (2015c), but with the modified predictor structure, $\tilde{\eta}_{x,t}$, which gives us a model of mortality improvement rates directly rather than a model for mortality rates\(^3\).

We also see that, since we can use the Poisson model for the death counts in this formulation of an improvement rate model, we are able to estimate the parameters using maximum likelihood techniques and estimate their parameter uncertainty using the techniques of Brouhns et al. (2005) and Koissi et al. (2006). This, therefore, overcomes some of the key limitations of the methods in Mitchell et al. (2013) and Haberman and Renshaw (2012, 2013), which used more ad hoc fitting techniques and did not investigate parameter uncertainty\(^4\).

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\(^2\)These age functions can be non-parametric (having form determined entirely by the data) or parametric (having a pre-defined functional form), as discussed in Hunt and Blake (2015c).

\(^3\)One drawback of using a Poisson model for the death counts, common to both models of mortality rates and improvement rates, is that it assumes that the variance of an observation is equal to its expectation. Such over-dispersion can be dealt with by using an over-dispersed Poisson model in a generalised non-linear modelling framework or by allowing for heterogeneity in the population via the use of the negative binomial distribution, such as in Delwarde et al. (2007); Li et al. (2009). However, we do not investigate this further in this study.

\(^4\)In the case of Mitchell et al. (2013), least squares estimation was used to fit the improvement rates, while in Haberman and Renshaw (2012), an iterated GLM procedure was used to allow for overdispersion in the observed improvement rates. However, in neither case, were these distributions selected on the basis of providing an appropriate distribution for the observed death counts. Consequently, this means that many common methods for assessing parameter uncertainty are not appropriate, as discussed in Section 3.5.
3.2. Estimation and equivalent mortality rate structure

We now exploit the connection between improvement rate models and traditional mortality rate models to devise an estimation approach for the Poisson improvement rate model defined by Equations (5) and (6).

From Equations (4) and (5), the predictor structure in this latter Equation can be re-written as

\[
\ln(m_{x,t}) = \tilde{\eta}_{x,t} \\
\ln(m_{x,t}) = A_x - \sum_{\tau=1}^{t} \eta_{x,\tau} \\
\ln(m_{x,t}) = A_x - \sum_{\tau=1}^{t} \left( \alpha_x + \sum_{i=1}^{N} \beta_x^{(i)} \kappa_{t}^{(i)} + \gamma_{\tau-x} \right) \\
\ln(m_{x,t}) = A_x - \alpha_x t - \sum_{i=1}^{N} \beta_x^{(i)} \sum_{\tau=1}^{t} \kappa_t^{(i)} - \sum_{\tau=1}^{t} \gamma_{\tau-x} \\
\ln(m_{x,t}) = A_x - \alpha_x t + \sum_{i=1}^{N} \beta_x^{(i)} K_t^{(i)} + \Gamma_{t-x}
\]

with

\[ K_0^{(i)} = 0 \quad \text{and} \quad \Gamma_{-X} = 0, \]

and

\[ K_t^{(i)} = -\sum_{\tau=1}^{t} \kappa_t^{(i)} \quad \text{and} \quad \Gamma_{t-x} = -\sum_{\tau=1}^{t} \gamma_{\tau-x}, \quad \text{for } 1 \leq t \leq T. \]

In Equation (7), it is clear that \( \alpha_x \) is determining the constant trend rate of mortality improvement in the historic data at each age. We also see that, if the \( \alpha_x \) term is not included, Equation (7) is equivalent to a standard age/period/cohort model (see Hunt and Blake (2015c)). Therefore, we see that conventional mortality rates models are identical to improvement rates models without constant improvement terms, and merely differ in the presentation of the parameters (i.e., the constraints in Equation (8) as opposed to the conventional identifiability constraints \( \sum_t K_t = 0 \) and \( \sum_c \Gamma_c = 0 \)).

In contrast, we see that including an \( \alpha_x \) constant improvement term in Equation (7) extends the family of generalised age/period/cohort models discussed in Hunt and Blake (2015c) with a term that is non-parametric in age and linear in time. Therefore, every mortality rate model discussed in Hunt and Blake (2015c) has an extended version which includes a constant improvement rate term, which is equivalent to using the same predictor structure for mortality improvement rates rather than mortality rates.

To estimate the improvement rate model in Equations (5) and (6), we can then estimate the equivalent mortality rate model defined by (7) with the constraints in (8) and recover the parameters of the improvement rate model using the relationships in (9). Hence, we can
use standard techniques to fit mortality rate models to data and convert these to models of the improvement rate. In this paper, we follow such an approach and estimate the models using the R package StMoMo (Villegas et al., 2016), which enables the fitting of general age/period/cohort mortality rate models.

### 3.3. Models with constant improvement rates

A key question when deciding on the form of the predictor structure in Equation (4) is whether to include an \( \alpha_x \) term. This term represents the average rate of improvement at each age over the period of the historic data and, when the model is projected, will give a constant component to the rate of improvement in mortality in future.

