China

Exchange rate: US$1.00 = 6.15 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); and 2014 (pension portability and guideline on unified pension for rural and nonsalaried urban residents).

Type of program: Social insurance, mandatory individual account, and social assistance system.

Note: Since July 2011, existing regional and local social security schemes, including pooling arrangements, are gradually being unified under the country's first national law on social insurance. In early 2014, the government issued provisional measures on portability among different types of pension programs and guidelines for implementing a unified pension program covering both rural and nonsalaried urban residents throughout mainland China by the end of 2015.

Coverage

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

Pension schemes for rural and nonsalaried urban residents: Rural and nonsalaried urban residents.

Exclusions: Persons covered under the basic pension insurance scheme.

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

Source of Funds

Insured person

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

Mandatory individual account: 8% of gross insured earnings.

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

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

Pension schemes for rural and nonsalaried urban residents:

Noncontributory pension: None.

Individual account: A choice of 100 yuan to 2,000 yuan a year according to 12 scales. Local governments may increase the number of scales.

Self-employed person

Basic pension insurance: 12% of the local average wage.

Mandatory individual account: 8% of the local average wage.

Pension schemes for rural and nonsalaried urban residents:

Noncontributory pension: None.

Individual account: A choice of 100 yuan to 2,000 yuan a year according to 12 scales. Local governments may increase the number of scales.

Employer

Basic pension insurance: Up to 20% of payroll, depending on local government regulations. Contribution rates vary among provinces.

Mandatory individual account: None.

Pension schemes for rural and nonsalaried urban residents: None.

Government

Basic pension insurance: Central and local governments provide subsidies as needed.

Mandatory individual account: Central and local governments provide subsidies as needed.

Pension schemes for rural and nonsalaried urban residents:

Noncontributory pension: The central government provides the total cost (at least 55 yuan a month per insured person) in the central and western regions and 50% of the cost in the eastern region. Local governments may make additional contributions.

Individual account: 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 (central government guidelines): Age 60 (men); age 60 (professional women), age 55 (nonprofessional salaried women), or age 50 (other categories of women) with at least 15 years of coverage.

Age 55 (men) or age 45 (women) with at least 15 years of coverage 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 coverage and assessed with a total disability; age 55 (men) or age 45 (women) with eight to 10 years of continuous coverage if employed in arduous or unhealthy work.

Insured persons who reach 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 scheme before 2011 and at the retirement age have at least 10 but less than 15 years of contributions 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 (nonprofessional salaried women), or age 50 (other categories of women), with at least 15 years of coverage.

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

Those who joined the basic pension insurance scheme before 2011 and at the retirement age have at least 10 but less than 15 years of contributions may make a lump-sum contribution to become eligible for the basic pension. A lump sum is paid if the insured has less than 15 years of contributions but chooses to stop making contributions or, if applicable, to transfer the pension entitlement to the schemes for rural and nonsalaried urban residents.

Pension schemes for rural residents and nonsalaried urban residents: Age 60 and not entitled to the basic pension (noncontributory benefit); age 60 with at least 15 years of contributions and not entitled to the basic pension (individual account).

Insured persons who reach age 60 with less than 15 years of contributions 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.

In some areas, such as Beijing and Shanghai, a government-financed, residence-based monthly welfare pension is granted to both urban and rural residents who have reached retirement age but are not covered under any pension program.

Disability pension

Basic pension insurance (central government guidelines): Assessed with a total incapacity for work and ineligible for an early old-age pension.

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

Survivor pension

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

Eligible survivors include the widow(er), children, and parents.

Funeral grant: Paid when the insured or an immediate family member who was dependent on the insured dies. Eligible survivors include the widow(er), children, parents, and grandparents.

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

An eligible survivor is the deceased's legal heir.

Pension schemes for rural residents and nonsalaried urban residents: The deceased received or was entitled to receive an old-age pension for rural or nonsalaried urban residents.

Individual account: Eligible survivors include the deceased's legal heirs.

Old-Age Benefits

Old-age pension

Basic pension insurance (central government guidelines): The pension is the average 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 local wage.

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

The minimum pension (the combined basic pension and the pension based on the individual account) is normally 40% to 60% of the average local monthly wage during the previous year, depending on the region.

Mandatory individual account (central government guidelines): The monthly benefit is the account balance divided by the actuarial month.

The actuarial month is 139 and is determined by the insured's retirement age, the average life expectancy for the urban population, and the interest rate. 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 pension (the combined basic pension and the pension based on the individual account) is normally 40% to 60% of the average local monthly wage during the previous year, depending on the region.

Lump-sum settlement (mandatory individual account): A lump sum of the account balance.

