



EDITION TWO

The Future of Retirement in China

Retirement Definitions and Demographics



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LIMRA International Research



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Methodology



| | |
|---------------------------|--|
| THE PARTNERSHIP | <ul style="list-style-type: none">• LIMRA and Society of Actuaries partnered to conduct retirement studies in Asia |
| 2,013 PARTICIPANTS | <ul style="list-style-type: none">• 74% workers and 26% retirees ages 35 to 70 |
| DATA COLLECTION | <ul style="list-style-type: none">• Data collected in 2015 via online and face-to-face interviews |
| TERRITORY COVERED | <ul style="list-style-type: none">• 23 provinces, municipalities, and regions |

A special thanks to our Project Oversight Group for their contributions to this study!

About the Sample

Due to the size and diversity of China’s massive population, sample design was critical. Using face-to-face interviewing, we were able to include both urban and non-urban respondents.

Requirements for participation include:

- Working or retired
- 35 to 70 years of age (Figure 1)
- Sole or joint decision maker for financial matters
- Minimum annual household income greater than 30,000 RMB (approximately \$5,000 USD)

SAMPLE DEMOGRAPHICS

| | |
|--------------------------|----------------------------|
| Gender... | Male 59% Female 41% |
| Marital Status... | Married: 94% Single: 6% |
| Working Status... | 74% Working 76% Retired |

Table 1

RESPONDENT AGE

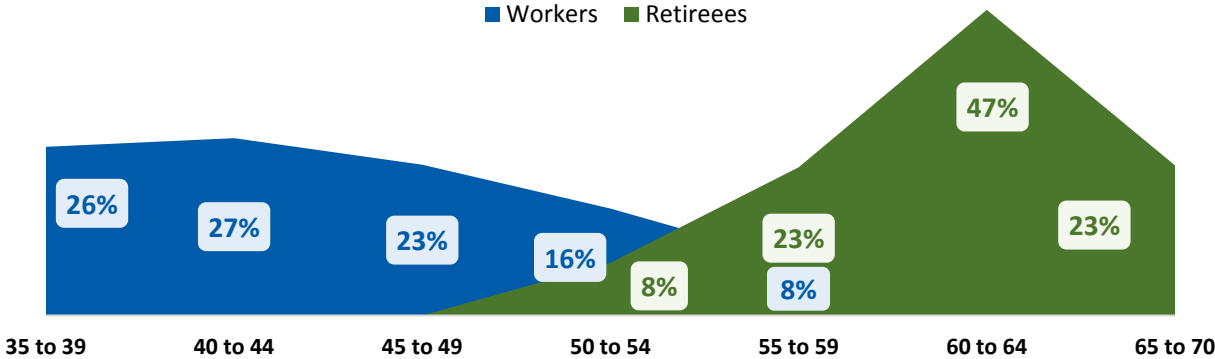


Figure 1



Segmenting the Sample

In this series you will see results stratified according to city tier and location landscape (Figure 2). China’s tier system is a method for classifying the economic development of a particular city. The full details on the tier classification used in this study can be seen in Appendix A.

The individuals living in the outskirts of major metropolitan areas were used as our “non-urban” sample for this study. The household registration system, “hukou,” dictates where individuals can live, work, and earn social benefits.¹ Our non-urban households all have rural or agricultural hukou.

An individual in Shanghai can have a Shanghai rural or Shanghai urban hukou. The type of funding vehicles available for rural and urban people differ drastically. China’s rural pension scheme was first piloted in 2009, and implemented in 2012. Benefits under the rural pension system are as low as 50 yuan per month.² See Appendix B for details on our non-urban sample.

SAMPLE SEGMENTS

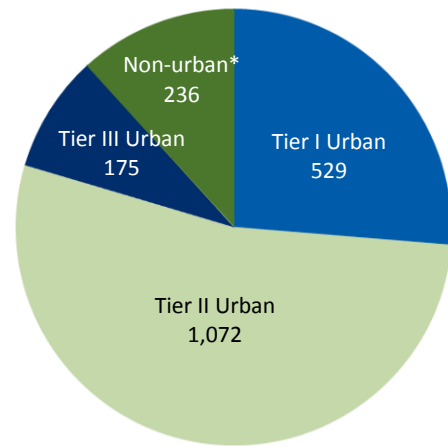


Figure 2

*Non-urban sample obtained from the outskirts of Tiers I and II major cities



¹AXCO Databases, 2015

²World Bank, 2014

Almost half of China’s population lives in rural areas.

