



# Income security schemes of Chinese elderly: situations, gaps, and policy-reorientations

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# Outline

- Income security schemes for Chinese elderly
- Current situations of income security of Chinese elderly
- Gaps between older persons needs and policies in mainland China
- Discussions on future policy-reorientation

# 1 Income Security Schemes for Chinese Elderly

## Income security schemes and its indicators

**Income level**

**Pensions**

**Valued service for elderly**

A  
V  
E  
R  
A  
G  
E  
  
I  
N  
C  
O  
M  
E

**Major income sources**

**incomes**

**Labor & business**

C  
O  
V  
E  
R  
A  
G  
E

**Level**

**Amount of money**

**Care's services**

**situations**

**Needs**

## 2 Current situations of income security of Chinese elderly

- Income sources by age
- Income sources by gender
- Income sources by marital status
- Income sources by residence
- Dynamic changes of average level by gender and residence
- Average level by occupation in urban regions



# Income sources of Chinese elderly by age 2010 (%)

Major income sources	60-64	65-69	70-74	75-79	80-84	85+
Total	100	100	100	100	100	100
Labor	48.1	34.6	18.1	10.1	4.0	2.5
Pensions	23.3	24.6	26.6	25.1	22.3	17.3
Support from other family members	24.3	35.1	48.2	57.1	65.5	71.4
Lowest security	2.3	3.5	4.8	5.4	5.9	6.4
Property income	0.5	0.4	0.3	0.3	0.2	0.2
Others	1.6	1.8	2.0	2.09	2.1	2.1

Data sources: National population census in 2010

# Composition of income sources of Chinese elderly by gender in 2000 and 2010 (%)

Income sources	2010			2000		
	Total	Male	Female	Total	Male	Female
Total	100	100	100	100	100	100
Labor	29.1	36.6	21.9	33.0	42.7	23.7
Pensions	24.1	28.9	19.6	19.6	26.7	12.9
Support from other family members	40.7	28.2	52.6	43.8	27.0	59.8
Lowest security	3.9	4.1	3.7	1.6	1.5	1.6
Property income	0.4	0.4	0.3	0.2	0.2	0.2
Others	1.8	1.8	1.9	1.8	1.9	1.7

Data sources: National population census in 2000 and 2010

# Composition of income sources of Chinese elderly by marital status 2010 (%)

Major income sources	Marital Status			
	Single	Married	Divorce	Widowed
Total	100	100	100	100
Labor	35.9	34.5	26.8	14.4
Pensions	5.3	27.4	34.5	16.5
Support from other family members	17.6	33.6	27.4	61.3
Lowest security	34.1	2.5	8.1	5.5
Property income	0.3	0.4	0.5	0.3
Others	6.9	1.6	2.6	2.1