Some authors take issue with this and believe that it conflicts with the requirements of biological reasonableness. In particular, Haberman and Renshaw (2012) show that the \( \alpha_x \) static age function in a standard mortality rate model disappears when the first derivative is taken to obtain an improvement rate model. Furthermore, there are legitimate questions as to what form any constant rate of improvement should take. Including a non-parametric \( \alpha_x \) term in the predictor structure of Equation (4) will assume that the average rates of improvement observed over the period of the historic data at each age will continue indefinitely into the future. Instead, it may be desirable to impose a parametric structure on the age shape, in the same way that models from the Cairns-Blake-Dowd family impose a parametric structure to the shape of mortality rates. Such a choice can result in a more parsimonious model, making it easier to fit to data, and will have generally simpler identifiability issues. However, unlike models of mortality rates, we are unlikely to have as strong an intuition as to what the shape of mortality improvements will be a priori when deciding on an improvement rate model.

Ultimately, the decision whether to include an \( \alpha_x \) term in the model of mortality improvement rates is largely subjective and will depend on the preferences of the model user.

### 3.4. Estimation and use of crude mortality rates

One of the main differences between the formulation of mortality improvement rate models in Equation (3) and that in Mitchell et al. (2013) and Haberman and Renshaw (2012) is that the previous literature defines improvement rates in terms of the crude mortality rates, \( \hat{m}_{x,t} = d_{x,t}/e_{x,t} \), and so uses

\[
- \ln \left( \frac{\hat{m}_{x,t}}{m_{x,t-1}} \right) = -\Delta \hat{m}_{x,t} = \eta_{x,t}
\]

in Mitchell et al. (2013), as opposed to the model fitted mortality rates, \( m_{x,t} = \mathbb{E}(D_{x,t})/e_{x,t} \), in Equation (3). Converting this to a Poisson formulation of the model, we see that this

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5 The concept of biological reasonableness was introduced in Cairns et al. (2006b) and defined as “a method of reasoning used to establish a causal association (or relationship) between two factors that is consistent with existing medical knowledge.”
gives

\[ D_{x,t} \sim \text{Poisson} \left( e_{x,t} \hat{m}_{x,t-1} \exp(-\eta_{x,t}) \right) \]  

(11)

as opposed to

\[ D_{x,t} \sim \text{Poisson} \left( e_{x,t} m_{x,t-1} \exp(-\eta_{x,t}) \right) \]  

(12)

from Equation (6) in our formulation. We note that the Mitchell et al. (2013) form of an improvement rate model can also be fitted using standard Poisson generalised (non-)linear modelling techniques by setting \( \ln \hat{m}_{x,t-1} \) as an offset within the generalised (non-)linear model predictor structure.

The difference between formulations (11) and (12) of an improvement rate model, although subtle, has profound consequences as we will discuss in the remainder of this paper. From now onwards, when referring to the estimation of the parameters in the predictor \( \eta_{x,t} \), we will say that we use a “crude” estimation approach whenever we assume (11) and a “fitted” estimation approach whenever we assume (12). This naming convention reflects the fact that formulation (11) is based on defining improvement rates in terms of crude mortality rates (c.f., Equation (10)) while formulation (12) is based on defining improvement rates in terms of fitted (or model estimated) mortality rates (c.f., Equation (3)).

3.5. Parameter uncertainty

As discusses in Section 1 one of the key problems with investigating mortality improvement rates is the level of uncertainty in estimating models for them. This is far greater than in similar models for mortality rates, and is a feature which is understated in models of improvement rates to date.

To give an example of this, consider the situation where we are trying to estimate mortality rates, when the true mortality rate is \( m_{x,t} = 0.5\% \) p.a.. Using a Poisson model, the relative parameter uncertainty in our estimate is proportional to \( 1/\sqrt{e_{x,t} \hat{m}_{x,t}} = 1/\sqrt{\mathbb{E}(D_{x,t})} \), i.e., inversely proportional to the square root of the expected number of deaths. So to obtain a relative uncertainty of 1\% in our estimate of the mortality rate (i.e., a one standard deviation confidence interval for our mortality rate of (0.495\%, 0.505\%)) requires roughly 10,000 expected deaths or an observed population of 2 million lives.

If the true rate of mortality improvement is 2\% over a one year period, then observing the same population in the following year will yield an estimate for the mortality rate in the second year of (0.485\%, 0.495\%). Therefore, although our central estimate for the annual improvement rate observed will be \( 1 - 0.49\% = 2\% \), the range of our confidence interval for the annual improvement will be (0.0\%, 4.0\%), i.e., a relative uncertainty in the estimate of the

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*Equation (11) follows from noting that under the Mitchell et al. (2013) form of an improvement rate model the expected number of death at age \( x \) in year \( t \) is \( e_{x,t} \hat{m}_{x,t-1} \exp(-\eta_{x,t}) \).*
rate of improvement of 100%. In order to get comparable levels of certainty in our estimates of improvement rates to those obtained for mortality rates themselves, we roughly need to square the number of expected deaths being observed each year (e.g., 1 million expected deaths in order to obtain a relative uncertainty of 1%), with a corresponding increase in the number of lives under observation (e.g., 200 million lives). This is clearly impractical in almost all circumstances.

