

China

Exchange rate: US\$1.00 = 6.62 yuan.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1951.

Current laws: 1953 (regulations); 1978, 1995, 1997, 1999, and 2005 (directives); 2009 (guideline on rural pensions); 2010 (social insurance); 2011 (social insurance); 2014 (pension portability and guideline on unified pension for rural and nonsalaried urban residents); 2015 (inclusion of civil servants and public-sector employees); and 2018 (contribution collection).

Type of program: Social insurance, individual account, and noncontributory system.

The basic pension insurance program has two components: a social insurance pension and mandatory individual accounts. The pension schemes for rural and nonsalaried urban residents have two components: a noncontributory pension and individual accounts.

Note: Since July 2011, existing regional and local social security programs, including pooling arrangements, are gradually being unified under the country's first national law on social insurance. The government aims to establish a comprehensive, equitable, and unified pension system that covers both urban and rural residents by 2020.

Coverage

Social insurance and mandatory individual account (Basic pension insurance): Employees (including legally employed foreigners and migrants, and part-time employees) in urban enterprises and urban institutions managed as enterprises; self-employed persons and small business owners with no employees; casual workers; and civil servants and certain public-sector employees.

Noncontributory and individual account (Pension schemes for rural and nonsalaried urban residents): Rural and nonsalaried urban residents aged 16 or older.

Exclusions: Students and persons covered under the basic pension insurance scheme.

Source of Funds

Insured person

Social insurance (Basic pension insurance): None, or as determined by local government regulations.

Mandatory individual account (Basic pension insurance): 8% of gross average monthly covered earnings in the previous year.

The minimum monthly earnings used to calculate contributions are 60% of the local average monthly wage for the previous year.

The maximum monthly earnings used to calculate contributions are 300% of the local average monthly wage for the previous year.

Noncontributory (Pension schemes for rural and nonsalaried urban residents): None.

Individual account (Pension schemes for rural and nonsalaried urban residents): A choice of 100 yuan to 2,000 yuan a year based on 12 scales. Local governments may adjust the number and levels of scales.

Self-employed person

Social insurance (Basic pension insurance): 12% of the local average monthly wage.

Mandatory individual account (Basic pension insurance): 8% of the local average monthly wage.

Noncontributory (Pension schemes for rural and nonsalaried urban residents): None.

Individual account (Pension schemes for rural and nonsalaried urban residents): A choice of 100 yuan to 2,000 yuan a year based on 12 scales. Local governments may adjust the number and levels of scales.

Employer

Social insurance (Basic pension insurance): Up to 20% of payroll, depending on local government regulations.

Mandatory individual account (Basic pension insurance): None.

Noncontributory (Pension schemes for rural and nonsalaried urban residents): None.

Individual account (Pension schemes for rural and nonsalaried urban residents): None.

Government

Social insurance (Basic pension insurance): Central and local governments contribute as employers and provide subsidies as needed.

Mandatory individual account (Basic pension insurance): Central and local governments provide subsidies as needed.

Noncontributory (Pension schemes for rural and nonsalaried urban residents): The central government finances the total cost (at least 88 yuan a month per insured person) in the central and western regions and 50% of the cost in the eastern region. Local governments cover 50% of the cost in the eastern region and may make additional contributions.

Individual account (Pension schemes for rural and nonsalaried urban residents): Pays contributions for residents

living under the poverty line; local governments provide a minimum annual subsidy of 30 yuan to the individual account of each insured person (at least 60 yuan for those who contribute at least 500 yuan).

Qualifying Conditions

Old-age pension (Basic pension insurance): The pension consists of a social insurance pension and a mandatory individual account.

Social insurance pension (central government guidelines): Age 60 (men and professional women), age 55 (non-professional salaried women), or age 50 (other categories of women), with at least 15 years of contributions.

Age 55 (men) or age 45 (women) with at least 15 years of contributions if employed in arduous or unhealthy work.

The minimum pension is paid with at least 15 years of coverage.

