The objectives of this study are to compare and analyse the new and old government pension policies in Malaysia in terms of the longevity factor. Pensions are paid for the rest of the pensioner’s life and in the form of derivative pensions to the spouse and child (if any) in the event of death. Hence, the longevity factor for a pensioner who survives and a pensioner who dies are formulated and estimated separately for both pension policies. In order to formulate these longevity factors, it is important to develop a family model for these two categories of pensioners separately. To formulate and estimate these factors, the theory of annuities and the Pension Law of Malaysia need to be studied. A comparison was conducted using empirical data sets of male pensioners in Malaysia from 1991 to 2000. It was found that the new government pension policy will result in more favourable financial implications for government employees or pensioners in the future.