The Enlightenment of the Evolution of the US Pension System to China

Zhu Yufeng
Shanghai University Shanghai Academy
Shanghai, China
623524689@qq.com

Abstract—China's aging problem is constantly intensifying. The liberalization of the second-child policy on January 1, 2016, to a certain extent, can improve the birth rate. However, with the development of economy and the change of people's ideas, the birth rate will not be greatly improved, and the aging problem is irreversible. Therefore, the discussion on the issue of endowment insurance is It is necessary. In the 1940s, American society entered the stage of aging. It was one of the earliest countries to enter the aging society. The problem of aging attracted great attention of the American government. In order to solve the problem of aging, various special organizations were set up. The United States has rich experience in solving the old-age problem, and the system is relatively perfect. The current American old-age insurance system is a relatively effective, stable and successful system. The continuous establishment and improvement of the American old-age insurance system has a good inspiration for China to solve the aging problem. This paper focuses on the evolution and development of the American endowment insurance system and then on this basis to China's endowment insurance system inspiration.

Keywords—aging, endowment insurance system

I. INTRODUCTION

Ageing refers to a process in which the proportion of the elderly in the total population increases with the passage of time, that is, the proportion of the elderly in the total population becomes larger and larger. There are two main criteria for social ageing: one is that the number of the elderly population is increasing, and the proportion of the elderly population in the total population is increasing; the other is that the social population structure is changing from stable type to ageing type. The stable type means that the birth rate and death rate are similar, and the ageing type means that the death rate is greater than the birth rate and the amplitude is increasing. The bigger it is. The international criterion for judging whether a country or region has entered an ageing society is that within a certain period of time, the number of people aged 60 and over in that country or region reaches 10% of the total population, or within a certain period of time, the number of people aged 65 and over reaches 7% of the total population in that country or region. In this country or region, it enters into an ageing society.

China entered the aging society in the early twenty-first Century. According to the data of the Fifth National Population Census of 2000 of the Statistical Bureau of China, the number of elderly people aged 60 years and over was 130 million, accounting for 10.2% of the total population of China, 0.2% exceeding the international standard of aging, and 88.11 million people aged 65 years and over, accounting for 6.96% of the total population of China at that time, which was close to the international standard of aging. The standard 7% indicates that China has entered an aging society in early twenty-first Century.

According to the National Bureau of Statistics in 2017, the number of people aged 60 and over is 21.9 million, accounting for 17.3% of China's total population in 2017, and the number of people aged 65 and over is 15.83 million, accounting for 11.4% of China's total population in 2017. China's elderly population nearly doubled from 2000 to 2017, making it the fastest aging country in the world. In the future, there will be more and more elderly people in China, so we need to pay close attention to the further improvement of China's endowment insurance system.

In the 1940s, the United States entered the stage of aging. It was one of the countries that entered the aging society earlier. Ageing will have a serious impact on the economy and society of a country. Therefore, the problem of aging has aroused great attention of the United States government. In order to solve the problem of aging, a variety of special problems have been set up. The institution. The current endowment insurance system has been proved to be a relatively effective, stable and successful system for more than 80 years. The experience of the continuous establishment and improvement of the American endowment insurance system has a good inspiration for China to solve the aging problem.

II. THE NECESSITY OF THE REFORM OF CHINA'S ENDOWMENT INSURANCE SYSTEM

A. China's population aged 65 and over in 2012-2016 years

According to the 2012-2016 annual census data, the number of people aged 65 and above in 2012 was 127.28 million, and the number of people aged 65 and above in 2013 was 139.9 million, an increase of 3.7% compared with 2012. The number of people aged 65 and over in 2014 was 138.15 million, an increase of 4.7% compared with 2013. The number of people aged 65 and over in 2015 was 14.38 million, an increase of 4.1% compared with 2014. The number of people aged 65 and over in 2016 was 14.93 million, an increase of 3.8% compared with 2015, an increase of 22.5 million, an increase of 17.3%. Overall, from 2012 to 2016, China's population aged 65 and over is increasing, and the growth rate is about 3% - 4%. Compared with the population aged 65 and above in the United States, the growth rate is much faster, indicating that China's aging is becoming...
more and more serious. To further solve the problem of aging, the pension insurance system has been carried out. Reform is very necessary.

