Australian Government
Australian Government Actuary

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28 September, 2022

Mr Jim Minto
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Dear Jim

JUNE 2022 FINANCIAL SUSTAINABILITY REPORT

I am writing as the Reviewing Actuary of the NDIS to summarise my review of the 30 June 2022 Financial Sustainability Report (FSR), prepared by the Scheme Actuary. Subsection 180E(2) of the *National Disability Insurance Scheme (NDIS) Act 2013* (the Act) requires that I review each FSR and report to the Board on my findings. Subsection 180E(4) of the Act requires that I report any significant concerns about the sustainability of the NDIS to the Board as soon as is practical. This letter also provides some comments around scheme sustainability.

The Financial Sustainability Report

Subsection 180B(1) of the Act requires the Scheme Actuary to prepare a FSR, at least annually. The FSR provides a long-term projection of the total amount spent by participants and agency expenses for the Scheme, using assumptions that are informed by the Scheme's actual experience. Part 3 of the *NDIS Rules for the Scheme Actuary* sets out requirements for the content of the FSR.

I have been provided with [1] the draft FSR provided to the Sustainability Committee on 23 August; [2] the model used to derive the projection in that draft; and [3] supplementary information summarising the experience of the scheme to date. I have also raised questions about some aspects of draft results, to which the Scheme Actuary has responded and made some adjustments where that was considered appropriate. The Agency has taken the steps necessary for me to undertake this review of the "baseline" projection, in accordance with subsection 180E(3) of the NDIS Act.

I have not been provided with the stochastic model presented in section 6.2 of the report. The scope of this review does not include this section.

The last projection I reviewed was the 30 June 2021 projection. This review focusses on the reasonableness of the 30 June 2022 projection. Commentary on changes between projections refer to changes since the 30 June 2021 projection.

The Projection

Methodology

The FSR model projects the amount spent by participants by multiplying expected participant numbers by the expected average amount spent. Both the expected participant numbers and the expected average amounts are based on assumptions that are guided by scheme experience, and judgements of the actuaries involved.

This is done for 2,052 cohorts of participants. The cohorts are defined by combinations of disability type, functional capacity, SIL status, age, and gender. The projected number of participants in each cohort allows for future new entrants, participants who leave, and participants who die. The projected composition of the scheme also allows for those with developmental delay to transition to the cohorts of participants with autism or to intellectual disability, should that diagnosis occur and for the proportion of participants in SIL to vary over time. The average amount spent is projected for each of 15 payment types. Average payments are based upon the experience of those who have been in the scheme for more than twelve months. For non-SIL participants, the average is reduced by 20% in the first year of participation. The reduction factor is 10% for those in SIL.

In future years, the average amount spent is increased to allow for the effect of both normal economy wide wage and price inflation, and the effect of additional scheme specific inflation. As the model does not generally model transitions of individuals within the scheme over time, the effect of these changes is accounted for in the additional inflation assumption. This both increases the dependency of the results on this assumption and complicates the analysis associated with understanding the drivers of this assumption. Further analysis of this assumption has been completed this year.

Comment on key population assumptions

Starting population

The projected population has been updated to allow for the fact that the starting population is 0.8% higher than expected in the prior FSR. In addition, new entrant assumptions and assumptions on participants leaving the Scheme have been updated with the objective of reflecting the experience of the scheme more closely.

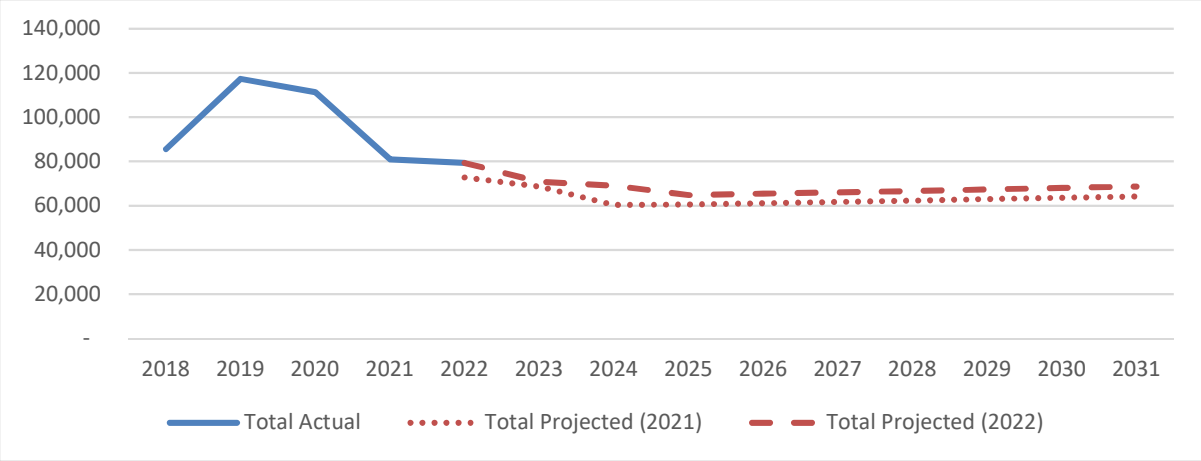
New entrants

The number of new entrants in 2021-22 exceeded that which was expected in the 2021 FSR by 9%. Consequently, new entrant assumptions have been increased to reflect recent experience more closely. The change in the projected number of new entrants is illustrated in Figure 1.

The projection allows for new entrants to reduce from 79,321 last year to 70,747 in 2022-23, before settling further to 64,787 in 2024-25 (around 7% above the prior FSR). New entrants then grow with broader population growth.