This is not a fatal limitation when using improvement rate models as long as we accept the fundamental uncertainty in our parameter estimates: however, this means that it is vital that we allow for parameter uncertainty when using improvement rate models. Because there was no clear process generating the observed numbers of deaths or improvement rates in the models of Mitchell et al. (2013) and Haberman and Renshaw (2012), this was very difficult to do systematically. However, since we assume a Poisson distribution for the death counts, we can use standard techniques for estimating parameter uncertainty in our framework. Specifically, we use the semi-parametric bootstrapping technique of Brouhns et al. (2005), which generates new death counts by sampling from the Poisson distribution with mean $d_{x,t}$, to which the model is refitted in order to give new parameter estimates. Alternatively, one could use the residual bootstrapping technique of Koissi et al. (2006) which re-samples the deviance residuals from fitting the model to generate new death counts. In practice, however, both approaches yield qualitatively similar results. We refer the interested reader to Villegas et al. (2016, Section 8) for the specific details of our implementation of the bootstrapping approaches of Brouhns et al. (2005) and Koissi et al. (2006).

3.6. Projection of mortality and improvement rates

To project the improvement rate model to give future improvement rates (and hence future mortality rates), we project the period and cohort functions in a similar fashion to in a model of mortality rates. Therefore, similar time series techniques can be used. However, since the model is now one of improvement rates rather than mortality rates, the demographic significance of the parameters is now different, which will influence our choice of projection model.

In general, we can assume that the $d$ difference of the period index $\kappa_t := (\kappa_t^{(1)}, ..., \kappa_t^{(N)})'$ follows a vector autoregressive (VAR) model around a linear trend (Pfaff, 2008):

$$\Delta^d \kappa_t = C + Dt + \sum_{i=1}^{p} A_i \Delta^d \kappa_{t-1} + \xi_t^\kappa, \quad \xi_t^\kappa \sim N(0, \Sigma), \quad (13)$$

where $C$ and $D$ are $N$-dimensional vectors of parameters, $A_1, \ldots, A_p$ are $N \times N$ matrices of autoregressive parameters, and $\Sigma$ is the $N \times N$ variance-covariance matrix of the multivariate

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7 Allowing for similar issues as described in Hunt and Blake (2015a,b) in order to obtain “well-identified” projections which do not depend on the arbitrary identifiability constraints chosen when fitting the model.

8 Demographic significance is defined in Hunt and Blake (2015c) as the interpretation of the components of a model in terms of the underlying biological, medical or socio-economic causes of changes in mortality rates which generate them.
white noise $\xi_t^c$. We note that the VAR(1) model used in Haberman and Renshaw (2012) and the multivariate random walk with drift are particular cases of Equation (13).

As for the cohort effects, we can assume in general that they follow a ARIMA($p, q, d$) with drift, i.e.,

$$\Delta^d \gamma_c = \delta_0 + \phi_1 \Delta^d \gamma_{c-1} + \cdots + \phi_p \Delta^d \gamma_{c-p} + \epsilon_c + \delta_1 \epsilon_{c-1} + \cdots + \delta_q \epsilon_{c-q},$$  

where $\delta_0$ is the drift parameter, $\phi_1, \ldots, \phi_p$ are the autoregressive coefficients with $\phi_p \neq 0$, $\delta_1, \ldots, \delta_q$ are the moving average coefficients with $\delta_q \neq 0$ and $\epsilon_c$ is a Gaussian white noise process with variance $\sigma_\epsilon$.

The time series models in (13) and (14) can be used to obtain projected values of the period index $\kappa_{T+s} := (\kappa_{T+s}^{(1)}, \ldots, \kappa_{T+s}^{(N)})'$ and cohort index $\gamma_{T-1+s}, s = 1, \ldots, h$, respectively, and to derive projected values of mortality improvement rates:

$$\eta_{x,T+s} = \alpha_x + \sum_{i=1}^{N} \beta_x^{(i)} \kappa_{T+s}^{(i)} + \beta_x^{(0)} \gamma_{T-x+s}.$$  

Now, to obtain projected mortality rates we use

$$m_{x,T+s} = \hat{m}_{x,T} \exp \left( - \sum_{\tau=1}^{s} \eta_{x,T+\tau} \right),$$

where $\hat{m}_{x,T}$ are the last observed central mortality rates.


In this section we illustrate the discussion of Section 3 by applying a Poisson improvement rate approach to the modelling of mortality in England and Wales. In particular and similarly to Haberman and Renshaw (2012), we use historical mortality data for the England and Wales male population covering calendar years 1961-2010 and ages 20-89 obtained from the Human Mortality Database (2014). Of particular interest in this discussion are the inclusion of constant improvement rates, the implications of using a “fitted” or “crude” estimation approach, the impact of parameter uncertainty, and the choice of time series model for the period indexes.

