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Gateway Policy Explorer: Retirement Series

China

Public Own Old-Age Benefit Plan Details

2010-2023

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Preface

This document is intended for researchers who want to understand the evolution of policy or the policy in place at a particular point in time. This document is not intended for financial advice or to aid in decision-making. The authors have made significant effort to identify and collect historical information pertaining to these policies, to accurately represent these policies, and to communicate how policies may interact to determine legal requirements, eligibility for benefits, and/or benefits levels. The policies presented in this document focus on rules applicable to most individuals aged 50 and older from 1992. Many systems include special policies or alternative eligibility rules for specific groups. We encourage all users to complete their own review of literature in this area depending on the research questions they have in mind.

If you have feedback or questions or identify an error, please contact policy@g2aging.org.

Background — Gateway Policy Explorer: Retirement Series

The *Gateway Policy Explorer* (<http://g2aging.org/policy-explorer>) is part of the Gateway to Global Aging Data (<http://g2aging.org>) project. The *Retirement Series* captures historical policy that affects the birth cohorts of respondents in the surveys covered by the Gateway. It was motivated by the rapid evolution of policies affecting older people across the world. As the Health and Retirement Study (HRS) began in 1992 and many of the international network of studies (HRS-INS) cover more than a decade, understanding the policies in place at the time of the survey has become more demanding for researchers.

Why are we tracking past policy? Individuals make choices based on current policies and the outcomes we see today may reflect responses to past policies. When interpreting the survey responses of individuals, an understanding of the policy environment under which those individuals operate is critical. The collection of contextual information in the *Gateway Policy Explorer* aims to support researchers who want to understand or use policy changes in their research and provide context for longitudinal or cross-country differences. Over the period 2023–2026 the *Gateway Policy Explorer* will be expanded to include information on retirement, long-term care, education, and other policies affecting the life cycle.

The key dimensions to the *Gateway Policy Explorer: Retirement Series* are country and time. We prioritize data collection for each country based on its first interview wave and are continuing to expand our data collection back in time to 1992, the earliest survey date in the HRS-INS.

A separate document, like this one, is developed for each country and each broad category of policies covered in the *Gateway Policy Explorer: Retirement Series*.

Author and Contributor Disclaimers

† The opinions expressed here are those of authors and do not necessarily reflect the views of the OECD or of its member countries.

China

Own Old-Age Benefits
Plan details 2010-2023 * †

The Chinese old-age pension system since 2010 consists of two public pension systems where participation is based on profession and hukou, an administrative classification which assigns a person to their designated citizenship rights.

The Basic Pension for Enterprise Employees covers all salaried workers and the self-employed, and has two components: a social account and a mandatory individual account. The social account is funded by employers, and the individual account funded by the insured themselves. The Urban and Rural Resident Pension covers rural residents and nonsalaried urban residents. It has two components: a social account and an individual account. Pension programs for civil servants are administered separately.

In addition to public pensions, supplementary pension systems such as enterprise annuities, occupational annuity for public sector employees, and private pensions have gained popularity in recent years.

Key Dates

First law: 1951

Major changes since 1992: 2010, 2014

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† Detailed information and definitions are provided in tables, formulas and a glossary at the end of this document. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

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Chapter 1: Background on own old-age benefit policy prior to 2010

Editor's Note

China's first national law on social insurance, known as the [Social Insurance Law](#), was adopted in October 2010 and implemented in July 2011. Prior to 2010, the Chinese own old-age benefit plans went through several reforms and were characterized by separate systems across types of employers and the insured's [hukou](#) (户口). The actual implementation of benefit plans varied substantially at the sub-national level because of provincial autonomy in benefit and eligibility determination.

Since the China Health and Retirement Longitudinal Study (CHARLS) began in 2011, right after the promulgation of the [Social Insurance Law](#), and given the difficulty of collecting national and sub-national policy information from periods before 2010, this chapter deviates from the usual design of the Gateway Policy Explorer Series and provides a brief historical background on the evolution of China's own old-age benefit systems prior to the creation of the [Social Insurance Law](#). The background provided in this chapter offers important context for the current state of China's own old-age benefit systems and subsequent reforms.

After the Second World War, the People's Republic of China established its first own old-age benefit plan in 1951, with the publication of the Labor Insurance Regulation by the State Council [3]. The Labor Insurance Regulation created a pension system for workers in enterprises (企业), which formed the basis of the [Basic Pension for Enterprise Employees](#) (BPEE, 城镇职工养老保险). The Labor Insurance Regulation applied to workers (i.e., employees) in factories, mines, enterprises of railway, shipping, post and telecommunication, construction enterprises, and their affiliated units. These state-owned enterprises (SOEs) were fully responsible for paying the labor insurance contributions for their employees. 30% of the contributions were transferred to the [All-China Federation of Trade Unions](#) (ACFTU) and the remaining 70% were kept in SOEs' accounts for benefit payments such as pension, sickness leave, maternity leave, and disability allowance.

Eligibility requirements for the enterprise workers' pension included age and work history requirements and varied by sex and type of work. For example, workers employed in arduous or unhealthy work could retire at an earlier age with shorter work history compared to normal workers. The amount of the enterprise workers' pension ranged from 50% to 70% of their final wages prior to retirement. A person might defer claiming upon their work needs and they would receive part of their pension benefit while working. The amount ranged from 10% to 20% of their final wages [3].

In 1955, State Council's Temporary Measures on Handling Civil Servants' Retirement and Calculations of Working History introduced a pension system for government agency personnel [7]. The time periods when they participated in revolutionary political work before the establishment of the People's Republic of China were taken into account. This regulation became the foundation of the pension system for civil servants in government and working units (单位), which we will refer to as the pension programs of the government and institutions. In 1978, the issuing of the State Council's Temporary Measures on Providing for Old, Weak, Sick, and Handicapped Cadres further regulated the civil servants' pension plan and established a non-contributory defined benefit pension system fully funded by the government [8]. This regulation consolidated the age and contribution requirements for civil servants. The amount of the civil servant's pension ranged from 70% to 90% of their wages, depending on when they started working and length of their working history [7].

In the 1980s when China shifted from a planned to a market-oriented economy, enterprises became independent and needed to be responsible for their own benefits and losses. The previous [Basic Pension for Enterprise Employees](#) (BPEE) system that solely relied on enterprises themselves financially and administratively burdensome, which motivated a broad reform of the system and its funding. One issue motivating reform of BPEE was that it originally applied to SOEs and large urban collectives. As labor participation in private enterprises greatly expanded, the State Council issued four new regulations in 1986 to reform SOEs and include new workers hired on a contract basis into [BPEE](#) [9, 5]. During the 1980s, various pilot programs regarding [BPEE](#) reforms took place across different cities, aiming to explore the possibilities of a new system design. Following these attempts and as concern for funding continued, the State Council further emphasized in 1991 that the pension system for employees was to be funded by employers, employees, and government [10]. In 1995, the State Council established a new [BPEE](#) system that consisted of a [social account](#) (社会统筹账户) and an [individual account](#) (个人账户) [11]. The social account was funded by employer contribution. The individual account was funded jointly by employers and employees until 2006. The local authorities were encouraged to experiment on alternative [BPEE](#) designs. Therefore, the reformed [BPEE](#) system varied at the municipal level in actual implementation.

These new [BPEE](#) practices were finalized in 1997. Based on the previous experiments, the State Council issued a decision to create more uniform standards and laid out the general structure of the reformed pension system [12]. The reformed [BPEE](#) system serves as the foundation of today's employee pension, consisting of a social account paid by employers (i.e., enterprises) and an individual account paid by the insured themselves. According to the State Council guidelines, the contribution rate to a social account should not exceed 20% and the contribution rate to an individual account was set at 11% (7% paid by employers and 4% paid by employees). The

employer's contribution rate was gradually decreased to 3% while the employee's contribution rate increased to 8% —see Table 6 for changes over time. From 2006, only employees contribute to their individual account. Local governments may adjust these contribution rates. The self-employed pay for the social account and individual account by themselves.

Before 1992, unlike the pensions for civil servants and enterprise employees, rural residents and informal workers were not covered by any old-age insurance. In 1992, the Ministry of Civil Affairs established a county-level rural pension, known as the **Old Rural Pension** (农村社会养老保险) and rural residents were covered for the first time [6]. This new system was created for rural residents with urban **hukou**, including employees in county-owned enterprises, private enterprises, self-employed people, and migrant workers. Funding of the system came from contributions, community subsidies, and government subsidies. The insured might choose their contribution amount based on a 10-scale standard which could be adjusted locally. For people insured with the rural pension, their statutory retirement age was age 60. But the participation rate in the **Old Rural Pension** remained low. Only about 54 million rural residents were insured by 2004 [14].

The previously mentioned pension systems typically apply to urban residents or rural residents with urban hukou. Little social protection was provided to rural residents with rural hukou and informal workers. Aiming to improve social welfare and social protection, the Chinese central government launched a number of pilot programs based on the **Old Rural Pension** in the early 2000s. In 2009, a new rural pension system known as the **New Rural Pension** (新型农村社会养老保险) was introduced by the State Council [13]. The **New Rural Pension** (NRP) expanded the coverage of rural pension to all rural residents who had rural hukou and did not participate in BPEE. For example, informal rural workers were covered for the first time [4]. NRP had two components: a social account and an individual account. The insured contributed to their individual account based on a 5-scale contribution standard. Local government contributed to individual account by matching the insured's contributions, with the match for the minimum contribution at 30¥ per year. Participants who chose higher contribution rates received higher matches. The insured's local community also subsidized the individual account.

