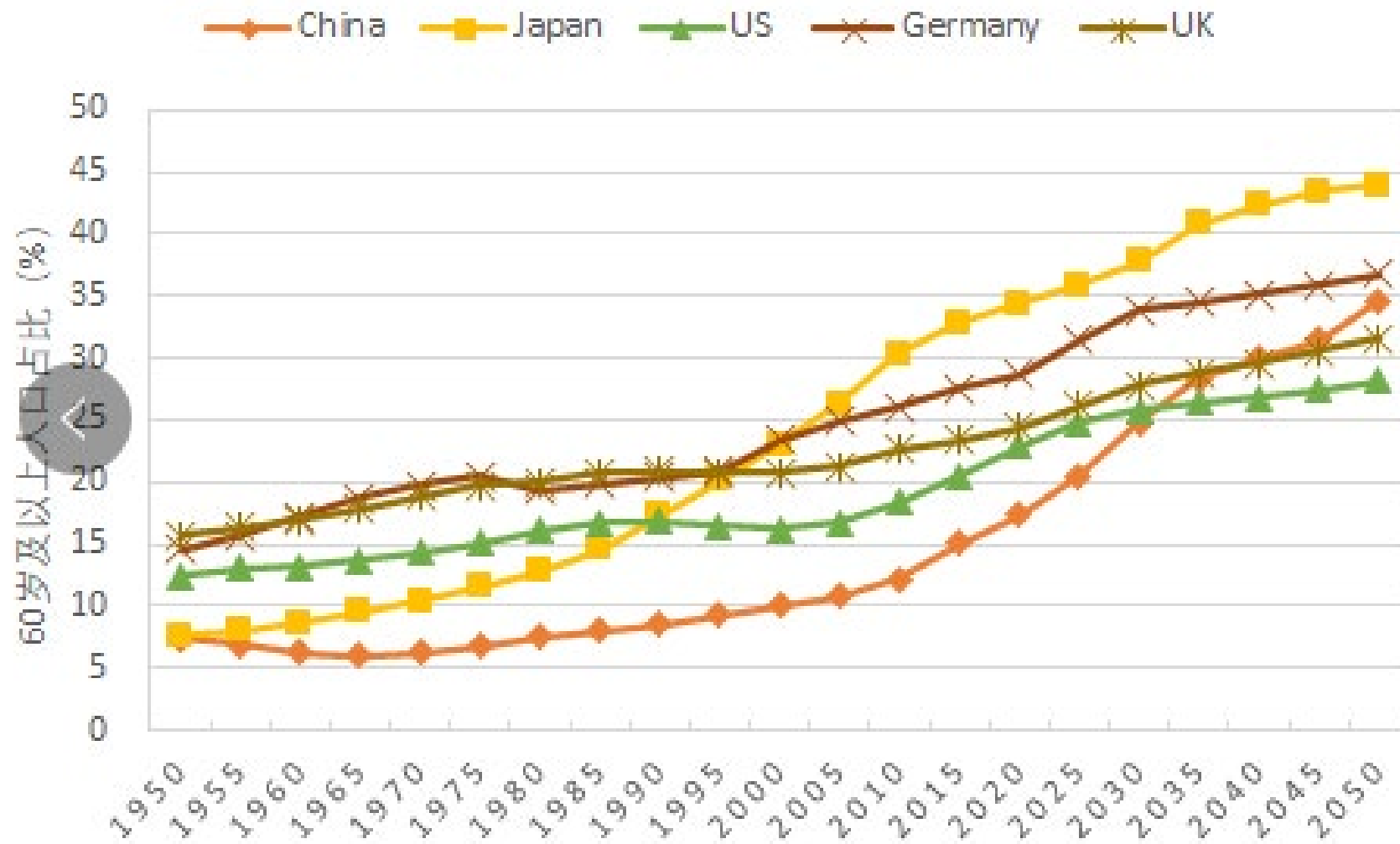


# Challenges of Population Aging in China

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May 25, 2022

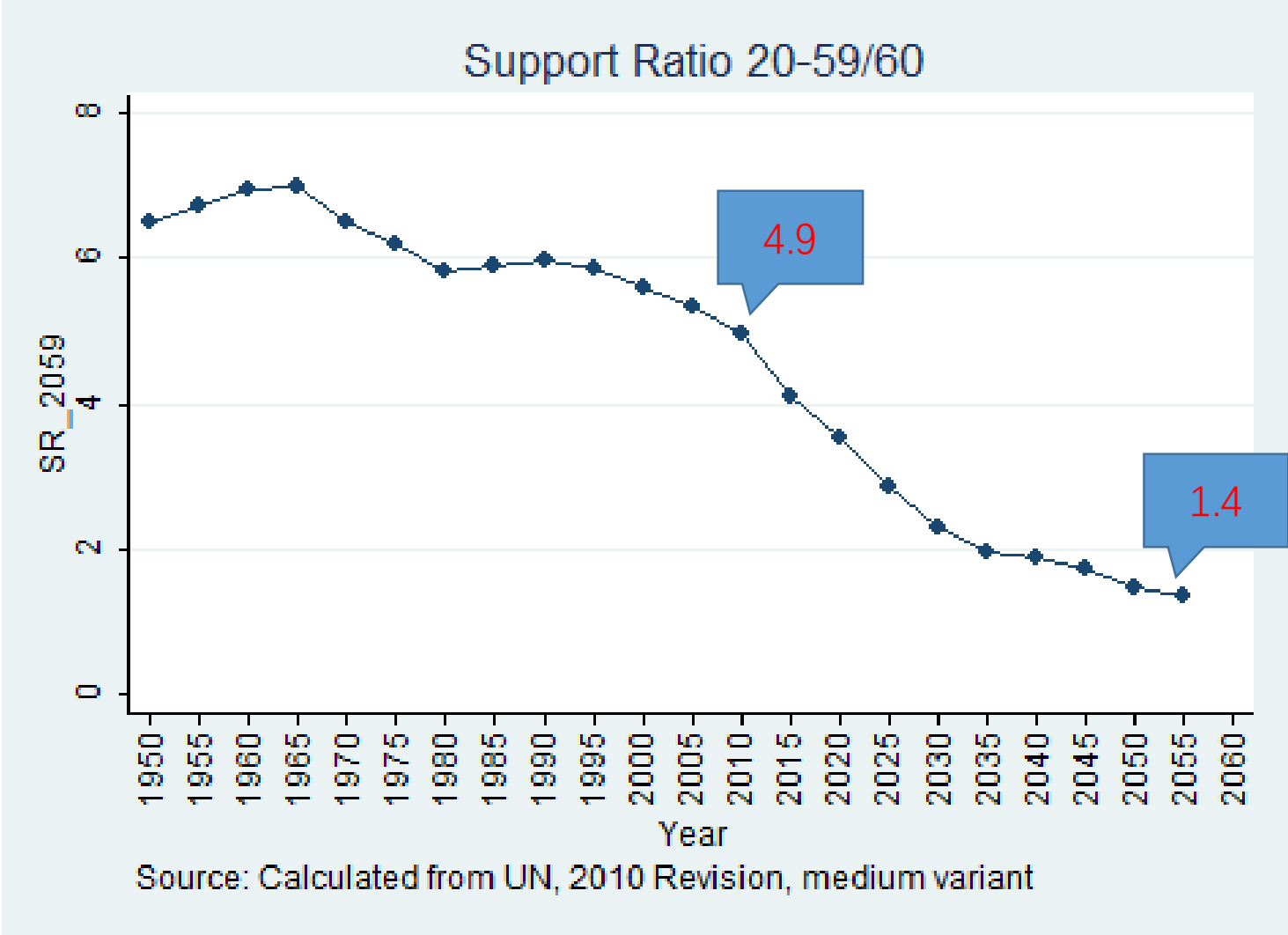
**ABFER 9<sup>th</sup> Annual Conference 2022**  
**ACADEMIC LUNCHEON PANEL**

# Population 60+



China will soon be older than the US and UK.

# Support pressure, China



# Challenges

- Unsustainable social security
- Affect old-age financial security and the quantity and quality of old-age care

# Solutions

- Healthy aging: reduce dependency
- Active aging: postpone retirement, alleviate the support pressure
- Q: Can China achieve active and healthy aging?