The reduction in new entrants over the period to 2024-25 is attributable to the assumption that all those with previously unmet needs (12,077 new entrants across 2022-23 and 2023-24) have joined the scheme by June 2024. In addition to these remaining new entrants with previously unmet needs, this FSR assumes an ongoing rate of new entrants to the scheme with new disabilities of 308.4 per 100,000 population under age 65. There is uncertainty regarding the level at which the rate of new entrants will mature.

Figure 1: Actual & projected total number of new entrants



Whilst the total number of new entrants is important, the distribution of new entrants (by age and disability type) is also important as different new entrants have different plans and will spend those plans differently. Attachment A provides further detail on the assumed distribution of new entrants. This highlights the uncertainty in future new entrant rates at the cohort level, particularly for those with developmental delay and some age groups with Autism. For these cohorts, recent experience has yet to show signs of new entrant numbers tapering towards a longer-term stable rate. This contributes to the uncertainty in the projection.

Leaving the scheme

The projection incorporates assumptions regarding the proportion of participants that will leave the scheme to live independently. Attachment B compares recent experience to that which has been projected.

The Scheme Actuary has examined those that have left the scheme between October 2020 and September 2021[1] to inform updated assumptions in this FSR. Reflecting the limited credibility of this short period, the selected long-term assumptions are a blend of the long-term assumptions held previously, and recent experience. To further consider the reasonableness of these assumptions, the analysis also compared the proposed assumptions to aggregate 2022 experience. When comparing

[1] *Non-mortality exit analysis September 2021*, dated May 2022

to the most recent experience, the report notes that the higher number of people leaving recently is unlikely to be sustained as it related to clearing backlogs.

Figure 7 (Appendix B) shows that the assumed rate of leaving remains slightly higher than that which has occurred in prior years but is generally lower than recent projections. The revised assumptions more closely reflect recent experience. There remains a risk that the rate of participants leaving the scheme will continue to exhibit volatility in the future. The Board should note this risk, and the Scheme Actuary should continue to review and update these assumptions as experience matures.

Figure 7 (Appendix B) also shows that the crude rate of participants projected to leave is expected to increase slightly from 2023 to 2025. This is attributable to a projected increase in the assumed rate at which participants with developmental delay will leave. The average rate for the scheme then declines over the medium term as this group is projected to reduce as a percentage of the total population.

As the FSR does not explicitly model transitions between levels of function, there is a mismatch between the derivation of assumptions regarding the rate at which participants will leave and the population to which the rates are applied in the model. This may result in the model projecting higher numbers of participants leaving than will occur in practice. For example, the model assumes individuals remain in a cohort with the same level of function they held at the start of the projection and leave at the rate applicable to that cohort. Where a participant's level of function reduces over time, they should experience the (typically) lower rate of leaving of that new function. However, as the model has not explicitly altered the participants level of function then projected rate of leaving will not have changed in the projection. The limited and immature scheme experience make the impact of this difficult to quantify. Nevertheless, I note this limitation alongside the discussion of the rates at which participants leave as it contributes to uncertainty in the projection.

Deaths

The projection incorporates assumptions regarding the proportion of participants that will die. Attachment B also compares recent experience to that which has been projected.

Figure 9 (Appendix B) shows that this projection marginally increases the overall assumed rates of mortality. However, due to the combined effect of higher-than-expected deaths emerging after the assumptions were reviewed and the period of investigation selected for the analysis, the model projects 300 fewer deaths in 2022-23 (compared to 2021-22) from a population that is 10% larger. Short term variations in mortality will be a feature of a scheme of this size. Nevertheless, I recommend that these assumptions be reviewed again before the next FSR and that the Scheme Actuary consider basing the assumptions on a longer period of investigation.

Having said that, I note that the number of deaths occurring is relatively small. Consequently, variation between the actual and expected number of deaths will not have as significant an impact on future costs as, for example, variation on the number of new entrants.

Comment on SIL population projection

The projection of participants in supported independent living (SIL) deserves particular attention as, this group accounts for around 30% of the total outlays of the scheme, despite accounting for only 5%

of scheme participants. Small changes in the projected SIL population can therefore have a material impact on the overall projection.

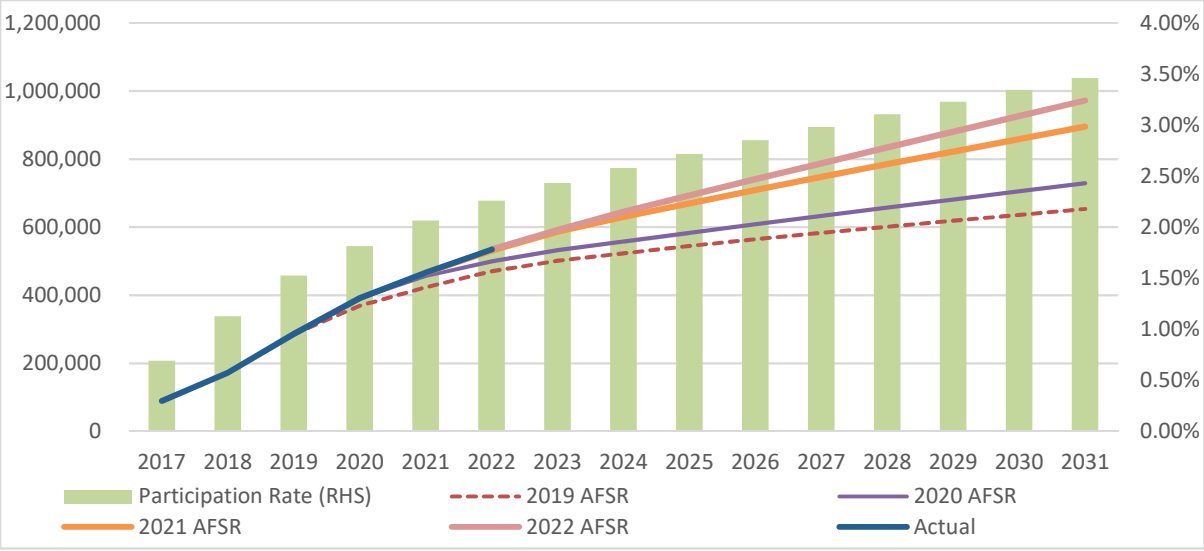
The FSR notes that there have been challenges identifying the SIL population for modelling purposes in recent years. The FSR states that this has been addressed this year by establishing a standard, automated process for classification of this group. This is expected to provide a more consistent base for analysing the experience of this group in the future.

