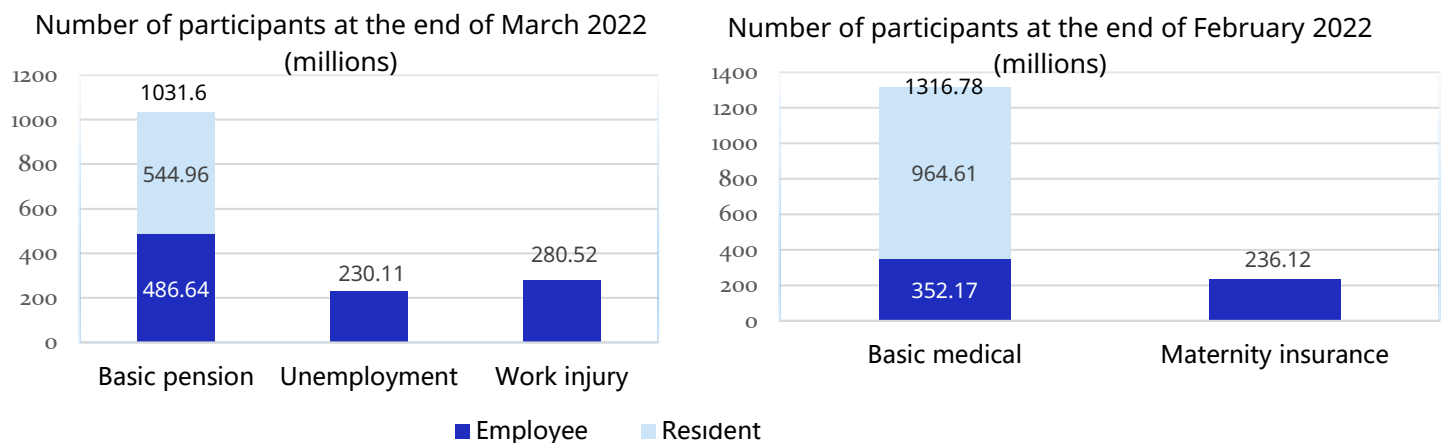


Social Security Policy Monitor China

February – May 2022, Issue 10

China Social Security Barometer



Latest data available from [MOHRSS](#) and [NHSA](#)

Policy – China

China started nationwide pooling of basic pension funds in 2022

China has started nationwide pooling of basic pension funds since 1 January 2022. The move will allow pension funds to be transferred from regions with surplus to regions with deficit. The move will make sure that retirees in less-developed regions will get their pensions timely and sufficiently. Regions realized the pooling of pensions funds at the regional level at the end of 2020. Read [more](#).

China improves supervision of social insurance funds

On 9 February 2022, the new version of the "[Measures for Administrative Supervision of Social Insurance Funds](#)" was released by the Ministry of Human Resources and Social Security (MOHRSS), and came into force on 18 March 2022. The "Measures" clarified the working mechanism, scope of responsibilities, procedures and relevant legal responsibilities of authorities responsible for administrative supervision of social insurance funds. The "Measures" provide a legal basis for cracking down on insurance frauds.

The 14th Five-Year Plan for the elderly care service system

On 21 February 2022, the State Council issued the [14th Five-Year National Plan for the Elderly Care Service System](#) to implement the national strategy to actively respond to population aging, and to build and improve a comprehensive, inclusive and diversified elderly care service system. In addition to further improving the social security system, the plan also proposes to promote and standardize the development of the third-pillar pension insurance, support commercial insurance institutions to develop commercial pension insurance and health

insurance suitable for the elderly, and guide the whole society to establish a life-cycle insurance concept.

Revised standardization of social insurance services

In March 2022, the State Administration for Market Regulation issued a number of important national standards, including the revised "[Specification for social insurance registration service](#)" and "[Specification on basic old-age insurance service for urban and rural residents](#)".

75% of Chinese population to be registered with family doctors by 2035

China will expand family doctor services to cover at least 75 percent of its population by 2035, according to a [guideline](#) jointly issued by six government departments, including the National Health Commission. By 2035, family doctors are expected to serve about 85 percent of priority patients, including the elderly, pregnant women, children, people with disabilities, people with chronic diseases and people with mental illnesses, the policy document said. Read [more](#).

China to defer old-age insurance contributions for industries in special difficulty

China will adopt the policy of postponing payments of old-age insurance contributions on a time-limited basis for industries experiencing special difficulty (catering, retail, tourism, civil aviation, road, waterway and rail transport) and channel more unemployment insurance funds to support enterprises in maintaining stable payrolls and providing training, according to a decision made at the [State Council's executive meeting](#) chaired by Premier Li Keqiang on 6 April 2022.