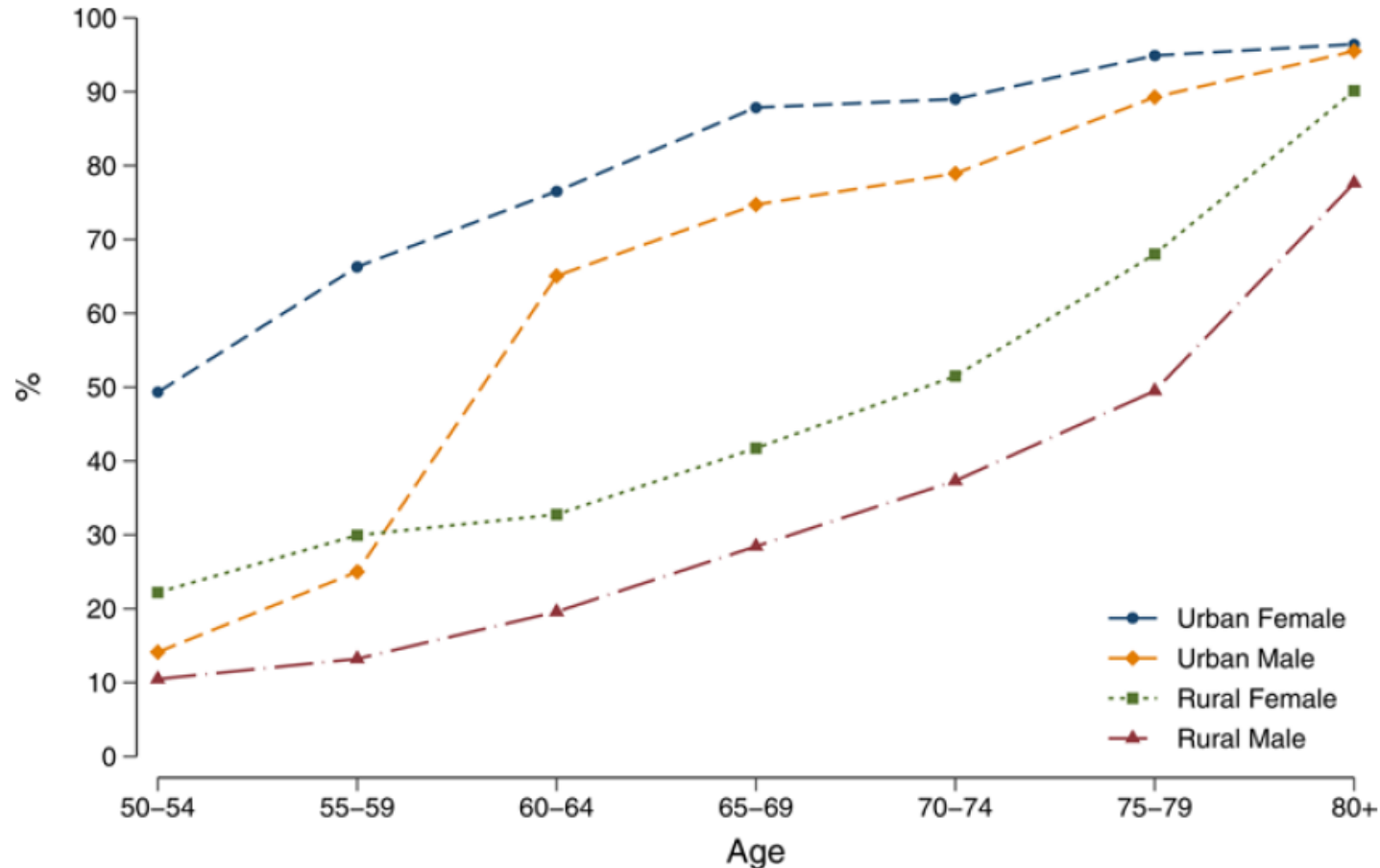
# Data

- China Health and Retirement Longitudinal Study (CHARLS)
- A nationally representative longitudinal survey of older adults
- Harmonized with the HRS family of ageing surveys
- Sample size: ~20k
- Five waves: 2011, 2013, 2015, 2018, 2020

# Retirement displays sharp rural-urban dichotomy

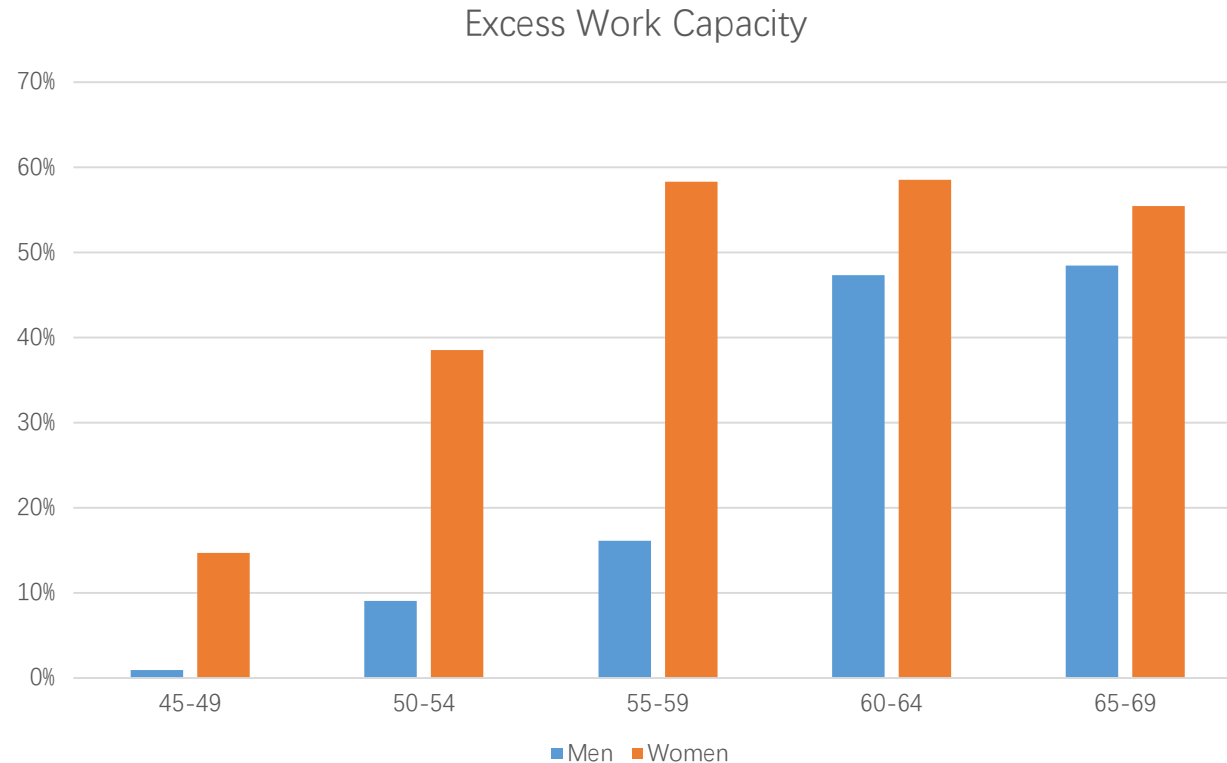
**Figure 1.** Retirement rate by age, *hukou* and gender. Note: *Hukou* is the system of household registration in China.

Source: CHARLS (2018), National Survey.



Source: John Giles, Xiaoyan Lei, Gewei Wang, Yafeng Wang, and Yaohui Zhao, “One Country, Two Systems: Evidence on Retirement Patterns in China.” *Journal of Pension Economics & Finance*, October, 1-23, 2021. DOI 10.1017/S1474747221000391

# Older urban people have substantial excess capacity to work



Source: Bo Hou, Gewei Wang, Yafeng Wang, Yaohui Zhao. 2021. "The health capacity to work at older ages in urban China," *China Economic Review*. <https://doi.org/10.1016/j.chieco.2020.101581>



# Financial security is lacking for rural people

	<b>Rural</b>	<b>Urban</b>	<b>All</b>
Social Security Wealth (SSW)	79.2%	16.0%	63.6%
SSW+consumer durables+producer equipment+liquid assets	60.4%	12.2%	48.5%
+ Land	52.5%	11.8%	42.4%
+ Housing	27.3%	4.0%	21.5%
All wealth	22.5%	3.8%	17.9%

- If a person aged 50-60 retires at age 60 and relies on the wealth for a living, what is the likelihood that he will be poor?
- 2018 data.

- Differential financial security explains the answer to the question: What would you rely on when you lose the ability to work?

