

# **Study on Problems and Solutions of Current Rural Old-age Security System in China**

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**Abstract.** With continuously the speeding up of process of Chinese aging population, small-scale coverage and lower management level and other problems in Chinese current rural old-age security system bring a big challenge for perfect of such system. For this reason, we shall perfect Chinese rural old-age security system quickly. This article analyzes problems of Chinese current rural old-age security system and puts forward solutions.

## **Introduction**

Today, there are still has nearly 70% of the population lives in rural areas, which indicates that rural old-age security problem has become an important problem in China's economic and social development process. Rural old-age security is not only one of critical parts of Chinese social security system, but also a part with weakest, strengthened. Under background of Chinese economic transformation and upgrading, rural old-age security in the conventional sense is greatly restricted. Therefore, a new-type rural old-age security that adapted to social and economic development shall be established through in-depth study of the problem faced by the rural old-age security system and proposed related solutions, which has become a serious problem need to be addressed in process of China's rural economic and social development.

## **Problems of Chinese Current Rural Old-age Security**

### **Small-scale Coverage**

Small-scale coverage of Chinese current rural old-age security leads to low level of overall security level. The reason is that rural residents voluntary participate social old-age insurance. Therefore, the capitals are mainly paid up by rural residents and the nature of used individual account management model is personal savings. In other words, this activity is extremely lack of mutual assistance and mutual aid, which is not a really social insurance. At the same time, security subject participated rural old-age security is always restricted. Most of the residents in rural areas are difficult to enjoy such security for various reasons. Hence residents in rural areas with largest population only enjoy little such security.

### **The weakening of family security function**

In view of continuously the speeding up of process of Chinese aging population, rural family scale continues to decrease. While the shift of rural labor force makes rural family old-age security function in traditional sense weaken than before. The continuous diminution of rural family scale causes the number of children dropped around the elderly in rural areas, which further weak original family security function. The rural family structure tends to be smaller due to family planning policy implemented from seventies of last century, which is a reason for appearance of 4-2-2 type and 4-2-1 type. The miniaturization of rural family size reduces guarantee capability between family members and causes great pressure for the pension of next generation. Chinese rural economic base is relatively weak that also seriously affects quality of old-age security. Meanwhile, support consciousness of rural young people is significantly weak, which brings great shock on culture of respecting the elder. In recent years, a large number of rural populations, especially young adults would like to live in city, which leads to a phenomenon of long-term separation between parent and children, fading of feeling. Along with constantly development of socialist market economy with

Chinese characteristics, idea of "Supported by the Son" and respecting elder is gradually weakened due to diversified thought view.

### **Lower management level**

Currently, the management of rural old-age security is relatively on low side and especially lack of operability as well as small investment space and poor profit, which make rural endowment insurance fund unable to realize the preservation and appreciation. In fact, China's rural social security management has always been a great problem, because that it involves technically difficulty of commercial insurance and policy difficulty of legal protection as well as strictly requirements of management level. Now management approach of Chinese current rural security fund is integrated with management, payment and implementation, which means there is no adequate supervision and a phenomenon of misappropriation, diversion or even corruption of rural old-age security fund.

### **Imperfect laws and regulations**

There is an inharmonious phenomenon between current laws and regulations of old-aged security system in the rural areas and local rural economic development seen from the current situation, performing by rural old-age security system and land security form in traditional sense. In recent years, per capita arable land for farmer began to decrease due to constantly accelerating of urbanization, which further weakens rural land safeguard function. At the same time, new-type community endowment and commercial endowment patterns are only implemented in few and relatively developed area and rural families with certain economic strengths in China, but it is hardly implemented in whole China. With the acceleration of aging process, the problems like elderly will be looked after properly are more and more, which has been unable to adapt current situation of rural social and economic development.

## **Improve the Strategy of Chinese Current Rural Old-age Security**

### **We shall endeavor to build a diversified rural old-age security system.**

We shall build a diversified rural old-age security system for different groups and different regions. Because China is a country with large population, the demands of different groups and different regions are also different, such as cropland-lost peasants, migrant workers, pure farmers lived by land. For these reasons, the diversified rural old-age security system can effectively solve the problems and fully play its function. The economic development in China is not balanced now, especially in eastern region and western region. So does rural regions. This means that China shall develop different payment and treatment standard according to local economic development level instead of implementation of national standard rural old-age security system, so as to improve coverage of rural old-age security system and perfect such system by stages.

### **We shall strengthen the construction of rural elderly population protection legislation**

We shall formulate a comprehensive and perfect rural old-age security system, which can actively promote legalization of such system. At present, China has no specific regulations concerning rural old-age security. Due to variability and non-continuity of policy, farmers sometimes break the rule without on purpose. This makes farmers lost confidence on rural endowment insurance in turn. Hence, the attraction of rural endowment insurance has reduced. As a matter of fact, social security in rural areas in the world has developed from family support protection to modern social security thanks to application of legal means by national governments actively. The construction of China's rural social security system shall be fairness, reasonableness supported by government. Just because of this, we must strengthen the legislative work for such system, aiming at rural old-age security with features of legislation, normalization, high efficiency. We shall pay attention to protection of rights and interests of the rural elderly from institutional dimension. Only fully guaranteed by laws and regulations can the problem of rural old-age security system solved fully. Meanwhile, we shall perfect laws related to rural old-age security system and provide basis for establishment, perfect, supervision of such system. It is well-known that perfect of laws and regulations is a progressive development process.