China to continue bolstering support for unemployed people

At the regular policy briefing of the State Council on 12 May 2022, [MOHRSS](#) stated that policies to expand the coverage of unemployment insurance will be extended for one more year and unemployment insurance benefits will be gradually raised to 90% of minimum wage standards. Efforts will be made to ensure unemployed people have easy access to insurance benefits through various channels. Unemployed people will not need to provide unemployment certificates, and can apply for benefits only with their ID cards or social security cards. Unemployed persons can apply for unemployment insurance benefits before unemployment registration.

China to implement private pension system

China will soon start a new era of "private pensions" with the imminent implementation of a relevant mechanism. The new mechanism, which is characterized by policy support from the government, voluntary participation and market-oriented operations, will be an important transformation of the current pension system that has a basic pension insurance and a corporate pension. Those who contribute to the basic pension insurance for workers in cities and towns, as well as in the life insurance system for urban and rural residents can participate in the private pension system. They can open their own private pension account and deposit money as they wish. The accounts can be opened at qualified commercial banks or through other designated financial institutions. The accounts have closed-end management and participants cannot draw the money in advance unless under exemptions specified in the regulations. The cap of private contributions should be 12,000 yuan (\$1,869) per year. The government might adjust the cap based on economic development standards and how China's pension system develops in the future. Read [more](#).

China allows more commercial pension providers

China will expand its commercial pension pilot scheme nationwide from 1 March this year and allow other pension providers to participate in addition to six Chinese life insurers that have been allowed previously, China Banking and Insurance Regulatory Commission said. CBIRC asked pension providers to keep exploring new products to cater to the need of new economy and flexible workers. It initiated a one-year pilot scheme for commercial pension products in Zhejiang and Chongqing province from 1 June 2021. Since the pilot scheme, the six designated providers of the pilot scheme have underwritten nearly 50,000 policies for 400 million yuan (\$63.2

million) as of January this year, including almost 10,000 policyholders from the new economy sector, such as couriers and drivers of ride-hailing platforms. [Weekly investor roundup: China to allow more pension providers; GPIF reviews share-lending decision | Pension Funds | AsianInvestor](#) See also: [China: National Pension Insurance Co receives green light to start operations \(asiainsurancereview.com\)](#)

Local policies

Guangdong increases the employer's contribution rate of basic pension insurance for enterprise employees

On 2 March 2022, Guangdong Province issued a [transition plan](#) to increase the employer's contribution rate in line with the national requirement. The employer's contribution rate of basic pension insurance for enterprise employees in Guangdong Province has been at a low level for a long time. The contribution rate in 2021 was 14%, 2% lowered than the national standard rate 16%. The transition plan proposes to use two years to increase the rate from 14% to 16%. The specific arrangements are: from January 2022, the employer's contribution rate will be increased to 15%, and from January 2023, further increased to 16%.

European Policy

New European pensions saving regime takes effect in March 2022

EU legislation gave effect to a new European pensions savings regime. The Pan-European Personal Pension (PEPP) is a voluntary retirement savings option for EU citizens that complements existing pension schemes. It allows people to pay into the same scheme throughout the EU, even if they move countries. PEPP providers will need to offer an affordable default investment option, called the 'Basic PEPP', with costs and fees capped at 1 percent of the accumulated capital per year. Read [more](#).

Policies around the world

Ireland publishes details of proposed auto-enrolment program

On March 29, Ireland's Department of Social Protection published "The Design Principles for Ireland's Automatic Enrolment Retirement Savings System," which describes the key features of an auto-enrollment (AE) pension program that is expected to be implemented by 2023 and operational by 2024. Ireland is currently the only member of the Organisation for Economic Co-operation and Development (OECD) that does not have a mandatory or auto-enrollment earnings-related pension program.

About 750,000 workers who do not currently have a pension will be enrolled in a new workplace pension scheme from January 2024. The Cabinet has agreed its long-awaited auto-enrolment pension scheme, which will cost the taxpayer €3 billion in its first year. Social Protection Minister Heather Humphreys has said this pension scheme will operate in addition to the State pension and will kick in at retirement age which is currently 66. The State will pay €1 for every €3 an employee puts into their pension fund under the new auto-enrolment system approved by ministers. The new system will see everyone earning more than €20,000 automatically signed up to make contributions for their retirement fund if they are not already in a pension fund. Read [more](#).

Chile to extend social security coverage to digital platform workers

On 11 March, Chile's government enacted an amendment to the country's labor code that will extend social security coverage and other employment protections to workers employed through digital platforms. (Digital platforms are computer systems that allow workers to provide services in specific geographic areas—such as the transportation of goods or passengers—to platform users.) Under this reform—which will be effective 1 September—digital platform workers will be classified as formal employees or self-employed persons (depending on their work contracts) and thus receive access to old-age, disability, and survivor pensions, health insurance, and other social security benefits. (Previously, digital platform workers were treated as informal

workers and received few protections under Chilean law.) This reform is intended to improve the working conditions and retirement security of a growing class of non-standard workers. It is estimated that the reform will affect around 189,000 workers in Chile, which represents about 2.2 percent of the country's labor force.