Data sources: National population census in 2010

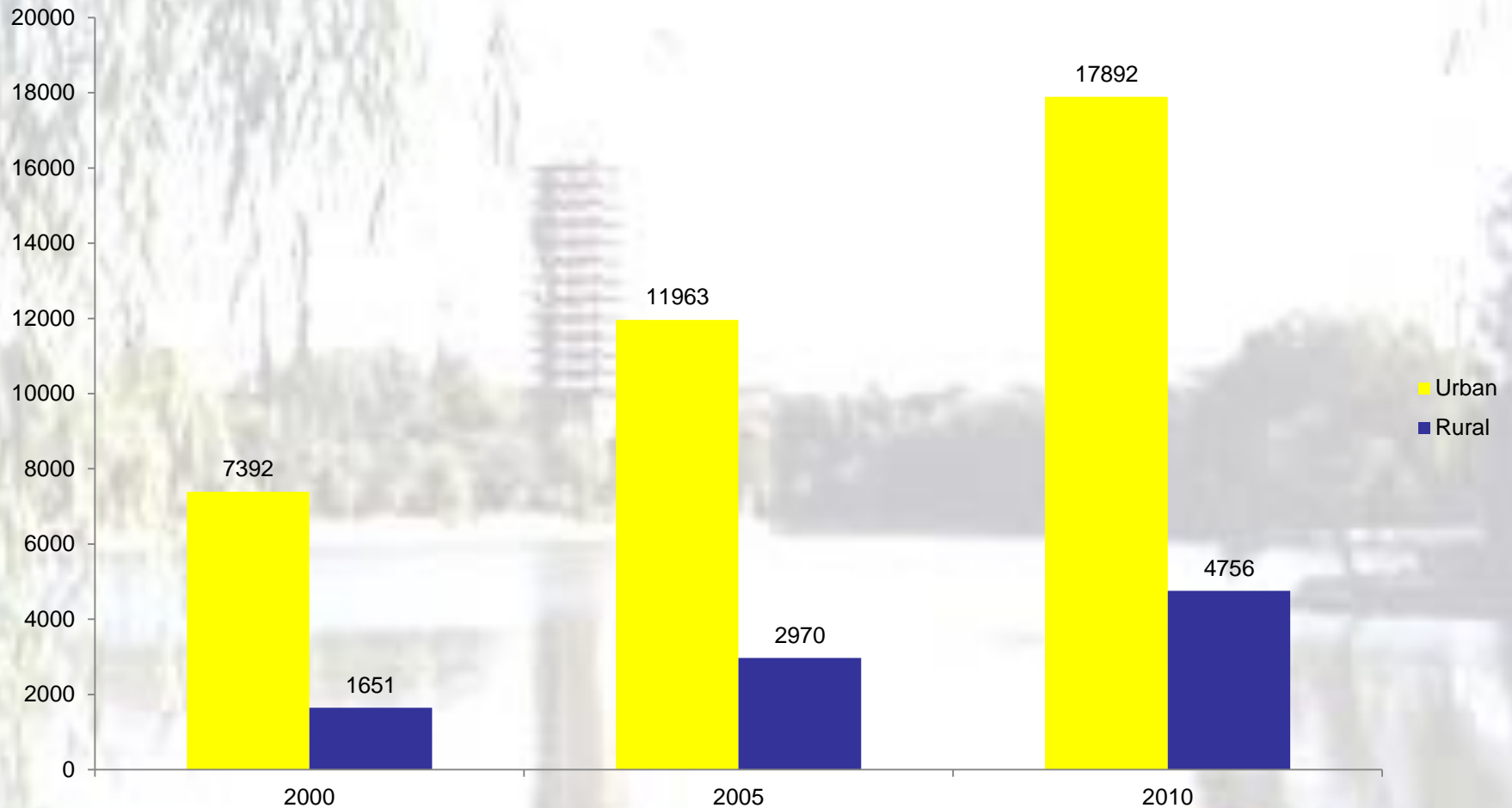
# Composition of income sources of Chinese elderly by gender and residence 2010 (%)

Major income sources	Urban			Town			Village		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	100	100	100	100	100	100	100	100	100
Labor	6.6	9.7	3.7	22.3	29.2	15.7	41.2	50.5	32.1
Pensions	66.3	74.2	59.0	26.3	35.2	17.8	4.6	7.2	2.1
Support from other family members	22.4	12.1	31.9	44.5	28.7	59.4	47.7	35.1	59.9
Lowest security	2.3	1.8	2.9	4.2	4.1	4.4	4.5	5.1	3.9
Property income	0.7	0.7	0.6	0.5	0.6	0.4	0.2	0.2	0.2
Others	1.6	1.4	1.8	2.2	2.1	2.2	1.8	1.8	1.8

