

# Research on the Adaptability of Social Endowment Insurance and Economic Development

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**Abstract:** Old-age insurance for urban and rural residents in China was officially integrated in February 2014. This is a major event in the development of China's endowment insurance, with landmark significance. However, in China, rural residents account for a large proportion of the total population, resulting in unbalanced economic development. Compared with urban social security system, rural social security projects are less, and the level of security needs to be improved. Compared with urban areas, rural social endowment insurance still has many shortcomings. Therefore, it can't well adapt to the development of rural economy, so it will affect the operation of social endowment insurance in rural areas. On the basis of combing and analyzing the main contents and current situation of the endowment insurance for Chinese urban and rural residents, this paper divides the problems of China's urban and rural residents' endowment insurance into three aspects, namely, the problems of people's cognition of social endowment insurance, the problems of matching policies with social endowment insurance, and the problems of operation level and security level. Put forward the countermeasures to solve the problems of old-age insurance for urban and rural residents. This is the supplement and development of the research on social endowment insurance and economic development in China.

## 1. Introduction

Since experiencing reform and opening up, although the construction of China's social security system has made historic progress and the framework of the modern social security system has initially taken shape, With the development of social economy, the gap between rural and urban areas is getting wider and wider, and the construction of the rural pension insurance system has become a social security system. major issues of stability and economic development. The National Bureau of Statistics announced in 1999 that China's population has entered the elderly type. The elderly population is expected to be 126 million in 2000, 189 million in 2020, 370 million in 2040, and 407 million in 2050. About 70% of them are rural elderly people. In China, rural residents account for a large proportion of the total number of residents, which is 1.24 percentage points higher than the urban aging level<sup>[1]</sup>. At the same time, the economic development is in an unbalanced state. Compared with the urban social security system, there are fewer social security projects in rural areas, and the level of security needs to be improved. Therefore, the old-age security of the rural population cannot be ignored, and the focus of social old-age security work should be placed in rural areas. It is the bounden duty of the state to ensure that the rural population can be supported in old age. The pension problem of the elderly population in rural areas cannot be ignored.

However, China's basic old-age insurance system is established based on traditional employment methods. The current implementation of the basic old-age insurance system does not meet the actual conditions of workers in the new form of employment. There are still many deficiencies in social old-age insurance, which make it impossible to be very effective. It is good to adapt to the economic development of rural areas. If this goes on, it will definitely affect the operation of rural social endowment insurance.

In 2014, in order to build a fairer and more reliable social security system, the Party and the

government decided to combine the two systems and establish a consistent old-age insurance system for rural and urban residents. The unification has taken an important step in the integrated development of China's pension insurance and is a milestone<sup>[2]</sup>. However, China's urban and rural residents pension insurance development period is relatively short, and there are still some obstacles and problems to achieve sustainable development, such as benefits, policy recognition, and how can the management be improved? How is the fund's ability to pay? How does fund regulation work? It is in this way that Old-age insurance for urban and rural residents has become the focus, hot spot and frontier issue of China's current endowment insurance construction. It is in this context that “Research on the Adaptability of Social Endowment Insurance and Economic Development” is proposed.

## 2. The Importance of Social Pension Insurance

### 2.1 Can Provide Important Help for Improving Population Aging and Implementing Family Planning Policy

According to the sixth Census in 2010, there were 177,648,705 people aged 60 or above, accounting for 13.26% of the total population, this is an increase of 2.93 percentage points compared to the fifth census. According to relevant data, it can be predicted that from 2020 to 2030, China will usher in a peak period of aging. As shown in Figure 1, the growth of China's aging population is expected. It is very necessary to fully implement social endowment insurance. Based on the study of basic old-age insurance for urban and rural residents, it explores the key to accelerating the coordinated development between urban and rural areas in China, improving the fairness and standardization of the development of the urban and rural old-age security system, and the development and improvement of the entire Chinese social security system. problems and solutions. What needs to be emphasized is that the peasants who implemented family planning in the early stage will gradually enter old age, and many of them will face the problem of being old and childless, which will inevitably break the family model of raising children to prevent old age<sup>[3]</sup>.