The net increase in SIL participants in 2021-22 was 2,408. The model projects a lower net increase of 1,361 in 2022-23, however this is an increase on the assumptions used in the 2021 FSR. The reduction on recent experience is attributed to clearing a backlog in 2021-22. For this to be achieved in 2022-23, the average net increase will need to be maintained at the lowest monthly increase that occurred in the last 13 months. After an increase of 211 in July 2022, the average monthly increase for the balance of the year will need to reduce further for this assumed net increase to occur. Whilst this FSR projects 2% more SIL participants in 2022-23 (and 10% more in 2031-32) than the prior FSR there remains some uncertainty regarding this assumption and experience will need to continue to be monitored closely.

Comment on the overall population projection

The progress of the projected number of participants in successive FSR projections is set out in Figure 2.

Figure 2: Actual & projected number of participants over time.



The number of participants has consistently exceeded expectations in successive projections. This has demanded that the assumptions underlying the projection be carefully reviewed over time. Earlier projections were based upon new entrant and exit assumptions that were more closely tied to original expectations of scheme experience as there was limited actual experience. Over time, the assumptions have progressively given greater credibility to actual scheme experience. This has improved the performance of the population projection. For example, the 2019 FSR understated the

expected population at the end of projection year one by 5.8% (≈23k participants). The 2020 FSR understated the expected population at the end of projection year one by 2.2% (≈10k participants) and the 2021 FSR understated the expected population at the end of projection year one by 0.8% (≈4k participants). Giving increased credibility to scheme experience has benefited the accuracy of the projection.

Uncertainty remains in the selection of assumptions regarding the long-term rate of new entrants. Analysis of geographical areas that joined the scheme earlier informed the assumptions in the 2021 FSR. This year, that analysis has been updated and full credibility has been given to it. This has increased the total number of expected new entrants and altered the distribution of new entrants across age and disability type. As noted earlier, increasing the credibility given to the emerging experience of the scheme when setting assumptions has been shown to improve the performance of the projection. Nevertheless, the Board should note that some cohorts of new members have exhibited some volatility in experience, and this will contribute to uncertainty in the projection.

Figure 2 also shows that the scheme's participation rate (the scheme population as a percentage of the total population) is projected to steadily grow over time. Some commentators suggest that there is a natural ceiling to the participation rate, by pointing to alternate sources of data. For example:

- The number of Australians with a severe or profound disability is measured in the ABS Survey of Disability, Ageing and Carers (SDAC). The most recent survey was in 2018. This found 357,500 children under age 15 with a disability, including 209,300 children with a severe or profound disability. Four years later there are 221,950 children in these age groups in the NDIS. This may suggest that there remains some scope for this age group to continue to grow within the NDIS.

- This survey also identified 170,100 people with autism who required assistance. At 30 June 2022 there were 182,494 people with autism in the NDIS. This may suggest that the scheme's population with autism could be close to maturity, however this experience has yet to emerge.

- Another source of information may lie in the population receiving the Disability Support Pension. The *Priority Investment Approach 2020 Valuation Report* noted that there were approximately 775,000 individuals receiving disability support payments in 2020. This number has been relatively stable over the last 5 years. By contrast, at 30 June 2022 there were 291,000 participants in the NDIS between ages 15 and 64. The FSR projects that there will be 588,000 in this age group in 2031. Further investigation of the differences in the population of these schemes may help inform the potential population that the NDIS may ultimately support.

Comparisons between NDIS participants and external data sources needs to be undertaken with care as the eligibility requirements of schemes differ, as do the timing of different reports. Nevertheless, there may be a benefit in considering if investigation of the disability support payment population could further inform the potential population of NDIS participants.

Comment on key participant spend assumptions

Average spend

Overall, in 2021-22 the average participant spent 3.8% lower (on a mix adjusted basis) than what was expected in the 2020-21 FSR. Reflecting this, the starting average participant spend in the projection has been reduced by 3.7% overall.