4.1. Predictor structures

We focus on the models summarised in Table 1. For each model, this table includes the predictor structure used to model improvement rates (recall Equation (4)) as well as the equivalent mortality rate predictor as per Equation (7).

Model CI represents a simple model including only constant improvement rates, whose equivalent mortality rate model is similar to the generalised linear model of mortality rates discussed in Renshaw and Haberman (2003). Model LC is the celebrated Lee and Carter
Table 1: Model structures considered in this paper.

<table>
<thead>
<tr>
<th>Model</th>
<th>Improvement Model ((\eta_{xt}))</th>
<th>Equivalent Mortality Model ((\bar{\eta}_{xt}))</th>
</tr>
</thead>
<tbody>
<tr>
<td>CI</td>
<td>(\alpha_x)</td>
<td>(A_x - \alpha_x t)</td>
</tr>
<tr>
<td>LC</td>
<td>(\beta_x(1) \kappa_t^{(1)})</td>
<td>(A_x + \beta_x(1) K_t^{(1)})</td>
</tr>
<tr>
<td>LC-CI</td>
<td>(\alpha_x + \beta_x(1) \kappa_t^{(1)})</td>
<td>(A_x - \alpha_x t + \beta_x(1) K_t^{(1)})</td>
</tr>
<tr>
<td>CBD</td>
<td>(\kappa_t^{(1)} + (x - \bar{x}) \kappa_t^{(2)})</td>
<td>(A_x + K_t^{(1)} + (x - \bar{x}) K_t^{(2)})</td>
</tr>
<tr>
<td>CBD-CI</td>
<td>(\alpha_x + \kappa_t^{(1)} + (x - \bar{x}) \kappa_t^{(2)})</td>
<td>(A_x - \alpha_x t + K_t^{(1)} + (x - \bar{x}) K_t^{(2)})</td>
</tr>
<tr>
<td>APC-CI</td>
<td>(\alpha_x + \kappa_t^{(1)} + \gamma_{t-x})</td>
<td>(A_x - \alpha_x t + K_t^{(1)} + \Gamma_{t-x})</td>
</tr>
</tbody>
</table>

(1992) model, in both mortality rate and improvement rate form, while the LC-CI structure corresponds to Lee-Carter model with added constant mortality improvement rates. This latter predictor structure was considered in [Mitchell et al. (2013)] in its improvement rate form and in [Callot et al. (2014)] in its mortality rate form. Model CBD is the improvement rate equivalent of the two-factor model introduced in [Cairns et al. (2006a)] and in mortality rate form is equivalent to the “CBDX” model discussed in [Hunt and Blake (2015a)]. Similar to the LC-CI model, the CBD-CI stands for the CBD model including constant mortality improvements. The APC-CI structure is the improvement rate version of the classical Age-Period-Cohort model. Such model has recently been considered by the [Continuous Mortality Investigation (2016a,b)] in their proposed update of the widely used CMI mortality projection model.

In estimating the parameters of the models in Table 1 we impose where necessary the standard parameter constraints. However, for the LC and LC-CI, we deviate from the standard \(\sum_x \beta_x^{(1)} = 1\) constraint and impose instead \(\sum_x \beta_x^{(1)} = X\), so that the period index \(\kappa_t^{(1)}\) can roughly be interpreted as average improvement rates in year \(t\) (or average deviations from the constant improvement rates in the LC-CI structure). The specific parameter constraints applied in estimating the models in Table 1 are discussed in Appendix A.

The parameter estimates of all the models in Table 1 applied to male data for England and Wales over the period 1961-2011 and ages 20-89 are shown in Figures 2-7. In these figures, black continuous lines depict parameter estimates obtained with the “fitted” estimation approach introduced in this paper while red-dashed lines depict parameter estimates obtained with the “crude” estimation approach discussed in Section 3.4. From Figures 2-7 we note the following:

• The noticeable differences in the estimated age dependant parameters \(\alpha_x\) and \(\beta_x\) under the two alternative estimation approaches, with the “crude” approach producing considerably much ragged estimates. This is a clear reflection of the parameter uncertainty issues of working with improvement rates directly as discussed in Section 3.5.
Figure 2: Parameters for model CI. England and Wales males, age 20-89, period 1961-2011.

Figure 3: Parameters for model LC. England and Wales males, age 20-89, period 1961-2011.

Figure 4: Parameters for model LC-CI. England and Wales males, age 20-89, period 1961-2011.
Figure 5: Parameters for model CBD. England and Wales males, age 20-89, period 1961-2011.

Figure 6: Parameters for model CBD-CI. England and Wales males, age 20-89, period 1961-2011.

Figure 7: Parameters for model APC-CI. England and Wales males, age 20-89, period 1961-2011.
• The contrasting close alignment between the estimates of period indexes \( \kappa_t^{(1)}, \kappa_t^{(2)} \) and the cohort index \( \gamma_{t-x} \) under the two alternative estimation approaches. This suggests that the choice of estimation approach will be of greater relevance for model structure with constant improvement rates (e.g. CI, LC-CI, CBD-CI, APC-CI) or “non-parametric” age modulating function (e.g. LC and LC-CI) than for purely “parametric” structures such as the CBD.