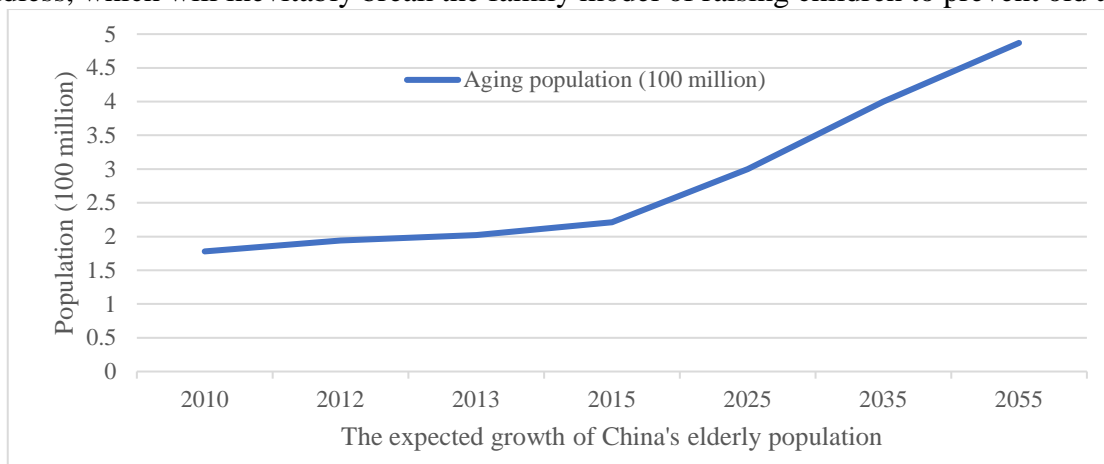


Fig.1 Growth Expectations of China's Aging Population

### 2.2 It Can Provide an Important Guarantee for the Advancement of China's Modernization and Urbanization

Due to objective historical reasons and the development strategy orientation of the planned economy era, China has formed a dual economic structure between urban and rural areas, and the huge development gap between urban and rural areas has always been obvious<sup>[4]</sup>. This obviously runs counter to the goal of building a socialist market economy with Chinese characteristics, but it is a systematic social project to eliminate the significant urban-rural development gap and promote coordinated development between the two. In China, the population base is huge and the dual structure is extremely prominent. In the process of promoting modernization and urbanization, it is necessary to realize the common development of industry and agriculture with Chinese

characteristics. Under this situation, we should establish an endowment insurance system suitable for farmers in an all-round way, and further expand the scope of social security.

### 2.3 Conducive to the Alleviation of Social Conflicts and the Coordinated Development of Urban and Rural Areas

The establishment of old-age insurance for urban and rural residents has reached a consensus. Zhang (1996) believes that there is a large gap between rural residents and urban residents in terms of social security benefits. The former is equivalent to the early stage of Western industrialization, while the latter is similar to the level of modern welfare states. To narrow the gap between urban and rural areas, we must establish a rural social security system. The ratio of per capita social security fund is 24:1, leading to the continuous increase of urban and rural residents' income [5]. Considering the social security difference between urban and rural areas, the income gap between urban and rural residents accounts for 6:1. The protection of farmers' rights and interests and social stability have had an impact that cannot be underestimated, as shown in Figure 2, which shows China's per capita income. Therefore, to achieve the goal of coordinating urban and rural development, we must take coordinating urban and rural income as an entry point and pay attention to the adjustment of national income distribution.

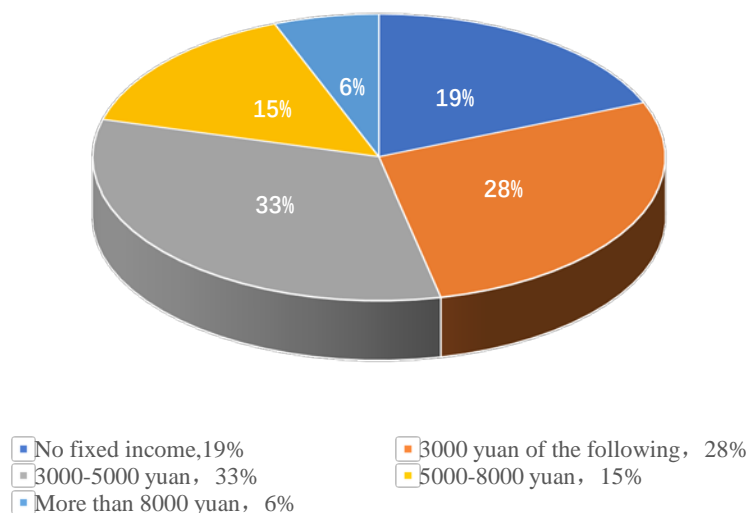


Fig.2 China's Per Capita Income

## 3. The Main Problems Existing in the Adaptation of Social Endowment Insurance to Economic Development and the Analysis of the Current Situation

### 3.1 There Are Differences in the Rural People's Cognition of Social Endowment Insurance and the Lack of Norms for Government Actors

Although rural social endowment insurance has been implemented for a long time, people have different views on whether the rural endowment insurance system needs to be established. The rural endowment insurance funds in most parts of China are independently managed by the local labor insurance department, which integrates the three powers of collection, management and use, and lacks effective supervision. The local labor insurance department is under the management of the local government<sup>[6]</sup>. Therefore, the local labor insurance department or the government sometimes squeezes, embezzles, or even embezzles and squanders the rural pension insurance fund, which makes the farmers' pension money lost. What's more serious is that in the initial period of the establishment of the system, most of the young people participated in the insurance. After a few years, when the ageing tide of the rural areas came, and when the pensions were paid to farmers, the government officials who embezzled and embezzled farmers' pensions had already been promoted. Or retirement, no one is responsible for the huge deficit, and can only be made up with the state finances.

