

On the Sustainable Development Path of Modern Pension Finance

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Abstract: Different Definitions of Pension Finance Lead to Different Research Prospects. in the Aspect of Pension Fund Operation, in the Aspect of Formulating Foreign Preferential Tax System and Improving Investment Supervision, We Will Focus on the Rationalization of Pension Fund Management System, and Provide Financial Support to the Pension Industry through Housing Reverse Mortgage Loan. Real Estate Investment Trust Fund and Endowment Insurance System Provide Good Financial Support for the Elderly Industry. in the Provision of Financial Goods and Services for the Elderly, We Must Be Demand-Oriented.

1. Introduction

The Increase in Population Means an Increase in the Age Structure of the Population. in the Process of Population Aging, Population Aging is an Inevitable Trend. According to the United Nations Standards, the Proportion of the Elderly Population in a Country and the Proportion of the Population over This Age Means That a Country or a Region Has Entered an Aging Society[1]. According to the Results of the Sixth National Census, There Are 1 Million Old People in China. in Fact, in the Fifth National Census At the Beginning of the 20th Century, China's Population Reached 100 Million and 10000 Respectively. the Proportion of the Population is Increasing, Showing an Increasing Trend and a Sharp Increase Compared with the Previous Year. Therefore, According to International Standards, China Has Entered an Aging Society At the Beginning of the New Century[2]. the Aging of Population Structure Has a Direct and Significant Impact on Labor Market, Market Supply and Demand Structure, Government Public Expenditure and Public Service. At the Same Time, It Will Also Cause Changes in Social, Economic System and Industrial Structure. in the Context of Aging Population, the Rapid Expansion of the Elderly Service Demand Closely Related to the Elderly Groups, Accompanied by the Vigorous Development of the Elderly Service Industry, It is Indeed the Most Promising Sunrise Industry.

2. Theoretical Explanation of Pension Financial Innovation and Development

2.1 Theoretical Investigation of Pension Financial Innovation and Development

The initial research focuses on the relationship between fund and capital market. The conclusion of this study shows that the pursuit of large-scale, stable and long-term stable investment returns of pension funds will have an important impact on the structure, efficiency and stability of the capital market[3]. In recent research, some scholars have defined the concept and function of pension finance, and discussed the construction and supervision system of pension finance. The focus on pension finance is no longer limited to the traditional pension fund field, but gradually expanded to the financial support for pension, finance, pension and finance.



Fig.1 Basic Situation of Enterprise Annuity in China from 2012 to 2016

2.2 Background Analysis of Pension Financial Innovation and Development

According to the report on the development of China's aging career (2013), in 2012, the number of people over 60 reached 1.94 million, with a population growth of 14.3%. On the one hand, China's aging is a rich and sickly era[4]. On the other hand, China's unique inverted pyramid family structure makes the traditional family support mode formed for a long time face severe challenges. This background determines that China must follow the path of social pension, and pension industry provides a broad space for development. The development of pension industry must be supported by sufficient funds, so financial innovation is indispensable. In 2013, Huang Yingying's research results show that the pension gap is the biggest financial risk facing the Chinese government. Total pension liabilities account for 62% to 97% of GDP, which may exceed state-owned assets as pension expenditure increases[5]. The aging of population leads to the widening of pension gap, and the current endowment insurance system has a bad impact on sound financial development. Under the premise that the government financial system is damaged and it is difficult to support the establishment of the security system in the old era, the complementary role of the elderly financial innovation and development is of great significance. With the change of population structure, the saving rate and investment rate decrease gradually, and the mode of economic growth changes from investment and export to consumption[6]. In the process of changing economic growth mode, it has become an important factor restricting social change and sustainable economic development. According to the world bank, most of China's household savings are affected by various uncertainties, such as pension allocation. The characteristics of long-term annuity accumulation are completely consistent with the reality that the capital market needs long-term investors. By reforming the pension system and turning the pension into a sustainable and stable social investment, we can not only prevent the depreciation caused by the passive management of the pension, but also promote the long-term development of the capital market and the national economy.

3. Practical Obstacles to the Innovation and Development of Pension Finance

3.1 Current Situation and Development of Pension

The policy of financial innovation and development of annuity supports the overall deepening reform of the 18th Congress of the 18th Central Committee of the Communist Party of China[7]. The related main issues are the decision of the Central Committee of the Communist Party of China, the improvement of personal accounts, the national comprehensive plan of basic pension, and the direction of promoting the reform of public pension system and pension system December 6, 2013 (Pingcheng 13) "Matters related to the individual income tax of enterprise annuity and occupational annuity", from January 1, 2014 (the 14th year of Pingcheng), the preferential tax system will be applied to the individual income tax of enterprise annuity and occupational annuity. This policy reflects the concept of encouraging the active development of the "second pillar" and helps to