B. 2012-2016 years old dependency ratio in China

According to the data of the annual demographic sample survey of China Statistical Bureau from 2012 to 2016, it can be seen from Table 2 that the old-age dependency ratio shows an upward trend from 2012 to 2016. The old-age dependency ratio refers to the total number of the elderly in the population other than the working-age population, which accounts for the total number of the working-age population. The proportion of mouth numbers represents the number of elderly people who need to be fed for every one hundred working age population.

The elderly dependency ratio in 2012 was 22.2. The elderly dependency ratio in 2013 was 22.2, the same as in 2012. The elderly dependency ratio in 2014 was 22.5, an increase of 0.3 percentage points over 2013. The elderly dependency ratio in 2015 was 22.6, an increase of 0.1 percentage points over 2014. The dependency ratio for the elderly in 2016 was 22.9. 0.3 percentage points higher than in 2015 and 0.7 percent higher than at the end of 2012. It shows that the number of old people to be raised by every 100 working-age population is increasing, and the pressure on young people is increasing, which further illustrates that China's aging is becoming more and more serious, and it is necessary to further improve the old-age maintenance system.

C. Population age distribution in 2016

According to the 2016 Population Sample Survey of the Bureau of Statistics of China, the total sample was 1158,019, of which 254,260 were aged 0-19, accounting for 21% of the total sample. The number of people aged 20-60 is 710,422, accounting for 58% of the total sample size. The number of people aged 60-64 is 67,696, accounting for 5% of the total sample population. The number of people aged 65 and over is 63,416, accounting for 16% of the total sample size. The population aged 60 and over accounted for about a quarter of the total population, and the elderly and 65-year-olds accounted for one sixth of the sample population.

III. THE EVOLUTION OF THE AMERICAN PENSION INSURANCE SYSTEM

A. The 1920s-1930s American pension insurance system was initially formed

American pension insurance first appeared in 1850, and some big cities provide pensions for teachers and other special industries. The first US pension plan was formed in Massachusetts in 1911 and has since become a defined endowment insurance. The US pension insurance during this period mainly includes two insurances, one is pension insurance for government employees, and the other is pension insurance for employees of enterprise employees. Government employee pension insurance refers to those who serve in the federal government. Each person needs to pay 2.5% of the current year's salary to pay the endowment insurance. After the employee has served for 15 years and reaches the retirement age, he can receive the pension. The pension that is generally available. The amount is about 30%-60% of the average wage for the last ten years of service. The other is enterprise pension insurance. In this period, enterprise pension insurance has no participation from the federal government. It is a self-developed pension insurance that is solely funded by enterprises. The United States experienced an economic crisis in the 1930s. In 1929-1932, a large number of factories in the United States closed down. Enterprises could not afford all the pensions and began to reduce the amount of pension funds. It is difficult for enterprises to bear the burden of old-age care alone. The US federal government's concern about pension issues. In 1934, under the leadership of President Roosevelt, the Economic Security Council (CES), which drafted the Social Security Act, was established.

However, there are certain problems in the endowment insurance system at this time: First, the coverage rate of endowment insurance is not high, and the number of American workers who pay endowment insurance accounts for about 60% of the total number of people. Second, there are big differences in pension insurance in various states. For example, in 1936, the standard for pensions in California was $31.36. In the same year, Mississippi only had $3.92 per month. The pension standards between the two states differed by nearly 10 Times around. Third, the pension reserves are insufficient, and it is difficult to meet the requirements for distribution. In 1938, the number of elderly people who received pensions of less than 15 US dollars was nearly 15%.

B. 1940s-1970s American pension system further developed

In 1939, the United States carried out corresponding repairs on the insufficient parts of the social security law before 1935, mainly following the principle: First, the US federal government as the last guarantee. In 1940, the US federal government began to pay a certain amount of subsidies for pensions. The federal government has established a departmental social security bureau that manages pensions in a unified manner, and provides different levels of pension subsidies to the states for different annual pension payment plans and the economic and social conditions of each state. The second is the principle of reciprocity of rights and obligations. The pension insurance paid must be matched with the pension, that is, more payment is obtained. Third, the principle of appropriateness, that is, the coverage of pension insurance, the amount of payment, and the amount of pension paid need to be appropriate.