Inflation

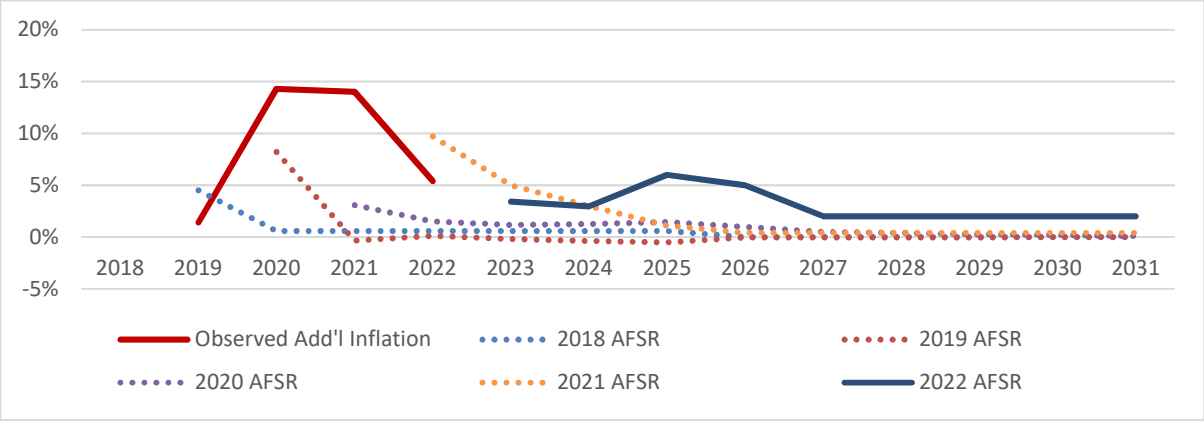
In future, average payments will increase with inflation. The projection models inflation in two components. The first component is the effect of normal wage and price inflation on the scheme. The second component represents additional inflation that is scheme specific. Total inflation assumptions compound in each successive projection year. As a result, the projection results are increasingly sensitive to the inflation assumptions with each projection year.

The projection models the impact of inflation on each payment type. Assumptions quoted in this letter are averages and are provided to assist the reader understand the broader assumptions or the change in assumptions.

Wage and price inflation has increased in the economy. This was reflected in the 2022-23 pricing review. The projection assumes that this component of inflation reflects the price increase in 2022-23 and then follows broader economic forecasts thereafter. Assumed wage and price inflation in 2022-23 is higher than the 2021 FSR by almost 4%. There are then small variances (less than +/- 1%) in subsequent years before wage and price inflation is assumed to revert to the same level as the 2021 FSR from 2026-27.

Selecting assumptions for additional scheme specific inflation has been challenging in successive FSRs. Figure 3 illustrates recent volatility in this component of inflation. It also shows that successive projections have assumed this component of inflation would reduce to negligible levels in the short term and settle at 0% per annum in the medium term. These assumptions have not borne out in the experience to date.

Figure 3: Observed & projected additional scheme specific inflation



This additional inflation has been further analysed this year. There are two key changes to this year's assumptions. The first is an increase in this additional inflation to around 5% in 2024-25 and 2025-26. The second is that this additional inflation does not reduce to zero but remains at 2.0% per annum in the medium term. I comment on each change in turn.

- The first increase is a result of the Scheme Actuary's view that current workforce shortages will ease by the start of 2024-25 and result in increased use of attendant care, therapy, and other supports in this and the following year.

- The assumption that additional inflation will reduce to 0% per annum in the medium term has been replaced by an assumption of 2%. The 0% assumption was highly uncertain and a key reason why I have held the view that future experience may be higher than prior projections. Additional inflation has been attributed to level of function changes, and increased volume and use of supports. These factors materialise in increasing plan utilisation and plan inflation (9% in 2021-22). Whilst the future inflationary environment remains a source of considerable uncertainty, I agree with the Scheme Actuary that an assumption of 0% is no longer appropriate.

The extent to which this assumption bears out in practice remains to be seen. The Board should note that the assumption that additional inflation will no longer revert to zero is a clear change in basis for this projection.

SIL

Average SIL payments have increased by 8.5%, 23.5%, 7.6% and 5.8% in 2018-19 through to 2021-22 respectively. These significant increases have meant that the assumed average SIL payment has lagged experience a little. For example, average payments to SIL participants in 2021-22 were 4.2% higher than expected in the prior FSR. Reflecting this, average payments in 2022-23 are projected to be 5.3% higher than the prior FSR.

The projection assumes average payments will continue to increase at a rate between 4.8% and 5.2%, apart from 2024-25 and 2025-26, when superimposed inflation is assumed to be temporarily higher in a similar manner to that shown in Figure 3. In the medium term, the rate of increase in annual payments is around 1.5% per annum higher than the previous FSR. This is the long term assumed rate of superimposed inflation for SIL participants.

The average amount spent by SIL participants is projected to increase at a rate which is close to, but still below, the lowest rate of observed increase in the past four years. This projection is aligning the assumptions more closely with the experience of the scheme. The introduction of a persistent additional inflation also reflects recent experience.

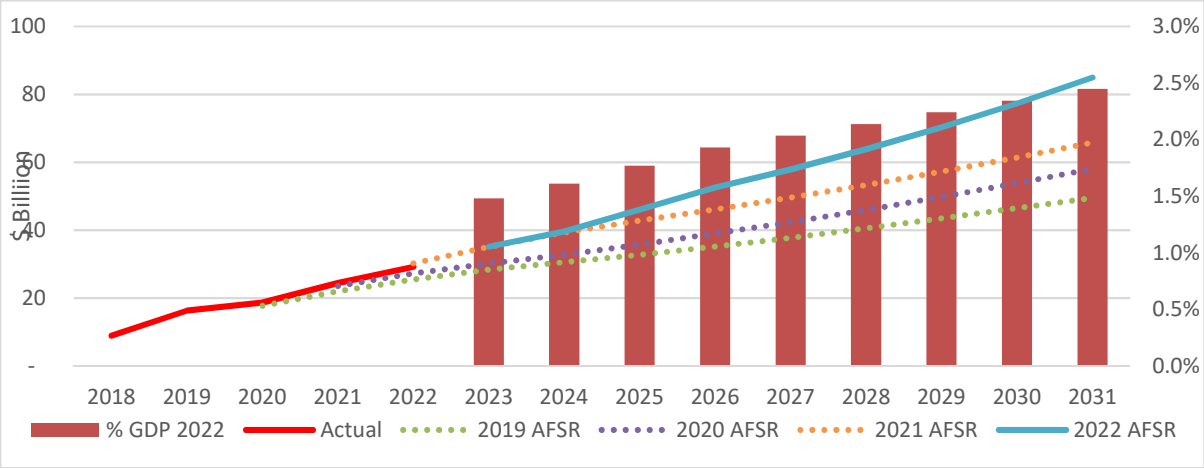
Overall results

Figure 4 shows that the resulting projection is similar to the prior FSR for the first two years, but then steadily increases in each successive year. This increase is primarily attributable to the combined effect of:

- The higher initial population projection increasing at a faster rate than was envisaged in the June 2021 FSR, and
- The total amount spent by that larger population growing at a compounding rate that is at least 2% per annum higher than previously envisaged, attributable to the assumption that additional inflation will persist.