Government shall keep pace with the times and find loopholes of the system through implementation and make up for the loopholes actively.

**We shall strengthen promotion of rural old-age security system.**

Currently, Chinese functional departments have not vigorously popularized rural old-age security system. Some farmers have bias towards such system due to limitation of dissemination of information, including low level of treatment policy and so on. For this reason, we must in-depth and permanently implement good propaganda, popularization work to let more farmers to participate rural old-age security. The focus of the promotion is primary-level in rural areas. Excluding basic means like leaflets, radio and TV, we shall get into masses and actively and patiently propagandize and explain knowledge of rural old-age security system to let farmers really understand it. Only they accepted in the thought level can actively joint this activity.

**We shall actively play rural family endowment security function.**

Currently, rural endowment includes support, medical treatment and mental comfort and other series of complex problems. The endowment insurance has not really started in rural regions of China. The individual endowment insurance ability of rural residents is inadequate, but it has greatly dependent on family supporting than that of city. Along with the family endowment function in our country tends to weaken, social endowment insurance will become more and more popular and will become important position in rural endowment obligations. However, the family still plays an important role in Chinese current rural old-age security. Here are several solutions for responding to great challenge faced by rural family supporting and playing important role of family. First, we must vigorously advocate the traditional virtues of the Chinese nation with theme of filial piety and respecting elder among young people, so that the young of rural family are willing to assume ability to support parents. Therefore, harmonious and warm family atmosphere will be built in whole society, especially in rural regions. Second, we shall actively play a supporting function of community endowment. Third, we shall grant reasonable economic aid for poor rural families who need help to help them able to bear family old-age security function.

**We shall increase financial support from the government.**

During process of rural old-age security system in China, government has always played a leading role and assumes unavoidable important responsibilities. By doing this can effective solve the problem of rural old-age security in China, can balance urban and rural development, promote social harmony and stability in rural areas and ensure that the construction of new countryside can be carried out smoothly. All these measures can promote a comprehensive well-off society built. In view of this, the government shall pay special attention to the following two aspects to support implementation of rural old-age security system. One is to build an abundant financing approach, which can make government play a dominant role, can increase financial support, can guarantee sufficient fund. Meanwhile, government shall provide policy support and reasonable financial support to land managers in rural areas and rural individual accounts of insured aiming at the important position of fiscal expenditure in such system strengthened. So we have a institutionalization, stabilization and persistence of fiscal expenditure. The other is that government shall actively share risks of rural endowment insurance. The farmers have a large contribution to Chinese reform and development and economic development, but they have relatively small request. Due to their weak awareness of risk prevention consciousness and ability, government has responsible to provide public service content that consistent with other citizens. Currently, Chinese rural social old-age security demand is bigger. If we appropriate fiscal subsidy proportion that was originally lower, the enthusiasm of the farmers and insurance rates can be achieved with a more substantial increase. Government shall increase subsidy funds and set up specialized agencies of rural endowment insurance equipped with personnel supported by financial sector, which can effectively improve subjective initiative of farmers.

**We shall improve funds operating system of rural endowment insurance**

Chinese current operating system is not perfect whether commissioned and management of rural endowment insurance fund or comprehensive arrangement of rural endowment insurance fund. To this end, we shall establish specialized fund management organization that can carry out systematic,

scientific and standardized management planning and ensure preservation and appreciation of rural endowment insurance fund. First is to build a fund operations management system with multi-level legal person and graded operation. All the operation of funds shall be carried out by graded responsibilities according to proportion. Each level shall adopt liability reserve system and risk reserve system, which can effectively spread loss and ensure the safety of fund. Meanwhile, we shall issue relevant preferential policies of rural endowment protection fund operations as soon as possible and expand operational approaches of endowment protection fund to ensure that the preservation and appreciation of fund can be achieved. On this basis, we shall increase fund supervision, build a more open supervision and management mechanism, perfect external supervision system in order to guarantee safety of fund effectively.

## **Conclusion**

In summary, with the establishment of socialist market economy with Chinese characteristics, rural economic structure and lifestyle also has a great change. Therefore, the family support in traditional sense has been unable to satisfy current social requirements. For this reason, we shall build a rural old-age security system that meets China's actual conditions and is consistent with current financial and material resources, the level of overall economic development in rural areas. This system shall base on actual situation faced by rural areas. Meanwhile, we shall analyze each problem and solve old-age security in rural areas before the peak of aging of the population as well as promote new countryside to a higher level.

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