Chile plans to reform pension program

The Chilean government will send a long-awaited bill to reform the country's controversial private pension system to congress next year. Reforming the current system, Pension Fund Administrators (AFP), was one of the biggest demands demonstrators had during the 2019 protests. One of the biggest complaints against the system is its low-paying pensions. President Gabriel Boric proposed eliminating the private system in favor of a public one in his government plan, but Finance Minister Mario Marcel refrained from specifics during a presentation before deputies. Read [more](#).

Slovenia adopts Long-Term Care Act

After two decades of discussions and numerous drafts, Slovenia adopted the Long-Term Care Act in December 2021. The Act defines the rights and assessment mechanism for categories of care. It emphasises community care, introducing e-care and some other services. And, importantly, it introduces compulsory long-term care insurance. Read [more](#).

UK Pension dashboards are coming – action for occupational pension schemes to take now

Establishing a system of “pension dashboards” to enable individuals who have yet to take retirement benefits to find clear, standardised information about all their pension arrangements (including rights to state pension) in one place is a key element of the government's pension strategy. The ambition is laudable but achieving it will be a mammoth task, requiring significant time and resource from occupational pension scheme trustees, pension managers and administrators. All UK occupational pension schemes with 100 or more non-pensioner members must participate and must comply with stringent information and technical requirements. Pension scheme trustees should consider now what action they will need to take to ensure that they are ready to meet the new obligations. Every occupational pension scheme within scope must connect to the “dashboard architecture” by a set deadline. Read [more](#).

Improvements in Latvia's second tier pensions

The changes in pensions regulations include better information on pensions, contributions to child care and inheritance rights. Read [more](#).

Japan eyes expansion of workers' insurance scheme

The Japanese government is reportedly discussing plans to expand the coverage of its employee pensions and health insurance programs to all workers in the country. The proposal will be initially handled by a government panel of experts on Japan's social security system for all generations, The Japan Times reported. In June, Tokyo plans to decide on the direction for the insurance system covering all workers and have it reflected in its honebuto, or basic economic and fiscal policy guidelines. This follows the enactment of several pension reform laws in May 2020. By October 2024, the government plans to expand the public pension programme to employees of all businesses with 51 or more personnel. The current minimum staff requirement is 501. This round of discussions will be to determine whether the employee pension system can be expanded to include all workers, regardless of company size. The expert panel recommended that the government provide universal pension and insurance coverage for workers. The panel said that the pension programme must be reformed to include employees of small businesses, as well as freelancers and gig workers. Read [more](#).

Reform of the Dutch pension system

On 30 March 2022 the Dutch government submitted draft legislation to reform the Dutch pension system, (the Bill) which is expected to come into effect on 1 January 2023. The current Dutch pension system consists of three

pillars that together determine the pension amount a person will receive after retirement. The collective pension schemes under the second pillar are arrangements between employers and employees and are commonly administered by pension funds. These are generally funds for a specific industry – most of these have been made mandatory, company or for a group of people working in a specific sector. Alternatively, insurance companies may administer the pension scheme. The Dutch government wishes to reinvigorate the pension system since, among other reasons, low interest rates and the aging Dutch population are putting pressure on the system, resulting in higher costs and a reduction in pension benefits. The increase in self-employment and other forms of flexible labor result in fewer people now participate in pension plans. The purpose of the new system is to provide for the accrual of a pension as part of an individual pension capital, combined with the benefits of collective risk-sharing. The Dutch government wants to introduce a premium tailored to the individual circumstances and allocated to the individual pension capital. Read [more](#).

Publications

Ignition House 2022 [Pension Adequacy: The Pension Saver's Perspective](#) (United Kingdom Pension Adequacy Most auto-enrolment pension savers and employers are anchored to the minimum rate)

European Social Policy Network (ESPN) 2021 [Access to social protection for young people. An analysis of policies in 35 countries](#)

Brookings 2022 [AI for social protection: Mind the people \(brookings.edu\)](#)

Industry Super Australia 2022 [Narrowing the gap by making childcare more affordable: Closing the gender super gap](#) (increasing the child care subsidy for low- and middle-income families to 95 per cent and flattening taper rates, could see a woman on the median wage, if she moved from part-time to full-time work, retire with an extra \$118,000.)

Main Sources

[News Archives - Pension Policy International](#)

[EU Employment and Social Affairs](#)

[Eurofound Platform Economy Database](#)

[US Social Security Administration International monitor](#)

[ILO | Social Protection Platform \(social-protection.org\)](#)

[International Social Security Association Monitor](#)

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