

Personal-savings-based Old-age-care in Today's Development

— Taking Shanghai as an Example

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Abstract

At present, China is facing tremendous pressure of an aging population, pension issues are becoming the focus of attention of the State and the community, personal-savings-based old-age-care gets more and more people's attention. Taking Shanghai as the research object, analysis of the development of personal-savings-based old-age-care feasibility and advantages, to the multi-level old-age security system has profound practical significance.

Keywords: Shanghai, population aging, personal-savings-based old-age-care

1. Introduction

Personal savings pension insurance is an important part of a multi-level old-age insurance system, it's a voluntary participation by individual workers, voluntarily choose a supplemental insurance agencies in the form. By the Social Insurance Agency employees handling personal savings pension insurance, Head department of social insurance develop specific measures, according to their individual workers wage income, personal savings required to pay pension premiums, credited to the local social insurance institutions in the bank's individual pension accounts opened, and shall not be less than or greater than the same period in savings deposits of urban and rural residents personal savings pension insurance.

Personal savings pension insurance as a third level of pension, Individual autonomy established by the State under the policy, Intended to be a necessary complement to the first and second level, gradually raise the living standards of retirees. The introduction of individual pension savings aims to expand sources of funding pension insurance, multi-channel to raise the pension fund, reduce the financial burden on the state and enterprises, eliminate the long form of insurance premiums by the state "pack down" concept, improve individual workers involved in the insurance initiative and enhanced personal self-protection awareness, at the same time also contribute to masses of social insurance supervision.

Currently our policy is a national basic pension insurance, supplementary pension insurance and employee personal pension savings combining the three -level of the pension system mode. The essence of this model is that the state, enterprises and workers share the burden of pension liability, promote each other, complement each other, ensure improved living standards and livelihood security of retired workers .The Third Plenary Session of the 18th CPC Central Committee on "The Decision on Major Issues Concerning Comprehensively Deepening Reforms" points, Establish a fairer and more sustainable social welfare system,;Adhere to combine to social pooling and individual accounts of the basic old-age insurance system, complete the system of personal accounts; Developed and implemented duty-free, deferred tax and other incentives; Accelerate the development of commercial insurance, building a multi-level social security system.

2. The Development of Urgency of Personal Savings Pension in Shanghai

The current pension policy does not guarantee that retired workers have a decent life. Personal savings pension

insurance for retirement assets in the hands of residents separated from the banks, Through the capital market these assets for long-term retirement savings investments, So that the insured person has to get more earnings' pensions. However, the current domestic consumer demand on life insurance products are still in a passive acceptance stage. Development of China's insurance industry is far below the international level, developed very slowly, systems and policies is not perfect, Personal savings pension insurance has a large potential market in China. Therefore, the development of personal savings pension is imminent.

2.1 Shanghai Population Aging Is very Serious

According to the Shanghai sixth national census shows, Shanghai resident population, and the fifth national census compared, 15-59 year-old population is 17,563,800 people, accounting for the city's resident population of 76.3%, up 3.54 percentage points. Population aged 60 and over was 3,469,700, accounting for 15.07%, up 0.09 percent, among them, 65 years of age or older and a population of 2,329,800 people, accounting for 10.12%, down 1.34 percentage points. According to international standards(65 years and older 7% accounting for total population, aged 60 and older 10% accounting for total population, so this area belongs to the population aging area),the process of Shanghai population aging is decreasing. According to Shanghai Statistical Yearbook, by the end of 2011, registered permanent residence in Shanghai is 14,193,600 people, among the elderly population aged 60 and over 3,477,600 people, accounting for registered permanent residence 24.5%. According to the Shanghai Civil Affairs Bureau, the Municipal Committee on Ageing Office Shi Xiaolin introduction, at the end of 2012, Residence in the city aged 60 and older is 3673000, accounting for household population 25.7%. By the end of 2015, will be 4.35 million, up to 30%. Thus, Shanghai aging problem is getting worse.