Early pension: Age 50 (men) or age 45 (women) with at least 10 years of contributions and assessed with a total disability; age 55 (men) or age 45 (women) with eight to 10 years of continuous contributions if employed in arduous or unhealthy work.

Insured persons who reach the normal retirement age with less than 15 years of contributions may continue making contributions until they reach 15 years or transfer their pension entitlements to the schemes for rural and nonsalaried urban residents. Those who joined the basic pension insurance program before 2011 and have at least 10 but less than 15 years of contributions at the normal retirement age may make a lump-sum contribution to become eligible for the basic pension.

Mandatory individual account (central government guidelines): Age 60 (men and professional women), age 55 (non-professional salaried women), or age 50 (other categories of women), with at least 15 years of contributions.

Age 55 (men) or age 45 (women) with at least 15 years of contributions if employed in arduous or unhealthy work.

Early pension: Age 50 (men) or age 45 (women) with at least 10 years of contributions and assessed with a total disability; age 55 (men) or age 45 (women) with eight to 10 years of continuous contributions if employed in arduous or unhealthy work.

Insured persons who joined the basic pension insurance program before 2011 and have at least 10 but less than 15 years of coverage at the normal retirement age may make a lump-sum contribution or continue to pay contributions to become eligible for the basic pension. With less than 15 years of contributions, the insured can choose to stop making contributions and receive a lump-sum payment, or to transfer the account balance to the schemes for rural and nonsalaried urban residents.

Old-age pension (Pension schemes for rural and nonsalaried urban residents): The pension consists of a noncontributory pension and an individual account.

Noncontributory pension: Age 60 and not entitled to a social insurance old-age pension under the basic pension insurance program.

Individual account: Age 60 with at least 15 years of contributions and not entitled to an individual account old-age pension under the basic pension insurance program.

Insured persons who reach age 60 with less than 15 years of coverage can continue making contributions to the individual account until they become eligible or make a lump-sum contribution to become eligible for the rural or nonsalaried urban resident's old-age pension.

Disability pension (Basic pension insurance): The pension consists of a social insurance pension and a mandatory individual account.

Social insurance pension (central government guidelines): Must be assessed with a total incapacity for work and not qualify for an early social insurance old-age pension under the basic pension insurance program.

Medical experts of the Labor Ability Appraisal Committee assess the degree of disability.

Mandatory individual account (central government guidelines): No cash benefit is provided.

Survivor pension (Basic pension insurance): The pension consists of a social insurance pension and a mandatory individual account.

Social insurance pension (central government guidelines): The deceased was a pensioner or in covered employment at the time of death.

Eligible survivors include a widow(er) and dependent children and parents.

Funeral grant: Paid when the insured or an immediate family member who was dependent on the insured dies.

Mandatory individual account (central government guidelines): The deceased was a pensioner or in covered employment at the time of death.

An eligible survivor is the deceased's legal heir.

Survivor benefit (Pension schemes for rural and nonsalaried urban residents, individual account): The deceased received or was entitled to receive an old-age pension for rural or nonsalaried urban residents.

Eligible survivors include the deceased's legal heirs.

Old-Age Benefits

Old-age pension (Basic pension insurance): The pension consists of a social insurance pension and a mandatory individual account.

Social insurance pension (central government guidelines): The pension is the average monthly local wage in the previous year plus the average individual monthly wage used to calculate contributions, divided by two. The result is multiplied by 1% for each year of contributions.

The average individual monthly wage used to calculate contributions is the insured's average monthly wage indexed to the average monthly local wage.

The minimum combined social insurance and mandatory individual account pension is normally 40% to 60% of the average monthly local wage in the previous year, depending on the region.

Early pension: The pension is based on the average local monthly wage in the previous year, the average individual monthly wage used to calculate contributions, and the number of years of contributions.

Mandatory individual account (central government guidelines): The monthly benefit is total employee contributions plus accrued interest, divided by the actuarial month.

The actuarial month ranges from 56 to 233, depending on the insured's age, and is adjusted periodically based on the average life expectancy for the urban population and the interest rate. The actuarial month for an insured person who retires at age 60 is 139. Local governments provide transitional arrangements for workers who began employment before the introduction of mandatory individual accounts in 1997 and who retired on or after January 1, 2006.