Only 54% of China’s population live in urban areas. In comparison, 82% of the U.S. population resides in urban areas.³

Our results show that living with family members is more common in non-urban areas. Family remains an informal support system in China.

China’s rural population relying on family for support is necessary because they are much less developed, earning very small wages compared to their urban counterparts (Figure 3).



HOUSING SITUATION

| | Tier I | Tier II | Tier III | Non-urban |
|--------------------------|--------|---------|----------|-----------|
| Own | 91% | 97% | 95% | 85% |
| Rent | 5% | 2% | 3% | 4% |
| Live with family/friends | 4% | 1% | 2% | 11% |

Table 2

EMPLOYER TYPE

| | WORKERS | RETIREES |
|------------------------|---------|----------|
| Private firm | 74% | 76% |
| Government | 9% | 7% |
| Government-controlled | 9% | 7% |
| State-owned enterprise | 8% | 10% |

Table 3

ANNUAL HOUSEHOLD INCOME (RMB)

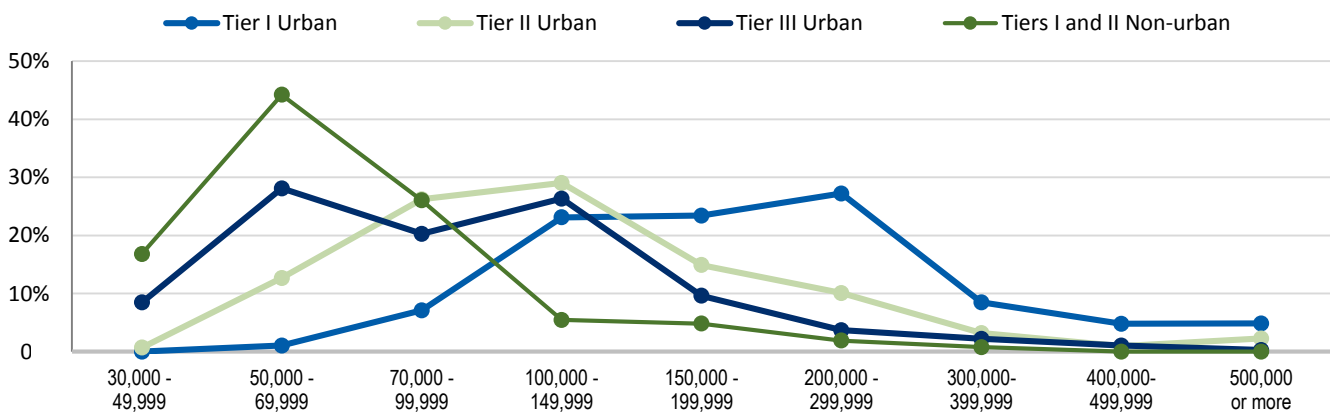


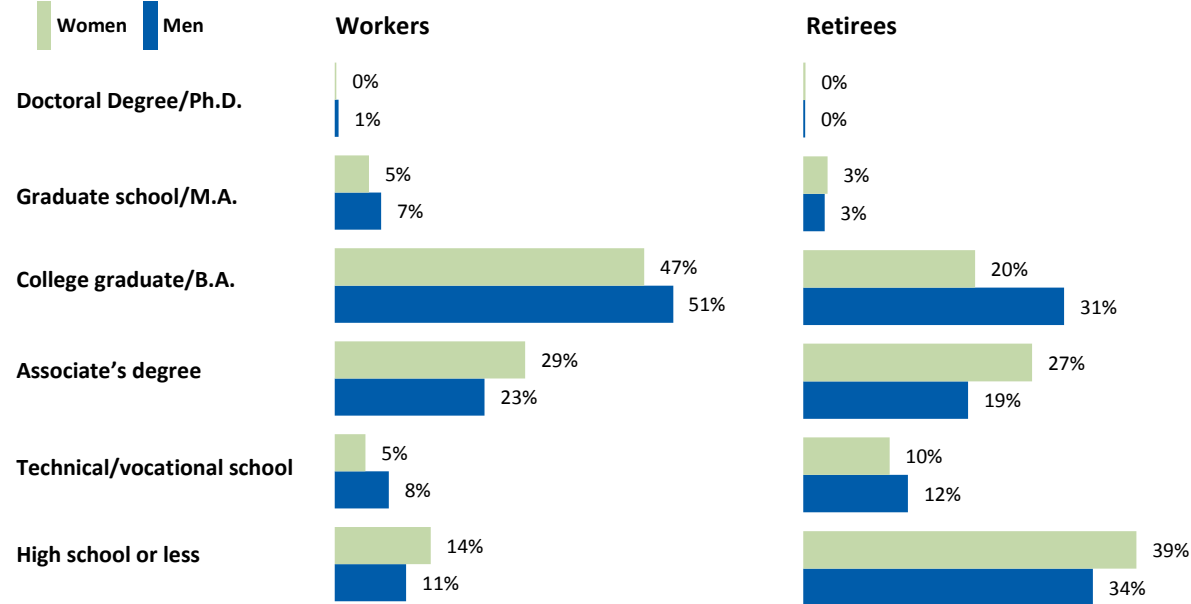
Figure 3

³ World Bank, 2015

Education

Pre-retirees have achieved higher levels of education than retirees, suggesting that access to education might be increasing in China (Figures 4 and 5). In addition, the gender gap in education level is more visible among retirees than among pre-retirees. Female pre-retirees have achieved similar levels of education to their male counterparts.