• The clear interpretation of the \( \alpha_x \) term as average mortality improvements, indicating that in England and Wales mortality improvement rates over the 1961-2011 period have ranged from about 0.75% p.a. between ages 20-30 and about 2% p.a. at ages 60-70.

• The similarity in the \( \alpha_x \) parameters between the CI, LC-CI and CBD-CI models using the “fitted” approach. From the interpretation above, this should not be surprising and is comparable to the similarity in static age functions in different models. However, it is worth noting that this similarity does not follow through to the parameter values fitted using the “crude” approach.

• The ease of interpretation of the primary period index \( \kappa_t^{(1)} \) whose numerical value can be thought of as the average improvement rate observed in the year \( t \) for models without constant improvement rate and as the average deviation from the constant improvement rates for predictors with an \( \alpha_x \) term. This is in contrast with mortality level models where it is difficult to link the value of \( \kappa_t^{(1)} \) to quantities with intuitive practical relevance.

• The interpretation of the cohort parameters, \( \gamma_{t-x} \), in Figure 7 as average deviations in improvement rates. In particular, we see that the so-called golden generation born in the inter-war period (see Willets (2004) and Murphy (2009)) has experienced mortality improvements of around 1%-2% p.a. higher than the average. It is also interesting to note the existence of a “tarnished” cohort born after the Second World War who, in contrast, appear to be experiencing worse than average mortality improvements.

• The noticeable upward trend in the primary period index \( \kappa_t^{(1)} \) in most models, reflecting the faster improvements observed in recent years in England and Wales.\(^9\) This trend raises questions as to how to model the period indexes appropriately while ensuring the plausibility of the projected mortality rates.

4.2. Modelling the period indexes

We consider two alternative time series models to project the period indexes: a VAR(1) model as in Haberman and Renshaw (2012), and a VAR(1) around a linear trend to acknowledge the upward trend seen in the primary period index for all models. In order to illustrate the implications of the choice of time series model, in Figure 8 we plot for both time series specifications 95% prediction intervals for the period index \( \kappa_t^{(1)} \) of the LC model along with

\(^9\)We note that since 2011 there have been several years of slower improvements than were expected, and so this trend may not have continued beyond our data.
Figure 8: Fan charts of the primary index $\kappa_{t}^{(1)}$ and of mortality rates $m_{x,t}$ at ages $x = 40, 55, 70, 85$ from the LC model applied to the England and Wales males population for ages 20-89 and the period 1961-2011 using the “fitted” estimation approach and different times series models. Shades in the fans represent prediction intervals at the 50%, 80% and 95% level.

The matching prediction intervals for mortality rates at ages 40, 55, 70, and 85. Recalling that the $\kappa_{t}^{(1)}$ can be interpreted as average improvement rates, we see that under the VAR(1) model (Figure 8a) improvement rates are predicted to range around -2% p.a. and 6% p.a. while under the VAR(1) model around a linear trend (Figure 8b) improvement rates are
forecast to increase steadily to reach a value of between 2% p.a. and 8% p.a. by year 2060. This upward trend induces a quadratic behaviour in the log-mortality rates forecasts and accelerating improvements in mortality rates. In some models, the faster improvement rates at some ages than other results in “mortality cross-overs” (as shown in Figure 8b), where younger ages are forecast to have higher mortality than older ages. This may be felt to be unrealistic and conflicts with our desire for “biologically reasonable” projections. Hence, we restrict our projections to the VAR(1) model to avoid implausible projection patterns.

4.3. Impact of parameter uncertainty

We now turn our attention to the investigation of the impact of parameter uncertainty on the estimation of the parameters of improvement rate models. To do so, for each of the six predictor structures in Table 1 and for the two parameter estimation approaches, we have generated 1,000 bootstrapped samples of the model parameters using the semi-parametric bootstrapping approach introduced in Brouhns et al. (2005). Figure 9 presents fan charts depicting the 50%, 80% and 95% bootstrapped confidence intervals of the parameter of the CI, LC and CBD models. The results for these three models are representative of the results for all the six models considered in this paper.

From Figure 9a we see that using a “crude” parameter estimation approach akin to the one used in Mitchell et al. (2013) and Haberman and Renshaw (2012) results in significantly higher uncertainty in estimates of constant improvement rates parameters, $\alpha_x$, than using the “fitted” estimation approach introduce in this paper. For instance, under the “crude” approach the 95% confidence interval of the improvement rate at age 40, $\alpha_{40}$, is (0.81%, 1.26%), which is 3 times wider than the equivalent (1.00%, 1.16%) under the “fitted” approach. Similarly, Figure 9b shows that non-parametric age-modulating parameters, $\beta^{(1)}_x$, also suffer from considerable parameter uncertainty under the “crude” estimation approach. It is also interesting to note that, in many cases, the confidence intervals of the age parameters under the “crude” approach do not contain the “fitted” parameter estimates. Therefore, it is not simply a case that the “crude” approach is estimating the same parameter values but with less precision. In contrast, Figure 9c indicates that period indexes, $\kappa^{(i)}_t$, are in general robust with negligible differences in levels of uncertainty between the two estimation approaches.