After the monthly benefits from the mandatory individual account are exhausted, benefits are paid from a local pooling fund.

The minimum combined social insurance and mandatory individual account pension is normally 40% to 60% of the average monthly local wage during the previous year, depending on the region.

Early pension: The monthly benefit is total employee contributions plus accrued interest, divided by the actuarial month.

With less than 15 years of coverage, a lump sum of the account balance is paid if the insured does not transfer the account balance to the schemes for rural and nonsalaried urban residents.

Old-age pension (Pension schemes for rural and nonsalaried urban residents): The pension consists of a noncontributory pension and an individual account.

Noncontributory pension: At least 88 yuan a month is paid. The amount of the pension increases with age in some areas.

Individual account: The monthly benefit is total insured person and government contributions plus accrued interest, divided by the actuarial month.

The actuarial month is 139 and is adjusted periodically based on the average life expectancy for the urban population and the interest rate.

After the monthly benefits from the individual account are exhausted, benefits are paid from a local pooling fund.

Permanent Disability Benefits

Disability pension (Basic pension insurance): The pension consists of a social insurance pension and a mandatory individual account.

Social insurance pension (central government guidelines): 40% of the insured's average monthly wage in the previous year is paid.

The minimum pension is set by provincial and local governments based on the local standard of living.

Mandatory individual account (central government guidelines): No cash benefit is provided.

Survivor Benefits

Survivor pension (Basic pension insurance): The pension consists of a social insurance pension and a mandatory individual account.

Social insurance pension (central government guidelines): A lump sum of six to 12 months of the deceased's last monthly wage is paid, depending on the number of surviving dependents.

Funeral grant: A lump sum of two months of the average monthly local wage in the previous year is paid to the widow(er), children, parents, and grandparents. When an immediate family member who was dependent on the insured dies, 33% to 50% of the average monthly local or enterprise wage in the previous year is paid based on the age of the deceased.

Mandatory individual account (central government guidelines): A lump sum of total employee contributions plus accrued interest is paid. If the insured dies before the normal retirement age, the balance of any employer contributions made to the deceased's individual account before January 1, 2006, is transferred to a local pooling fund.

Survivor benefit (Pension schemes for rural and nonsalaried urban residents, individual account): A lump sum of total insured person and government contributions plus accrued interest minus previous payments to the deceased is paid.

Administrative Organization

Department of Pensions and Department of Rural Social Insurance, under the Ministry of Human Resources and Social Security (<http://www.mohrss.gov.cn/>), provide general supervision.

Provincial or local social insurance agencies administer their respective retirement pension pools and individual

accounts. Provincial and local social insurance pools are gradually being consolidated into national pools.

Provincial human resource and social security authorities are responsible for regulatory funds (special reserve funds) to which local pooling funds in the jurisdiction must pay a percentage of their revenue.

Provincial or local social insurance agencies also administer the pension schemes for rural and nonsalaried urban residents.

Local tax authorities under the State Administration of Taxation (<http://www.chinatax.gov.cn/>) collect contributions (as of January 2019).

Sickness and Maternity

Regulatory Framework

First law: 1951.

Current laws: 1953; 1988 and 1994 (female employees); 1998, 1999, 2000, and 2003 (medical insurance and pilot rural cooperative medicare); 2007 (pilot urban resident medical insurance); 2009 (directive on health care reforms); 2010 (social insurance); 2012 (special protection for female employees; pilot critical disease insurance for urban and rural residents); 2016 (integrated scheme for rural and nonsalaried urban residents); and 2018 (contribution collection).

Type of program: Social insurance (cash and medical benefits) and mandatory individual account (medical benefits) system.

Note: Since July 2011, existing regional and local social security programs, including pooling arrangements, are being gradually unified under the country's first national law on social insurance. In 2016, the government decided to establish a unified basic health insurance system for both rural and nonsalaried urban residents. The government has also announced a pilot program merging the basic medical insurance for employees and maternity insurance programs.