EDUCATION BY WORKING STATUS AND GENDER



Figures 4 and 5





Technical Definition

In China, there are different retirement ages for men and women.

The retirement age in China varies from 50 to 55 for female workers, and 60 for male workers. In the current study, the average retirement age was 58 for male respondents and 54 for female respondents.

Workers expect to retire, on average, around age 56. The average retirement age for those already in retirement was age 55 (Figure 6).

92% of respondents from China anticipate retiring before age 62. See Appendix C for retirement age by province.

RETIREMENT AGE
ESTIMATED AND ACTUAL

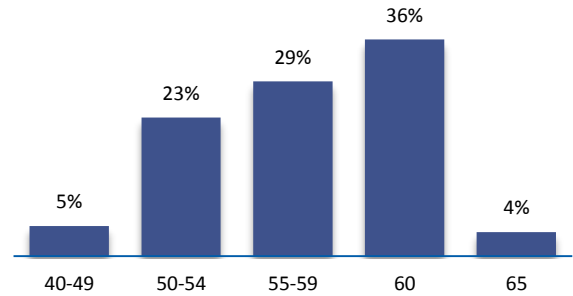


Figure 6





China’s system discourages working longer.

In China, an individual can maximize their retirement benefit by retiring promptly upon reaching the established age for their province.

Some workers, particularly those employed by the government, are actually mandated to retire upon reaching the established retirement age in their area.

Retirement was mandatory for half of all respondents.

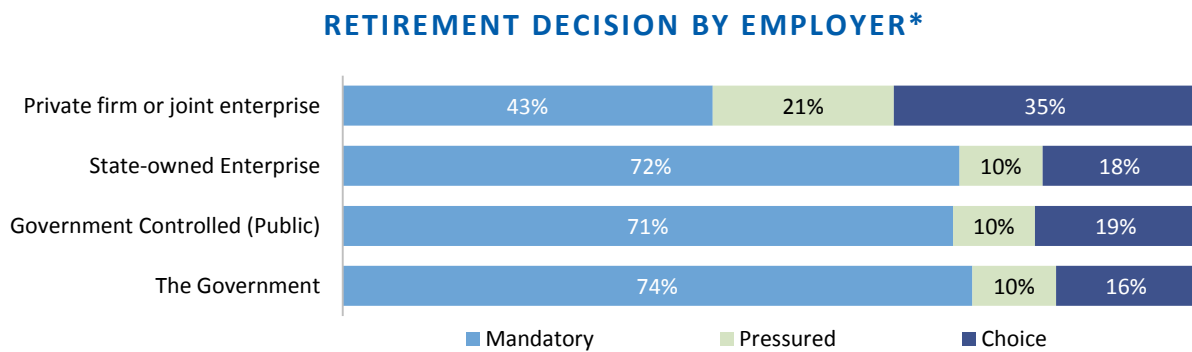


Figure 7

*Note: “Pressured” refers to the offering of an attractive financial incentive in exchange for retirement.