Pension schemes for rural residents and nonsalaried urban residents:

Noncontributory pension: At least 55 yuan a month is paid. The amount of the pension increases with age in some areas.

Individual account: The insured's contributions plus accrued interest, divided by the actuarial month, is paid.

The actuarial month is 139.

Permanent Disability Benefits

Disability pension

Basic pension insurance (central government guidelines): 40% of the insured's monthly wage is paid.

The minimum pension is set by provincial and local governments according to the local standard of living.

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

Survivor Benefits

Survivor pension

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

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

Mandatory individual account (central government guidelines): A lump sum of the balance of the deceased's contributions plus accrued interest is paid to the deceased's legal heir. If the insured died 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.

Pensions for rural residents and nonsalaried urban residents (individual account): The balance of the deceased's contributions plus accrued interest is paid to the deceased's legal heir.

Administrative Organization

Department of Pensions and Department of Rural Social Insurance, under the Ministry of Human Resources and Social Security, 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 by 2015.

Mandatory individual account funds are deposited in state-owned banks or used to purchase state bonds.

Provincial labor 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.

Sickness and Maternity

Regulatory Framework

First law: 1951.

Current laws: 1953; 1978 (permanent employees); 1986 (contract workers); 1988 and 1994 (female employees); 1998, 1999, 2000, and 2002 (medical insurance and pilot rural cooperative medicare); 2007 (pilot nonsalaried urban resident medical insurance); 2009 (directive on health care reforms); 2010 (social insurance); 2011 (social insurance); and 2012 (special protection for female employees).

Type of program: Social insurance (cash sickness and maternity benefits and medical benefits for rural and nonsalaried urban residents) and social insurance and mandatory individual account (basic medical insurance benefits) system.

Note: Since July 2011, existing regional and local social security schemes, including pooling arrangements, are being gradually unified under the country's first national law on social insurance.

Coverage

Sickness and maternity insurance programs: All employees in urban enterprises. (Urban enterprises comprise all state-owned enterprises, regardless of their location.) Voluntary coverage for self-employed persons in most provinces.

Basic medical insurance program: All employees in urban areas working in government organizations, enterprises, social groups, and nonprofit organizations. Voluntary coverage for self-employed persons.

Medical insurance for rural and nonsalaried urban residents: Rural and nonsalaried urban residents of China. Voluntary coverage for self-employed persons.

Source of Funds

Insured person

Sickness and maternity insurance (social insurance): None.

Basic medical insurance (social insurance and individual medical savings account): None to the pooling fund; about 2% of gross wages to the individual account (contribution rates may vary by local government).

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

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

Medical insurance for rural and nonsalaried urban residents (social insurance): An average annual flat-rate contribution of 90 yuan.

Self-employed person

Sickness and maternity insurance (social insurance): The total cost (actual rates vary according to region).

Basic medical insurance (individual medical savings account): About 10% of gross earnings (local government may adjust contribution rates according to local conditions).

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

Medical insurance for rural and nonsalaried urban residents (social insurance): An average annual flat-rate contribution of 90 yuan.

Employer

Sickness and maternity insurance (social insurance): The total cost (sickness benefits); up to 1% of total payroll (maternity benefits).

Basic medical insurance (social insurance and individual medical savings account): About 6% of total payroll (local government may adjust contribution rates according to local conditions).

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

Nonparticipating enterprises pay benefits directly to the insured.

Medical insurance for rural and nonsalaried urban residents (social insurance): Not applicable.

Government

Sickness and maternity insurance (social insurance): None; subsidizes administrative costs.

Basic medical insurance (social insurance and individual medical savings account): Central and local governments provide tax concessions and subsidies for administrative costs and finance complementary medical insurance systems for civil servants.

Medical insurance for rural and nonsalaried urban residents (social insurance): An annual matching contribution (combined central and local governments) of 320 yuan per person (rising to 360 yuan in 2015). The actual amount of the matching contribution varies by province. (Central and local governments finance an average of over 80% of the insured's contributions to the rural program (less in more developed provinces) and an average of 60% of the nonsalaried urban resident program.)

Qualifying Conditions

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

Sickness and Maternity Benefits

Sickness benefit (central government guidelines for permanent workers): 60% to 100% (according to 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 permanent workers): 100% of the enterprise's average monthly wage for the previous year is paid for up to 98 days for the birth of a child, including 15 days before the birth (an additional 15 days for complicated deliveries), 42 days for an abortion or miscarriage that takes place after at least four months of pregnancy, and 15 days for an abortion or miscarriage that takes place after less than four months of pregnancy.

Workers' Medical Benefits

Medical benefits

Basic medical insurance benefits (central government guidelines): Insured workers receive medical benefits at an accredited hospital or clinic on a fee-for-service basis.