In summary, the Chinese social security system had undergone a number of reforms regarding its design and implementation. It was a defined benefit system and varied depending on type of work and hukou status. Initially, the system only covered government and public sector employees when it was established in the 1950s. The public sector employee pension was originally managed nationally and its administration was shifted to the enterprise level as it developed. The civil servant pension remains centrally managed [1, 2]. Increasing financial burden led to the employee pension being reformed in the 1990s with the introduction of the **Basic Pension for Enterprise Employees**. BPEE is managed at city level by local authorities. It is funded by both employee and employer contributions with social pooling at the city (or county) level.

Rural residents with urban hukou were first covered in 1992 under the **Old Rural Pension**. Based on this rural pension and following a series of experiments in the early 2000s, the **New Rural Pension** was established to extend the pension coverage to all rural residents. However, informal workers in urban areas were not covered during this time period.

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Chapter 2: Policy enacted 2010-2013

Policy change in 2010

The National People's Congress of China adopted the [Social Insurance Law](#) on October 28, 2010, which came into effect on July 1, 2011. The [Social Insurance Law](#) consolidated social security regulations at national and sub-national levels and established a nationwide unified social security system for all citizens. Regarding own old-age benefits, the Social Insurance Law established the following basic principles of the pension system:

- All employees (i.e., individuals working for an employer) would be required to participate in the Basic Pension for Enterprise Employees (BPEE, 城镇职工养老保险) and contributions would be jointly paid by employees and employers. The self-employed could participate voluntarily.
- BPEE would consist of a contributory social account and an individual account.
- Contributions could be transferred between regions.
- An annual benefit adjustment mechanism based on local conditions such as employee wages and cost of living was established by the State Council.
- The New Rural Pension (新型农村社会养老保险) was established and would be funded by contributions, community subsidies, and government subsidies.
- A new pension system targeted at rural residents and non-salaried urban residents was established by merging the New Rural Pension and Urban Resident Pension (城镇居民养老保险). Local governments could adjust contribution requirements and benefits based on local circumstance.

Other policy changes during this period include:

- Opinions of the State Council on Launching the Pilot Program of the Urban Resident Pension ([State Council, 2011](#)), promulgated June 13, 2011, made the following changes:
 - Established a new pension system known as the Urban Resident Pension (城镇居民养老保险) for urban residents without formal work history and therefore not insured with the Basic Pension for Enterprise Employees (城镇职工养老保险).
 - Set the basic funding and eligibility rules for the Urban Resident Pension.
 - Urged local governments to design pilot programs corresponding to the State Council guidelines. These pilot programs started on July 1, 2011 and were intended to provide the same coverage as the [New Rural Pension](#).

Overview

The Chinese old-age pension system consists of three public pension systems depending on an individual's professional and residential status. The Basic Pension for Enterprise Employees (城镇职工养老保险) covers enterprise employees and has two components: a contributory social account and a mandatory individual account. The social account (社会统筹账户), also known as social pooling, is funded by employers. The individual account (个人账户) is funded by individual workers. The New Rural Pension (新型农村社会养老保险) covers rural residents and consists of a social account and an individual account. The Urban Resident Pension (城镇居民养老保险), established in 2011, covers urban residents without formal work history.

Pension programs of the government and institutions (政府和事业单位) are administered separately from the systems mentioned above. Civil servants' pension benefits are paid by the government and they do not have contribution liability. In addition to public pensions, supplementary pension systems such as [Enterprise Annuity](#) (企业年金) and [private pensions](#) (个人养老金) are gaining popularity during this period. Pension programs of the government and institutions as well as supplementary pension systems are not currently detailed in this policy period (chapter).

Due to autonomy at provincial level, each province determines whether tax authorities or social security institutions are responsible for the collection of pension contributions. Local social security institutions administer the payment of pension benefits. Currently we have collected a sample of local policies to illustrate variation in implementation at the local level. In future versions of this document, additional information will be made available by locality (i.e., provinces and municipalities, if applicable). The highlighted localities include: Jilin, Gansu, Guangdong, Shanghai, and Sichuan.

Contributions

• Employee contribution rate

Basic Pension for Enterprise Employees (城镇职工养老保险)

- Social account: None, or as determined by local government regulations
- Individual account: 8% of the employee's average wage in the previous year ([State Council Gazette, 2008a](#), Article 3) —
 - * The minimum employee's average wage taken into account is 60% of the local average monthly wage in the previous year
 - * The maximum employee's average wage taken into account is 300% of the local average monthly wage in the previous year

The following tables document average monthly wage in selected localities ^[1] —

- [Table 1](#): Monthly average wage in Jilin (2010-2011, 2013)
- [Table 2](#): Monthly average wage in Gansu (2010-2021)
- [Table 3](#): Monthly average wage in Guangdong (2010-2021)
- [Table 4](#): Monthly average wage in Shanghai (2010-2022)
- [Table 5](#): Monthly average wage in Sichuan (2019)

Additionally, see [Table 6](#) for changes in employee contribution rates before 2010.

• Employer contribution rate

Basic Pension for Enterprise Employees (城镇职工养老保险)

- Social account: Up to 20% of payroll, depending on local government regulations. Local governments may adjust these rates ([State Council Gazette, 2008a](#), Article 3) —the following tables document employer contribution rates in selected localities ^[1] —
 - * [Table 7](#): Employer contribution rate in Jilin (2010-present)
 - * [Table 8](#): Employer contribution rate in Gansu (2010-present)
 - * [Table 9](#): Employer contribution rate in Guangdong (2010-present)
 - * [Table 10](#): Employer contribution rate in Shanghai (2010-present)
 - * [Table 11](#): Employer contribution rate in Sichuan (2010-present)
- Individual account: None

• Self-employed contribution rate

Basic Pension for Enterprise Employees (城镇职工养老保险)

- Social account: 12% of the local average monthly wage ([State Council Gazette, 2008a](#), Article 3)
- Individual account: 8% of the local average monthly wage ([State Council Gazette, 2008a](#), Article 3)

The following tables document average monthly wage in selected localities ^[1] —

- * [Table 1](#): Monthly average wage in Jilin (2010-2011, 2013)
- * [Table 2](#): Monthly average wage in Gansu (2010-2021)
- * [Table 3](#): Monthly average wage in Guangdong (2010-2021)
- * [Table 4](#): Monthly average wage in Shanghai (2010-2022)
- * [Table 5](#): Monthly average wage in Sichuan (2019)

New Rural Pension (新型农村社会养老保险)

- Social account: None
- Individual account: A choice of 100¥ to 500¥ a year based on 5 scales ([State Council, 2009a](#), Chapter 4) —see [Table 12](#) for the 5 scales. Local governments may adjust the amounts and levels of scales (a person can only be insured at their registered residence on *hukou*)
 - * Local government contributes at least 30¥ a year (guidelines of the State Council)

Urban Resident Pension (城镇居民社会养老保险)

- Social account: None
- Individual account: A choice of 100¥ to 1,000¥ a year based on 10 scales ([State Council, 2011](#), Chapter 4). Local governments may adjust the amounts and levels of scales —see [Table 13](#) for the 10 scales
 - * Local government contributes at least 30¥ a year (guidelines by the State Council)

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**

SRA varies by pension system.

Basic Pension for Enterprise Employees (城镇职工养老保险)

For the main eligibility track, SRA varies by sex ([Government Administration Council of the Central People's Government, 1951, Chapter 7](#); [State Council, 1978, Article 4](#); [National People's Congress of the People's Republic of China, 2010, Chapter 2](#)) —

- Men: Age 60 or age 55 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years
- Women: Age 55 for women in white-collar jobs, 50 for women in blue-collar jobs, or age 45 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years

New Rural Pension (新型农村社会养老保险)

Age 60 ([State Council, 2009a, Article 7](#))

Urban Resident Pension (城镇居民社会养老保险)

Age 60 ([State Council, 2011, Article 7](#))

- **Does SRA vary by birth year?** Answer: No
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

Eligibility requirements vary by pension system.

Basic Pension for Enterprise Employees (城镇职工养老保险)

There are multiple alternative [eligibility tracks](#) to qualifying for benefits ([Government Administration Council of the Central People's Government, 1951, Chapter 7](#); [State Council, 1978, Article 4](#); [National People's Congress of the People's Republic of China, 2010, Chapter 2](#)).

Main Eligibility Track

- Age requirement:
 - Men: Age 60 or age 55 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years
 - Women: Age 55 for women in white-collar jobs, 50 for women in blue-collar jobs, or age 45 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years
- Contribution requirement: 15 years of contribution

Other Eligibility Track: Disability

- Age requirement:
 - Men: Age 50
 - Women: Age 45
- Contribution requirement: 10 years of contribution

New Rural Pension (新型农村社会养老保险)

- Age requirement: Age 60 ([State Council, 2009a, Article 7](#))
- Contribution requirement: 15 years of contribution. People may waive this requirement or make up for uncontributed years through lump-sum payments if they satisfy certain conditions ([State Council, 2009a, Article 7](#)) —
 - People who had reached SRA when the New Rural Pension came effective can waive the contribution requirement
 - People who were at most 15 years younger than SRA when the New Rural Pension came effective must contribute every year before they reach SRA. Their total contribution years must not exceed 15 years
- Other requirements:
 - They are not receiving benefit from the Basic Pension for Enterprise Employees
 - They hold rural hukou

Urban Resident Pension (城镇居民社会养老保险)

Same as the New Rural Pension ([State Council, 2011](#), Article 7).

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before SRA?** Answer: No

Benefits

To receive a benefit, **does an individual have to claim it?** Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No, it is related to the year in which an individual participated in the program.
- **Is the formula for computing benefit entitlement progressive?** Answer: No
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on national income?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes, military service counts toward contribution years.
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: Yes
- **Are future benefit entitlements adjusted for cost of living?** Answer: Yes
- **If so, what measure is used for adjustment?**
Annual benefit adjustments vary by pension system.

