中国社会保险
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OECD-ADBI-IRDAI Roundtable on Insurance and Retirement Saving in Asia

Construction of the Multi-pillar Pension Insurance System in People's Republic of China

YU LI

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The Second Pillar -- Annuity System

- **How to establish?**

On the basis of having already participated in basic pension insurance, established through negotiation between employers and their employees.

- **Source of funds?**

The funds required for the annuity are jointly paid by the enterprise and the individual employee.The annual contribution of the enterprise shall not exceed 8% of the total wages of the employees **of** the enterprise, and the total contribution of the enterprise and the individual employees shall not exceed 12% of the total wages of the employees of the enterprise.

The Second Pillar -- Annuity System

- **Attribution of benefits?**

The contributions in the annuity individual account and its investment income belong to the individual employee from the beginning.

- **How to claim?**

Employees who have reached retirement age or lost their ability to work can receive one-time benefits for purchasing commercial pension insurance or receive monthly benefits.

The Second Pillar -- Annuity System

- **The operation of annuity system**

By the end of 2022, 128,000 enterprises have established enterprise annuity, 30.1 million employees have participated, and the accumulated fund has reached 2.87 trillion yuan; In 2022, a total of 2.8 million retirees received 74.1 billion yuan of enterprise annuity benefits.

The Third Pillar -- Personal Pension System

- **Basic information of personal pension system**

It is a system with government policy support, voluntary participation by individuals, market-oriented operation, and the realization of supplementary functions for pension insurance. It has just started and is currently only being implemented in 36 regions(mainly some provincial capital cities).

- **Attribution of benefits?**

The personal pension system adopts the personal account system, and the contributions are completely borne by the participants and fully accumulated. Participants can deposit a certain amount of funds into their personal accounts and independently purchase public offering of funds, commercial pensions, savings deposit products, and wealth management products.

The Third Pillar -- Personal Pension System

- **How to claim?**

When participants reach retirement age, they can receive their personal pensions monthly, in installments, or as a lump sum.

- **Tax support**

1. The amount paid in the payment stage enjoys the pre-tax deduction of personal income tax.
2. Investment income is temporarily not taxed.
3. When receiving benefits, a lower tax rate of 3% will be applied.

Currently, the annual contribution limit for personal pension is 12,000 yuan, which will be adjusted in due course.

The Third Pillar -- Personal Pension System

- **The operation of personal pension system**

As of the end of March 2023, the number of people participating in the personal pension system in 36 regions reached 33.24 million, and the overall operation of the personal pension system was stable.

Next Steps in Pension Insurance

- Continuously improving the three-pillars pension insurance system based on the first pillar and supplemented by the second and the third pillar.

- Strengthen publicity and increase the coverage of annuity and personal pension.

- Strengthen information technology construction and actively adapt to the trend of large-scale population mobility and rapid changes in employment.

Thanks!