Coverage

Social insurance (cash benefits): Employed persons in urban areas working in government organizations, enterprises, social groups, and nonprofit organizations.

Voluntary coverage for self-employed persons in most provinces.

Social insurance (Basic medical insurance for employees): Employed persons in urban areas working in government organizations, enterprises, social groups, and nonprofit organizations.

Voluntary coverage for most categories of self-employed persons.

Social insurance and mandatory individual account (Basic medical insurance for rural and nonsalaried urban residents): Rural and nonsalaried urban residents

of China not covered by basic medical insurance for employees.

Voluntary coverage for certain categories of self-employed persons, depending on local regulations.

Source of Funds

Insured person

Social insurance (cash benefits): None.

Social insurance (Basic medical insurance for rural and nonsalaried urban residents): An average annual flat-rate contribution of at least 220 yuan.

Social insurance and mandatory individual account (Basic medical insurance for employees): None to the pooling fund; about 2% of gross earnings to the individual account (local governments may adjust contribution rates based on local conditions).

The minimum monthly earnings used to calculate contributions are 60% of the average monthly local wage in the previous year.

The maximum monthly earnings used to calculate contributions are 300% of the average monthly local wage in the previous year.

Self-employed person

Social insurance (cash benefits): The total cost (actual rates vary depending on the region).

Social insurance (Basic medical insurance for rural and nonsalaried urban residents): An average annual flat-rate contribution of at least 220 yuan.

Social insurance and mandatory individual account (Basic medical insurance for employees): About 6% of gross earnings (local government may adjust contribution rates based on local conditions).

The self-employed person's contributions are split between the pooling fund and the individual account in varying proportions based on local conditions. Self-employed persons may pay a lower rate to the pooling fund (without establishing an individual account) or join the basic medical insurance program for urban and rural residents.

Employer

Social insurance (cash benefits): The total cost (sickness benefits); up to 1% of payroll (maternity benefits), depending on local government regulations.

Social insurance (medical insurance for rural and nonsalaried urban residents): None.

Social insurance and mandatory individual account (Basic medical insurance for employees): About 6% of payroll (local government may adjust contribution rates based on local conditions).

70% of the employer's contribution is directed to the pooling fund; 30% to the insured's individual account.

Government

Social insurance (cash benefits): None.

Social insurance (Basic medical insurance for rural and non-salaried urban residents): An annual matching contribution (combined central and local governments) of 490 yuan for each person. The actual amount of the matching contribution varies by province.

Social insurance and mandatory individual account (Basic medical insurance for employees): None.

Qualifying Conditions

Sickness, maternity, and medical benefits: There is no minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit (central government guidelines for urban employees, social insurance): 60% to 100% (depending on length of service) of the insured's last monthly wage is paid for up to six months each year; thereafter, 40% to 60% until the employee recovers or is assessed with a permanent disability.

Contract workers receive the same benefits as permanent workers.

Maternity benefit (central government guidelines for urban employees, social insurance): 100% of the enterprise's average monthly wage for the previous year is paid for 98 to 158 days for the birth of a child, depending on the province, including 15 days before the birth (an additional 15 days for complicated childbirths), 42 days for a miscarriage that takes place after at least four months of pregnancy, and 15 days for a miscarriage that takes place after less than four months of pregnancy.

Some local governments have implemented paternity leave policies.

Workers' Medical Benefits

Basic medical insurance for employees (social insurance and mandatory individual account, central government guidelines): Medical care is provided at accredited hospitals or clinics.

Cost sharing: The pooling fund reimburses the cost of medical benefits up to 600% of the local average annual wage in the previous year. Reimbursement for payments beyond 600% of the local average annual wage must be covered by private insurance or supplemental programs. Medical expenses and private insurance premiums can be drawn from the individual savings account.

Basic medical insurance benefits for rural and nonsalaried urban residents (social insurance): Insured persons are reimbursed annually for medical costs up to 600% of the local average annual income.

