

# Problems and Countermeasures in the Development of China's Pension Industry

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## Abstract

**Aging has gradually developed into a worldwide problem. Both developing and developed countries have been affected by aging, but there are some differences in time and degree of impact. Chinese society has also entered an aging society, and pension has become an important issue faced by the people all over the country. Taking Bengbu City, Anhui Province as an example, this paper studies the development of China's pension industry. Firstly, it analyzes the main ways of pension insurance in China. Secondly, the present situation and existing problems of China's pension insurance are analyzed. Finally, some suggestions and measures are put forward.**

## Keywords

**Aging society, pension industry, public investment.**

## 1. Introduction

Influenced by traditional ideas, China has always paid attention to family pension. However, with the continuous development and progress of the times, the family pattern of the past four generations has changed and gradually transformed into a family of three. In this context, the role of family pension is also weakening. The reasons for this situation mainly include three aspects: first, China's previous one-child policy has led to the emergence of a couple supporting four old people and one child, which makes young people face increasing pension pressure. Second, with the continuous development of industrialization and urbanization, the pressure faced by middle-aged and young people in society is also increasing. Many young people have to go out to make a living in order to live, leading to more and more surplus labor force gradually transferred to the city, resulting in the emergence of more "empty nest families" in the city. Due to the absence of children, the normal daily life of the elderly and their care in the event of illness are affected. Third, due to the changes in family structure, young people's own concept has also changed in the process of supporting the elderly. Due to the influence of time and energy, they will still use money to support their parents. They only stay with their parents only when they are ill. It is precisely because of the above reasons that the original family pension mode in Chinese society has not played a significant role. Therefore, the elderly also put forward higher requirements for social pension services [1]. Under such a background, industrialized pension has become very valuable, and even developed into the main mode of social pension in the future. Taking Bengbu City, Anhui Province as an example, this paper studies the current situation, main problems and Countermeasures of the development of China's pension industry.

## 2. Pension Industry Model

From the perspective of the current main pension methods in China, there are mainly the following four types:

The first is institutional pension. This way of providing for the aged mainly refers to the professional elderly care institutions to provide professional elderly care services for the elderly, such as taking care of food, daily life, sanitation and so on. The advantage of this pension model is that the elderly live in a centralized way, which is convenient for management and service. At the same time, in the process of institutional pension, they can also enjoy more advanced equipment and professional nursing conditions [2].

The second is home care. Similar to other developed countries, China still focuses on home-based elderly care. However, with the continuous development of society, the number of families with "4 + 2 + 1" structure is increasing, and the traditional home-based elderly care model has also undergone great changes. This pension care model is more used in combination with community service and professional pension structure [3].

The third is the combination of home-based elderly care and social services. Enterprises are responsible for the operation through the purchase of services by the government. The elderly live in the cities, the social departments provide elderly care services, effectively integrate social resources through the information platform, and create a comprehensive service organization in combination with the actual situation of the elderly's residence and needs. This method can play a very positive role in integrating existing resources and reducing cost consumption [4].

The fourth is the combination of medical care and nursing institutions. The state supports elderly care institutions to set up rehabilitation hospitals, nursing homes, hospice care institutions, infirmaries and nursing stations in accordance with relevant regulations. Professional staff is encouraged to come in medical and nursing institutions. These staff can provide diversified health services for the elderly, such as disease prevention, nutrition matching, TCM health preservation and so on [5]. The choice of pension mode will also have a certain impact on the market demand for pension services. For example, the family structure, marital status and source of life of the elderly will affect what pension mode the elderly choose. From another point of view, the environment of the elderly will also have a certain impact on the choice of elderly care method. Generally speaking, the elderly with better economic conditions and higher education level are more willing to choose the institutional elderly care mode, while those with less than ideal economic conditions are more inclined to choose the home-based elderly care mode, and some elderly people have to enter the welfare home for elderly care due to conditions that are not allowed or childless. Combined with the actual situation of the elderly in China, the vast majority of the elderly prefer home-based elderly care. For example, in Wuhai city, more than 80% of children choose home care, but now more and more children do not choose to continue to live with their parents after they get married. Under this background, the elderly also put forward higher requirements for the community in the process of elderly care. We hope to solve our actual needs in the shortest time. Therefore, in the coming period, the number of elderly who choose the social pension model will continue to increase. In the process of investigation and research, we also visited some pension institutions in Bengbu and found that many elderly people have to enter nursing homes for pension. More than 90% of these elderly people have no children or spouses, and their families are unable to take care of them. In recent years, apartments for the elderly have developed rapidly in Bengbu City and have been unanimously welcomed by the elderly. According to the survey results of The China Aging Research Center, among the permanent residents over the age of 50 in Bengbu, 104000 and 321000 want to live in apartments for the elderly immediately and in the future respectively. Therefore, the development prospect of this market in the future is very promising.

