



# A Study on the Difficulties and Countermeasures of the Development of China 's Civilian - owned Pension Institutions Summary

Xiao-xiao Zhu

*School of Economics, Guizhou University of Finance and Economics, Guiyang, 550025, Guizhou, People's Republic of China*

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## ABSTRACT

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As a new form of old - age pension between "government" and "family", private pension institutions can effectively alleviate the old - age pension problem. However, the private pension agencies in the process of operation due to the relevant system is not perfect and other reasons, there are facilities, personnel quality is not high, lack of funds and other issues, and put forward corresponding countermeasures to promote China's private pension institutions more sustainable and healthy development, so as to provide more services for the elderly, to improve the level of socialization of the elderly so that the elderly in his later years.

**Keywords:** Population aging; Private pension institutions; Problems

## 1. Introduction

China's current pension methods are three: home pension, community pension, institutions pension. Because the home pension can not meet the needs of the elderly and community pension in China has just started, institutions pension the most suitable for China's reality. The pension agency is divided into private pension institutions and public pension institutions. Among them, private pension institutions are institutions that are provided by the social forces, collective forces and individual forces to provide old-age care for the elderly. Private pension agencies in China appear not long, the rapid development. But on

the one hand, the problem of self-construction of pension institutions has become increasingly prominent. On the other hand, under the background of population aging, the government's supportive policies are not in place and can not meet the development needs of private pension institutions. Therefore, we will actively increase the implementation of the measures and measures for the funds and policies of the private pension institutions. The following will describe the development process of private pension agencies, the existing problems, and put forward the corresponding countermeasures.

## 2. The development process of private pension agencies

With the deepening of the aging population in China and the deepening of the reform of the government management system, China's social welfare system has been further developed. In this context, China's private pension agencies came into being, and gradually grow and develop. The emergence of private pension agencies not

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First Author: Xiao-xiao Zhu, School of Economics, Guizhou University of Finance and Economics, Guiyang, 550025, Guizhou, People's Republic of China.

only alleviate the enormous pressure of population aging, but also make up for the lack of public pension institutions, for the development of pension institutions can play a vital role. Its development is good or bad, not only related to the agency itself can long-term development, but also related to social stability and harmony. Ministry of Civil Affairs in 1983 put forward the social welfare socialization is China's social welfare reform and development of the fundamental direction [1]. November 1984, the Ministry of Civil Affairs held a national urban social welfare institutions to rectify the experience exchange, clearly put forward social welfare social office, social welfare undertakings by the state to the state, the collective, individuals to do with the change. In 1998, the General Office of the State Council forwarded the "Opinions on Accelerating the Socialization of Social Welfare" and further promoted the work. Since then, private pension agencies have developed rapidly. In 1999, the Ministry of Civil Affairs for the first time announced the relevant data of private pension agencies, then there are 17,000 beds, accounting for the entire pension institutions beds 1.6% [2]. By 2004, private pension agencies to more than 1620, of which in the civil affairs department registered 996, there are nearly 60,000 beds [3]. In 2006, the Ministry of Civil Affairs no longer alone published private sector data. Dong Hongya from the relevant data calculated in 2009 the private sector beds for the 330,000, about 11% of the total number of beds; 10 years increased by 20 times, great progress [4]. This shows that China's private pension agencies in the continuous expansion.

### 3. Private pension agencies exist problems

#### 3.1 Institutional supporting infrastructure is not perfect

Private pension agencies because of its own founder of the nature of the operation of the funds do not have the advantages of public pension institutions - state funds subsidies. Due to the lack of funds, institutions in their own construction will not improve the public pension agencies, especially in supporting infrastructure. First of all, the decoration of dormitories may not be able to meet the requirements of the elderly. Secondly, in the sports equipment, most private pension agencies are not supporting the sports equipment. Finally, the institutions of the elderly can be used for recreational facilities are not sound, such as chess room, mahjong table, reading room, TV and so on. At the same time, private pension agencies and more to family or individual joint venture investment, investment is relatively small; investment in addition to its own funds, mainly private lending. The scale of civil borrowing is small, and the interest rate is

high, which has caused a serious debt burden to the private endowment service organization. Lacking of investment, making private pension facilities, poor infrastructure, lack of necessary infrastructure.

#### 3.2 The safety and security facilities of the pension agencies are not sound enough

For the private pension agencies, the government's lacking of supervision of its daily operations, especially in the security of the pension agencies. The security of the pension agency is critical, such as whether the safety channel is smooth, whether the number of fire fighting tools meet the standards. General pension agencies in order to reduce this expenditure often ignore the safety concerns. In this respect, private pension agencies are not available to public pension institutions.