Dependents' Medical Benefits

Basic medical insurance benefits (social insurance and mandatory individual account, central government guidelines): No benefits are provided. The individual account can be inherited.

Medical insurance benefits for rural and nonsalaried urban residents (social insurance): No benefits are provided.

Administrative Organization

National Healthcare Security Administration provides general guidance to local governments' medical insurance and sickness and maternity insurance programs and ensures that local regulations follow central government guidelines.

Local government healthcare administration agencies administer medical benefits insurance and sickness and maternity insurance funds.

Local government healthcare security administration agencies contract with accredited clinics and hospitals to provide medical benefits.

National Health Commission provides general guidance to medical care providers.

Local healthcare security administration agencies manage the medical insurance program for employees, the medical insurance program for rural and nonsalaried urban residents, and the cash benefits program.

Work Injury

Regulatory Framework

First law: 1951.

Current laws: 1953 and 1978 (permanent employees), 1986 (contract workers), 1996 (regulations), 2003 (work injury), 2004 (rural migrants), 2010 (work injury insurance regulations), and 2018 (contribution collection).

Type of program: Social insurance system. (Employer-liability system for nonparticipating enterprises.)

Coverage

Social insurance: Employed persons in participating enterprises, public institutions, civil associations, private nonenterprise units, foundations, law firms, and accounting firms.

Special systems for civil servants, including employees of government and communist party organizations, and cultural, educational, and scientific institutions.

Employer liability: Employees of enterprises not participating in the social insurance program.

Exclusion: Self-employed persons.

Source of Funds

Insured person

Social insurance: None.

Employer liability: None.

Self-employed person

Social insurance: Not applicable; small business owners contribute as an employer.

Employer liability: Not applicable.

Employer

Social insurance: An average of 0.75% of payroll based on eight categories of industry and the assessed degree of risk.

Employer liability: The total cost.

Government

Social insurance: Provincial work injury insurance regulatory funds and local governments provide subsidies as needed; contributes as an employer.

Employer liability: None.

Qualifying Conditions

Must be assessed with a work injury or occupational disease.

Temporary Disability Benefits

100% of the insured's wage is paid for up to 12 months; may be extended for 12 months.

Medical experts of the municipal Labor Ability Appraisal Committee assess the degree of disability. The benefit is suspended if the insured's disability is assessed as permanent.

Permanent Disability Benefits

The benefit is awarded based on 10 assessed degrees of disability. For a total disability (degrees 1–4), a lump sum of 27 months of the insured's previous wage plus a pension of 90% of the insured's previous wage is paid (1st degree); a lump sum of 25 months of the insured's previous wage plus a pension of 85% of the insured's previous wage (2nd degree); a lump sum of 23 months of the insured's previous wage plus a pension of 80% of the insured's previous wage (3rd degree); or a lump sum of 21 months of the insured's previous wage plus a pension of 75% of the insured's previous wage (4th degree). If the permanent disability benefit is less than the local minimum wage, the work injury insurance fund pays the difference.

The benefit ceases when the insured becomes entitled to an old-age pension. If the old-age pension is less than the permanent disability benefit, the work injury insurance fund pays the difference.

To receive a benefit for a total disability (degrees 1–4), the insured and the former employer must contribute to the basic medical insurance program.

For a substantial permanent disability (degrees 5–6), a lump sum of 18 months (5th degree) or 16 months (6th degree) of the insured's previous wages is paid. If the employer cannot offer the insured an appropriate job, a monthly pension of 70% (5th degree) or 60% (6th degree) of the insured's wage before the disability began is paid.

Employers pay social insurance contributions for pensioners assessed with a 5th or 6th degree disability. If the permanent disability benefit is less than the local minimum wage, the employer pays the difference. If the insured voluntarily ceases the employment relationship with the employer, a lump-sum work injury medical treatment subsidy and a disability employment subsidy are paid. Provincial governments set the subsidy rates.