The coverage of pension insurance during this period is gradually increasing. In 1939, the coverage of pension insurance increased the families and widows of workers. In 1954, self-employed workers, some freelancers, and some local government
employees were added. In 1956, disabled workers between the ages of 50 and 64 were included, and people from other fields, including lawyers and dentists, were added. In 1958, the families of disabled workers were added. In 1960, American citizens working abroad and foreign citizens in the United States joined the pension system. Widows with disabilities were added in 1967. Pensions have also increased during this period. During the period 1945-70, the pension annuity increased from $25.11 to $118.59, an increase of nearly four times.

There are also problems during this period. The main problem is that government employees' corporate insurance is independent of social pension insurance, which will result in certain restrictions on employees' transition between business and government. According to the regulations at the time, when the government officials and the employees of the enterprise exchanged each other, the federal government employee pension insurance and the social pension insurance can be offset each other, but the following two situations are not applicable: First, employees working in the government. If you want to transfer to a company and work in the government for less than 5 years, you will not be eligible to participate in government employee pension insurance, and you can only give up labor rights. Second, the employees in the enterprise want to transfer to the government, but they have not participated in the government employee pension insurance before. The rights to participate in the social pension insurance can only be abandoned. These two employees can only give up their labor rights and cannot connect with their subsequent rights, which will cause them to lose. This does not protect the rights of migrants very well.

C. 1970s-1980s pension insurance income imbalance

As the aging of the United States intensifies, the government's pension payment pressure is also increasing. In 1960, social security expenditure was 52.3 billion US dollars. In 1982, it became 592.6 billion US dollars, an increase of more than 10 times. In 1960, social security expenditures accounted for 38.4% of total government expenditure. In 1982, social security expenditures accounted for 55.5% of total government expenditures, more than half of government expenditures. For the first time, the insurance premium for social pension insurance in 1975 exceeded the amount of insurance received in the current year. In the face of such a situation, in 1981, Reagan carried out corresponding reforms on the social insurance system. The focus of reform was mainly on reducing the federal government's social insurance payment burden and reducing unnecessary social welfare expenditures. On the other hand, increasing the responsibility of state and local government social pension insurance payments reduces the burden on the federal government.

Under the influence of the new liberal ideology, American citizens began to doubt the social security of the US government and began to have the concept of “intergenerational equity” and “welfare crisis”. For the pay-as-you-go pension system, there are different opinions within the United States, and the proportion of opposing the system is gradually increasing.

D. The US pension insurance system has gradually improved since 1990s

Since 1990s, the United States has been constantly reforming and improving according to different economic environments. The main problem is that the aging of the United States is constantly increasing. In 1891, the reform of the pension system of President Reagan did not change the pension. The burden of gold is increasing. The number of elderly people over the age of 60 in the United States accounted for 15.6% of the total population of the United States at the time, from 15.6% in 1980 to 16.4% in 2000, an increase of 0.8%. The number of elderly people over the age of 65 increased from 11.2% of the total population in the United States to 12.5%, and the dependency ratio of the elderly increased from 16.9% to 19%. The degree of aging is increasing.

Under such circumstances, Clinton proposed the establishment of mandatory personal savings for the lack of social pension insurance. However, there were various disputes about the pension insurance system at the time. The main point of the debate is whether social insurance should be marketized, that is, whether privatization social insurance can be established. In 2001, George W. Bush first proposed to privatize part of social insurance, that is, part of the social insurance managed by the federal government. The employee decides whether to pay or not, but the plan has not passed. Although the scheme of privatization of pension insurance has not been implemented in the United States, as the aging of the United States intensifies and the burden of government pension payments continues to increase, the responsibility for pension payments has evolved from the federal government to privatization.