Basic Pension for Enterprise Employees (城镇职工养老保险)

The State Council adjusts the [Basic Pension for Enterprise Employees](#) based on various conditions such as employee wages and cost of living. The adjustment is proportional to employees' wage growth at provincial level. Local governments set their own adjustments and implement them upon central government's approval. ([State Council, 2008a](#), Article 7)

New Rural Pension (新型农村社会养老保险)

The central government adjusts the basic rate of the New Rural Pension according to economic development, cost of living and other situations. ([State Council, 2009a](#), Article 8)

Urban Resident Pension (城镇居民社会养老保险)

Same as the New Rural Pension ([State Council, 2011](#), Article 8).

Benefit formula for claiming at SRA

Benefit calculations vary by pension system.

Basic Pension for Enterprise Employees (城镇职工养老保险)

The Basic Pension for Enterprise Employees benefit amount is the sum of accrued contributions in a person's [social account](#) and the mandatory [individual account](#) ([National People's Congress of the People's Republic of China, 2010](#), Chapter 2) —

- **Social account:** The base of calculation is formed by taking the average of the insured's indexed monthly average earnings and the local monthly average wage. The annual accrual rate is 1%, and the final benefit amount is the base multiplied by the number of years of contribution and then multiplied by 1% (e.g., 30% if one has 30 years of contribution).
- **Individual account:** This amount is the total contributions in a person's account divided by the [actuarial month](#). The actuarial month ranges from 56 to 233, depending on the insured's age, and is adjusted periodically based on the average life expectancy for the urban population and the interest rate. The actuarial month for a person who retires at age 60 is 139. See [Table 14](#) for actuarial month by retirement age.

Since benefits are linked to local average wages, the benefit amount of workers who have a contribution history in multiple localities (known as migrant workers) is determined by the following rules (Article 6 of [State Council, 2009b](#)) —

- Migrant workers that are eligible for benefits at their registered residence on [hukou](#): Their registered residence's authority administers pension benefit payments

- Migrant workers that are eligible for benefits at a place other than their registered residence on [hukou](#): Varies by contribution history —
 - If they have a contribution of at least 10 years at this place, the local authority administers pension benefit payments
 - If they do not have a contribution of at least 10 years at this place, an authority where the insured contributes at least 10 years administers pension benefit payments
 - If they do not have a contribution of at least 10 years at any place, the authority of their registered residence on [hukou](#) administers pension benefit payments

See [Formula 1](#) for how the Basic Pension for Enterprise Employees benefit amount is calculated, and additional reference tables and example of calculation:

- [Box 1](#): Example of benefit calculation for social account of the Basic Pension for Enterprise Employees
- [Table 15](#): One-year bank deposit interest rate (2010-2015)

[New Rural Pension](#) (新型农村社会养老保险)

Similar to the Basic Pension for Enterprise Employees, the New Rural Pension benefit amount is the sum of a social account and an amount from individual account ([State Council, 2009a](#)):

- Social account: A flat-rate basic amount, increased if the insured has more than 15 years of contribution
- Individual account: This amount is the total contributions in the insured's account divided by the [actuarial month](#) —see [Table 14](#) for actuarial month by retirement age

See [Formula 2](#) for how the New Rural Pension benefit amount is calculated.

[Urban Resident Pension](#) (城镇居民社会养老保险)

Same as the New Rural Pension ([State Council, 2011](#)), the Urban Resident Pension is the sum of a social account and an amount from individual account. See [Formula 3](#) for how the Urban Resident Pension benefit amount is calculated.

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: No. An individual's employment contract is automatically terminated as they reach the statutory retirement age ([State Council, 2008](#), Article 21), but they may sign a labor contract and continue to work while claiming.

Chapter 3: Policy enacted 2014-2023

Policy change in 2014

Ordinance of the State Council on Establishing a Unified Basic Pension system for Urban and Rural Residents ([State Council, 2014](#)), promulgated and effective February 26, 2014, made the following changes:

- Merged the previous New Rural Pension (新型农村社会养老保险) and Urban Resident Pension (城镇居民养老保险) to form a new system known as the Urban and Rural Resident Pension (城乡居民基本养老保险) which covers all rural and nonsalaried urban residents. This pension consists of a social account and an individual account.
- Established that the Urban and Rural Resident Pension is funded by insured individuals, county communities, and government. Central government subsidizes mid-western areas at 100% and eastern areas at 50%.
- Introduced a 12-scale contribution standard for the insured individuals to freely choose from, which may be modified by local government to accommodate local circumstance.
- Urged local governments to develop implementation plans for the new system according to the State Council guidelines and report back to the Ministry of Human Resources and Social Security.

Other reforms during this period include:

- Decision of the State Council on Reforming the Pension Insurance System for Civil Servants and Public-sector Employees ([State Council, 2015](#)), effective October 1, 2014 and promulgated January 14, 2015, reformed the pension for civil servants and public-sector employees to achieve better equity between public sector and private sector employees. The new civil servant pension's design is similar to the Basic Pension for Enterprise Employees and consists of a social account and a mandatory individual account
- Notice from the Ministry of Human Resources and Social Security and the Ministry of Finance of the People's Republic of China on Distributing the "Measures for Unifying and Standardizing the Interest Rates of Individual Accounts of the Basic Pension for Enterprise Employees" ([MOHRSS, 2017](#)), promulgated April 13, 2017, made the following changes:
 - Standardized the basic principles of setting interest rates across public pension systems.
 - Unified the interest rates of employee pensions and civil servant pensions, which cannot be lower than national bank's fixed deposit rate, and eliminated pre-existing regional differences.
 - Established the interest rate calculation method for Enterprise Annuities.
 - Regulated publication time of the interest rate for individual accounts —it should be published by the Ministry of Human Resources and Social Security and the Ministry of Finance in June every year.
- Guidance Opinion of the Ministry of Human Resources and Social Security and the Ministry of Finance of the People's Republic of China on Establishing Normal Adjustment Scheme for BPEE ([MOHRSS, 2018](#)), promulgated March 26, 2018, requested local governments establish benefit adjustment systems for the Basic Pension for Enterprise Employees.
- Notice from the State Council on Issuing the Comprehensive Plan to Reduce Social Insurance Contributions ([State Council, 2019](#)), effective April 1, 2019, made the following changes:
 - The employer contribution rate to the Basic Pension for Enterprise Employees is decreased to 16% of payroll. Provinces are required to implement this change from May 1, 2019.
 - The definition of local average wage was changed. Wages in private firms were previously excluded when calculating average wages and are included from 2019. This may reduce the local average wage.

Overview

The Chinese old-age pension system consists of two public pension systems depending on an individual's professional and residential status. The Basic Pension for Enterprise Employees (城镇职工养老保险) covers enterprise employees and has two components: a social account and a mandatory individual account. The social account (社会统筹账户), also known as social pooling, is funded by employers. The individual account (个人账户) is funded by individual workers. The Urban and Rural Resident Pension (城乡居民基本养老保险) covers rural and nonsalaried urban residents. It has two components: a social account and an individual account.

Pension programs of the government and institutions (政府和事业单位) were administered separately from the systems mentioned above, and civil servants used to not contribute to own old-age benefit. In 2015, civil servants' pension was reformed to establish an independent system from government and institutions. The new system is similar to the Basic Pension for Enterprise Employees and consists of same components. In addition to public pensions, supplementary pension systems such as [Enterprise Annuity](#) (企业年金), [Occupational Annuity](#) (政府机关事业单位年金) and [private pensions](#) (个人养老金) are gaining popularity during this period. Enterprise Annuity is a voluntary program available for employees in the private sector while Occupational Annuity is a mandatory program for employees in the public sector. Pension programs of the government and institutions as well as supplementary

pension systems are not currently detailed in this policy period (chapter).

Due to autonomy at provincial level, each province determines whether tax authorities or social security institutions are responsible for the collection of pension contributions. Local social security institutions administer the payment of pension benefits. Currently we have collected a sample of local policies to illustrate variation in implementation at the local level. In future versions of this document, additional information will be made available by locality (i.e., provinces and municipalities, if applicable). The highlighted localities include: Jilin, Gansu, Guangdong, Shanghai, and Sichuan.

Contributions

• Employee contribution rate

Basic Pension for Enterprise Employees (城镇职工养老保险)

- Social account: None, or as determined by local government regulations
- Individual account: 8% of the employee's average wage in the previous year ([State Council Gazette, 2008a](#), Article 3) —
 - * The minimum employee's average wage taken into account is 60% of the local average monthly wage in the previous year
 - * The maximum employee's average wage taken into account is 300% of the local average monthly wage in the previous year

The following tables document average monthly wage in selected localities ^[1] —

- [Table 1](#): Monthly average wage in Jilin (2010-2011, 2013)
- [Table 2](#): Monthly average wage in Gansu (2010-2021)
- [Table 3](#): Monthly average wage in Guangdong (2010-2021)
- [Table 4](#): Monthly average wage in Shanghai (2010-2022)
- [Table 5](#): Monthly average wage in Sichuan (2019)

Additionally, see [Table 6](#) for changes in employee contribution rates before 2010.

