

The Policy Research of Pension Reform of China

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Abstract

An aging population and the present situation of the "not rich first old", pension in our country to bring huge pressure. In terms of endowment insurance, the personal account empty account operation and ensure the pension payments and other issues, scholars on whether to retirement and pension reform has carried on the extensive investigation on how to. In this background, in this paper, the current retirement system are analyzed, and points out its problems and reform basis, finally from the perspective of the retirement age, retirement system reform ideas and countermeasures are discussed, namely, raising the retirement age and adopt flexible retirement system.

Keywords: Retirement System, the Retirement Age, Elastic Retirement, Reform

1. Introduction

The problems of current retirement system is low overall retirement age, serious phenomenon of early retirement and retirement benefits, retirement age gap becomes bigger such as lack of flexibility, retirement system. The future retirement system in China is facing a rapid population ageing, demographic dividend will soon disappear, the laborer rights consciousness enhancement, retirement security system is not scientific, and many other challenges. The basic goal of pension reform in China is to pursue and the dynamic coordinated economic and social development; Elastic retirement system is China's pension reform direction; Strictly regulate and control the early retirement behavior is the basis of the pension reform work; The future need to female male, timely moderately raising the retirement age, after the establishment of a fair, scientific and sustainable retirement security system.

2. Literature Review

Zonghua Zhang, Haijun Chen thinks that need to gradually improve the legal retirement age for retirement system reform, to implement flexible retirement policy as soon as possible, cancel the system of early retirement, unified enterprise and the endowment insurance system in government institutions. Xiaoli An thought, establishes the elastic retirement system should be carefully analyze the situation of the implementation of the foreign advanced experience and, on the basis of this combined with our country's basic national conditions, to develop a flexible retirement system with Chinese characteristics. Mingli Zhang, FangLi, Xiaomei Qin in inelastic analysis of the current situation of population aging and retirement system and cause problems such as wasting human resources after think, it is imperative to reform and innovation of retirement system, extending legal and emeritus age, flexible retirement policy, is the inevitable trend of pension system reform. Da Di, Fengxuan Song thinks, speeding up China's population aging process, delay retirement age policy and the endowment insurance system is not in harmony, hindered the sustainable development of old-age insurance system, which makes the retirement age, actively promote the elastic retirement system is imperative.

Above all, most scholars agree pension reform. But about countermeasures that a retirement system reform, scholars are basically theoretical Suggestions are given, readability is stronger, but practicality is not high. Therefore, in this paper, the retirement age as the breakthrough point, think can pension system reform from two aspects: first is to adjust the retirement age, and gives the specific countermeasures of raising the retirement age; two is to implement flexible retirement system, because individual level is limited, can't give the concrete countermeasures of elastic retirement system. Regardless of what kind of policy implementation, should be fully listeners, pilot, advance step by step.

3. The Problems Existing in the Current Retirement System

China is for the general provisions of the retirement age, basic used for 1951 years in the *labor insurance regulations* and 1955 "*the interim regulations on national office working personnel retirement in the regulation of retirement age*". But with the aging of the population increased in recent years, the extension of life expectancy, the change of population age structure, the current retiring system is no longer suitable to present situation, mainly the following aspects of problems.

3.1 The Retirement age Gap is Large, the Retirement Age is too Low

At present, the male workers retirement age of 60, female people 50 years old, female cadres for 55 years of age. According to statistics, the world about 60 male average retirement age, about 58 women, among them, the provisions of the men and women the same retirement age for a majority of countries. Our country's actual retirement age on average is 53, significantly lower than the world average. In extended life expectancy and aging process to speed up the backdrop, highlights the fact of our country's overall low retirement age.

3.2 Pension Supply Pressure

The extension of life expectancy, the arrival of the era of population aging, makes the Chinese government increasing expenditure for pensions and pension gap is widening, the current system is facing the demand of pressure. The research thinks, China's pension shortfall could reach 18.3 trillion in 2013. As you can imagine, suppose the prediction was established, the current social pension gap will account for 35% of the GDP in China. Huge pension gap will surely affect the country's fiscal consume, will also bring huge pressure to fill for the national finance.