### 3. Current Situation of Pension Industry

#### 3.1. There is a Big Supply Gap in the Elderly Care Service Market

From the current perspective of Chinese society as a whole, it has entered a typical aging society. Take Bengbu city of Anhui Province as an example. At the end of 2020, the number of registered residence population in Bengbu was 8 million 212 thousand and 600 yuan, of which the total number of elderly people aged 60 or above reached 1 million 872 thousand and 500, the proportion reached 22.80%, compared with 1 million 788 thousand and 500 of the total population of the elderly in 2019, an increase of 84 thousand. From the previous statistical results of several large-scale surveys in Bengbu City, it can be seen that in the later life of the elderly group over 60, about 25% of the time, their physical condition is not very ideal and need to be taken care of by others. According to the speculated results of researchers, about 400000 elderly people in Bengbu need different forms of long-term care by the end of 2020 alone. In addition, according to the survey results of Bengbu civil affairs department, by the end of 2020, the total number of people requiring to settle in welfare institutions accounted for about 5% of all the elderly population, 10% of the elderly requiring to provide services in nurseries and activity stations, and 75% of the elderly requiring to raise the elderly at home and provide community welfare services. However, according to the actual situation of pension institutions in Bengbu City, they can only accommodate about 1% of the required elderly, so there is a large gap between supply and demand.

From the perspective of age level, in general, with the continuous improvement of age, the requirements for social pension services are also increasing, so the number of people who choose institutional pension will also increase. From the actual research results of relevant researchers, the proportion of the elderly over 80 years old who are willing to choose to go to the nursing home is more than 50%, while the proportion of the elderly 60-69 years old and 70-79 years old who are unwilling to go to the nursing home is 222 and 193 respectively, accounting for more than 80%. At the same time, in the process of investigation and research by some researchers, it is also clear that among the middle-aged and young groups, when they enter the society, they are more inclined to choose pension institutions.

From the perspective of the current family structure of Chinese residents, the elderly living alone tend to choose elderly care institutions for elderly care. From the survey statistics, the prevalence rate of empty nest elderly is much higher than that of other elderly people. Among all diseases, the incidence of hypertension accounts for more than 40% of all diseases, ranking first. The proportion of heart disease was 21.58%, ranking second. Even some elderly people suffer from multiple diseases at the same time. However, the problem of difficult and expensive medical treatment has always had an impact on these elderly people. Because their children are not around, it is more difficult to see a doctor. According to the prediction results given by relevant experts, in the next 10 years, the proportion of empty nest families in the elderly population will exceed 80%. These elderly people have no children and children and cannot be taken care of, and their ability to take care of themselves will continue to weaken with the growth of age. Therefore, under this background, there are also more and more elderly people who want to obtain services and care in a variety of ways.

#### 3.2. The Occupancy Rate of Elderly Care Institutions is Relatively Low

According to China's human resources statistics, during 2014-2020, the vacancy rate of beds in China's elderly care institutions was about 15%, while the occupancy rate of most elderly apartments, nursing homes and nurseries was more than 60%. For the elderly care service institutions funded by the government, the occupancy rate is relatively high because the environment and facilities are ideal and the living environment of the elderly is also relatively good. However, the occupancy rate of private pension institutions is only about 50%. The main

reason for this difference is that due to the impact of price cost constraints, the high price makes the elderly prohibitive. At the same time, this situation also makes the public nutrition elderly institutions only provide some basic and simple services, which can not really meet the actual needs of the elderly.

### **3.3. Low Level of Management and Service**

Judging from the actual situation in China, the vast majority of pension institutions are affected by the shortage of funds. For example, in Bengbu City, Anhui Province, there are more than 200 government funded and private elderly care institutions, but more than 90% of the elderly care institutions have many problems, such as imperfect infrastructure. It is precisely because of the shortcomings in this aspect that it is impossible to create a comfortable elderly care environment for the elderly, nor does it provide personalized elderly care services in combination with the actual requirements of the elderly, the service level of relevant staff is relatively low, and professional talents lack love. In addition, some institutions are more casual in the process of carrying out daily management, and still stay at a relatively primary stage in the process of providing services for the elderly, and the overall level is relatively low.