2.2 Considering the Problem of Pension Funds, Sustainable Development of the Pension System Is the Most Pressing Issue in Our Country

The current pension model excessive reliance on the first pillar, The role of the second and third pillar in shortage of state, not fully play the role of the second and third pillars as pension insurance, the role of commercial insurance does not bring the people more income and benefits, This is the prominent problems of the insurance system. With pension reform and development of the cause, the role of the first pillar of the pension insurance system in our country is gradually weakened, the role of the second and third pillar in individual enterprises and provinces showed strong growth momentum. Replacement rate from urban basic pension, replacement rate was 76.34% in 1997, replacement rate was 71.22% in 2000, replacement rate was 50.37% in 2005, replacement was 47.67% in 2008,.This indicates that China's basic old-age insurance replacement rates have shown a downward trend, It also describes the current basic pension insurance can't make retirees to maintain their basic living conditions. From the Academy of Social Sciences released the "China Pension Report 2013" was informed, the basic old-age insurance fund of urban and rural residents in expenditure proportion of income to see, the totaled 62.85%, improved 7.91% than the previous year, Shanghai ups to 96.05%. The report said, this upward trend in expenditure-income ratio may affect the future of urban and rural residents in the basic old-age insurance financial sustainability. This suggests that retirees can't rely on old-age insurance to maintain life, urgent need to improve the supporting role of the second and third pillars.

2.3 Large Population Base

Our country is the most populous country, which is the world's acknowledged. Large population is caused by a variety of historical, complex, realistic, economic, social reasons. In the agricultural society for thousands of years, get survival data depends mainly on a one manual labor, so they get bounce back is a source of quality of life. But with the 1971 implementation of the Family planning policy, the rapid development of China's economy, a general increase in the level of education, people on the concept of birth has undergone great changes, China's current low birth rate has become an undeniable fact, in this situation, Gradually formed a 4-2-1 or even 8-4-2-1 family structure model, and 4-2-1 become the mainstream of family patterns, making smaller families become the norm, "Empty Nest" phenomenon is more common, weakening of family pension function, the traditional approach to retirement pension based family into trouble, suffer the significant impact, urgent need for reform of the existing pension model, accelerate the establishment and improvement of a multi-level old-age service system. As an integral part of the country, Shanghai can't escape this trend.

In view of this, we should be prepared in advance, positively developed of individual pension savings, reduce the financial burden of government and society, strengthen initiative of self-protection awareness and participation in social insurance, make this insurance system play a role in the protection of life and stability of the country's peoples.

3. Feasibility Analysis of Development Personal Savings Pension Insurance in Shanghai

3.1 The Reform of the Pension Insurance System for Carrying out Individual Savings Pension Insurance Policies Provide Strong Support

Our implementation is based on the city and the enterprise-based system of pay-as-you-go pension system, only relates to some large state-owned enterprises and collective enterprises. Formally started the reform from 1986 the State Council document No. 77, the document encourages the basis of state-owned enterprises with limited pension system, personal pensions are only paid for the contract workers. In 1991 the State Council Document No. 33, "the State Council on the reform of the old-age insurance decision" proposed to establish three levels of old-age insurance system. 1995 No. 6 "the State Council on Deepening the reform of the pension insurance system for enterprise employees notice" provisions, after the enterprise required to pay the basic old-age insurance, under the guidance of national policy, according to its economic situation, can establish supplementary pension insurance for employees. Supplementary pension insurance and personal savings of the pension insurance by businesses and individuals to choose agencies. 1997 Document No. 26, "the State Council on the establishment of a unified basic old-age insurance system for enterprise employees ", the reform of the pension insurance system for enterprise employees and establish a multi-level social security system closely together. 2005 No. 38 "Decision of the State Council on improving the basic old-age insurance system for enterprise employees" and should be based on the level of economic development and the ability to bear various aspects, reasonably determine the level of the basic pension; establish a multi-level old-age insurance system, draw the central and local Government and corporate and personal responsibility. "2013 Social Development Blue Book of Shanghai " points out that reduce the urban social pension insurance payment rate, reduce the burden of enterprises, High social insurance payment rate threshold for low-income urban employment groups tend to be excluded, reduce the social insurance payment rate for urban workers, expand the coverage of old-age insurance, some low-income groups and their families, the urban informal employment are attracted to protect the interests of employees, realize "low level, wide coverage , multi-level, the basic "goal, to narrow the gap between different groups of pensions, and actively promote the deferred pension insurance system reform tax, increase the ability of individual self-pension.