Encouraging individuals to work longer will take some time in China. The retirement age has not been changed since the 1950s. A new retirement age of 65 for urban workers will be implemented by 2022.⁴



⁴The U.S. — China Business Council, 2016



What does retirement mean to you?

For most workers and retirees, retirement means freedom... a chance to do what they want with their time, including hobbies and traveling.

WHAT DOES RETIREMENT MEAN TO YOU?*

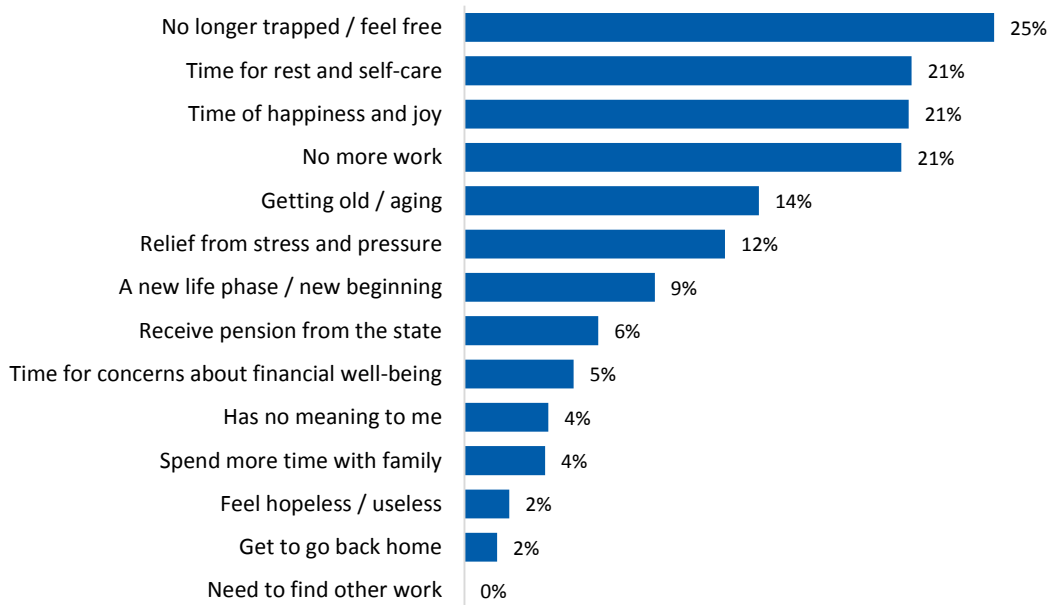


Figure 8

* Data comes from categorized open-ended responses; response could fit in multiple categories

Do what I like to do... join in activities in my community to fulfill my life

•53-year-old urban male retiree, Nanchang
Annual household income: 90,000 - 99,000 RMB

Release from social competition, arrange my own time freely, and have more time to do what I want to do.

•48-year-old male worker, Shanghai
Annual household income: 100,000 to 149,999 RMB

On one side, it means a relaxed living pace. On the other side, it upsets me. Anyway it is a new beginning and I need to do some planning.

•44-year-old male worker, Beijing
Annual household income: 150,000 to 199,999 RMB

Rely on children to take care of me

•54-year-old female worker, rural Shanghai
Annual household income: 70,000 to 79,999 RMB

Go back to hometown and take care of my grandson

•62-year-old urban male retiree, Fuzhou
Annual household income: 150,000 to 199,999 RMB

Lose my working income

•52-year-old female worker, rural area in Beijing
Annual household income: 70,000 to 79,999 RMB

Figure 9

The Ripple Effect

Urban and non-urban individuals express different goals for their retirement (Figure 11).

Maintaining health and well-being is of greater importance to non-urban respondents than it is to their urban counterparts. In addition, non-urban respondents are more likely to value spending more time with their friends and family in retirement.