To understand the differences in uncertainty levels produced by the two estimation approaches, it is instructive to consider in more detail the CI model. Specifically, note that under the “fitted” estimation approach the constant improvement rate at age $x$, $\alpha_x$, is estimated as the slope of the (Poisson) linear regression

$$\ln \hat{m}_{x,t} = A_x - \alpha_x t + \epsilon_{x,t},$$

However, mortality cross-overs were not observed in models such as the CBD and CDB-CI models, indicating that they may be dealt with by imposing some form of parametric structure on the age-shape of the improvements. It is also possible that mortality cross-overs could occur using the VAR(1) model, e.g., as when extending projections further into the future.

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Figure 9: Parameters for model CI with parameter uncertainty. England and Wales males, age 20-89, period 1961-2011. Shades in the fan represent confidence intervals at the 50%, 80% and 95% level. Black fans correspond to the “fitted” estimation approach and red fans to the “crude” estimation approach.
which depends on the whole historical mortality profile, \( \{\hat{m}_{x,0}, \hat{m}_{x,1}, \ldots, \hat{m}_{x,T}\} \). By contrast, under the “crude” estimation approach the estimate of \( \alpha_x \) is approximately the average of the observed improvement rates at age \( x \) over the investigation period. That is,

\[
\alpha_x \approx -\frac{1}{T} \sum_{t=1}^{T} \Delta \ln \hat{m}_{x,t} \\
\alpha_x \approx \frac{\ln \hat{m}_{x,0} - \ln \hat{m}_{x,T}}{T},
\]

which depends only on the observed mortality rates at the start and at the end of the investigation period. Clearly, using only the first and last observations, as opposed to all the historical observations, will result in more uncertain estimates which are less robust to the addition of new data or to parameter uncertainty.

The differences in central estimates and levels of uncertainty of the model parameters produced by the two estimation approaches can have an important impact on the mortality projections produced by the models. To investigate this potential issue, in Figure 10 we present for models CI, LC and CBD fan charts of mortality rate forecasts at selected ages. For each model we consider the following four types of forecasts:

i. Forecast produced by the “fitted” approach without allowance for parameter uncertainty;

ii. Forecast produced by the “fitted” approach with allowance for parameter uncertainty;

iii. Forecast produced by the “crude” approach without allowance for parameter uncertainty; and

iv. Forecast produced by the “crude” approach with allowance for parameter uncertainty.

From Figure 10 we note the following:

• The noticeable impact of considering parameter uncertainty under the “crude” estimation approach for models CI at all ages and for the LC at younger ages. In particular, we note that due to the absence of a period index in the CI structure, this model only provides point forecasts when parameter uncertainty is ignored.

• The noticeable differences between the central projections in the “fitted” and “crude” approaches for the LC model. This is particularly visible at age 55 were the “fitted” approach projects a much more steeper decline in mortality than the “crude” fitting approach. These differences in central forecasts can be linked back to the differences in the estimates of \( \beta_x^{(1)} \) produced by the two estimation approaches (recall Figure 3).

• The contrasting similarity in central forecasts and levels of uncertainty for the CBD under both estimation approach and with or without parameter uncertainty (see Figure 10c).

The visual inspection of the fan charts indicates that the choice of estimation approach has a material impact on the central forecasts produced by a mortality improvement model. To examine this in a more quantitative manner, we consider the relative difference between the median forecasts of mortality rates in year 2040 produced by the “fitted” and “crude”
Figure 10: Fan charts for mortality rates $m_{x,t}$ at ages $x = 40, 55, 70$ from the CI, LC and CBD models applied to the England and Wales males population for ages 20-89 and the period 1961-2011. The solid lines show historical mortality rates for the period 1961-2011. Shades in the fan represent prediction intervals at the 95% level.

estimation approaches. Formally, if $m_{x,2040}^{f,med}$ and $m_{x,2040}^{c,med}$ denote the median forecasts for age $x$ in 2040 produced by the “fitted” and “crude” estimation approaches, respectively, then
the relative difference at age $x$, $RD_x$, is given by
\[ RD_x = \frac{m_{x,med}^{f,2040} - m_{x,med}^{c,2040}}{m_{x,med}^{f,2040}}. \]

Figure 11 presents plots of these relative difference for all the six models of Table 1. We see that, with the exception of the CBD model, for all other models both estimation approaches result in significantly different central forecasts. The LC model stands out as the one with the highest discrepancies between estimation approaches. It is also interesting to note that the shape of these differences in the median mortality rate forecasts closely match the shape of the age and cohort parameters in the difference models, indicating that it is the differing ability of the approaches to estimate these parameters which drives the forecast differences.