For a partial permanent disability (degrees 7–10), a lump sum of 13 months (7th degree); 11 months (8th degree); nine months (9th degree); or seven months (10th degree) of the insured's previous wages is paid. If the labor contract expires or the insured voluntarily ceases the employment relationship with the employer, a lump-sum work injury medical treatment subsidy and a disability employment subsidy are paid. Provincial governments set the subsidy rates.

For injured workers employed illegally and assessed with any degree of disability, employers must pay a lump-sum benefit that is at least the work injury benefit paid to legally employed workers.

The insured's previous wage is the insured's average monthly income in the last 12 months before the disability began. The previous wage used to calculate benefits must be 60% to 300% of the average monthly wage in the pooling area.

The minimum permanent disability benefit is the local minimum wage.

Medical experts of the municipal Labor Ability Appraisal Committee assess the degree of disability.

Workers' Medical Benefits

Benefits include treatment, surgery, nursing, medicine, appliances, rehabilitation, transportation, and hospitalization based on a list of approved diagnoses and treatments.

Survivor Benefits

Survivor pension: 40% of the deceased's average monthly wage in the last 12 months before death is paid to the widow(er); 30% to each additional dependent.

Widow(er)'s and orphan's supplements: 10% of the deceased's last monthly wage is paid.

Other eligible survivors include parents, grandparents, grandchildren, brothers, and sisters.

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The maximum combined monthly survivor pension is 100% of the deceased's last monthly wage.

Death allowance: A lump sum of 20 times the national urban per capita disposable income of the previous year is paid.

The national urban per capita disposable income is 36,396 yuan (2017).

Funeral grant: A lump sum of six times the local average wage in the previous year is paid.

Administrative Organization

Department of Work Injury Insurance, under the Ministry of Human Resources and Social Security (<http://www.mohrss.gov.cn/>), provides general guidance for the social insurance program and ensures that local regulations follow central government guidelines.

Local government social insurance agencies and participating enterprises administer the programs.

Enterprises not participating in the social insurance program pay benefits directly to employees.

Local tax authorities under the State Administration of Taxation (<http://www.chinatax.gov.cn/>) collect contributions (as of January 2019).

Unemployment

Regulatory Framework

First and current laws: 1986, 1993, 1999, and 2010 (social insurance); 2011 (medical insurance for unemployment benefit claimants); and 2017 (unemployment insurance).

Type of program: Social insurance system.

Coverage

Employees in urban areas working in public institutions and enterprises.

Exclusions: Self-employed persons.

Special system for civil servants.

Source of Funds

Insured person: Up to 1% of gross earnings, depending on local government regulations.

Self-employed person: Not applicable.

Employer: Up to 2% of payroll, depending on local government regulations.

Government: Provincial unemployment insurance regulatory funds and local governments provide subsidies to work injury insurance funds as needed; contributes as an employer.

Qualifying Conditions

Must have at least one year of covered employment; be involuntarily unemployed; not be receiving old-age benefits; be registered at, and regularly reporting to, a local employment-service agency; and be actively seeking employment. The claim for the unemployment benefit must be made no more than 60 days after the termination of the labor contract. The benefit may cease or be suspended for refusing a suitable job offer.

Unemployment Benefits

Local governments set benefit amounts at a level higher than the local public assistance benefit but lower than the local minimum wage. The benefit is paid for up to one year with less than five years of coverage, for up to 1.5 years with at least five but less than 10 years of coverage, or for up to two years with 10 or more years of coverage. The unemployment insurance fund pays medical insurance contributions for the insured during the benefit period.

Administrative Organization

Department of Unemployment Insurance, under the Ministry of Human Resources and Social Security (<http://www.mohrss.gov.cn/>), provides general guidance and ensures that local regulations follow central government guidelines.

Local government social insurance agencies pay benefits.

Local tax authorities under the State Administration of Taxation (<http://www.chinatax.gov.cn/>) collect contributions (as of January 2019).

Family Allowances

Regulatory Framework

Urban and rural families whose per capita income is below a minimum level receive tax-financed, means-tested benefits in the form of a minimum subsistence guarantee, administered by the local Bureau of Civil Affairs, and medical assistance, administered by local healthcare security administrations.