The projected growth in the scheme, as a percentage of GDP, does prompt questions relating to the sustainability of the scheme from a purely financial perspective, this is discussed later in this letter.

Figure 4: Actual & projected total participant spend and agency expenses



Uncertainty

Uncertainty is a feature of any projection.

Whilst assumptions for future inflation are significantly higher than that which were used in prior FSRs, the report notes that the selected assumptions are lower than recent actual experience. There is also uncertainty relating to the number of future new entrants that the scheme will experience. For these key reasons, there is significant uncertainty in the baseline projection, and it is possible that future experience will exceed that which has been projected.

Sustainability

Sustainability is defined by the Scheme. It is achieved when the Scheme is both meeting participants' needs by achieving positive outcomes, and is doing so at a level that is, and is expected to remain, affordable. When considering sustainability, participant outcomes and affordability are complimentary.

The *NDIS Quarterly Report to disability ministers* sets out a range of participant outcomes, including participation in community, employment, and participants' satisfaction with elements of the scheme. There are mechanisms in place that measure the first component of sustainability.

Determining whether the scheme remains affordable, however, is a more nuanced question.

In the short term, the question of affordability is resolved by the budget. If the budget forecasts over the next four years incorporate best estimate forecasts (adjusted for any planned changes to the scheme) then it could be said that the scheme has been judged to be affordable over the four-year budget period.

However, as the scheme will support participants many years into the future, the long-term affordability of the scheme also requires consideration. One measure of this is the level at which total benefits and agency expenses are expected to stabilise as a percentage of GDP. The reason this measure is relevant is that the total taxes collected by governments has been a relatively stable percentage of GDP over the long-term. Schemes for which expenditure is a stable percentage of GDP, at a level that is affordable, are less likely to generate concerns about their sustainability. As the NDIS is still maturing, total participant and agency expenditure will increase, as a percentage of GDP, for some time. To assess long term sustainability, we need to know when we expect the expenditure to stabilise and at what level (if current experience continues). Such analysis would also illustrate the ultimate proportion of the population that the scheme is expected to support. I recommend that the Scheme Actuary incorporate longer term measures of affordability in the FSR.

There is an important link between the scheme's current settings and these long-term outcomes. The FSR projection generally assumes that the current experience of the scheme (which results from the current scheme settings) continue. The scheme's current settings are therefore significant determinants of long-term affordability. Despite the inevitable uncertainty associated with longer term projections, answering the questions set out in the prior paragraph will help stakeholders consider if the scheme's current settings are expected to remain "affordable" in the long-term. Regularly updating this analysis will also inform trends over time.

The FSR reports that total expenditure (as a percentage of GDP) is expected to increase from 1.48% of GDP in 2022-23 to 2.55% of GDP in 2031-32 on an accrual basis. At this time the scheme will be supporting 3.3% of the population, up from 2.1% on 30 June 2022. As many new entrants are relatively young, these metrics are expected to increase beyond 2031.

The definition of sustainability links participant outcomes and affordability. The FSR projects expected numbers of new participants and expected numbers transitioning off the scheme. It can also provide a perspective on how the level of supports change over time. Changes in the status of a participant within the scheme are also outcomes. The FSR can therefore provide additional metrics to consider how the participant outcomes being achieved by the scheme are consistent with the sustainability of the scheme. I recommend that the Scheme Actuary consider how certain measures of participant outcomes can be linked to the overall sustainability of the scheme in the FSR.

Projections are completed for cohorts within the scheme. This allows consideration of sustainability to be undertaken for subgroups within the scheme. Different subgroups will mature at different points in time and should therefore be given individual consideration.

Conclusion

The projection is based on emerging scheme experience.

The participant population has continued to grow faster than expected. This has been reflected in the updated projection of scheme participants. Giving greater reliance to scheme experience has improved the reliability of the projection and further steps have been taken on this path in this projection. I believe that this participant projection is within the range of reasonably likely outcomes. Nevertheless, the potential for variation in the scheme's experience remains. This should continue to be monitored and future projections should be updated accordingly.

A key change in this projection is that additional scheme specific inflation is no longer set to zero in the medium term. This reflects recent experience of the scheme and the Scheme Actuary's view that there are no immediate initiatives that will result in an outcome of 0% being achieved. This is further supported by analysis of additional inflation, which indicates certain drivers (such as plan inflation, reduction in function and factors which lead to increase plan utilisation over time) that are expected to be persistent features of the scheme. I would support the view that additional inflation is unlikely to be zero in the medium term. Whilst there is considerable subjectivity around the choice of actual long term inflation assumptions, the Board should note this change of basis from past projections.

Whilst there is uncertainty around a number of the assumptions (which is exacerbated due to the immaturity of the scheme), I am satisfied that the results of the projection are within a range of reasonably likely outcomes.