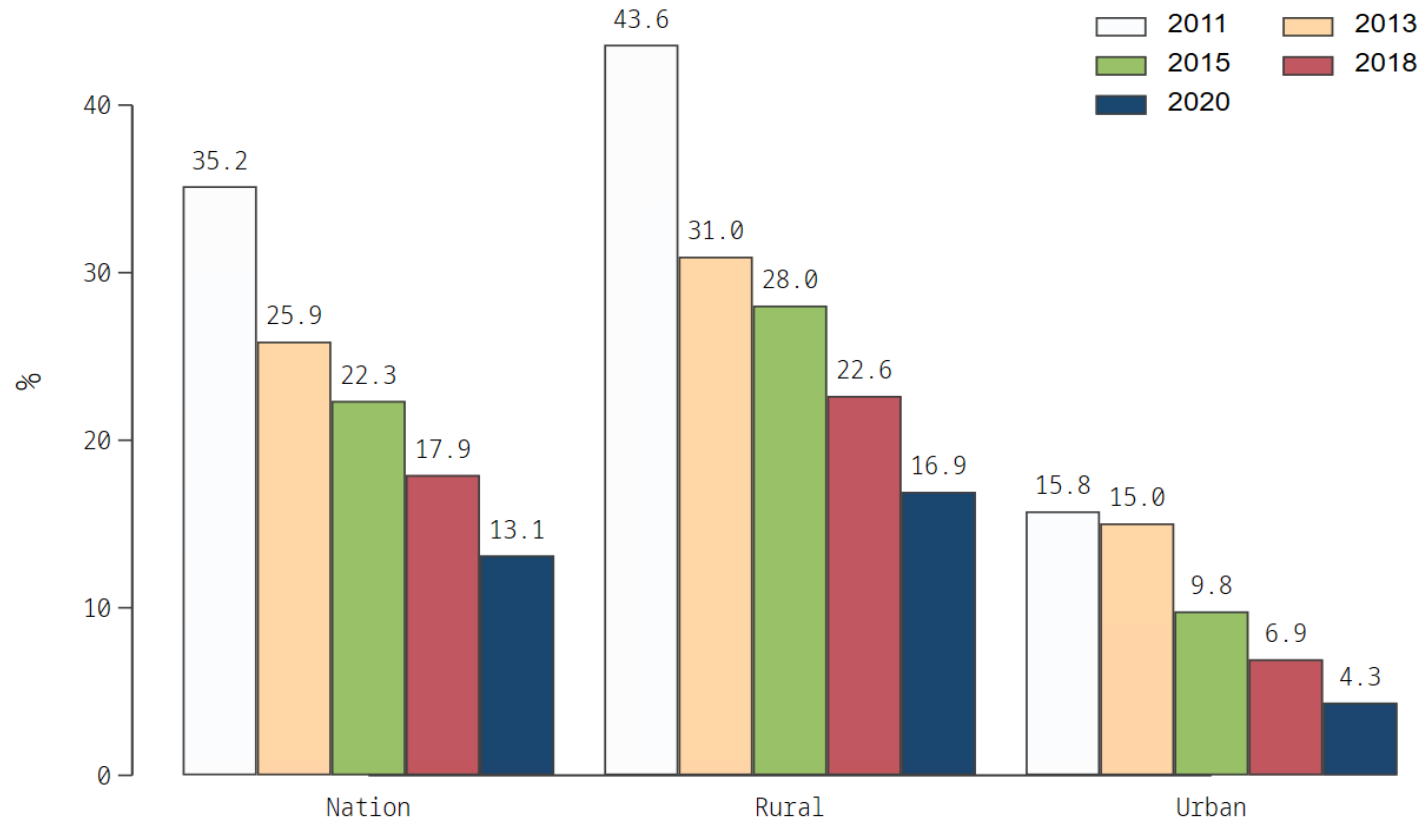
**Table 4.** Expected source of economic support by type (%)

Type	Total	
	Urban	Rural
Children	12.4	67.6
Savings	1.8	4.2
Pension	82.8	20.8
Other	3.0	7.3
Observations	3,317	13,023

All numbers are weighted.

*Data source:* CHARLS survey, 2018.