3.3 The Existence of Double-Track Pricing System

Our country at present has two sets of parallel pension system. Retirement system is a set of administrative institution, individual not pay pension, by the fiscal expenditure. Another set of pension funds is the enterprise unit, by enterprise and individual is collective pay a certain percentage of the pension. Of the civil servants working need not pay cost, when after retirement pension is higher than pay cost of enterprise employees, this creates a obviously unfair.

3.4 Early Retirement Situation is Serious

According to the regulations of the China's retirement age, special type of work, occupational injury, disability, and so on and so forth can be normal to retire ahead of schedule, this is normal protective measures for workers. But, in addition to normal to retire ahead of schedule, to China's regulations on there are more used to retire early but abnormal retirement conditions do not conform to the requirements of the policy. A lot of phenomenon of early retirement, reduce the worker's retirement age in China, increase the pressure of the pay endowment insurance treatment.

4. The Thinking and Countermeasures of Reforming the System of Retirement

4.1 Extending Legal and Emeritus Age

4.1.1 The Objective Facts of Supporting the Extend of Legal and Emeritus Age

First, Life expectancy in China has been improved greatly. The average life expectancy of population is an important factor to determine the age of retirement. The average life expectancy is shorter, earlier retirement age; The average life expectancy is longer, the retirement age will be late. Around 1949, according to the survey, the average life expectancy of 42.3 years of our population, China's population in 1957 the average life expectancy is up to 55.87 years old. In 2010, the population of China has reached 74.83 years, life expectancy for the extension of the retirement age to continue the employment objective foundation.

Second, initial employment age extend in our country. After the reform and opening up, the nine-year compulsory education universal away, across the country popularize higher education step by step. But the general improvement in level of education, also means that the people by the education of life growing, the initial employment age must back accordingly. For example, start working age is 22 years old, undergraduate graduate students begin to work for 25 years old, a doctoral student for 28 years of age or later. If still perform the existing retirement age and retirement system, can affect the effectiveness of human capital.

Third, problems of the pension shortfall become serious. With the reform of the urban endowment insurance system, officially established in 1997 is characterized by society as a whole and individual account combination of hybrid endowment insurance mode. However, retired worker, known as the "old man") and before the implementation of the individual account system earlier working on-the-job worker (the so-called "middleman"), in the past working years was not the accumulation of individual account, but need to pay pensions. So, in order to solve the problem of retired worker pension payments, social security institutions have used "mixed management" convenient, appropriate of on-the-job worker individual account funds directly, and then led to a personal account deficit. According to The Ministry of Labour and Social Security, according to the relevant documents in 2000 China's pension "empty account" is just as more than 360 one hundred million yuan, to the end of 2005, the "empty account" has reached 800 billion yuan.

Fourth, population aging degree is increasing. According to the national one percent population sampling at the end of 2005, China's population of more than 100 million people aged 65 or over 7.7% of the total population. To reach 10.5% of the total population of elderly people over the age of 60, 2050 will rise to more than 28%. Standard according to the United Nations, if a country old people aged 60 to 10% of the total population, or 65 years old or older, constituting more than 7% of the total population of this country has already belongs to an aging population countries.

4.1.2 The Practical Significance of Extending Legal and Emeritus Age

First, alleviate the pressure of the endowment insurance fund expenditure. According to the analysis, delay retirement age in China every year, the pension fund can increase 4 billion yuan, reduce the spending of 16 billion yuan, and alleviate the fund gap of 20 billion yuan. Therefore, raise the retirement age can control degree of pension funding gap, is advantageous to the pension balance, delayed the arrival of the fund gap time.

Second, make the use of human resources of the age. Graduate degrees workers can only work for 33 years, and must retire at the peak, and the highly educated role in national economic development is self-evident, for our country's economic and social development is undoubtedly enormous waste. Therefore, reasonable raising the retirement age can not only make high degrees can give full play to the role of our country, make full use of the resources, to promote China's economic and social development of fast, and can make them fully safeguard the rights and interests.

Third, reduce the economic burden of the family. With the implementation of family planning policy of our country and people's thought idea transformation, "421" family structure has become the mainstream of urban areas, and facing the employment pressure of young people and old people health pension spending huge economy increased a lot of family pension burden. Extend the retirement age, therefore, not only can make the elderly continue to increase their income, employment ease burden of family pension, also can effectively alleviate the elderly because of the loneliness of children busy with work.