With a longer projected time horizon, discussions around the sustainability of the scheme could be more considered, to accommodate the long-term nature of scheme maturity. I have recommended extending the FSR to inform a framework for enhancing how sustainability is assessed and reviewed over time. I have also recommended strengthening the links between participant outcomes and affordability, when considering overall scheme sustainability.

Yours sincerely

Guy Thorburn
Australian Government Actuary

Attachment A: Distribution of new entrants

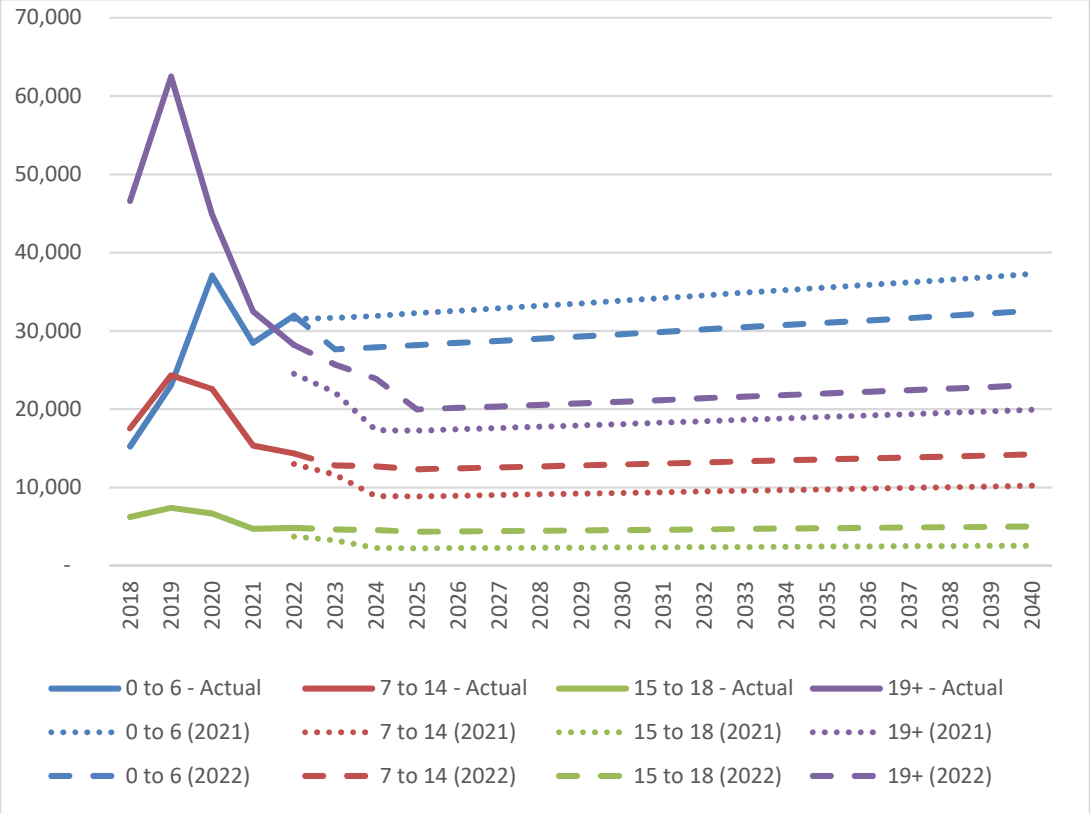
Distribution by age

All age bands experienced higher new entrants than expected.

Figure 5 compares the actual and projected numbers of new entrants for this projection with the previous FSR. This illustrates that the actual number of new entrants was above that which was expected for ages seven and higher. For ages 0-6, new entrants in 2021-22 was very close to that which was expected (1.4% above).

This FSR has based future new entrants on recent scheme experience. This is a change from last year, which averaged the results produced by the direct and indirect methods. Giving increased credibility to recent scheme experience has been shown to improve the accuracy of the projection.

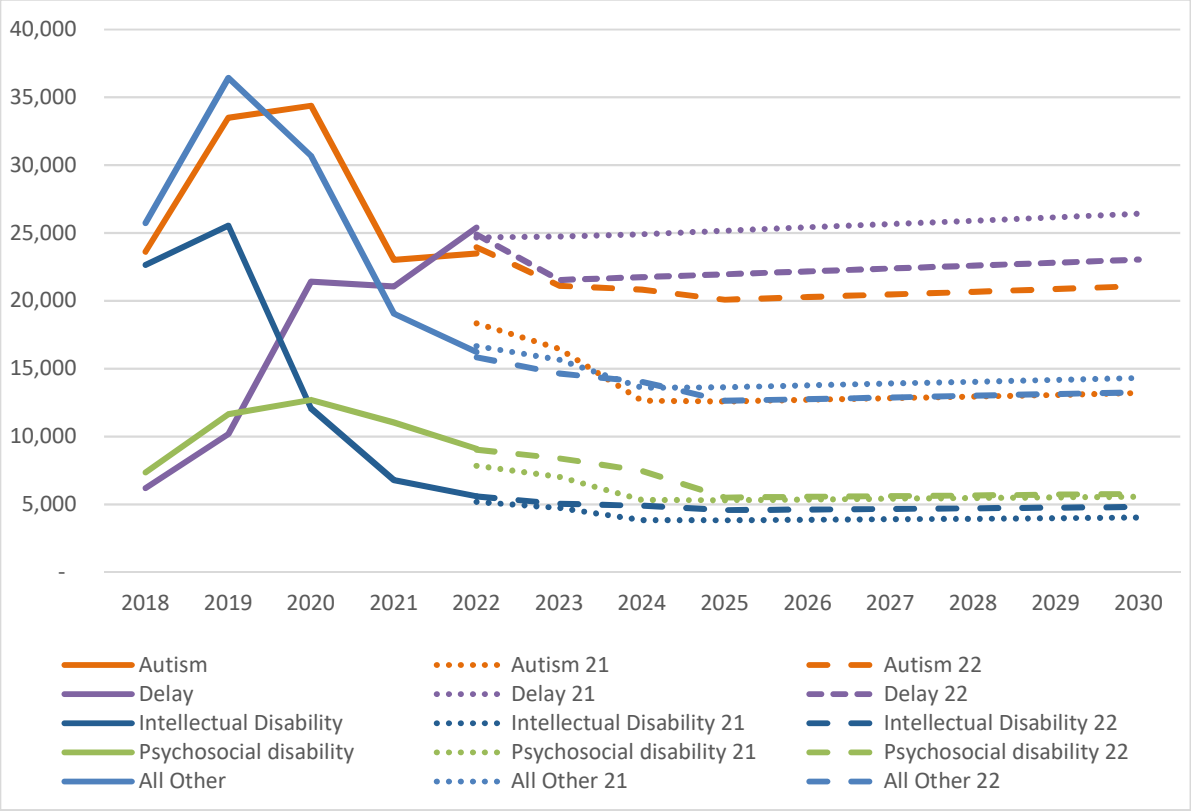
Figure 5: Actual and projected new entrants by age