# Current economic status: Poverty among 60+ declined significantly, but

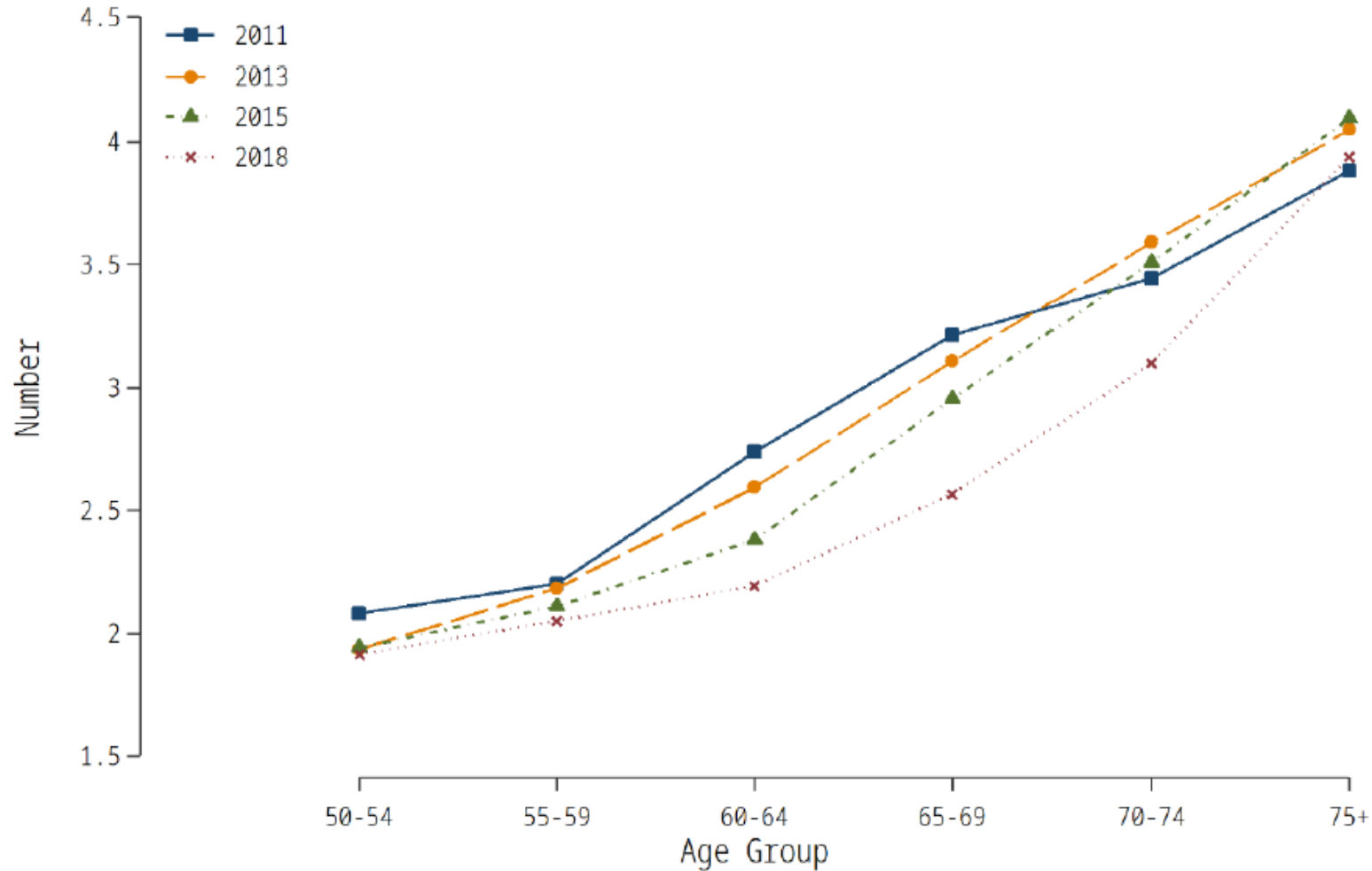


- substantial poverty still exists.
- Especially among rural older people

Note: per capita expenditure measured against China's official poverty line

Source: Jinqun Gong, Gewei Wang, Yafeng Wang, Yaohui Zhao. (2022). "Consumption and poverty of older Chinese: 2011-2020. Working paper.

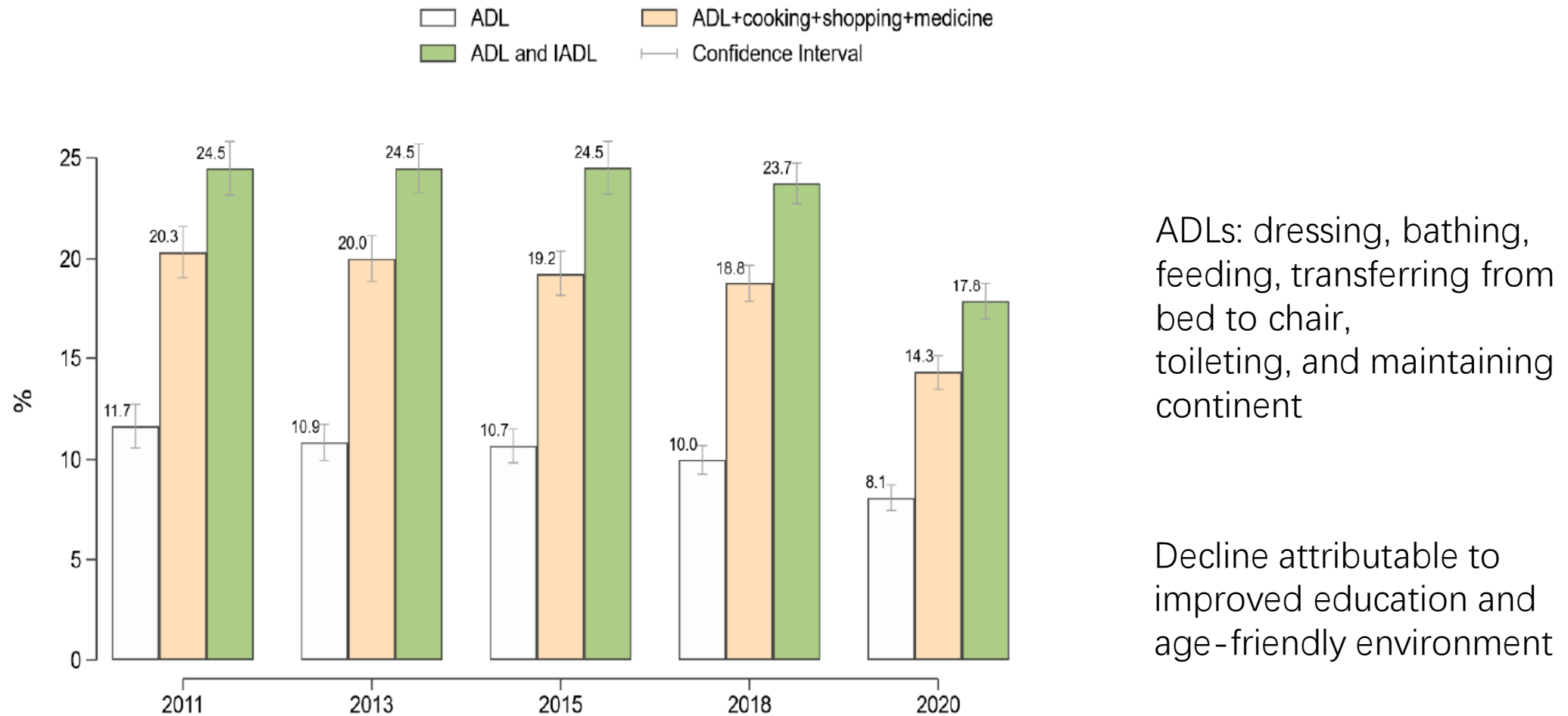
# Future family will be less reliable



- Social support will be more important.
- Healthy aging will be more important for individuals and the society