#### 3.3 The number of service personnel in the organization is insufficient and the quality is not high

Most of the private pension agencies are for the purpose of profit, and their own funds can be limited, so the staff in the organization is inadequate, because it is related to human costs. This is related to the quality of service and the quality of life of the elderly. And the staff within the organization's education is not high, usually some retired people or rural migrant workers. It is difficult to provide professional services. At the same time, the level of education depends on the service staff can understand the needs of the elderly, which indirectly affect the quality of life of the elderly.

#### 3.4 Public pension institutions public welfare goals are distorted

Non-profit private institutions have to find ways to profit because of economic pressure and deviate from public welfare. As the private investment institutions early investment is very large, late income is slow, banks do not want to loan, "private non-enterprise units," the nature of the agency is not entitled to its asset mortgages, operating funds mainly rely on the collection of accommodation costs, resulting in difficulties such as financing difficulties[5]. To this end, private pension agencies unconsciously pursue economic goals, and excessive pursuit of economic goals is easy to violate its original intention of public welfare [6].

#### 3.5 related policies difficult to implement in place

In 2000, the state promulgated the Opinions on Accelerating the Socialization of Social Welfare, which required governments at all levels to increase their support for social welfare undertakings and create favorable conditions for the social welfare socialization and put forward the requirements for land use and urban construction And utilities charges and other six aspects to

give support. But in addition to tax incentives and small subsidies by bed, most of the other has not been effectively implemented.

#### **4. To promote the development of private pension agencies countermeasures and suggestions**

##### *4.1 To increase capital investment to improve the basic supporting facilities*

For private pension agencies, the capital investment is very difficult in order to effectively improve the infrastructure does not affect the quality of life of the elderly, only by the government. Private pension agencies apply to the government and social groups for operating funds is now the inevitable trend of the development of private pension agencies. For the government, the investment of funds without substantial gains, but the development of the local pension business is beneficial. Private pension agencies must increase the investment of funds to improve the facilities to improve the quality of life of the elderly.

##### *4.2 Improve the security facilities of the pension agencies*

The security of the old-age institutions is related to the elderly in the old-age institutions, but also to countless families. Improvements mainly include two aspects: First, in the daily operation of the pension agencies, the regular inspection of the organization's safe export, safety channel, and the number and protection of fire extinguishers can be used normally; second, regular publicity for the elderly safety fire. Earthquake and other disaster knowledge, to enhance the awareness of self-protection of the elderly, fundamentally improve the safety awareness of institutions and the elderly.

##### *4.3 To increase the cultural quality of the higher service personnel*

For the elderly, the service staff likes their families. The number of service personnel and the quality can directly affect the lives of the elderly. Private pension agencies should pay special attention to the quality of service personnel, if ignored this point, the entire organization's service level will be very low. The management of the organization, first, to regular training of existing service personnel, including psychology, sociology, biology, medicine and other knowledge, and the implementation of the assessment system for the unqualified service personnel to give intensive measures. Second, to introduce more professional talents, the introduction of talent can make up for the lack of existing service personnel, making the agency's pension service more humane, professional.

##### *4.4 To establish industry management and supervision system, and do a good job guiding the norms*

The government should manage the pension institutions from the top design, formulate laws and regulations, improve the system, so that the industry can follow the law, Because investors start the old body of the motivation is mainly due to the following four: reputation is good, the risk is small; by the needs of social pension; by the preferential policies to attract; self-concept to achieve. Therefore, the government should take the lead in the establishment of industry self-discipline associations to promote cooperation within the industry, strengthen the old-age institutions and the elderly groups, all kinds of business contacts, the government's pension functions of social industry management. Industry associations in the provision of information for the pension agencies, policy guidance, communication platform and other services on the basis of the ability to grasp the industry trends in time to find the existing problems for the pension agencies and the government to provide a bridge between the link and promote social pension career faster Better development, and promote the virtuous circle of the industry. The civil service agencies should work under the constraints of trade associations, which abided by the rules and regulations, to fulfill their obligations and responsibilities.

##### *4.5 To strengthen support, implement the preferential policies for innovation*

Through a variety of channels to solve the funding of private pension agencies, the establishment of a balanced, long-term financial investment mechanism. First of all, the Government should intensify efforts to give private pension agencies a one-time start subsidy and bed subsidy. From the financing of investment in all aspects of subsidies to provide discount loans; whether or not for their own real estate, according to the number of beds to determine the subsidy standards; pension institutions for medical and rehabilitation equipment investment can be given the appropriate subsidies; The old man's operating costs to subsidize. In the absence of government funds or follow-up funds can not follow up, the government for its loans to provide security, or by the bank to the private pension agencies to provide low-interest loans by the government to make up the difference.[7]Secondly, the government can play the role of middleman, for the private pension agencies to find investors. Again, the Government can use the purchase of services, placement of the elderly stay. Finally, to explore financial institutions to support the development of private pension agencies, to attract the strength of enterprises into the pension service industry. At the same time, the central government should establish a special transfer payment system for localities based on the degree of aging and the level of economic development.

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