

*Fast Facts*

# The Future of Retirement in China

## SUMMARY

This six-part study details views on retirement trends in China expressed by more than 2,000 workers and retirees in 2015. A joint project of the Society of Actuaries and LIMRA, it includes not only extensive findings based on interviews but also retirement trends analysis, forecasts, and data from other researchers.

The Research team found that surveyed consumers in China are increasingly aware of retirement planning needs, concerns, readiness, and sustainability of savings. However, only 9% of respondents reported being “very involved” with managing retirement savings and fewer than 32% said they use an advisor. Insurers can play a pivotal role in helping make the retirement system stronger by partnering with local insurers and foreign firms having annuity expertise, the analysts suggest. Another idea: Develop methods for educating consumers on retirement planning beyond using normal bank accounts. The report contains many other findings and suggestions.

## HIGHLIGHTS

- Average life expectancy in China rose to 74 years in 2013 from 46 years in 1965, according to the United Nations Population Division. Nearly a third of respondents in the SOA/LIMRA study reported having even higher longevity expectations for themselves--to age 90 or more.
- China’s Retirement System discourages working longer than the provincial established age (from 50 to 55 for female workers and age 60 for male workers). And 92% of respondents said they have, or expect to have, retired before age 62 {see page 18 of the report}.
- Yet in some provinces, more than 70% disagreed with the statement that “I have enough savings to last until the end of my retirement.”
- Only 32% said they work with financial professionals on household financial decisions, and only 13% consulted an insurance agent. Some 20% said they do consult with bank advisors for household financial decisions.
- Signs of financial activity were evident, however. For instance, respondents reported doing some retirement planning activities such as: determining income in retirement (52%), calculating spending budget in retirement (44%), and estimating expenses in retirement (41%).
- Still, the respondents expressed concerns. Nearly half named providing for health care costs beyond the social insurance medical supplement as a “major concern.” This is most likely related to a top retirement goal—maintaining health and well-being, the researchers said.
- The report shows levels of financial preparedness and intent to convert savings to guaranteed income by province. There is significant variation by Province and almost half of China’s population lives in rural areas and family is a very important part of their support system.

## LINK TO FULL REPORT

The Future of Retirement in China

<https://www.soa.org/globalassets/assets/files/research/projects/2017-future-retirement-china-complete.pdf>

## METHODOLOGY

- Timeframe: Primary research conducted in 2015, enriched by secondary studies from multiple sources and historical data reaching back a decade and longer.
- Approach: SOA and LIMRA conducted face-to-face and online interviews with more than 2,000 workers and retirees, urban and rural, from 23 of China's 32 provinces, ages 35 to 70 years.
- Findings released in a series of six topical reports, called Editions.

## REPORT SPECS

- Published: 2017
- Pages: 140
- Access: Downloadable pdf
- Research Sponsors: The Society of Actuaries (SOA) and the LIMRA Secure Retirement Institute
- Author: Lauren Finnie, LIMRA International Research
- Structure: The study's six editions include:
  - I. Key findings
  - II. Retirement definitions and demographics
  - III. Planning and information
  - IV. Funding retirement
  - V. Perceptions and concerns
  - VI. History, systems, and review. (This section includes numerous findings plus recommendations, insurance market analysis, and the full questionnaire.)
- Illustrations: The six editions, taken together, offer over 100 footnotes plus roughly 80 figures, 22 tables, 20 photographs, 20 graphics, 20 lists, and 11 appendices, including a two-page list of resources.



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