*Figure 10: Number of living children among the adults aged 50+ from CHARLS data*

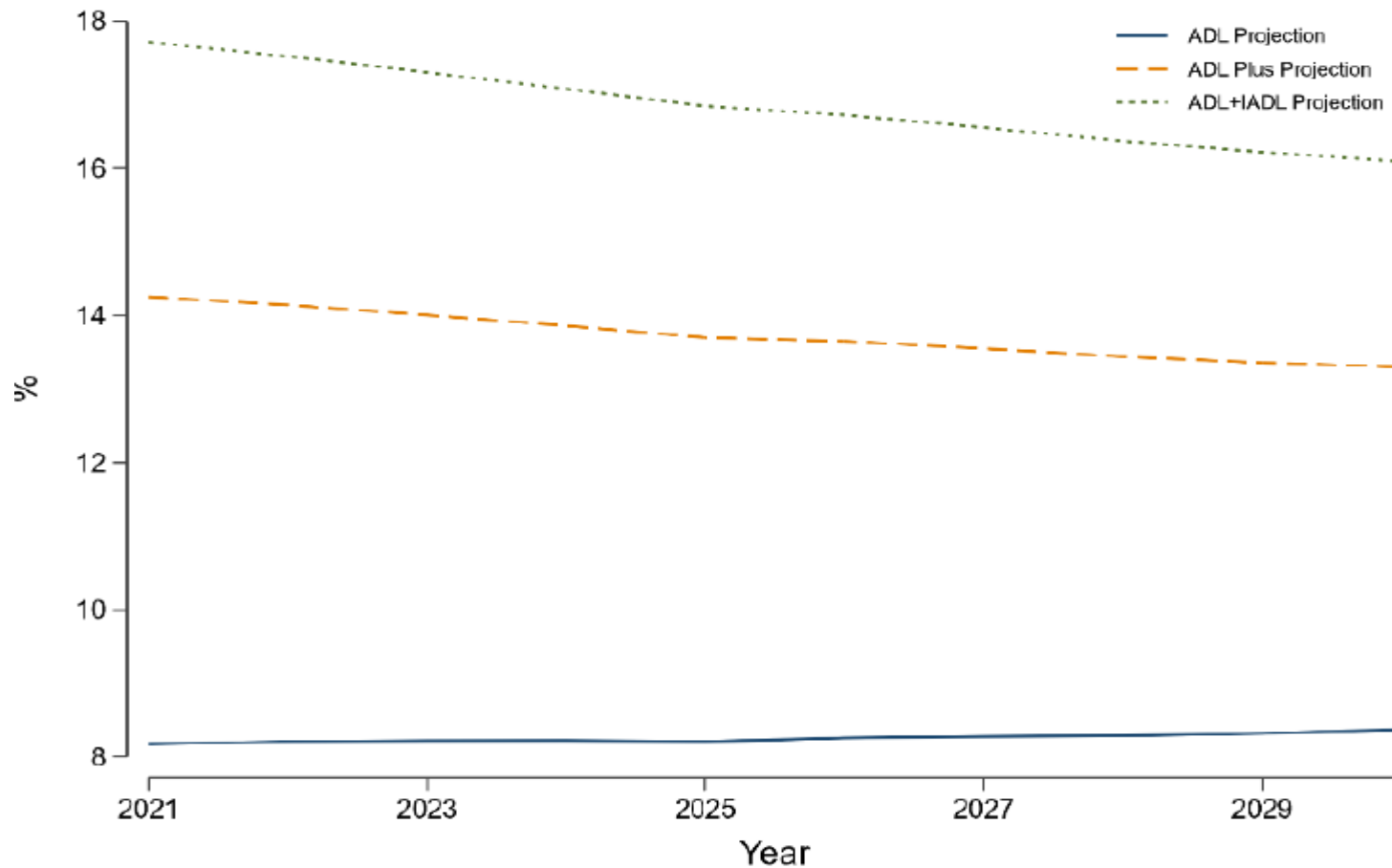
# Health: Disability is declining among 60+