4.1.3 The Principle of Extending Legal and Emeritus Age

On the specific operation, the adjustment of the retirement age to adhere to the Nobel laureate economist Peter diamond mentioned three principles. First, the adjustment of the retirement age should be pegged to the date of birth, and cannot be linked to retirement date, otherwise it will cause strife to catch the last bus. Second, the adjustment of the retirement age to step by step, to avoid people nearby different generational gap is too big. Gap causes unfair and politically infeasible. Third, with retirement age adjustment related pension treatment way to be transparent, let everybody can be adjusted to all know fairly well, combined with their own situation, make a rational choice.

4.1.4 The Methods and Steps of Extending Legal and Emeritus Age

About extending legal and emeritus age, when to extend, how to extend, is more concerned about, the following simple to discuss.

Table 1: Development of China's Future Population Forecast (1990-2050)

Comparative item/year	Each age group population (One hundred million)					Old age support rate (%)	Old age support rate (%)
	population	0~14	15~59	>60	>65	>60/15~59	>65/15~64
1991	11.6	3.20	7.40	1.02	0.66	9.6	5.9
1995	12.3	3.42	4.74	1.15	0.75	10.3	6.5
2000	13.0	3.53	8.22	1.28	0.87	10.9	7.2
2020	14.8	2.82	9.70	2.31	1.61	18.5	12.2
2030	15.3	2.76	9.18	3.35	2.24	28.0	17.1

Expected after 20, workforce in China began to decline, at this time there will be labor aging and labor shortages, and improve the legal and emeritus age can reduce the number of on-the-job worker pension burden, so as to save money, increase the national output. From the perspective of the average life expectancy of population in our country, after 20 years since the 1950s to the worker's legal and emeritus age of 55 years old male, 60, female cadres (women workers 50) until men and women are all 65 - year - old is feasible, there is a basis (Table 2).

Table 2: China's Population Changes in the Average Life Expectancy

Time(year)	Man	Woman
1950—1955	40.0	42.3
1980—1985	66.1	69.1
1991	67.7	71.1
2000	69.0	72.4
2030	73.2	77.0

According to the changes in working age population, improve the legal and emeritus age can take step-by-step manner.(1):2020 years ago, due to the social employment pressure continues to increase, the retirement age can keep constant current regulation;(2):since 2020, alleviate employment pressure, legal and emeritus age can take every increase 1 "step-by-step" at the age of 3 years, gradually increase the legal and emeritus age to 60 or 65 years old, in order to reduce the burden of old-age insurance system;(3) after 2050, the worker legal and emeritus age can be stable in the age of 65. According to every three years to improve the practice of 1 year old, 2020-2060 years in our country employment population can be roughly as follows (Table 3).

Table 3: In China in 2020-2060 Working Age Population of (One Hundred Million People)

Time(year)	2020	2025	2030	2035	2040	2045	2050	2055	2060
Working age population	7.6	7.5	7.6	7.7	7.7	7.8	7.9	7.6	7.3

From table 3, we can see Labour took step by step to improve the practice of legal and emeritus age, guarantee the smooth transition of the working age population. On the one hand, legal and emeritus age, 2020 years ago reduced total population increase employment pressure; Since 2020, on the other hand, raising the retirement age step by step, added 18 to 54 people to reduce the shortage of labor supply pressure. So, take it step by step to improve the practice of legal and emeritus age, both for the endowment insurance fund balance of payments and the change of the social employment pressure, and can realize the pare to improvement of labor resource allocation.

4.2 Adopt Flexible Retirement System

4.2.1 Designed Goal of Elastic Retirement System

Designed goal of elastic retirement system should be to "contain unreasonable to retire ahead of schedule, make full use of human resources, pay attention to the protection of vulnerable groups". "Curb unreasonable to retire ahead of schedule" means to eliminate individual before the minimum retirement age pension; "Make full use of human resources" refers to allow individuals according to oneself circumstance within the scope of the policy allows to choose the appropriate retirement age, encourage high-quality talent delay retirement; "Pay attention to the protection of vulnerable groups" refers to the annuities plan hair method reform cannot overemphasize actuarial neutral principle, because of poor health may not be able to stick to a legal and normal retirement age, for vulnerable groups, should notice to play a role of endowment insurance system of income redistribution.