• Employer contribution rate

Basic Pension for Enterprise Employees (城镇职工养老保险)

- Social account: Up to 20% of payroll, reduced to 19% and then to 16% of payroll —see [Table 16](#) for employer contribution rates over time. Local governments may adjust these rates —the following tables document employer contribution rates in selected localities ^[1] —
 - * [Table 7](#): Employer contribution rate in Jilin (2010-present)
 - * [Table 8](#): Employer contribution rate in Gansu (2010-present)
 - * [Table 9](#): Employer contribution rate in Guangdong (2010-present)
 - * [Table 10](#): Employer contribution rate in Shanghai (2010-present)
 - * [Table 11](#): Employer contribution rate in Sichuan (2010-present)
- Individual account: None

• Self-employed contribution rate

Basic Pension for Enterprise Employees (城镇职工养老保险)

- Social account: 12% of the local average monthly wage ([State Council Gazette, 2008a](#), Article 3)
- Individual account: 8% of the local average monthly wage ([State Council Gazette, 2008a](#), Article 3)

The following tables document average monthly wage in selected localities ^[1] —

- * [Table 1](#): Monthly average wage in Jilin (2010-2011, 2013)
- * [Table 2](#): Monthly average wage in Gansu (2010-2021)
- * [Table 3](#): Monthly average wage in Guangdong (2010-2021)
- * [Table 4](#): Monthly average wage in Shanghai (2010-2022)
- * [Table 5](#): Monthly average wage in Sichuan (2019)

Urban and Rural Resident Pension (城乡居民基本养老保险)

- Social account: None
- Individual account: A choice of 100¥ to 2,000¥ a year based on 12 scales —see [Table 17](#) for the 12 scales recommended by the State Council. In addition to the insured's own contributions, local governments provide a minimum annual subsidy of 30¥, or 60¥ if the insured contributes at least 500¥ that year. Local governments may adjust the amounts and levels

of scales (a person can only be insured at their registered residence on [hukou](#)). The following tables provide contribution standards in selected localities ^[1] —

- * [Table 18](#): Contribution standard in Jilin (2014-present)
- * [Table 19](#) and [Table 20](#): Contribution standard in Gansu (2014-present)
- * [Table 21](#): Contribution standard in Guangdong (2013-present)
- * [Table 22](#): Contribution standard in Sichuan (2014-present)

Eligibility

Age requirements to start benefits without penalty

- **Statutory retirement age (SRA)**

SRA varies by pension system.

Basic Pension for Enterprise Employees (城镇职工养老保险)

For the main eligibility track, SRA varies by sex ([Government Administration Council of the Central People's Government, 1951, Chapter 7](#); [State Council, 1978, Article 4](#); [National People's Congress of the People's Republic of China, 2010, Chapter 2](#)) —

- Men: Age 60 or age 55 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years
- Women: Age 55 for women in white-collar jobs, 50 for women in blue-collar jobs, or age 45 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years

Urban and Rural Resident Pension (城乡居民基本养老保险)

Age 60 ([State Council, 2014, Article 7](#))

- **Does SRA vary by birth year?** Answer: No
- **Does SRA vary by sex?** Answer: Yes

Contribution requirements to be eligible to receive benefit

Eligibility requirements vary by pension system.

Basic Pension for Enterprise Employees (城镇职工养老保险)

There are multiple alternative [eligibility tracks](#) to qualifying for benefits ([Government Administration Council of the Central People's Government, 1951, Chapter 7](#); [State Council, 1978, Article 4](#); [National People's Congress of the People's Republic of China, 2010, Chapter 2](#)).

Main Eligibility Track

- Age requirement:
 - Men: Age 60 or age 55 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years
 - Women: Age 55 for women in white-collar jobs, 50 for women in blue-collar jobs, or age 45 if they have been engaged in underground, high-altitude, high-temperature, heavy manual labor and other types of work that is harmful to health for 10 years
- Contribution requirement: 15 years of contribution

Other Eligibility Track: Disability

- Age requirement:
 - Men: Age 50
 - Women: Age 45
- Contribution requirement: 10 years of contribution

Urban and Rural Resident Pension (城乡居民基本养老保险)

- Age requirement: Age 60 ([State Council, 2014, Article 7](#))
- Contribution requirement: 15 years of contribution. People may waive this requirement or make up for uncontributed years through lump-sum payments if they satisfy certain conditions ([State Council, 2014, Article 7](#)) —

- People who had reached [SRA](#) when the Urban Resident Pension Plan or the New Rural Pension came effective can waive the contribution requirement
- People who were at most 15 years younger than [SRA](#) when the Urban Resident Pension Plan or the New Rural Social Pension System came effective must contribute every year before they reach [SRA](#). Their total contribution years must not exceed 15 years

Alternative eligibility requirements that permit starting benefits early, but with a penalty

- **Can an individual start benefits before [SRA](#)?** Answer: No

Benefits

To receive a benefit, **does an individual have to claim it?** Answer: Yes

Payment type

- **Payment options (i.e., Annuity, cash balance, or lump sum):** Annuitable

Factors effecting computation of benefit entitlement

- **Does the formula for computing benefit entitlement differ by birth year?** Answer: No, it is related to the year in which an individual participated in the program.
- **Is the formula for computing benefit entitlement [progressive](#)?** Answer: No
- **Does the benefit entitlement depend on the individual's own contribution/work history?** Answer: Yes
- **Does the benefit entitlement depend on [national income](#)?** Answer: No
- **Does an individual receive credits for military service (above any credits normally received for employment)?** Answer: Yes, military service counts toward contribution years.
- **Does an individual receive credits for number of children?** Answer: No
- **Does an individual receive credits for unemployment?** Answer: Yes
- **Are future benefit entitlements adjusted for [cost of living](#)?** Answer: Yes
- **If so, what measure is used for adjustment?**
Annual benefit adjustments vary by pension system.

[Basic Pension for Enterprise Employees](#) (城镇职工养老保险)

The State Council adjusts the [Basic Pension for Enterprise Employees](#) based on various conditions such as employee wages and cost of living. The adjustment is proportional to employees' wage growth at provincial level. Local governments set their own adjustments and implement them upon central government's approval. ([State Council, 2008a](#), Article 7)

[Urban and Rural Resident Pension](#) (城乡居民基本养老保险)

The Ministry of Human Resources and Social Security (MOHRSS) of the People's Republic of China, together with the Ministry of Finance, determines the adjustments to the minimum [Urban and Rural Resident Pension](#) by taking into account the wage growth, cost of living, and other social security adjustments. Local governments can make other adjustments if necessary. ([State Council, 2014](#), Article 6)

Benefit formula for claiming at [SRA](#)

Benefit calculations vary by pension system.

[Basic Pension for Enterprise Employees](#) (城镇职工养老保险)

The Basic Pension for Enterprise Employees benefit amount is the sum of accrued contributions in a person's [social account](#) and the mandatory [individual account](#) ([National People's Congress of the People's Republic of China, 2010](#), Chapter 2) —

- **Social account:** The base of calculation is formed by taking the average of the insured's indexed monthly average earnings and the local monthly average wage. The annual accrual rate is 1%, and the final benefit amount is the base multiplied by the number of years of contribution and then multiplied by 1% (e.g., 30% if one has 30 years of contribution).
- **Individual account:** This amount is the total contributions in a person's account divided by the [actuarial month](#). The actuarial month ranges from 56 to 233, depending on the insured's age, and is adjusted periodically based on the average life expectancy for the urban population and the interest rate. The actuarial month for a person who retires at age 60 is 139. See [Table 14](#) for actuarial month by retirement age.

Since benefits are linked to local average wages, the benefit amount of workers who have a contribution history in multiple localities (known as migrant workers) is determined by the following rules (Article 6 of [State Council, 2009b](#)) —

- Migrant workers that are eligible for benefits at their registered residence on [hukou](#): Their registered residence's authority administers pension benefit payments
- Migrant workers that are eligible for benefits at a place other than their registered residence on [hukou](#): Varies by contribution history —
 - If they have a contribution of at least 10 years at this place, the local authority administers pension benefit payments
 - If they do not have a contribution of at least 10 years at this place, an authority where the insured contributes at least 10 years administers pension benefit payments
 - If they do not have a contribution of at least 10 years at any place, the authority of their registered residence on [hukou](#) administers pension benefit payments

See [Formula 1](#) for how the Basic Pension for Enterprise Employees benefit amount is calculated, and additional reference tables and example of calculation:

- [Box 1](#): Example of benefit calculation for social account of the Basic Pension for Enterprise Employees
- [Table 15](#): One-year bank deposit interest rate (2010-2015)
- [Table 23](#): Interest rate for individual account of the Basic Pension for Enterprise Employees (2016-2022)

[Urban and Rural Resident Pension](#) (城乡居民基本养老保险)

Similar to the Basic Pension for Enterprise Employees, the Urban and Rural Resident Pension benefit amount is the sum of a social account and an amount from individual account ([State Council, 2014](#)):

- Social account: A flat-rate basic amount, increased if a person has more than 15 years of contribution —see [Table 24](#) for basic pension amount of URRP in selected localities as of 2023. Additionally, as set by local governments, this amount may be increased if the pensioner reaches certain ages
- Individual account: This amount is the total contributions in a person's account divided by the [actuarial month](#) —see [Table 14](#) for actuarial month by retirement age

See [Formula 4](#) for how the Urban and Rural Resident Pension benefit amount is calculated, and additional reference tables ^[1] —

- [Table 24](#): Social account amount in selected localities in 2023
- [Table 25](#): Social account amount and increase amount in Jilin (2014-2023)
- [Table 26](#): Social account amount and increase amount in Gansu (2014-2023)
- [Table 27](#): Social account amount and increase amount in Guangdong (2012-2023)
- [Table 28](#): Social account amount and increase amount in Shanghai (2014-2023)
- [Table 29](#): Social account amount and increase amount in Sichuan (2014-2023)

Adjustments for starting benefits before SRA (Early claiming or retirement)

- **Are benefits reduced for starting benefits before SRA?** Answer: No

Adjustments for starting benefits after SRA (Delayed claiming or retirement)

- **Are benefits increased for starting benefits after SRA?** Answer: No

Adjustments for starting benefits and continuing to work (Earnings Test)

- **Are benefits reduced or eliminated while working?** Answer: No. An individual's employment contract is automatically terminated as they reach the statutory retirement age ([State Council, 2008](#), Article 21), but they may sign a labor contract and continue to work while claiming.