Figure 10

RETIREMENT GOALS

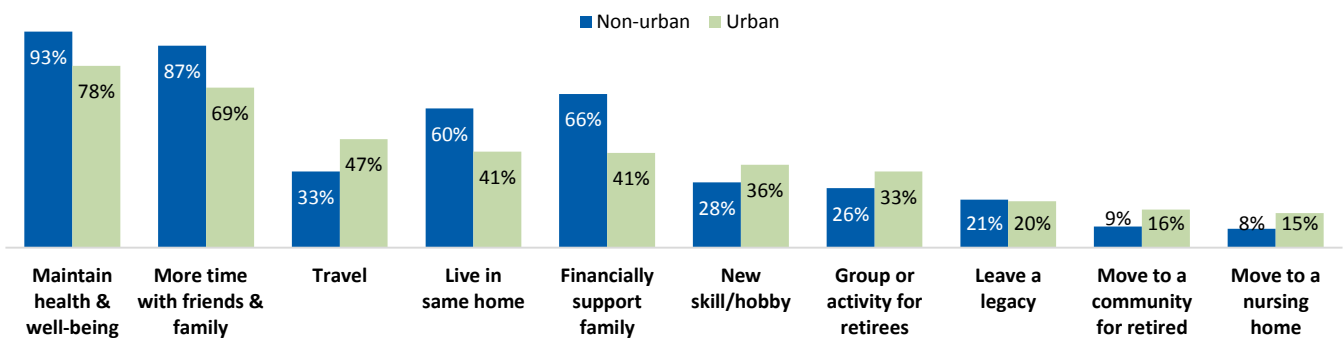


Figure 11

Don't forget to check out the other reports in [The Future of Retirement in China Series.](#)

Appendix

SAMPLE DETAILS

| Province | Tier | Region | City | Sample Size |
|--------------------------|------|--------|--------------|-------------|
| Beijing | T1 | North | Beijing | 237 |
| Guangdong | T1 | South | Guangzhou | 184 |
| Guangdong | T1 | South | Shenzhen | 53 |
| Shanghai | T1 | East | Shanghai | 235 |
| Anhui | T2 | East | Hefei | 33 |
| Fujian | T2 | South | Fuzhou | 86 |
| Chongqing | T2 | West | Chongqing | 83 |
| Hebei | T2 | North | Shijiazhuang | 33 |
| Heilongjiang | T2 | North | Ha'erbin | 32 |
| Hubei | T2 | West | Wuhan | 36 |
| Hunan | T2 | West | Changsha | 60 |
| Jiangsu | T2 | East | Nanjing | 118 |
| Jiangxi | T2 | South | Nanchang | 59 |
| Liaoning | T2 | North | Shenyang | 153 |
| Shaanxi | T2 | West | Xi'an | 67 |
| Shandong | T2 | North | Qingdao | 66 |
| Sichuan | T2 | West | Chengdu | 108 |
| Yunnan | T2 | South | Kunming | 57 |
| Zhejiang | T2 | East | Hangzhou | 70 |
| Zhejiang | T2 | East | Ningbo | 69 |
| Henan | T3 | West | Luoyang | 53 |
| Guangxi | T3 | South | Liuzhou | 17 |
| Hainan | T3 | South | Haikou | 14 |
| Jiangsu | T3 | East | Xuzhou | 30 |
| Jilin | T3 | North | Jilin city | 14 |
| Shandong | T3 | North | Weifang | 21 |
| Ningxia hui (autonomous) | T3 | West | Yinchuan | 26 |

APPENDIX A



NON-URBAN REPRESENTATION

| | Beijing | Shanghai | Guangzhou | Shenzhen |
|-------------|---------|----------|-----------|----------|
| Sample Size | 237 | 235 | 184 | 83 |
| Rural | 25% | 25% | 34% | 69% |
| Urban | 75% | 75% | 66% | 31% |

APPENDIX B

RETIREMENT AGE BY PROVINCE

| | |
|-----------|------|
| Jiangxi | 53.1 |
| Hunan | 54.2 |
| Henan | 54.5 |
| Jiangsu | 55.2 |
| Guangdong | 55.4 |
| Shaanxi | 55.4 |
| Lianoning | 55.8 |
| Shanghai | 55.8 |
| Beijing | 55.9 |
| Yunnan | 56.2 |
| Shandong | 56.7 |
| Sichuan | 57.0 |
| Zhejiang | 57.1 |
| Fujian | 57.3 |

APPENDIX C

*Only provinces where sample size was more than 50 were included in Appendix C.



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