4.2.2 The Feasibility Analysis of Elastic Retirement System

First, elastic retirement system can realize make full use of human resources. Human resource natural endowment of the laborer and the capital formation of the factors such as composition, the performance of different human capital on economic growth and contribution is different, eventually exit time must also exist differences in the field of labor. In addition, the social demand for person of ability is not a single, different professions to the physical and mental requirements of laborer is different, its practitioners of professional cachexia and peak also have differences. Significant differences manual workers and mental workers, individual human capital also because different individuals to invest in human capital and differences. If flexible retirement age of retirement, laborer can reinvest to social capital, social capital can continue accordingly. Different individual and social interaction in different ways, and the richness of social capital is different also. Therefore should implement flexible retirement policy varies from person to person, the optimize allocation of human resources.

Second, elastic retirement system helps endowment insurance fund balance. Retirement age system arrangement is one of the important variables affecting endowment insurance fund balance of payments, the right elastic retirement system can be designed to achieve the effect of retirement. Under the pay-as-you-go system to on-the-job worker contribution to pay the pensions of retirees treatment, and thus reasonable population age structure is an important parameter of system stable operation, under the population aging to maintain balance or increasing the income of the pension system, increasing the younger generation of pay cost, or cut pension costs, and welfare spending and rigidity characteristics, if increase the pension contribution rate of income growth, and the improvement of contribution rate will increase the cost of production of enterprise, is not conducive to enterprise development. China's abundant labor resources and capital are relatively scarce, and our country social insurance contribution rate is quite high.

Third, flexible retirement policy will not necessarily increase employment pressure.No matter in theory or in practice, the retirement age between the total height and macro employment is not directly related.The elderly and young on jobs and to adapt to the career are not completely alternative.Due to differences in the elderly and the young in body and mind does not necessarily constitute a relationship of confrontation, and even form complementary, can be formed on the basis of more detailed social division of labor.

Forth, reasonable elastic retirement system design can inhibit the early retirement.Statistics: according to the ministry of labor and social security to retire early, 559000, 2002 to retire ahead of schedule with the current number of retirement than 23%, poses a great burden to the pension system.Reasonable flexible retirement policy based on the legal minimum retirement age to remain in the labor market of the employees to give material incentives, and do not meet the legal minimum retirement age and early retirement to give financial penalties, encourage the retirement, reducing the pressure of endowment insurance of balance of payments.For some early retirement due to health reasons can't continue to work due to the economic income fell sharply and living difficulties can be incorporated into the scope of social assistance to solve.

4.3.3 Recommendations on Implementation of Elastic Retirement System

First,Discrimination in the retirement age, no one size fits all.Different type of work or career, should stipulate different retirement age, should not be a simple "one size fits all".Especially, we must give full consideration to the overall economic and social changes, give full consideration to the disadvantaged, laid-off workers, individual ginseng protects objects and front-line workers to bear ability, reflects the system of human nature.

Second,on the system formulation and specific implementation details should be fully consultation, respect for public opinion.Major policy and adjustment, and shall be examined and approved by the supreme organ of authority by the state democratic vote on the agenda, can only into the implementation and enforcement procedure;Even if is the problem that administrative department shall have the right to decide, also should make full consultation, respect for public opinion.

Third, reform of the retirement will commence. Allow the system inside and outside the system to enjoy fair treatment of retirement.Mainly includes the wages, welfare, etc., can not only see the retirement age is a kind of inevitable trend, also see another trend, reform will commence retirement.

Forth, take the overall consideration of implementation and supervision of elastic retirement system. Although system can in different areas, different industries, different people delay retirement age to make arrangement, but the system design is only one aspect, the key is who the execution of a system to grasp the scale of the elastic, decide whether fair, especially needs to be addressed. How to supervise the power, who to supervise, are related to the elastic retirement system fair big problem, need to overall consideration.

5. Conclusion

Pension reform is a complex thing, involving the interests of all parties, and retirement system itself some problems haven't solved, it is unwise to rush to reform. From the national level, field investigation, the government should carry out the pilot test, fully listen to the views of different areas and experts on behalf of, at the right time to reform. From a personal level, individual pension reform involves each and every one of us, we want to express their wishes and Suggestions in time, make recommendations for national reform, achieve a win-win situation. Finally, pension system reform in our country, to meet the basic requirement of the scientific outlook on development, follow the basic principles of timely, potential and moderate, should be considered an aging population and the influence of factors such as employment, based on national conditions, a modest, progressive, elastic.

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