There is no doubt that although China's elderly care industry has developed rapidly in recent years, there are still large supply channels. Among some elderly care institutions, the overall occupancy rate is not high. The author believes that the main reason for this situation is that the service prices provided by these institutions are relatively high. According to the actual situation of Bengbu City, the prices of various pension service structures are generally between 400-1500 yuan, while nursing homes between 500-800 yuan are the most popular. The per capita occupancy fee of Bengbu pension structure is about 800 yuan per month, but from the perspective of the income of the elderly, it is still difficult to pay this fee. From the perspective of the price of apartments for the elderly, it is higher compared with other pension institutions. For example, among the people who choose apartments for the elderly in Bengbu, more than 80% said that the charge was high and the psychological acceptance price was less than 1000 yuan. However, with the continuous improvement of relevant infrastructure and the continuous improvement of service quality, the amount to be paid has also increased.

## **4. Suggestions on Promoting Public Investment in the Pension Market**

### **4.1. Increase the Publicity of the Concept of Old-age Care at All Levels and Change the Traditional Concept**

Due to the influence of traditional ideas, today's elderly are still more inclined to choose the method of family pension, and it is difficult to accept the way of institutional pension. It should also be emphasized that the consumption concept of the elderly in China is relatively conservative compared with that in developed countries. Therefore, we must strengthen publicity and change the existing traditional pension concept of the elderly to the greatest extent. This situation is common in many countries in the East, but many countries have adopted reasonable publicity methods to help the elderly change their ideas. For example, Japan is a typical country that helps the elderly change their traditional ideas through reasonable publicity methods. In addition, the government has increased public investment in the elderly structure, which has made more elderly people have a sense of identity. Therefore, the author believes that China should also learn from the advanced experience of these countries [6].

### **4.2. National Policies Need to be Improved**

Judging from the actual situation in recent years, the Chinese government has successively issued many policies and suggestions related to elderly care institutions, such as the code for architectural design of the elderly, etc. At the same time, many regions have also formulated

targeted Subsidy Methods in combination with the current actual situation of elderly care in their regions, so as to attract more private capital in the market, ensuring the continuous improvement of service quality for the elderly [6]. However, from the actual situation, there is a general lack of overall research on the development of the pension industry, and there are no targeted policy suggestions on the development of the pension industry and the overall situation of industrial structure and layout. Although many policies and systems have been promulgated, the operability of these policies in the implementation process is not ideal due to the lack of safeguard measures. In this case, the author suggests that in the process of continuous improvement in the future, the pension cause should be treated as a welfare cause. In this process, it should not be simply limited to the market. It should establish a multi-level medical security system in combination with the reality, and establish and improve the existing pension system.

#### **4.3. Make Full Use of Idle Assets**

Through case analysis, it can be found that in the process of early capital investment, the highest proportion of expenses is in the construction process. In this process, if we can make the best use of the existing social resources, such as many hospitals and factories with poor operation, this approach can often invest less capital and obtain more ideal income. At the same time, this practice can also help the society settle more idle people and reduce the investment of social costs.

#### **4.4. Increase the Informatization Process and Establish an Elderly Care Network Platform**

Now we have entered an information age. The continuous development of the network has laid a solid foundation for people's daily life and work. At the same time, it has also built an effective communication platform for the elderly. In this platform, many problems in the daily life of the elderly can be effectively solved and effectively reduce the pressure of family and community. At the same time, in this process, it can also enrich the daily life of the elderly and provide them with more ideal services and security [8].

#### **4.5. Linkage with Commercial Endowment Insurance**

From the perspective of the source of funds for the elderly, it mainly includes the following aspects: social pension, children's giving and their own work. On the whole, it is still relatively diverse, but it can not meet the daily needs of the elderly. Under such a background, commercial old-age insurance can provide sufficient protection for people. From the perspective of the elderly care service institutions themselves, the concern in the operation process is that the families of the elderly suddenly lose their ability to pay, which will have a great impact on their daily operation. It is impossible to provide free elderly care services for the elderly, and they are unwilling to risk moral risks to ignore the elderly. When this happens, Commercial insurance can provide good support.

### **5. Summary**

On the basis of theoretical research and case analysis, this paper analyzes the main problems existing in the development of China's pension industry, and puts forward countermeasures and suggestions. This paper analyzes the current situation and main problems of China's pension market from the aspects of pension mode selection, pension buyer demand, pension product demand and pension service price. Put forward targeted suggestions and measures for problems, mainly including national policies to be improved; make full use of idle assets; increase the publicity of the concept of providing for the aged at all levels and change the

traditional concept; increase the informatization process and establish an elderly care network platform; linkage with commercial endowment insurance.

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