Tables and Formulas

Table 1: Monthly Average Wage in Jilin (2010-2011, 2013)

Year	Monthly Average Wage
2013	3651.75¥
2011	2849.75
2010	2449.92

Source: Author's compilation from Jilin Statistical Yearbooks, archived in the Jilin Province Bureau of Statistics website ([Jilin Province Bureau of Statistics, 2023](#))

Note:

- The monthly average wage is calculated from the wages of all fully employed staff and workers. City-level monthly average wage from 2010-2011 and in 2013 is archived and available for download on our website.
- Data in other years is not published by the Jilin Province Bureau of Statistics.

Table 2: Monthly Average Wage in Gansu (2010-2021)

Year	Monthly Average Wage
2021	7,357.42¥
2020	6,949.33
2019	6,444.67
2018	6,142.00
2017	5,477.17
2016	4,962.42
2015	4,537.83
2014	4,039.17
2013	3,675.75
2012	3,203.33
2011	2,742.17
2010	2,465.67

Sources: Author's compilation from Gansu Statistical Yearbooks, archived in the Gansu Province Bureau of Statistics website ([Gansu Province Bureau of Statistics, 2023](#))

Note: The monthly average wage is calculated from the wages of all fully employed staff and workers. City-level monthly average wage from 2010-2021 is archived and available for download on our website.

Table 3: Monthly Average Wage in Guangdong (2010-2021)

Year	Monthly Average Wage
2021	10,024.92¥
2020	9,193.67
2019	8,390.75
2018	7,485.50
2017	6,668.33
2016	6,070.67
2015	5,524.67
2014	4,985.58
2013	4,467.58
2012	4,214.75
2011	3,762.67
2010	3,363.17

Sources: Author's compilation from Guangdong Statistical Yearbooks, archived in the Guangdong Province Bureau of Statistics website ([Guangdong Province Bureau of Statistics, 2023](#))

Note: The monthly average wage is calculated from the wages of all fully employed staff and workers. City-level monthly average wage from 2010-2021 is archived and available for download on our website.

Table 4: Monthly Average Wage in Shanghai (2010-2022)

Year	Monthly Average Wage
2022	12,183.00 ¥/month
2021	11,396.00
2020	9,580.00
2019	9,580.17
2018	8,764.67
2017	7,131.83
2016	6,503.75
2015	5,939.00
2014	5,451.42
2013	5,036.25
2012	4,691.67
2011	4,330.67
2010	3,896.42

Source: Author's compilation from Shanghai Statistical Yearbooks, archived in the Shanghai Bureau of Statistics website ([Shanghai Bureau of Statistics, 2023](#))

Table 5: Monthly Average Wage in Sichuan (2019)

Year	Monthly Average Wage
2019	7237.92¥

Source: Author's compilation from Sichuan Statistical Yearbooks, archived in the Sichuan Province Bureau of Statistics website ([Sichuan Province Bureau of Statistics, 2023](#))

- Note:**
- The monthly average wage is calculated from the wages of all fully employed staff and workers. City-level monthly average wage in 2019 is archived and available for download on our website.
 - Data in other years is not published by the Sichuan Province Bureau of Statistics.

Table 6: Recommended Contribution Rates for Basic Pension for Enterprise Employees by State Council (1997-present)

Time Period	Social Account	Individual Account
From 2006	20% of payroll paid by employers	8% of average earnings in the previous year, paid by employees
2001-2005	20% of payroll paid by employers	8% of average earnings in the previous year, paid by employees; 3% of average earnings in the previous year, paid by employers
2000	20% of payroll paid by employers	7% of average earnings in the previous year, paid by employees; 4% of average earnings in the previous year, paid by employers
1999	20% of payroll paid by employers	6% of average earnings in the previous year, paid by employees; 5% of average earnings in the previous year, paid by employers
1998	20% of payroll paid by employers	5% of average earnings in the previous year, paid by employees; 6% of average earnings in the previous year, paid by employers
1997	20% of payroll paid by employers	4% of average earnings in the previous year, paid by employees; 7% of average earnings in the previous year, paid by employers

Source: State Council (1997, 2005)

Table 7: Employer Contribution Rate in Jilin (2010-present)

Time Period	Employer Contribution Rate
From May 1, 2019	16% of payroll
January 1, 2010 - April 30, 2019	20%

Source: Author's compilation from publications of People's Government of Jilin Province (People's Government of Jilin, 1998, 2010, 2019)

Table 8: Employer Contribution Rate in Gansu (2010-present)

Time Period	Employer Contribution Rate
From May 1, 2019	16% of payroll
May 1, 2016 - April 30, 2019	19%
January 1, 2010 - April 30, 2016	20%

Source: Author's compilation from publications of People's Government of Gansu Province (People's Government of Gansu, 2006, 2016, 2019b)

Table 9: Employer Contribution Rate in Guangdong (2010-present)

Time Period	Employer Contribution Rate
From January 1, 2023	16% of payroll
January 1, 2022 - December 31, 2022	15%
July 1, 2017 - December 31, 2021	14%
July 1, 2011 - June 30, 2017	13% - 15%
July 1, 2010 - June 30, 2011	12% - 16%
January 1, 2010 - June 30, 2010	18%

Source: Author's compilation from publications of People's Government of Guangdong Province (People's Government of Guangdong, 2009, 2015, 2017, 2022a).

Table 10: Employer Contribution Rate in Shanghai (2010-present)

Time Period	Employer Contribution Rate
From May 1, 2019	16% of payroll
January 1, 2016 - April 30, 2019	20%
October 1, 2013 - December 31, 2015	21%
January 1, 2011 - September 30, 2013	22%
April 1, 2010 - December 31, 2010	22%

Source: Author's compilation from publications of Shanghai Municipal Government ([Shanghai Municipal People's Government, 2010a, 2011b, 2013, 2016, 2019b](#))

Table 11: Employer Contribution Rate in Sichuan (2010-present)

Time Period	Employer Contribution Rate
From May 1, 2019	16% of payroll
May 1, 2016 - April 30, 2019	19%
January 1, 2010 - April 30, 2016	20%

Source: Author's compilation from publications of People's Government of Sichuan Province ([People's Government of Sichuan, 2006, 2017, 2019](#))

Table 12: 5-Scale Contribution Standard of the New Rural Pension (2009-2015)

Own Contribution	Government Contribution (State Council Guidelines)
100¥/year	30¥/year
200	30
300	30
400	30
500	30

Source: [State Council \(2009a\)](#)

Table 13: 10-Scale Contribution Standard of the Urban Resident Pension (2011-2015)

Own Contribution	Government Contribution (State Council Guidelines)
100¥/year	30¥/year
200	30
300	30
400	30
500	30
600	30
700	30
800	30
900	30
1,000	30

Source: [State Council \(2011\)](#)

Table 14: Actuarial Month for Benefit Calculation (effective March 28, 2008)

Retirement Age	Actuarial Month	Retirement Age	Actuarial Month
40	233	56	164
41	230	57	158
42	226	58	152
43	223	59	145
44	220	60	139
45	216	61	132
46	212	62	125
47	207	63	117
48	204	64	109
49	199	65	101
50	195	66	93
51	190	67	84
52	185	68	75
53	180	69	65
54	175	70	56
55	170		

Source: Appendix of [State Council Gazette \(2005\)](#)

Formula 1: Basic Pension for Enterprise Employees (BPEE) Benefit Amount (2010-present)

$$B_{OA(BPEE),i,t} = \frac{1}{12} \times (SA_{OA(BPEE),i,t} + IA_{OA(BPEE),i,t})$$

- $B_{OA(BPEE),i,t}$ = Individual i 's monthly Basic Pension for Enterprise Employees benefit amount at time t if claiming at time $t_c \leq t$
- $SA_{OA(BPEE),i,t}$ = Individual i 's Basic Pension for Enterprise Employees benefit amount accrued from social account:

$$SA_{i,t} = 1\% \times Y_{i,t} \times \bar{W}_{i,t} \times \frac{1}{2} \times \left\{ 1 + \min \{ 3, \max \{ 0.6, c_{i,t} \} \} \right\}$$

- $Y_{i,t}$ = Individual i 's total contribution years at time t
- $\bar{W}_{i,t}$ = Local average yearly wage in year t , depending on where individual i receives their own old-age benefit
- $c_{i,t}$ = Individual i 's life-time average benefit coefficient:

$$c_{i,t} = \frac{1}{Y_{i,t}} \sum_{j=1}^{Y_{i,t}-1} \frac{W_{i,j}}{\bar{W}_{i,j}}$$

- * $W_{i,j}$ = Individual i 's wage in year j
- * $\bar{W}_{i,j}$ = Local average yearly wage in year j , depending on where individual i contributed

- $IA_{OA(BPEE),i,t}$ = Individual i 's Basic Pension for Enterprise Employees benefit amount accrued from individual account:

$$IA_{i,t} = \frac{1}{M_{i,t}} \times \sum_{j=1}^{Y_{i,t}} c_{i,j}^{BPEE} \times W_{i,j,t} \times (1 + r_{i,t}^{BPEE})^j$$

- $M_{i,t}$ = Actuarial month, which varies by retirement age — see [Table 14](#) for applicable values
- $c_{i,t}^{BPEE}$ = Contribution rate to individual account of the Basic Pension for Enterprise Employees (BPEE) at time j which varies over time —
 - * Before 2006: 11%, paid jointly by employer and employees themselves, see [Table 6](#) for changes in contributions
 - * From 2006: 8%, paid by employees themselves
- $W_{i,j,t}$ = Individual i 's yearly wage at time j
- $r_{i,t}^{BPEE}$ = The interest rate of individual account of BPEE at time t . From 2010-2016, it was set at provincial level to accommodate wage changes, inflation and other actual situations. From 2017, it was unified at the national level. The interest rates of employee pensions and civil servant pensions will be the same and cannot be lower than national bank's fixed deposit rate. For example, Shanghai's BPEE individual account interest rate in 2022 was 6.12%

Source: [State Council Gazette \(2005\)](#)

Box 1: Example of Benefit Calculation for Social Account of the Basic Pension for Enterprise Employees

Based on the benefit formulas of the Basic Pension for Enterprise Employees:

$$SA_{i,t} = 1\% \times Y_{i,t} \times \frac{1}{2} \times \bar{W}_{i,t} \times \left\{ 1 + \min \{3, \max\{0.6, AC_{i,t}\}\} \right\}$$

where

$$AC_{i,t} = \frac{1}{Y_{i,t}} \sum_{j=1}^{Y_{i,t}-1} \frac{W_{i,j}}{\bar{W}_{i,j}}$$

We include the following examples of calculations for the social account.