In the continuous reform of the US pension insurance system, it has developed into the current pension insurance system consisting of the national basic pension insurance, employer pension insurance and personal savings pension insurance.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total expenditure (100 million)</th>
<th>Annual increase (%)</th>
<th>Proportion of GNP (%)</th>
<th>Proportion of government expenditure (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>523</td>
<td>9.9</td>
<td>10.3</td>
<td>38.4</td>
</tr>
<tr>
<td>1965</td>
<td>772</td>
<td>8.1</td>
<td>11.2</td>
<td>42.2</td>
</tr>
<tr>
<td>1970</td>
<td>1459</td>
<td>13.6</td>
<td>14.7</td>
<td>48.2</td>
</tr>
<tr>
<td>1975</td>
<td>2901</td>
<td>21.2</td>
<td>16.7</td>
<td>57.4</td>
</tr>
<tr>
<td>1980</td>
<td>4925</td>
<td>14.6</td>
<td>18.7</td>
<td>57.6</td>
</tr>
<tr>
<td>1981</td>
<td>5505</td>
<td>11.8</td>
<td>18.6</td>
<td>56.9</td>
</tr>
<tr>
<td>1982</td>
<td>5926</td>
<td>7.8</td>
<td>19.3</td>
<td>55.5</td>
</tr>
</tbody>
</table>
IV. THE ENLIGHTENMENT OF THE EVOLUTION OF AMERICAN PENSION INSURANCE SYSTEM TO CHINA'S ENDOWMENT INSURANCE SYSTEM

The current US pension system can provide 90% of the elderly income of the elderly in the United States. The poverty rate of the elderly in the United States was 50% in 1935 and 40% in 2013, a drop of about 10%. The current pension system is very effective. This also has implications for China's pension insurance system, which is now in a more serious stage of aging.

A. The government needs to strengthen awareness

After the United States realized that the society was aging, the US government began to pay attention to the pension insurance system and continued to improve. The governments of all sessions have made unremitting efforts in the issue of old-age care. President Reagan looked to the future, solved the problem of pension payment in 2020, established a social security trust fund, and opened the door to the US social security system. President Clinton is aware of the seriousness of social ageing and will lead to serious pension problems. Increasingly severe aging will lead to insufficient pension funds in the future. He will invest in stocks and specific forms of personal accounts as part of social security. The presidents of all walks of life in the United States are committed to continuous reform and improvement of the pension insurance system. The US government will meet the pension fund for the next 75 years according to the population budget. A special budget department will be set up, which will budget for a short period of 5 years and a long period of 75 years. The Chinese government needs to strengthen its awareness. Nowadays, China's aging will lead to insufficient pension funds in the future. Therefore, the government needs to strengthen the awareness of the pension insurance system.

B. Establish a fixed lifetime support number

Nowadays, there are a large number of floating population in China, and the population is highly mobile. It has become a common phenomenon for laborers to change jobs and addresses many times. China's basic endowment insurance has not yet achieved national co-ordination. Due to the repeated changes in the work and address of laborers, it is difficult for the floating population's endowment insurance to be connected. This will have certain problems. It can be borrowed from the US taxation department to establish a lifetime-approved and fixed social security number for each worker. A guarantee is used to record the payment of the pension insurance for a specific worker. The employee’s pension is paid according to the time of payment. The accumulated social security points are distributed, so that the payment of pension insurance will not be affected due to changes in workers' work and address.

C. Pay attention to the differences in the area of pension insurance system

The pension insurance system in the United States has certain differences between regions. Due to different factors such as the economy and aging of different regions, the pension income and expenditure situation is different. China has different burdens of endowment insurance in different regions. The more developed areas, the deeper the aging, like the Northeast, at the end of 2017, the number of elderly people aged 65 and over in Liaoning Province was 6,081,700. It accounts for 14.37% of the total population of Liaoning Province in 2017. In the same year, the proportion of the elderly population aged 65 and over in the country accounted for 11.4% of the total population. Liaoning Province is three percentage points higher than the national level, and the degree of aging is higher. The number of elderly people aged 65 and over in Heilongjiang Province accounts for 12% of the total population of Heilongjiang Province in the same year. The Northeast region is relatively developed in the era of planned economy, so people's concept of fertility has changed earlier. Nowadays, the aging of the Northeast is the most serious in the country. The central and western regions with weaker economies are now less advanced. Older people aged 65 and over in Qinghai, Tibet and Ningxia account for less than 9% of the total population in each region, and only 5.4% in Tibet. Different regions will also have different degrees of aging due to economic regions, etc., due to the implementation of a differentiated pension insurance system. My country is aware of this.

REFERENCES