Data sources: National population census in 2010

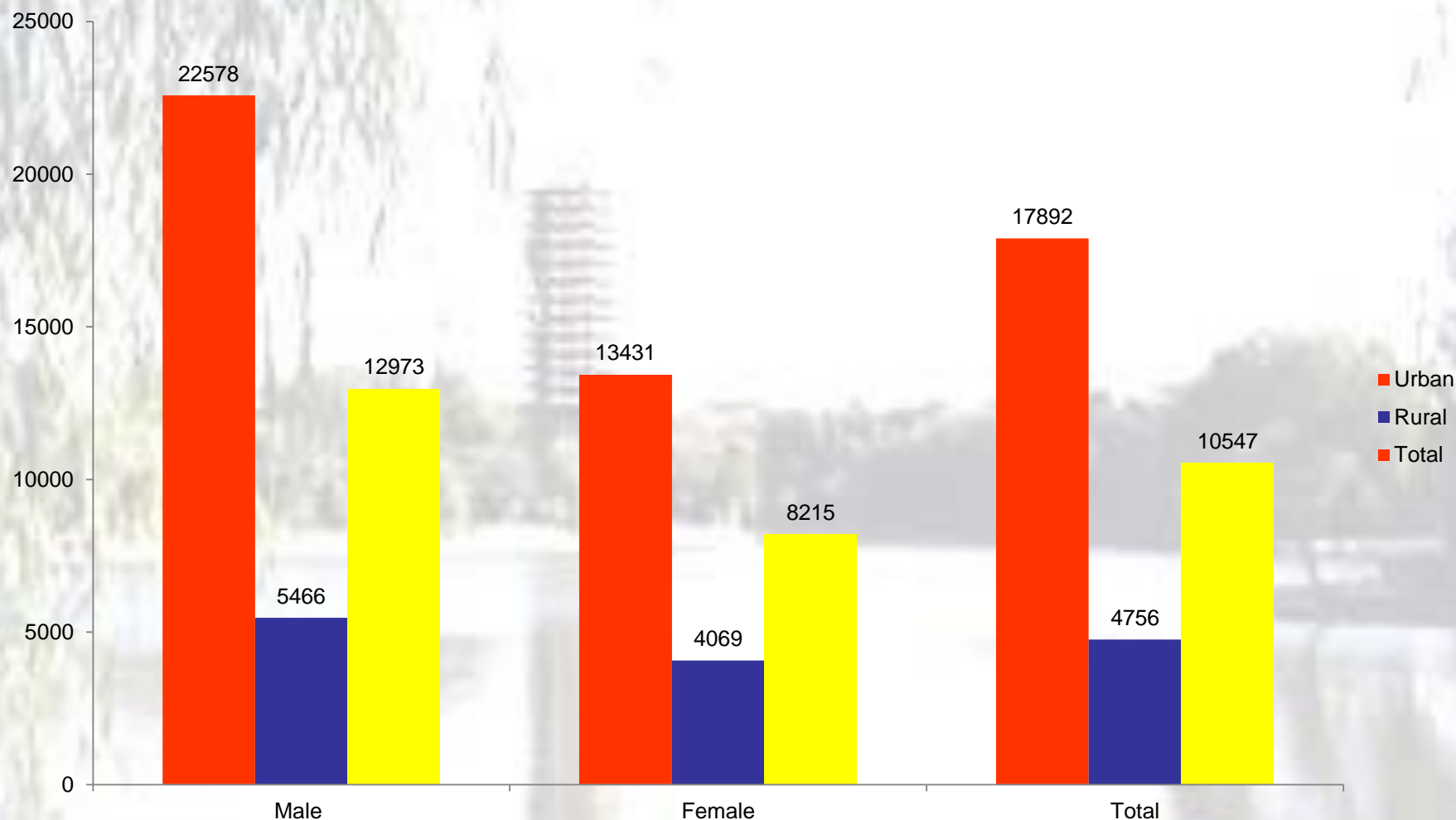


# Average income for Chinese elderly by residence in 2000, 2005, and 2010 (Yuan)



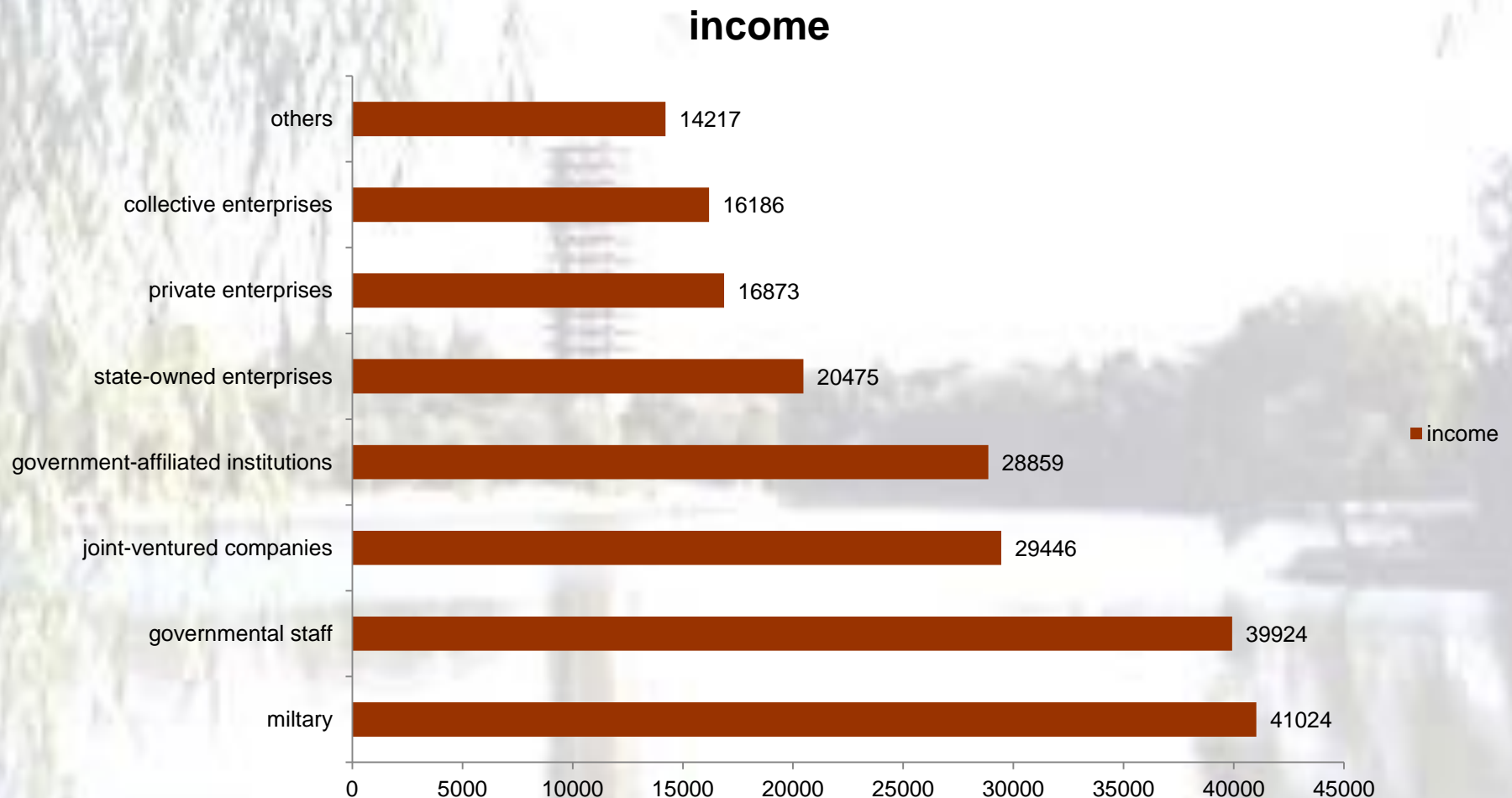
Data sources: Urban-rural survey of elderly population in 2000, 2005, and 2010

# Average income for Chinese elderly by gender and residence in 2010 (Yuan)



Data sources: Urban-rural survey of elderly population in 2010

# Average income for Chinese elderly by occupations before retirement in 2010 (Yuan)



Data sources: Urban-rural survey of elderly population in 2010

# 3 Gaps between older persons needs and policies in mainland China

- Gap One: income disparities are becoming wider
- Gap Two: There is a quite lower coverage of pensions for Migrants in urban regions
- Gap Three: Imbalanced supplies and demands for care's services among Chinese elderly
- Gap Four: Larger differentials in income sources by gender and residence
- Gap Five: regional differentials in policy implication
- Other gaps ... ..



# Gap One: Income disparities after retirement and reasons

**Binary Old-age  
Security System  
between Urban  
and Rural Area**



**Double-track  
Pension System  
between  
Government Staff  
and Enterprises  
Staff**



**Income  
Disparities**

# Reasons of income disparities after retirement

Income Category	Pension for government staff	Old-age insurance for urban workers	Old-age insurance for urban residents	Old-age insurance for rural residents
Treatment Standards after Retirement	90% / 85% / 80% * of the last month's salary before retirement	Basic pension= 20% of last year's annual average social wage + (Individual account capital/139)	Basic pension= 55Yuan/month + (Individual account capital/139)	Basic pension= 55Yuan/month + (Individual account capital/139)

- \* 90%: >35 years' working period;
- 85%: 30-35 years' working period;
- 80%: 20-30 years' working period.