If Mr. Zhang has contributed 30 years to the Basic Pension for Enterprise Employees in Guangdong, he earns the same amount as the local average wage every year, and he begins claiming in 2022 at age 60, his benefit from the social account is calculated as follows:

$$\begin{aligned} SA_{i_1,t} &= 1\% \times Y_{i_1,t} \times \bar{W}_{i_1,t} \times \frac{1}{2} \times \left\{ 1 + \min \{3, \max\{0.6, AC_{i_1,t}\}\} \right\} \\ &= 1\% \times 30 \times \bar{W}_{i_1,2022}^{Guangzhou} \times \frac{1}{2} \times \left\{ 1 + \min \{3, \max\{0.6, 1\}\} \right\} \\ &= 1\% \times 30 \times \bar{W}_{i_1,2022}^{Guangzhou} \times \frac{1}{2} \times 2 \\ &= 30\% \times \bar{W}_{i_1,2022}^{Guangzhou} \\ &= 30\% \times 120,299.04 \\ &= 36,089.71\text{¥} \end{aligned}$$

Mr. Zhang's yearly payment from his social account is 36,089.71¥.

If Ms. Li has contributed 30 years to the Basic Pension for Enterprise Employees in Gansu, she earns five times the local average wage every year, and she begins claiming in 2022 at age 55, her benefit from the social account is calculated as follows:

$$\begin{aligned} SA_{i_2,t} &= 1\% \times Y_{i_2,t} \times \bar{W}_{i_2,t} \times \frac{1}{2} \times \left\{ 1 + \min \{3, \max\{0.6, AC_{i_2,t}\}\} \right\} \\ &= 1\% \times 30 \times \bar{W}_{i_2,2022}^{Gansu} \times \frac{1}{2} \times \left\{ 1 + \min \{3, \max\{0.6, 5\}\} \right\} \\ &= 1\% \times 30 \times \bar{W}_{i_2,2022}^{Gansu} \times \frac{1}{2} \times 4 \\ &= 60\% \times \bar{W}_{i_2,2022}^{Gansu} \\ &= 60\% \times 88,289.04 \\ &= 52,973.42\text{¥} \end{aligned}$$

Ms. Li's yearly payment from her social account is 52,973.42¥.

Source: Author's compilation from current regulations.

Table 15: One-Year Bank Deposit Interest Rate (2010-2015)

Effective Date	Interest Rate
From October 24, 2015	1.50%
August 26, 2015 - October 23, 2015	2.75
June 28, 2015 - August 25, 2015	2.00
May 11, 2015 - June 27, 2015	2.25
March 1, 2015 - May 10, 2015	2.50
November 22, 2014 - February 28, 2015	2.75
January 1, 2013 - November 21, 2014	3.00
July 6, 2012 - December 31, 2012	3.00
June 8, 2012 - July 5, 2012	3.25
July 7, 2011 - June 7, 2012	3.50
April 6, 2011 - July 6, 2011	3.25
February 9, 2011 - April 5, 2011	3.00
December 26, 2010 - February 8, 2011	2.75
October 20, 2010 - December 25, 2010	2.50

Source: Author's compilation from the People's Bank of China (People's Bank of China, 2023)

Formula 2: New Rural Pension (NRP) Benefit Amount (2010-2013)

$$B_{OA(NRP),i,t} = \frac{1}{12} \times (SA_{OA(NRP),i,t} + IA_{OA(NRP),i,t})$$

- $B_{OA(NRP),i,t}$ = Individual i 's monthly benefit amount from the New Rural Pension at time t if claiming at time $t_c \leq t$
- $SA_{OA(NRP),i,t}$ = Individual i 's social account amount accrued, increased if they have contributed more than 15 years:

$$SA_{OA(NRP),i,t} = \begin{cases} Base_{i,t} & \text{if } Y_{i,t} = 15 \\ Base_{i,t} + Increase_{i,t} \times (Y_{i,t} - 15) & \text{if } Y_{i,t} > 15 \end{cases}$$

- $Base_{i,t}$ = The basic pension amount fully funded by government. The amount varies by provinces —see Table 24 for rates in selected localities
- $Increase_{i,t}$ = The increase in basic pension when individual i 's has more than 15 years of contribution history
- $Y_{i,t}$ = Individual i 's total contribution years at time t
- $IA_{OA(NRP),i,t}$ = Individual i 's New Rural Pension benefit amount accrued from individual account:

$$IA_{i,t} = \frac{1}{M_{i,t}} \times \sum_{j=1}^{Y_{i,t_c}-1} C_{i,t}^{NRP} \times (1 + r_{i,t}^{NRP})^j$$

- $M_{i,t}$ = Actuarial month, which varies by retirement age —see Table 14 for applicable values
- $C_{i,t}^{NRP}$ = Individual i 's contribution rate at time j . A choice of 100¥ to 500¥ a year based on 5 scales —see Table 12 for the 5 scales. Local governments may adjust the amounts and levels of scales (a person can only be insured at their registered residence on *hukou*)
 - * Local government contributes at least 30¥ a year (guidelines of the State Council)
- $r_{i,t}^{NRP}$ = The interest rate for individual account of NRP at time t , which is set at provincial level to accommodate wage changes, inflation and other actual situations

Source: State Council (2009a)

Formula 3: Urban Resident Pension (URP) Benefit Amount (2011-2013)

$$B_{OA(URP),i,t} = \frac{1}{12} \times (SA_{OA(URP),i,t} + IA_{OA(URP),i,t})$$

- $B_{OA(URP),i,t}$ = Individual i 's monthly benefit amount from the Urban Resident Pension at time t if claiming at time $t_c \leq t$
- $SA_{OA(URP),i,t}$ = Individual i 's social account amount accrued, increased if they have contributed more than 15 years:

$$SA_{OA(URP),i,t} = \begin{cases} Base_{i,t} & \text{if } Y_{i,t} = 15 \\ Base_{i,t} + Increase_{i,t} \times (Y_{i,t} - 15) & \text{if } Y_{i,t} > 15 \end{cases}$$

- $Base_{i,t}$ = The basic pension amount fully funded by government. The amount varies by provinces —see [Table 24](#) for rates in selected localities
- $Increase_{i,t}$ = The increase in basic pension when individual i 's has more than 15 years of contribution history
- $Y_{i,t}$ = Individual i 's total contribution years at time t
- $IA_{OA(URP),i,t}$ = Individual i 's Urban Resident Pension benefit amount accrued from individual account:

$$IA_{i,t} = \frac{1}{M_{i,t}} \times \sum_{j=1}^{Y_{i,t_c}-1} c_{i,t}^{URP} \times (1 + r_{i,t}^{URP})^j$$

- $M_{i,t}$ = Actuarial month, which varies by retirement age —see [Table 14](#) for applicable values
- $c_{i,t}^{URP}$ = Individual i 's contribution rate at time j . A choice of 100¥ to 1,000¥ a year based on 10 scales. Local governments may adjust the amounts and levels of scales —see [Table 13](#) for the 10 scales
 - * Local government contributes at least 30¥ a year (guidelines by the State Council)
- $r_{i,t}^{URP}$ = The interest rate for individual account of URP at time t , which is set at provincial level to accommodate wage changes, inflation and other actual situations

Source: State Council (2011)

Table 16: Employer Contribution Rate (State Council Guidelines, 2010-present)

Time Period	Employer Contribution Rate
From May 1, 2019	16% of payroll
May 1, 2018 - April 30, 2019	19%
May 1, 2016 - April 30, 2018	19% - 20%
January 1, 2010 - April 30, 2016	20%

Source: Author's compilation from publications of the State Council and Ministry of Human Resources and Social Security (MOHRSS, 2016, 2018, State Council, 2019)

Table 17: 12-Scale Contribution Standard for the Urban and Rural Resident Pension (State Council Guidelines, effective 2011)

Own Contribution	Government Contribution
100¥/year	30¥/year
200	30
300	30
400	30
500	60
600	60
700	60
800	60
900	60
1000	60
1500	60
2000	60

Source: Government of China (2014)

- Note**
1. For people having difficulty paying contributions (e.g., people with disabilities), local government pays for their contribution at the lowest standard in whole or in part
 2. These contribution standards are guidelines from the State Council. Local governments can adjust them to accommodate actual situations

Table 18: Contribution Standard for the Urban and Rural Resident Pension in Jilin (2014-present)

Effective Date	Own Contribution	Government Contribution
From January 1, 2019	200¥/year	40¥/year
	300	50
	400	60
	500	70
	600	80
	700	90
	800	100
	900	110
	1000	120
	1500	145
	2000	170
	February 21, 2014 - December 31, 2018	100¥/year
200		40
300		50
400		60
500		70
600		80
700		90
800		100
900		110
1000		120
1500		145
2000		170

Source: Author's compilation from publications of the People's Government of Jilin Province (People's Government of Jilin, 2014, 2018)

Table 19: Contribution Standard for the Urban and Rural Resident Pension in Gansu (2020-present)