### **3.2 Policies Matching Social Endowment Insurance Have Not Been Effectively Implemented**

In the process of rural tax and fee reform, the financial resources of some villages have been relatively weakened, and corresponding subsidies cannot be provided for farmers, and the enthusiasm and initiative of farmers participating in insurance cannot be effectively mobilized. And the legal system of social insurance content seriously lags behind the objective needs of social security undertakings<sup>[7]</sup>. The collection, payment, operation and management of social security funds lack a unified applicable law, which is an important reason for the narrow coverage of social insurance and serious misappropriation of funds. The social insurance system has a wide range of protection and a long protection period, which can effectively protect the key interests of farmers. Therefore, the government needs to provide necessary policy and financial support for the establishment of the social security system, and provide a strong legal system guarantee.

### **3.3 Low Level of Operation and Protection**

The rural endowment insurance fund needs to increase and preserve its value in order to achieve the predetermined self-determination. However, at present, the rural social endowment insurance adopts the personal account mechanism, and most of the funds are managed and operated at the county level. From the overall situation of social security expenditures, the security expenditure of farmers, who account for 70% of the total population, only accounts for 11% of the national social security expenditure, while the urban residents, who account for 30% of the national population, account for 89% of the security expenditure<sup>[8]</sup>. Because rural economy develops more slowly and little increase in the income of farmers, in most areas covered by the current rural social endowment insurance, the insurance premiums for farmers are very low, so that farmers get less insurance in old age, which is too small to meet the needs of farmers. Basic living needs of old age.

## **4. Measures to Adapt Social Endowment Insurance to Economic Development**

Building a moderately prosperous society in an all-round way is a very important goal in this century, and improving the social security system is a significant work of the party and the government.

### **4.1 Adjust and Improve the Pension Insurance Payment System for Urban and Rural Residents**

China's urban and rural residents' endowment insurance contributions are fixed contributions, but the disadvantage is that urban and rural residents' contribution levels cannot be dynamically correlated with economic growth, and cannot be raised with economic growth and urban and rural residents' incomes, so that contributions often lag behind the economic level. The payment level and the income growth of urban and rural residents are changing simultaneously, and a proportional payment system must be established<sup>[9]</sup>. Comprehensively build public finances, effectively improve the previous financial system that emphasized economic development over development and cities over rural areas, and increase rural financial input to a certain extent.

### **4.2 Adjust and Improve the Pension Insurance Treatment System for Urban and Rural Residents**

In the face of an aging population, the endowment insurance for urban and rural residents has just achieved initial development<sup>[10]</sup>. Not only is the size of the fund small, but also the institutional guarantee capacity is very limited. In order to ensure the continuous operation of the system, the interests of urban and rural residents must be required to match the premium income, and there can be no imbalance. Adjusted year by year based on changes in employee wages, per capita income of residents, and prices, the rate of adjustment is slightly higher than the increase in urban employee pensions. Conditional and step-by-step ways to narrow the urban-rural treatment gap and give full play to the redistribution function of endowment insurance income. This system is more in line with the current living conditions of Chinese urban and rural residents, that is, as long as their health permits, they will not quit working.

### **4.3 Establish a Mechanism for Evaluating the Effect of the Implementation of Endowment Insurance for Urban and Rural Residents**

Evaluation is a necessary link in the implementation of the system. Only by regularly comprehensively evaluating the implementation of the system with scientific means, methods, and indicators, can the problems and defects in the system and its implementation be discovered and solved, and the system implementation can achieve good results. According to the evaluation results, determine the corresponding problem solving strategies. Moreover, the evaluation of the quality of the implementation of the old-age insurance system also meets the requirements for the construction of a service-oriented government.

## **5. Conclusions**

Through the exploration of the adaptability of social endowment insurance and economic development, it is found that the establishment and development of a unified endowment insurance system for urban and rural residents is another great achievement in the development of social insurance that benefits hundreds of millions of ordinary people. While reaching the bright prospect of covering the whole people in the future, a series of important problems and arduous tasks that will be faced and experienced during the period should not be ignored. At present, the sustainable level of the development of China's urban and rural residents' endowment insurance is gradually rising, but there are also various known and unknown difficulties and challenges. Therefore, the research on the sustainable development of this project should be highly valued and carried out. In-depth and systematic research. Due to the strengthening of the socialist construction, the rapid development of the rural economy has been promoted, and the rural social security system has also been improved day by day. The government and relevant departments should increase their understanding of the economic situation of farmers, and better improve the rural social endowment insurance system, So that the social endowment insurance can adapt to economic development.

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