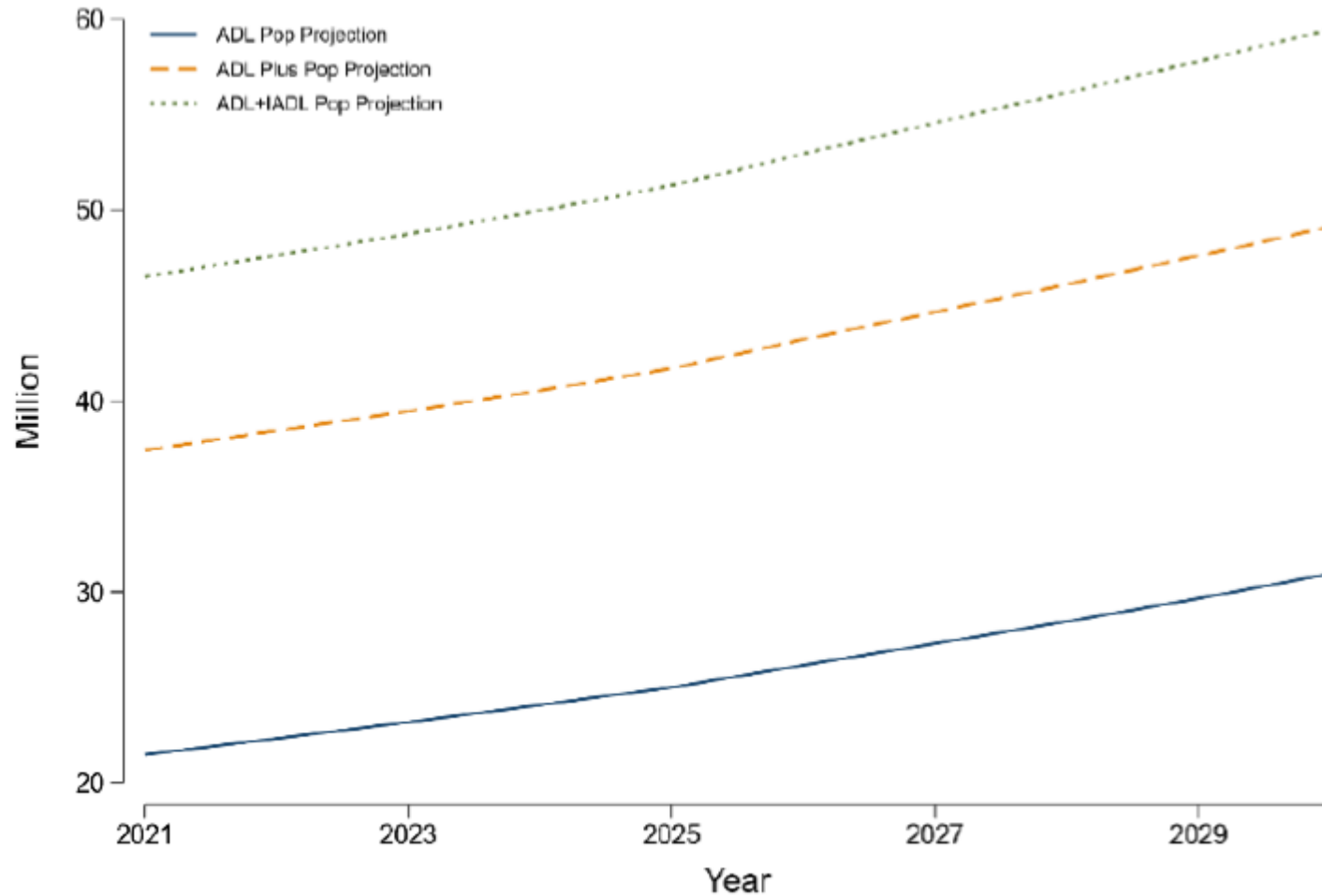
**Figure 2.** Trends in functional dependency of older adults in three levels, 2011-2020

Source: Gong et al. "Nowcasting and forecasting the care needs of the older adults in China: estimates from the China Health and Retirement Longitudinal Study (CHARLS)". Working paper, 2022

And will continue to decline due to improvements in education, health care and age-friendly environments