Cost sharing: The individual account finances medical benefits only, up to 10% of the local average annual wage. The pooling fund reimburses the cost of medical benefits above 10% and up to 600% of the local average annual wage, according to a schedule. Reimbursement for payments beyond 600% of the local average annual wage must be covered by private insurance or public supplementary systems.

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

Dependents' Medical Benefits

Medical benefits for dependents

Basic medical insurance benefits (central government guidelines): No benefits are provided. The individual account must not be used to pay for dependents' medical benefits.

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

Administrative Organization

Department of Medical Insurance, under the Ministry of Human Resources and Social Security, provides general guidance to local governments' medical insurance programs and ensures that local regulations follow central government guidelines.

Department of Medical Insurance, under the Ministry of Human Resources and Social Security, supervises the provision of benefits by nonparticipating enterprises.

Local government social insurance agencies and participating enterprises administer medical benefits insurance with the social insurance funds.

Local government social insurance agencies contract with accredited clinics and hospitals to provide medical benefits.

Ministry of Public Health provides general guidance to medical care providers.

Individual state-run enterprises administer cash benefit programs.

Local government social insurance agencies manage individual medical savings accounts and the medical insurance program for nonsalaried urban residents. Most county-level public health authorities administer the medical insurance program for rural residents.

Work Injury

Regulatory Framework

First law: 1951.

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

Type of program: Local government-administered social insurance system. (Employer-liability system for nonparticipating enterprises.)

Coverage

Employees in enterprises, institutions, civil associations, private nonenterprise units, foundations, law firms, and accounting firms.

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

Source of Funds

Insured person: None.

Self-employed person: Contributes as an employer for employees.

Employer

Social insurance: An average of 1% of total payroll, according to three categories of industry and the assessed degree of risk.

Employer-liability: The total cost for employers not participating in the social insurance program.

Government: Subsidies as needed.

Qualifying Conditions

Work injury benefits: There is no minimum qualifying period.

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

Permanent disability benefits: The benefit is awarded according to 10 degrees of assessed disability.

For a total disability (degrees 1-4), a lump sum of 27 months of the insured's previous wage plus a monthly pension of 90% of the insured's previous wage is paid (1st degree); a lump sum of 25 months of wages plus a pension of 85% of the insured's previous wage (2nd degree); a lump sum of 23 months of wages plus a pension of 80% of the insured's previous wage (3rd degree); or a lump sum of 21 months of wages plus a pension of 75% of the insured's previous wage (4th degree).

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 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 fund pays the difference.

To receive a benefit for an assessed total disability, the insured and the former employer must contribute to the basic medical insurance system.

For a moderate permanent disability (degrees 5-6), a lump sum of 18 months of wages (5th degree) or 16 months of wages (6th degree) is paid. If the employer cannot offer the insured an appropriate job, a monthly benefit 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 minor permanent disability (degrees 7-10), a lump sum of 13 months of wages (7th degree), 11 months of wages (8th degree), nine months of wages (9th degree), or seven months of wages (10th degree) 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 equal to the work injury benefit paid to legally employed workers.

The minimum benefit is the local minimum wage.

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

Workers' Medical Benefits

Accredited hospitals and clinics provide benefits. Benefits include treatment, surgery, nursing, medicine, appliances, rehabilitation, transportation, and hospitalization, according to a list of approved diagnoses and treatments.

Survivor Benefits

Survivor pension: 40% of the deceased's last monthly wage 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.

All survivor pensions combined must not exceed 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 26,955 yuan (2013).

Funeral grant: A lump sum of six months of the local average wage is paid.

Administrative Organization

Department of Medical Insurance, under the Ministry of Human Resources and Social Security, provides general guidance and ensures that local regulations follow central government guidelines.

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

Unemployment

Regulatory Framework

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

Type of program: Local government-administered social insurance programs.

Coverage

All employees of urban enterprises and institutions.

Exclusions: Self-employed persons.

Source of Funds

Insured person: 1% of gross earnings.

Self-employed person: Not applicable.

Employer: 2% of payroll.

Government: Provincial regulatory fund and local governments provide subsidies to unemployment funds as required.

Qualifying Conditions

Unemployment benefit: 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 within 60 days after the labor contract expires or is terminated. 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, provides general guidance and ensures that local regulations follow central government guidelines.

Local government social insurance agencies pay benefits.

Local government social insurance agencies and the tax authorities collect contributions.

Family Allowances

Regulatory Framework

Tax-financed, means-tested minimum subsistence guarantee and medical assistance programs, both administered by the local Bureau of Civil Affairs, provide benefits to urban and rural families whose income is below a minimum level.

Local governments offer various financial incentives (lump-sum, periodic, or in-kind benefits) to families who comply with family planning policies.