Distribution by disability

The disability types that have the highest numbers of new entrants are autism, developmental delay, intellectual disability, and psychosocial disability. Figure 6 compares the recent numbers of new entrants with the projected numbers from this and the prior FSR.

Figure 6: Actual and projected number of new entrants for major disability types



Higher numbers of new participants with autism, intellectual disabilities and psychosocial disabilities presented to the scheme than were expected in the prior FSR. Consequently, the projected number of new entrants have been increased, particularly participants with Autism.

Figure 6 illustrates that the number of new entrants appears to be tapering towards a long-term new entrant rate for most disability types. This is due to the assumption that those remaining in the population with a previously unmet need will join the scheme over the next two years.

One cohort, for which it is harder to conclude that the number of new entrants is tapering to a longer-term rate of new incidence is new participants with developmental delay. New entrants to this group have continued to increase. The projected number of new entrants for this cohort is expected to reduce from last year's levels. This places full reliance on the new entrant analysis at the youngest ages and will be a test of the methodology used to derive these assumptions.

Figure 6 groups all other categories of disability. This comprises many smaller cohorts. The total number of new entrants for these cohorts in 2021-22 was similar to that which was expected in the 30 June 2021 FSR. Projected new entrants have been largely maintained for the first three projection years, before being reduced thereafter.

As noted earlier, new entrant assumptions have given increased credibility to recent experience. This practice has been shown to improve the accuracy of the projection. New entrant numbers for

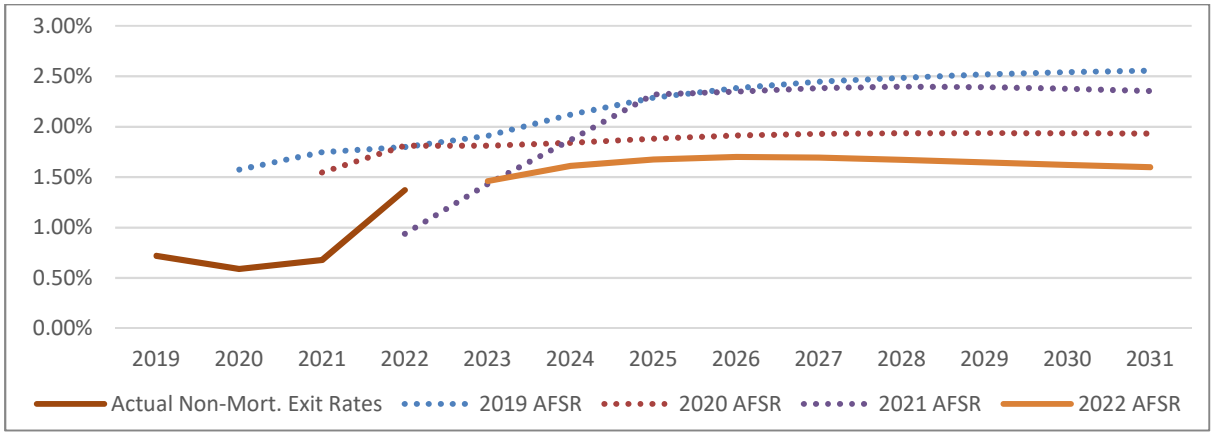
participants with autism and developmental delay have exhibited some volatility. This illustrates the importance of reviewing these assumptions annually and contributes to uncertainty in the projection.