announce the policy of abolishing the “third pillar” tax system[8]. In December 2011, the social welfare service system construction plan (2011-2015) proposed to promote the innovation of financial products and services of financial institutions, innovate financial institutions and services, and improve and upgrade the society. Financial services for the elderly service industry, increase in credit input to elderly service companies and construction projects in 2012 and 2013, the civil province “for the elderly to enter the service field, encourage private capital to implement opinions for guidance”, set up “authorization system for elderly facilities” and “management measures for elderly facilities” to actively participate in, and actively participate in the reward of social forces for the elderly[9]. In September 2013, the State Council issued several opinions on accelerating the development of the elderly service industry. In order to meet the needs of aging society for elderly services, it has introduced a series of policies, including investment and financing, land supply, concessions of taxes and fees, and subsidies.

3.2 The Actual Investigation on the Innovation and Development of Pension Finance

For the first time, the pension entered the market at the end of 2011. By 2012, Guangdong Province invested 100 billion yuan in pension, entrusted to convene the National Conference of social security fund to mobilize. So far, there are still arguments about entering the market. In the first half of 2012, several departments drafted pension investment and utilization plans, but due to the slow progress of basic pension master plan and personal account improvement, they have not yet been implemented. The advantages of banks' participation in pension finance lie in its inclusiveness, multi angle and inclusiveness. This is the operation and management experience of enterprise annuity. We can learn from the effective integration of internal and external resources through the expansion of the participation scope of annuity financial banks, in order to form the advantages of the long-term buyer account management and fund dependence core. Insurance companies have always been an important force in the innovation and development of pension finance. On the other hand, insurance companies began a new type of commercial donation insurance. On the other hand, insurance companies have established various pension communities. Compared with bank savings and insurance wealth management products, the annual fund is dominated by bond investment. Then, they make up for it by investing in stocks, and their returns are higher than bank savings and insurance wealth management products. Trust in pension finance is very flexible. It is very important to optimize the distribution of pension assets by cross market investment of trust. In China, more and more financial institutions have gradually recognized the value of the elderly, and launched special financial products and services for the elderly according to their needs. However, most financial institutions do not have long-term plans to maintain future retirement needs, but launch popular financial products under the banner of “donation”.

4. Reference to International Pension Financial Innovation and Development Experience

4.1 Positive Interaction between Pension and Capital Market

From the perspective of American pension development experience, the positive interaction between pension and capital market is its significant feature. On the other hand, pension provides a long-term stable capital source for the development of capital market. On the other hand, pension itself achieves a higher rate of return through the investment and operation of capital market. Preferential tax policy and loose investment supervision are the main driving forces of pension development.

4.2 Financial Support for the Development of Annuity Industry

Multi win housing reverse mortgage. Reverse mortgage started in the Netherlands and has matured in the United States, Canada and Japan. Housing reverse mortgage not only solves the pension problem caused by the aging population, but also provides a variety of ways for banks to gain benefits. The reason for the successful implementation of this model is that it has become one of the important ways for the elderly to support the future, which is closely related to foreign special

countries. On the other hand, foreign countries have perfect financing, guarantee, evaluation and sound credit system. On the other hand, prices in developed countries are more reasonable.

5. The Innovation of Pension Finance and the Adjustment Strategy of Its Development

Most developed countries have relatively perfect social security system and capital market, and mature pension finance depends on these complete systems. Moreover, different old concepts, different stages of economic development and different levels of population growth mean that foreign development experience cannot be copied.

5.1 Rationalization of Basic Endowment Insurance Fund Management System

Under the current aging insurance system, the rationalization of the management system needs two preconditions. First, the national pension should be unified by the whole country. The overall level of basic pensions is very low. Economic rationality is the difference of regional development, and the reason of management is the divisive diet system. The decision of the Central Committee of the Communist Party of China on several major issues of comprehensively deepening the reform clearly put forward the realization of the national basic pension plan. This is the precondition to separate the fund raising from each account and gradually realize the investment of each account. The realization of each account requires a clear government responsibility at all levels to make up for historical debt.

5.2 Financial Innovation of Annuity Industry Development

Reasonable consumer demand has not been fully met, the market environment is not mature, the long-term retirement cycle and low profitability of the pension industry slow down the pace of capital entering the pension industry.

5.3 Innovation of Annuity Financial Goods and Services

For the sake of pension preservation and evaluation, pension securitization, financial derivatives, zero interest bonds, options and forward contracts play an important role in promoting financial innovation. Recent reforms have allowed individuals to take on more responsibilities and give more investment options. Moreover, the fund type aiming at pension demand (i.e. life cycle fund, lifestyle fund and fofs) has been specially reformed.

6. Conclusion

At present, people generally lack the awareness of pension planning, and the Pension Reserve mode is also relatively conservative. Therefore, to guide people to establish the awareness of pension finance, we need to rely on policy promotion.

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