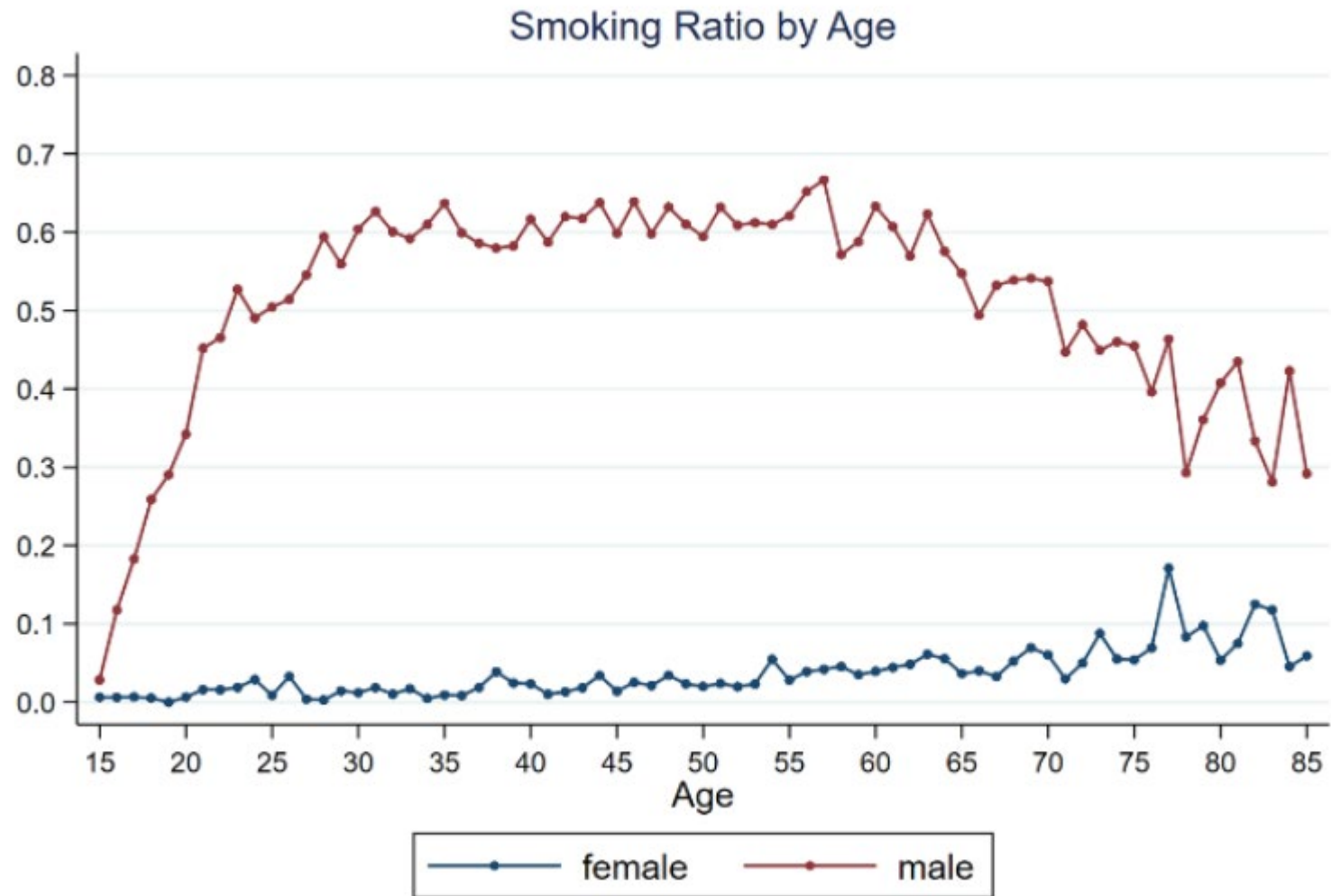


# But the total number of disability will increase



Need continued efforts to reduce the rate of disability

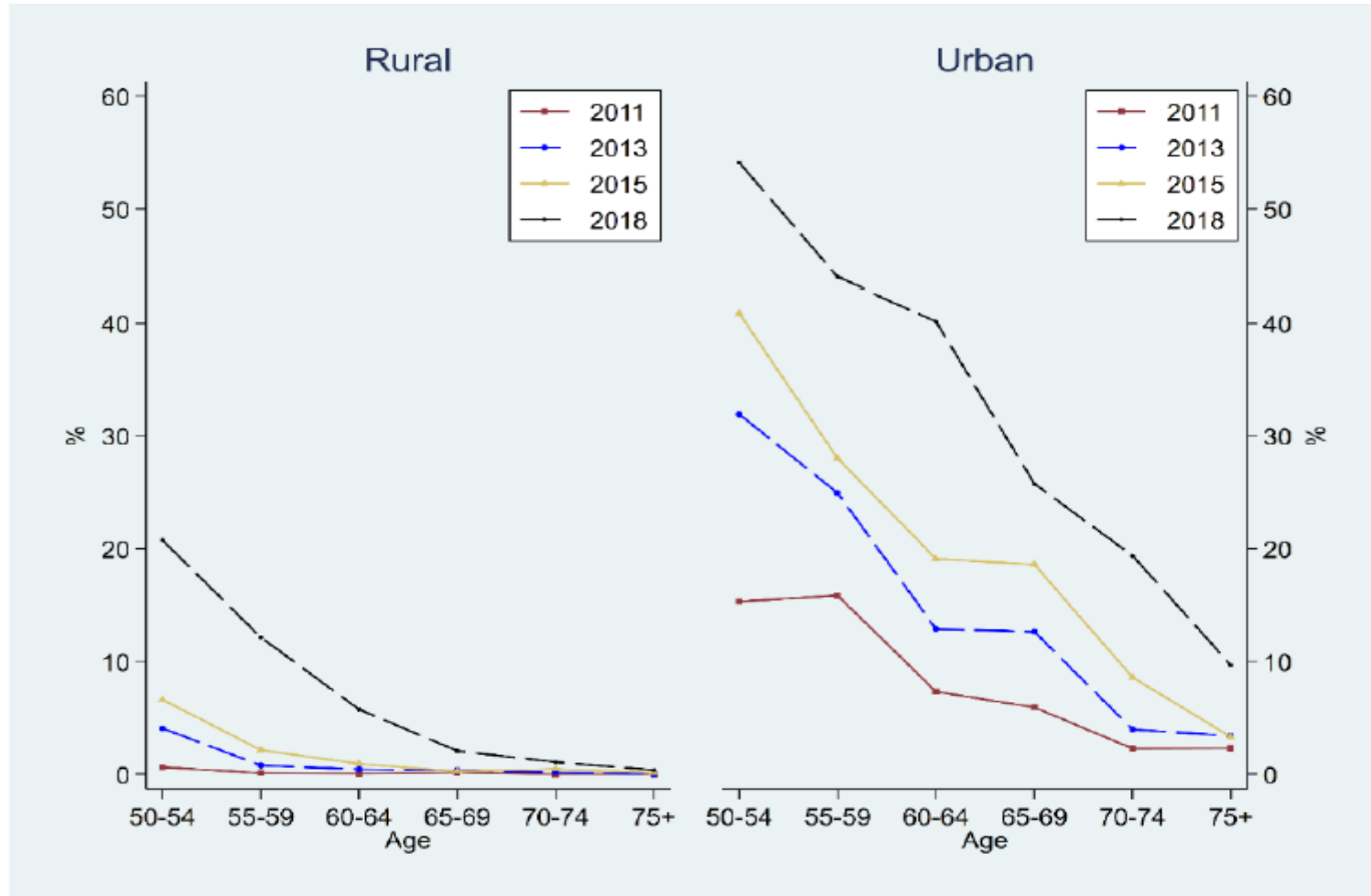
# Risk factors in health - smoking



Data Source: CFPS 2018



Infrastructure: Access to digital technology is improving, but is lacking among older, less educated people



*Figure 8: Internet use by age among the adults aged 50+ from CHARLS data*

# Pending research

- Understand determinants of health at old-age
- Design policies to encourage later retirement, especially among urban people
  - Social security reform
- Provide financial security and meet care needs