# Macro consequences of income disparities among Chinese elderly

**The poor getting poorer,  
the rich getting richer**



**A widening income gap**



**A stronger sense of  
unfairness**



**Intensified social conflict**

# Micro consequences of income disparities among elderly

## Negative Effects on the Elderly's Quality of Life

**Living Place**

**Attitude toward Institution**

**Medical Condition**

**Social Participation**

**Demand for Social Service**

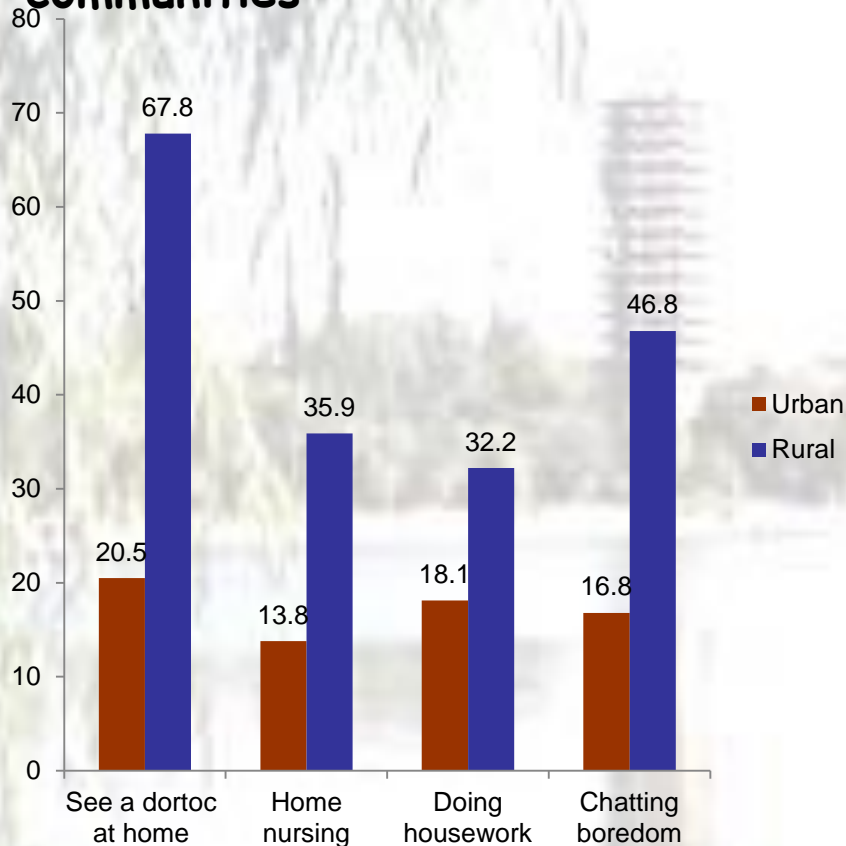


# Gap Two: lower coverage of pensions between local people and migrants

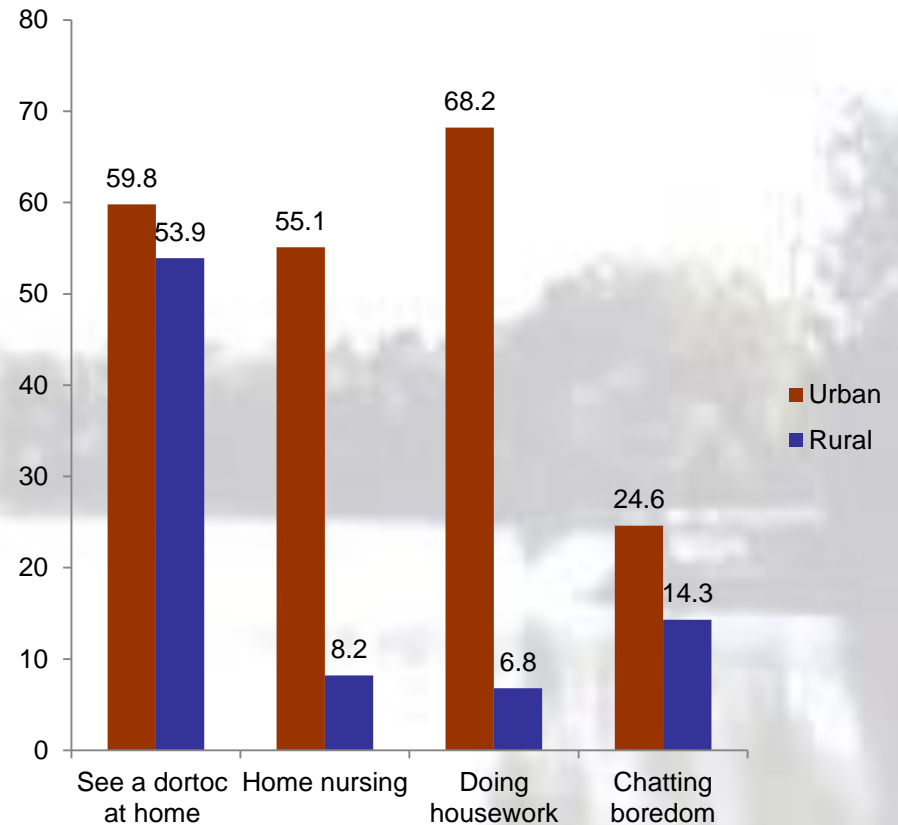
	Urban local	migrants
<b>Informal jobs: social security (%)</b>		
pension	54.8	2.1
unemployment	12.6	0.4
On job injuries	6.0	1.2
Medical care	32.6	1.3
<b>Formal Jobs: social security (%)</b>		
pension	82.1	29.0
unemployment	39.7	17.8
On job injuries	29.1	31.7
Medical care	71.4	29.7

# Gap Three: Imbalanced Demands and Supplies for care's services among Chinese elderly

## Demand for care's services in communities



## Supplies for care's services in communities



Data sources: Urban-rural survey of elderly population in 2010

# Gap Four: Larger differentials in income sources by gender and residence

	Urban			Town			Village		
Major income sources	Total	Male	Female	Total	Male	Female	Total	Male	Female
Total	100	100	100	100	100	100	100	100	100
Labor	6.6	9.7	3.7	22.3	29.2	15.7	41.2	50.5	32.1
Pensions	66.3	74.2	59.0	26.3	35.2	17.8	4.6	7.2	2.1
Support from other family members	22.4	12.1	31.9	44.5	28.7	59.4	47.7	35.1	59.9
Lowest security	2.3	1.8	2.9	4.2	4.1	4.4	4.5	5.1	3.9