Attachment B: Mode of departure

Leaving the scheme

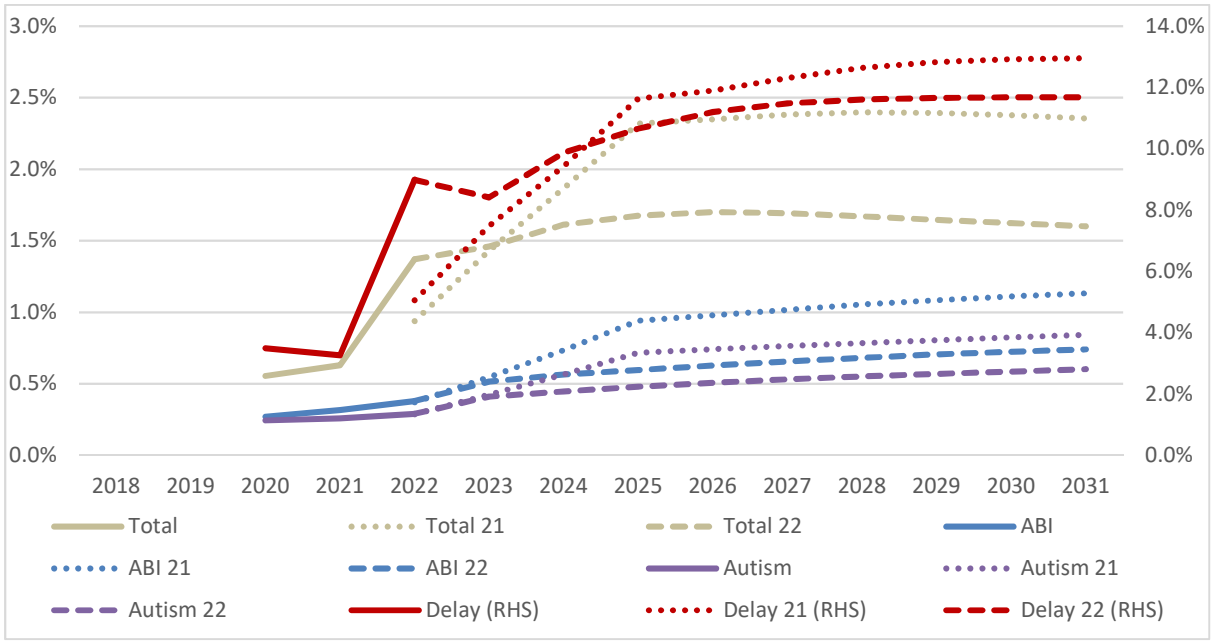
Figure 7 compares recent rates of leaving the scheme with recent projections. This shows that the rates at which people are expected to leave the scheme have been reduced in this projection to a level that is more consistent with the experience in 2021-22.

Figure 7: Actual and projected crude rate of leaving



The movement in the rates participants are expected to leave the scheme rates by disability is illustrated in Figure 8. The lines labelled “Total” show the progress of the scheme average across all disabilities. The lower lines illustrate how the components in respect of participants with Autism and ABI have been reduced this year. The red lines plot the rates of leaving for developmental delay. This cohort has the highest expected rate of leaving and is plotted against the right-hand axis.

Figure 8: Selected Actual and projected rates of leaving by disability

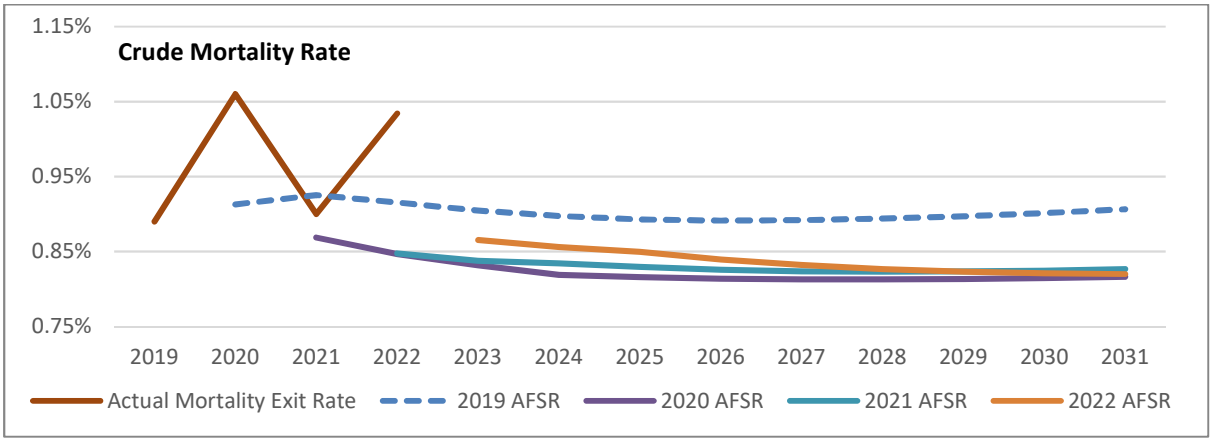


Mortality

Participants may also cease to participate in the scheme due to their death. Figure 9 compares the recent actual crude mortality rate for the scheme with that which has been incorporated in recent projections. Historical experience is expected to exhibit significant volatility in a population of this size.

Overall, this projection has marginally increased the expected aggregate level of mortality in the scheme, albeit not to the extent of the most recent years' experience. Within the model, assumptions are set by age, disability type and level of function. The aggregate result illustrated in Figure 9 masks variations within individual cohorts.

Figure 9: Actual and projected crude mortality exit rate



The variation in mortality rates from year to year illustrates the challenges in setting this assumption.

Mortality assumptions were reviewed based on 13 months of scheme experience to February 2022. The higher-than-expected number of deaths in 2021-22 (Figure 9) primarily occurred from January to June 2022 and were largely excluded from the analysis. Consequently, the model projects 300 fewer deaths in 2022-23 (compared to 2021-22) from a population that is around 10% larger. Should the experience of the last six months of 2021-22 be the beginning of a more persistent trend, the assumed rates will underestimate the number of deaths.

I note that the Australian Life Tables are based on three years of deaths for a population that is over 40 times larger than this scheme. Part of the reason for this is to reduce the impact of short-term volatility in the number of deaths on the results. I would recommend these assumptions be further reviewed before the next FSR. When next reviewing these assumptions, I would suggest the Scheme Actuary consider using a longer period of investigation.

Whilst noting the above, the total number of deaths in the scheme is relatively small. Differences between the assumed number of deaths and the actual number of deaths will not have as significant an impact on the participant projection as, for example, variations in the number of projected new entrants.