Effective Date	Own Contribution	Government Contribution
From January 1, 2023	300¥/year	30¥/year
	400	30
	500	60
	600	60
	700	60
	800	60
	900	60
	1000	60
	1500	60
	2000	60
	2500	90
	3000	90
	4000	120
	5000	150
January 1, 2020 - December 31, 2022	300¥/year	30¥/year
	400	30
	500	60
	600	60
	700	60
	800	60
	900	60
	1000	60
	1500	60
	2000	60
	2500	90
3000	90	

Source: Author's compilation from publications of the People's Government of Gansu Province ([People's Government of Gansu, 2019a, 2023](#))

Table 20: Contribution Standard for the Urban and Rural Resident Pension in Gansu - Continued (2013-2019)

Effective Date	Own Contribution	Government Contribution
January 1, 2019 - December 31, 2019	200¥/year	30¥/year
	300	30
	400	30
	500	60
	600	60
	700	60
	800	60
	900	60
	1000	60
	1500	60
	2000	60
	2500	90
	3000	90
January 1, 2018 - December 31, 2018	200¥/year	30¥/year
	300	30
	400	30
	500	60
	600	60
	700	60
	800	60
	900	60
	1000	60
	1500	60
2000	60	
July 1, 2014 - December 31, 2017	100¥/year	30¥/year
	200	30
	300	30
	400	30
	500	60
	600	60
	700	60
	800	60
	900	60
	1000	60
	1500	60
2000	60	

Source: Author's compilation from publications of the People's Government of Gansu Province ([People's Government of Gansu, 2014, 2019a](#))

Table 21: Contribution Standard for the Urban and Rural Resident Pension in Guangdong (2013-present)

Effective Date	Own Contribution	Government Contribution
From January 1, 2020	180¥/year	30¥/year
	240	30
	360	30
	600	60
	900	60
	1200	60
	1800	60
	3600	60
	4800	60
	July 1, 2014 - December 31, 2019	120¥/year
240		30
360		30
480		60
600		60
960		60
1200		60
1800		60
2400		60
3600		60
January 1, 2013 - June 30, 2014	120¥/year	30¥/year
	240	30
	360	30
	480	30
	600	30
	960	30
	1200	30
	1800	30
	2400	30
	3600	30

Source: Author's compilation from publications of the People's Government of Guangdong Province ([People's Government of Guangdong, 2013, 2014, 2019](#))

Table 22: Contribution Standard for the Urban and Rural Resident Pension in Sichuan (2014-present)

Effective Date	Own Contribution	Government Contribution	
From January 1, 2022	200¥/year	40¥/year	
	300	45	
	400	50	
	500	60	
	600	60	
	700	65	
	800	70	
	900	75	
	1000	80	
	1500	100	
	2000	120	
	3000	160	
	4000	200	
	5000	240	
	6000	280	
April 8, 2020 - December 31, 2021	200¥/year	40¥/year	
	300	45	
	400	50	
	500	60	
	600	60	
	700	65	
	800	70	
	900	75	
	1000	80	
	1500	100	
	2000	120	
	3000	160	
	4000	200	
	April 21, 2014 - April 7, 2020	100¥/year	40¥/year
		200	40
300		45	
400		50	
500		60	
600		60	
700		65	
800		70	
900		75	
1000		80	
1500		100	
2000		120	
3000		160	

Source: Author's compilation from publications of the People's Government of Sichuan Province ([People's Government of Sichuan, 2014, 2020a, 2022](#))

Table 23: Interest Rate of Individual Account of the Basic Pension for Enterprise Employees (2016-2022)

Year	Interest Rate
2022	6.12%
2021	6.69
2020	6.04
2019	7.61
2018	8.29
2017	7.21
2016	8.31

Source: Author's compilation from the Ministry of Human Resources and Social Security's publications ([MOHRSS, 2017](#), [MOHRSS-Shanghai, 2022](#)).

Note: Since 2016, the interest rate of individual account of the Basic Pension for Enterprise Employees is unified and published by the State Council every year ([MOHRSS, 2017](#)).

Table 24: Basic Pension Amount of the Urban and Rural Resident Pension in Selected Localities (as of 2023)

Locality	City	Basic Pension Amount
Gansu	-	113 ¥/month
	Lanzhou	< age 65: 149 ¥/month; ≥ age 65: 153 ¥/month
	Qingyang	128 ¥/month
	Jiuquan	138 ¥/month
	Linxia	N/A
	Jiayuguan	258 ¥/month
	Gannan	118 ¥/month
Guangdong	-	190 ¥/month
	Shenzhen	Hukou in Shenzhen < 8 years: 342 ¥/month; Hukou in Shenzhen ≥ 8 years: 513 ¥/month
	Guangzhou	237 ¥/month
	Foshan	260 ¥/month
	Meizhou	190 ¥/month
	Chaozhou	190 ¥/month
	Yunfu	180 ¥/month
Jilin	-	103 ¥/month
	Changchun	153 ¥/month
	Jilin	103 ¥/month
	Yanbian	103 ¥/month
	Baishan	N/A
	Meihekou	N/A
	Changbai Mountain	118 ¥/month
Shanghai	Shanghai	1,400 ¥/month
Sichuan	-	105 ¥/month
	Chengdu	105 ¥/month
	Mianyang	115 ¥/month
	Yibin	115 ¥/month
	Bazhou	115 ¥/month
	Ganzi	115 ¥/month
	Aba	105 ¥/month

Source: Author's compilation from each province's government websites (People's Government of Gansu Province, 2022, People's Government of Guangdong Province, 2022b, People's Government of Jilin Province, 2018, Shanghai Municipal People's Government, 2023, People's Government of Sichuan, 2020b).

Formula 4: Urban and Rural Resident Pension (URRP) Benefit Amount (2014-present)

$$B_{OA(URRP),i,t} = \frac{1}{12} \times (SA_{OA(URRP),i,t} + IA_{OA(URRP),i,t})$$

• $B_{OA(URRP),i,t}$ = Individual i 's monthly benefit amount from the Urban and Rural Resident Pension at time t if claiming at time $t_c \leq t$

• $SA_{OA(URRP),i,t}$ = Individual i 's social account amount accrued, increased if they have contributed more than 15 years:

$$SA_{OA(URRP),i,t} = \begin{cases} Base_{i,t} & \text{if } Y_{i,t} = 15 \\ Base_{i,t} + Increase_{i,t} \times (Y_{i,t} - 15) & \text{if } Y_{i,t} > 15 \end{cases}$$

- $Base_{i,t}$ = The basic pension amount fully funded by government. The amount varies by provinces —see [Table 24](#) for rates in selected localities

- $Increase_{i,t}$ = The increase in basic pension when individual i has more than 15 years of contribution history. This value varies by localities. See following examples from 5 select localities in 2023:

* Jilin: The increase amount increases by claimant's age —2¥/month for people aged between 65 and 69, 5¥/month for people aged between 70 and 79, 10¥/month for people aged above 80.

* Gansu: 2¥/month

* Guangdong: 3¥/month

* Shanghai: 20¥/month

* Sichuan: The increase amount increases by claimant's age —2¥/month for people aged between 65 and 79, 5¥/month for people aged above 80.

- $Y_{i,t}$ = Individual i 's total contribution years at time t

• $IA_{OA(URRP),i,t}$ = Individual i 's Urban and Rural Resident Pension benefit amount accrued from individual account:

$$IA_{i,t} = \frac{1}{M_{i,t}} \times \sum_{j=1}^{Y_{i,t}-1} c_{i,t}^{URRP} \times (1 + r_{i,t}^{URRP})^j$$

- $M_{i,t}$ = Actuarial month, which varies by retirement age —see [Table 14](#) for applicable values

- $c_{i,t}^{URRP}$ = Individual i 's contribution rate at time j . A choice of 100¥ to 2,000¥ a year based on 12 scales —see [Table 17](#) for the 12 scales recommended by the State Council. In addition to the insured's own contributions, local governments provide a minimum annual subsidy of 30¥, or 60¥ if the insured contributes at least 500¥ that year.

Local governments may adjust the amounts and levels of scales —see the following tables for contribution standards in selected localities —

* [Table 18](#): Contribution standard in Jilin (2014-present)

* [Table 19](#) and [Table 20](#): Contribution standard in Gansu (2014-present)

* [Table 21](#): Contribution standard in Guangdong (2013-present)

* [Table 22](#): Contribution standard in Sichuan (2014-present)

- $r_{i,t}^{URRP}$ = The interest rate for individual account of URRP at time t , which is set at provincial level to accommodate wage changes, inflation and other actual situations

Source: State Council (2014)

Table 25: Basic Pension Amount for Urban and Rural Resident Pension (Jilin, 2014-2023)

Time Period	Basic Pension Amount	Increase Amount
From January 1, 2019	108 ¥/month	≥age 65: 2 ¥/month ≥age 70: 5 ¥/month ≥age 80: 10 ¥/month
January 1, 2018 - December 31, 2018	103	5 ¥/month per additional year of contribution
January 1, 2016 - December 31, 2017	80	6 ¥/month per additional year of contribution
January 1, 2015 - December 31, 2015	75	7 ¥/month per additional year of contribution
February 21, 2014 - December 31, 2014	55	8 ¥/month per additional year of contribution

Source: Author's compilation from Jilin province's government websites ([People's Government of Jilin Province, 2018](#)).

Note: The insured receives an increase to their basic pension amount per additional contribution year more than 15 years.

Table 26: Basic Pension Amount for Urban and Rural Resident Pension (Gansu, 2014-2023)

Time Period	Basic Pension Amount	Increase Amount
From January 1, 2021	113 ¥/month	2 ¥/month
January 1, 2019 - December 31, 2020	93	2
January 1, 2015 - December 31, 2018	85	-
TBC - December 31, 2014	80	-

Source: Author's compilation from Gansu province's government websites ([People's Government of Gansu Province, 2022](#)).