Now, to investigate further the differences in forecast levels of uncertainty produced by the models under both parameter estimation approaches, in Figure 12 we plot, on a log scale, the standard deviation of the mortality rates forecasts at each age in year 2040 produced by the “fitted” and “crude” estimation approaches, and with and without parameter uncertainty. From this figure we note the following:

- The close alignment between the solid black lines and dashed black lines in Figures 12b, 12d, indicating that parameter uncertainty has very small impact on the prediction
Figure 12: Standard deviation of the mortality rates forecast in year 2040 for England and Wales males.
levels of uncertainty under the “fitted” estimation approach for all models. We note that in Figure 12a there are no solid lines since the CI model only provides central forecasts in the absence of parameter uncertainty.

- The contrasting significant impact of parameter uncertainty under a “crude” approach for models CI, LC, and LC-CI and CBD-CI. These models have the characteristics of having a constant improvement rate term, \( \alpha_x \), and/or a non-parametric age modulating parameter \( \beta_x^{(1)} \), which are difficult to estimate robustly under the “crude” estimation approach.

- The close similarity of the standard deviations for the CBD model under the four sets of forecasts, highlighting the considerable stability of this predictor structure. This stability is a result of the CBD model being the only model which only requires estimates of period indexes.

4.4. Robustness and stability of projections

The considerable parameter uncertainty seen for some models discussed in the previous section may have important implication for the robustness of parameter estimates as we change the period of data used in the estimation. This in turn may result in potentially unstable projections.

To investigate this potential issue, we consider the stability of forecasts over fixed horizon periods as the estimation period rolls forward through time. In each subplot in Figure 13 we show the average ten year ahead projected improvement rate at age 40 using different 20-year rolling estimation periods. For instance, the points labelled as stepping off year 1980 (2011) correspond to each model fitted to data from 1961-1980 (1982-2011) and the quantity in the vertical axis is the average improvement rate at age 40 for the next ten years, i.e., for the period 1981-1990 (2012-2021). For a stable model, projections should progress smoothly as we change the data window. From Figure 13 we note the following:

- The general lack of stability of the “crude” estimation approach for all model except for the CBD model. The instability of the “crude” approach for some models is very significant. For instance, in the case of CI model changing the estimation period from 1984-2003 to 1985-2004 results in projected ten year ahead average improvement passing from 0.19% to 1.35% (see Figure 13a). The contrasting stability of the CBD approach under both estimation approaches is not a surprise as the CBD is the only model which does not involve any age improvement terms (see Figure 13d).

- The same pattern of falling ten year forecasts at age 40 for four out of six models, consistent with mortality improvement rate reducing at younger ages through the 1990s.

- The noticeable different behaviour of the APC-CI model as compared to the rest of the models. This is explained by the fact that this is the only model including a cohort term (see Figure 13f).

However, it is worth noting that Figure 12 is on a log scale, and hence the impact of parameter uncertainty may not be negligible for practical purposes.
Figure 13: Average ten year ahead projected improvement rate at age 40 with different stepping-of-year (20-year Rolling window)
Figure 14: Parameters for model CI with parameter uncertainty. USA males, age 20-89, period 1968-2014. Shades in the fan represent confidence intervals at the 50%, 80% and 95% level. Black fans correspond to the “fitted” estimation approach and red fans to the “crude” estimation approach.
Figure 15: Fan charts for mortality rates $m_{x,t}$ at ages $x = 40, 55, 70$ from the CI, LC and CBD models applied to the USA males population for ages 20-89 and the period 1968-2014. The solid lines show historical mortality rates for the period 1968-2014. Shades in the fan represent prediction intervals at the 95% level.

5. United States 1968-2014, 20-89

In order to test the robustness of the approach to different datasets, we have repeated our analysis using data for men in the United States over the period 1968 to 2014 from the Human Mortality Database [2014]. In so doing, we find broadly comparable results to those for England and Wales.
However, it is worth noting that the observed parameter uncertainty in the age functions estimated using the “crude” approach is smaller than for England and Wales, but still significantly larger than when using the “fitted” approach. This indicates that, although increasing the population size can help with parameter uncertainty under this approach, it does not remove the issue even for a very large population such as that of the United States.

Figure 14 shows the fitted parameters for the CI, LC and CBD models, with parameter uncertainty, for the USA data. It is interesting to see that there is little visible upward trend in $\kappa_t^{(1)}$ for the LC and CBD models, which indicates that, unlike for England and Wales, there has been little acceleration in the rate of improvement in mortality over the period. It is also interesting to note the behaviour of improvement rates using the CBD model during the late 1990s, where the average rate of improvement across all ages ($\kappa_t^{(1)}$) increased rapidly. However, this was offset by sharp declines in $\kappa_t^{(2)}$, indicating that this faster rate of improvement affected mainly those at younger ages.

Figure 15 shows the projected mortality rates for men in the USA using the CI, LC and CBD models using the VAR(1) model. We see that these are all broadly biologically reasonable, although there are similar differences between the “crude” and “fitted” approaches as were discussed for England and Wales in Section 4.3.

6. Conclusions

Rates of improvement in mortality are a very natural and intuitive way of interpreting mortality data, which has lead to them being widely used practically for setting and communicating assumptions regarding changes in longevity. However, they have not been studied in much depth in an academic context, possibly due to the difficulties in defining improvement rates and in fitting models robustly to data.

