

Potential outcomes of private pension developments in China

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Abstract

Despite the fact that China is already one of the most important economies in the world, the country has many big tasks to solve, being one of them the implementation of a comprehensive social agenda, including those related with the old-age stage and the consequently diminishing financial resources upon retirement from active work. Taking into account the accelerated changes in fertility and longevity trends, it is widely forecasted that the absence of a well developed safety net for the old age stage could undermine economic and social sustainability of the Chinese society. In this sense, the main objective of this paper is to develop a preliminary discussion about prospects of pension system in China, taking into account the ineludible role of government in this social issue and the active potential participation of the private sector. Considering that, this piece of research provides a historical background of Chinese pension; discusses the existing pension schemes in China in order to understand the different areas of future developments; analyzes the potential market for contributory schemes; and strives to develop a model to forecast likely outcomes of the social insurance system by 2020.

Keywords: Pension Funds, Other Private Financial Institutions, Social Security, Public Pensions.

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