Property income	0.7	0.7	0.6	0.5	0.6	0.4	0.2	0.2	0.2
Others	1.6	1.4	1.8	2.2	2.1	2.2	1.8	1.8	1.8

Data sources: National population census in 2010

## Gap Five: regional differentials in policy implication

- Urban VS rural area
- East regions VS central regions VS west regions
- By provinces
- Developed regions Vs developing regions
- ...



## 4 Discussions on future policy-reorientation

- There is an urgent call for reform on old-age security system
- More attention should be paid to management of migrant's pension
- Promote more gender equity of distribution of income security
- Narrow the gaps between older persons's need and policy implementation
- ...

# Reform: Binary Old-age Security System in mainland China

**Step 1(2008-2012):** Establish a multiple old-age security system, which **covers all** elderly.

**Step 2(2013-2020):** Stabilize an old-age security system emphasizing on payment, which offers pension and services **fairly to all** elderly.

**Step 3(2021-2049):** Establish a multilevel old-age security system containing a unified national pension insurance, which offers **decent later life to all** elderly.

# Reform: Double-track Pension System in mainland China

**Step 1:** Government staff should establish **pension account** and pay for it during working period.

**Step 2:** Disaggregate government staff's pension structure into basic pension and **occupational pension**.

**Step 3:** Change “pension linked to wage growth” system among government staff into the **same pension system** among enterprises staff.



谢谢！  
Thank!

ご清聴をありがとうございます