In this study, we have developed a more rigorous framework for the study of mortality improvement rates and its fundamental connection to models of mortality rates. This means that we can draw of the large amounts of work done to model mortality rates to obtain robust and stable estimates of improvement rates without requiring the ad hoc modelling frameworks that have been a feature of previous studies. Furthermore, we investigate the parameter estimates obtained under previous studies and find that, not only are they subject to considerable parameter uncertainty, but they also give significantly different best-estimate forecasts of future mortality rates, which may be biased and less robust in comparison with our approach and with models of mortality rates.

However, we also note that the improvement rate approach makes any changes in the rate of improvement, i.e., systematic accelerations and decelerations in the rate of mortality

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12 Comparable figures to those shown in Figures 11, 12, and 13 for England and Wales are not shown for reasons of space, but are available on request from the authors.
improvement, more obvious and harder to ignore in the historical data. These were more obvious in the data for England and Wales, but there is no reasons to suspect that they are not a feature of other datasets that has been largely overlooked in studies which only project log-mortality rates linearly. However, we find that these are difficult to allow for in future projections without running the risk of biologically unreasonable predictions such as mortality cross-overs. These trade-offs between the plausibility of future projections and the need for consistency with the trends observed in the recent past are features of many approaches to modelling mortality. However, we leave further examination of this topic for future work.

In summary, we find that the “fitted” approach to modelling mortality improvement rates is a flexible and versatile method for investigating the pattern of mortality changes in the past and for projecting mortality rates into the future. We believe it can give modellers a new perspective on existing models and potential avenues to develop new models. Perhaps most importantly however, it may allow for a common language to communicate theoretical and academic results to a wider audience of practitioners.

Appendix A. Parameter constraints

Table A.2 presents the parameter constraints used in estimating the models in Table 1. In Table A.2 we note that the constraints in the second column are applied when using the “crude” approach to the fitting of a mortality improvement rate model while the constraints in the third column are applied when using the “fitted” approach to model fitting. We also note that the “level” constraints in the improvement rate predictor structure,

$$\sum_t \kappa_t = 0,$$

become constraints of the deterministic trends in the mortality rate predictor structure,

$$\sum (t - \bar{t}) K_t = 0.$$

These both sets of constraints make sense intuitively, since the \( \alpha \) term in mortality improvement rate model explains any constant improvements in the historical data so the \( K_t \) are constrained to only explain possible deviations from this constant improvement. Similarly, for the APC-CI the improvement rate predictor constraints on the cohort effect,

$$\sum_y \gamma_y = 0, \sum_y (y - \bar{y}) \gamma_y = 0,$$

become constraints

$$\sum (y - \bar{y}) \Gamma_y = 0, \sum (y - \bar{y})^2 \Gamma_y = 0$$

in the mortality rate predictor structure.
Table A.2: Parameter constraints for the structures considered in this paper.

<table>
<thead>
<tr>
<th>Model</th>
<th>Improvement Model ( (\eta_{xt}) )</th>
<th>Equivalent Mortality Model ( (\tilde{\eta}_{xt}) )</th>
</tr>
</thead>
<tbody>
<tr>
<td>CI</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LC</td>
<td>( \sum_x \beta_x = X )</td>
<td>( \sum_x \beta_x = X, K_0^{(1)} = 0 )</td>
</tr>
<tr>
<td>LC-CI</td>
<td>( \sum_x \beta_x = X, \sum_t \kappa_t = 0 )</td>
<td>( \sum_x \beta_x = X, K_0^{(1)} = 0, )</td>
</tr>
<tr>
<td></td>
<td></td>
<td>( \sum_t (t - \bar{t}) K_t^{(1)} = 0 )</td>
</tr>
<tr>
<td>CBD</td>
<td>-</td>
<td>( K_0^{(1)} = 0, K_0^{(2)} = 0 )</td>
</tr>
<tr>
<td>CBD-CI</td>
<td>( \sum_t \kappa_t = 0, \sum_t \kappa_t = 0 )</td>
<td>( K_0^{(1)} = 0, K_0^{(2)} = 0, \sum_t (t - \bar{t}) K_t^{(1)} = 0, )</td>
</tr>
<tr>
<td>AP-CI</td>
<td>( \sum_t \kappa_t = 0, \sum_y (y - \bar{y}) \gamma_y = 0 ), ( \sum_y (y - \bar{y})^2 \Gamma_y = 0 )</td>
<td>( K_0^{(1)} = 0, \sum_t (t - \bar{t}) K_t^{(1)} = 0, )</td>
</tr>
<tr>
<td></td>
<td></td>
<td>( \Gamma_0 = 0, \sum_t (t - \bar{t}) K_t^{(1)} = 0, )</td>
</tr>
<tr>
<td></td>
<td></td>
<td>( \sum_y (y - \bar{y})^2 \Gamma_y = 0 )</td>
</tr>
</tbody>
</table>

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