Note: The insured receives an increase to their basic pension amount per additional contribution year more than 15 years.

Table 27: Basic Pension Amount for Urban and Rural Resident Pension (Guangdong, 2012-2023)

Time Period	Basic Pension Amount	Increase Amount
From July 1, 2022	190 ¥/month	3 ¥/month
January 1, 2020 - June 30, 2022	180	3
January 1, 2019 - December 31, 2019	170	3
January 1, 2018 - December 31, 2018	148	3
January 1, 2017 - December 31, 2017	120	3
January 1, 2016 - December 31, 2016	110	3
July 1, 2014 - TBC	65	3
January 1, 2012 - June 30, 2014	55	-

Source: Author's compilation from Guangdong province's government websites ([People's Government of Guangdong Province, 2022b](#)).

Note: The insured receives an increase to their basic pension amount per additional contribution year more than 15 years.

Table 28: Basic Pension Amount for Resident Pension (Shanghai, 2014-2023)

Time Period	Basic Pension Amount	Increase Amount
From January 1, 2023	1,400 ¥/month	20 ¥/month
January 1, 2022 - December 31, 2022	1,300	20
January 1, 2021 - December 31, 2021	1,200	20
May 11, 2020 - December 31, 2021	1,100	20
May 1, 2019 - May 10, 2020	1,010	20
April 25, 2018 - April 30, 2019	Not identified	10
April 25, 2017 - April 24, 2018	850	10
January 1, 2016 - April 24, 2017	750	10
January 1, 2015 - December 31, 2015	660	10
May 1, 2014 - December 31, 2014	540	10

Source: Author's compilation from Shanghai's government websites ([Shanghai Municipal People's Government, 2023](#)).

Note: The insured receives an increase to their basic pension amount per additional contribution year more than 15 years.

Table 29: Basic Pension Amount for Urban and Rural Resident Pension (Sichuan, 2014-2023)

Time Period	Basic Pension Amount	Increase Amount
From July 1, 2020	105 ¥/month	≥age 65: 2 ¥/month ≥age 80: 5 ¥/month
December 1, 2018 - June 30, 2020	100	2 ¥/month per additional year of contribution
January 1, 2018 - November 30, 2018	93	2 ¥/month per additional year of contribution
July 1, 2014 - December 31, 2017	75	3 ¥/month per additional year of contribution
TBC - June 30, 2014	60	4 ¥/month per additional year of contribution 5 ¥/month per additional year of contribution

Source: Author's compilation from Sichuan province's government websites ([People's Government of Sichuan, 2020b](#)).

Note: The insured receives an increase to their basic pension amount per additional contribution year more than 15 years.

Sources

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Glossary of terms

This section summarizes key definitions from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe

Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

Actuarial Month : An element in the calculation of monthly own old-age benefit. The pension amount from individual account is the sum in the account divided by the number of actuarial month which varies by age of retirement. Effective 2006, actuarial month is 139 if a person retires at age 60, or 101 if retired at age 65.

All-China Federation of Trade Unions: A national trade union center of the People’s Republic of China, with which all enterprise-level trade unions must be affiliated.

Annuitable System: A pension system that provides a periodic payment for life after the benefit begins.

Basic Pension for Enterprise Employees : A pension system that covers all employees. The self-employed can be insured by voluntary contributions.

Cash Balance System: A pension system that provides each individual an account that is drawn down over time.

Claimable Benefit: A pension where the beneficiary must actively file a claim for benefits with the government’s pension authority.

Cost-of-Living Adjustments (COLA): Adjustments after an individual begins receiving benefits that increase benefit payments, typically in line with consumer prices or average earnings.

Earliest Eligibility: Earliest age and/or years of contributions required to be eligible to start receipt of a particular type of benefit. Earliest eligibility is the same as statutory eligibility in countries where there is no benefit penalty for claiming before the statutory retirement age.

Enterprise Annuity : A voluntary supplementary pension scheme introduced in 2004 for private sector employees. It is funded by contributions from employers and employees. The exact contribution rates are negotiated and determined by employers and employees given State Council’s recommended rates. In 2023, employers’ contribution is at most 8% of payroll and the total contribution from employers and employees is at most 12% of payroll.

Eligibility Track: Requirements for an individual to start receiving an unreduced old-age pension benefit. An individual typically must satisfy only one eligibility track.

Hukou: A household registration system where each citizen must be registered at birth. The registry, which is hukou itself, contains individual demographic information, including hukou status (urban or rural), legal address, sector of activity, religion, and physical description. Hukou entitles a person to their designated citizenship rights such as social insurance and social assistance. Migrants are excluded from local government services because they do not satisfy the locality requirements.

Individual Account: One of the two components of the own old-age benefit. Contributions from employers and employees themselves are saved in the insured’s individual account and form the basis of benefit calculation. Effective January 1, 2006, employers no longer contribute to individual accounts.

Latest claiming age: Latest age where a benefit may be claimed such that benefit payments are increased as an incentive for delaying the start of benefits past the statutory retirement age. Latest claiming age is the same as statutory retirement age in countries where there is no benefit to delayed claiming. Not applicable for non-claimable benefits.

Labor Insurance Regulation: China’s first regulation on social insurance regarding labor workers in state-owned enterprises.

Lump Sum Benefit: A pension system that provides an individual with a one-time or limited number of payments. Lump sum benefits are distinct from annuitable or cash balance benefits because they do not continue past a specified time frame. Lump sum benefits use varies by country, but they are sometimes used as death benefits, incentives to delay claiming, or payments to individuals with an insufficient contribution history to be eligible for annuitable benefits.

National Income Measure: In some pension systems, the benefit is dependent on a national income measure, such as average wages. We indicate a pension system depends on the national income measure if the benefit paid is determined by a national income measure (as opposed to an individual’s earnings history). For example, the benefit level for the United Kingdom Basic State Pension depends on a level set by the government and does not depend on an individual’s earnings. This distinction does not include systems that adjust annual benefits based on a national income measure or index past earnings using a national income measure.

New Rural Pension : A new pension system introduced in 2009 that expanded coverage of the old rural pension to all rural residents regardless of hukou status.

Ministry of Human Resources and Social Security of the People’s Republic of China (MOHRSS): A ministry under the State Council of the People’s Republic of China which is responsible for national labor policies, standards, regulations, and management of national social security.

Occupational Annuity : A mandatory supplementary pension scheme introduced in 2014 for public sector employees. Employers’ contribution rate is 8% of payroll and employees’ contribution rate is 4% of earned income.

Old Rural Pension : A county-level rural pension established by the Ministry of Civil Affairs in 1992. It was created for rural residents with urban hukou, including employees in county-owned enterprises, private enterprises, self-employed people, and migrant workers.

Private Pensions : A supplementary pension scheme, formally established in 2022. The annual contribution maximum is set at 12,000¥ in 2022.

Progressive Benefit: A benefit is progressive if people with lower earnings have a greater replacement rate for their contributions.

Qualified Benefit: A benefit is qualified if an individual must continue to meet certain standards, such as a means test, to continue receipt of benefits.

Statutory Retirement Age (SRA): The age at which individuals are eligible to receive their full own old-age benefit. In the United States, this is known as the normal retirement age. In the United Kingdom, this is known as the state pension age.

Social Account : A component of the post-1995 Basic Pension for Enterprise Employees, that is financed on a pay-as-you-go basis. Contributions to the social account are paid by employers, at a recommended level of 20% of total payroll.

Social Insurance Law: China’s first national law on social insurance, which was adopted in October 2010 and was implemented in July 2011. The Social Insurance Law consolidated social security regulations at national and sub-national levels and established a nationwide unified social security system for all citizens.

Urban and Rural Resident Pension : A new pension system established in 2014 by merging the New Rural Pension and Urban Resident Pension. It aims to cover all citizens who are not insured with the Basic Pension for Enterprise Employees. The Urban and Rural Resident Pension consists of a social account and an individual account.

Urban Resident Pension : A pension scheme established in 2011 by the State Council for urban residents who have no formal work history and therefore are not insured with the Basic Pension for Enterprise Employees.

Notes

This section reports notes from the main text. To facilitate switching back and forth, this document is designed with hyperlinks. Most PDF readers have shortcuts that permit a reader to return to the previous location after selecting a hyperlink. In Adobe Acrobat on a PC: “Alt” + “←”; In Adobe Acrobat on a MAC: “command” + “←”; In Preview on a MAC: “command” + “[”.

1. Local social security institutions administer the payment of pension benefits and set contribution rates. Currently we have collected a sample of local policies to illustrate variation in implementation at the local level. In future versions, additional information will be made available for other localities (i.e., provinces and municipalities, if applicable). Five provinces – Jilin, Gansu, Guangdong, Shanghai, Sichuan – are selected based on their representativeness regarding local economic development, demographic structure, health behaviors, geographic locations, and administrative autonomy. For instance, in terms of local economic development, Shanghai, Guangdong, and Sichuan represent economically developed provinces while Jilin and Gansu represent less developed areas. In terms of geographical regions, Jilin is located in North China, Gansu and Sichuan in Western China, Guangzhou in South China and Shanghai in Central China.

Version information

Current Version: 1.0 (December 2023)

Version History

- 1.0 (December 2023): First version.

Additional resources

The following resources provide additional details for the interested reader:

Department of Finance of Jiangsu Province (2011). 《社会保险法》基本养老保险解读 [Interpretation of basic pension insurances in the Social Insurance Law]

Available at: http://czt.jiangsu.gov.cn/art/2011/11/17/art_77310_9088777.html

Features: Provides detailed explanations of legal terms in articles 10-22 of the Social Insurance Law, and offers policy information regarding previous and subsequent pension reforms throughout the country.