One of the functions of a personal savings of the pension system is to emphasize family and individual self-protection awareness, basic pension insurance only to protect people's basic living, in order to obtain a higher level of protection levels, we must participate in other forms of insurance. Personal savings as a supplement to the basic old-age pension insurance, aimed at improving the lives of individuals in his later years, to make life more happy and happiness after the old, exempt personal worries, from economics is "an important measure to protect themselves."

3.2 High Inflation Is a Prerequisite for the Implementation of Individual Savings Pension Insurance

The current rapid growth of China's economy and high inflation are interdependent. Continuously improve the inflation, making people's wealth evaporated, happiness is reduced, thus increasing the demand for social security. Due to the special nature of the social security object, inflation is a greater danger to this group, higher income people can have more investment way to circumvent the market risk by inflation, increase the value of assets, but low-income 's asset structure was relatively simple, consumer-oriented basic to life, when inflation occurs, the savings will be their most common way of financial management, that is to say, inflation will give the low income earners to bring greater wealth evaporation threat. So this part of the people at the expense of current consumption to buy later in life can increase personal protection products - personal savings pension insurance, offsetting the decline due to the inflation level of life.

3.3 The Rapid Economic Development and Low Pension Replacement Rate will Promote the Development of Personal Savings Pension Insurance

With the rapid economic development, social issues have become increasingly apparent, the young labor force decreased year by year, the new generation of labor supply shortage, obviously it is difficult to depend on family to solve the pension problem,. Aging population on China's economic development requires a higher level, the level of economic development and social security to the extent of adaptation. In the short term, there is no direct relationship with economic growth and social security spending, but in the long term, the implementation of social security policy is based on economic growth, economic growth have greatly improved on people's living standards, the people not only pay attention to the material life, but also pay more attention to spirit level, pay more attention to the living problems of their future, so economic development to improve the social security system will play a significant role in promoting, especially in personal savings pension insurance is more obvious.

In recent years, as an important indicator of the level of social security replacement rate decreased year by year, attracted close attention to our pension replacement rate, low replacement rate against the establishment of social insurance system in mind, the main function of pension insurance is to provide more income for the majority of the elderly. To avoid this, it is necessary to participate in supplementary pension insurance and personal savings of the pension insurance, which will promote the development momentum of personal savings pension insurance.

4. The Personal Savings of Pension Benefits

4.1 Improve Retirement Income

Creating a personal pension savings of individual workers is an important measure to improve the security of retirement income. Can't reduce the retirement income of the elderly, while also improving the appropriate pension increase, thereby maintaining a healthy with long-term development of the pension insurance model.

4.2 Reduce the State's Financial Burden

In favor of more large-scale pension raising, reduce the state's financial burden. China is about to face the aging climax, in this form, urgently need to reform the pension system, improve the construction of old-age insurance system, to solve the pension insurance fund raising work is not only the responsibility of government departments and enterprises, but also obligations of each of us.

4.3 Strengthen Self-protection Awareness

Creating a personal pension savings of individuals can enhance self-protection awareness. Self-protection is the essence of old-age insurance, adequate income is a prerequisite for the implementation of self-protection, the increase in personal income and links with the country's overall economic development, so economic development is the source of social security.

Implementation of individual savings pension insurance system will break the existing insurance model, and establish cross-sectoral, cross-class, government and market a new model of mutual cooperation, help people participate more actively in the construction of a high level of well-off society, economic, cultural, social harmony and development of a better life and happiness.

5. Conclusion

With the deepening reform of the social security system, people are increasingly concerned about pension issues, the timing of the development of personal pension savings are ripe. Government should do a combination of social insurance and commercial insurance, to encourage more people to participate in individual savings pension insurance, and effectively improve the quality of life after retirement.

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