

# Chapter 3

## Interpreting Recent Key Policies on Pension Security

- (1) Policy China Releases Opinions on Deepening Reform and Development of Elderly Services: Building an Elderly Service System for the New Era
- (2) Policy China's New Pension Security Initiative: Full Implementation of Personal Pension System

## (1) Policy China Releases Opinions on Deepening Reform and Development of Elderly Services: Building an Elderly Service System for the New Era<sup>12</sup>

On December 30, 2024, the Central Committee of the Communist Party of China (CPC) and the State Council jointly issued the Opinions on Deepening the Reform and Development of Elderly Services. (hereinafter referred to as “Opinions “). The release of this important document marks a new stage in the development of China's elderly care service system, providing clear policy guidelines and action plans for actively responding to population aging and improving the quality of life of the elderly.

In recent years, the problem of population aging in China has become increasingly serious. By the end of 2023, the population aged 60 and above had exceeded 280 million, accounting for nearly 20% of the total population. The traditional elderly service system is facing great challenges and urgently needs comprehensive reform and innovative development. It is against this background that the Opinions were issued, with the aim of accelerating the construction of an old-age service system suited to China's national conditions, so that all older persons can enjoy a happy old age.

The Opinions clearly set out the overall requirements and main goals for advancing the reform and development of elderly care

services. By 2029, an elderly care service network will have been basically established, and the capacity and level of service will have been significantly enhanced; by 2035, the elderly care service network will be more sound, all elderly people will enjoy basic elderly care services, and the elderly care service system will have matured and become fully developed in a manner that suits China's national conditions. The setting of this goal reflects the Chinese government's long-term planning and strategic deployment of the elderly service system.

The core content of the document includes accelerating the development of a three-tier senior care service network covering both urban and rural areas. Specifically, county-level integrated senior care service management platforms will be constructed, the capacity of regional senior care services in townships (streets) will be strengthened, and village (community) senior care service facility sites will be improved. Through this initiative, resources for senior care services at all levels will be effectively integrated, and the efficiency and quality of services will be significantly improved.

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12.Reference : [https://www.gov.cn/gongbao/2025/issue\\_11826/202501/content\\_7001310.html](https://www.gov.cn/gongbao/2025/issue_11826/202501/content_7001310.html)

In addition, the Opinions also emphasize the need to optimize the three types of senior care service forms: home-based, community-based and institutional. The fundamental role of home care will be consolidated, the supporting role of community care will be strengthened, and the professional supporting role of

institutional care will be further optimized. In particular, the model of combining medical and nursing care will become an important development direction for senior care services. Through the organic combination of medical and health services and elderly care services, the health needs of the elderly will be better met.



Figure 3: Percentage of three types of senior care service forms<sup>13</sup>

With regard to the development of the elderly service business and industry, the Opinions propose a tripartite synergy mechanism. The Government will play a leading role, market vitality will be fully stimulated, and social participation will be strengthened. Through the joint efforts of the government, the market and the society, the elderly service business and industry will realize coordinated development and provide more diversified service options for the elderly.

The document also particularly emphasizes the importance of ensuring the foundational elements of senior care services. Measures such as scientific planning of the layout of senior care facilities, improving financial support policies, strengthening the construction of senior care talents, vigorously developing senior care finance as well as accelerating the development and application of senior care technology and digitization will provide strong support for the reform and

13. Image source: <https://www.jfdaily.com/sgh/detail?id=1121665>

development of senior care services.

The release of the Opinions on Deepening the Reform and Development of Elderly Services is an important initiative for China to cope with the aging of the population and improve the elderly service system. By improving the elderly service network, optimizing the service pattern, promoting the development of

business and industry, and strengthening the protection of elements, this policy will provide a more solid retirement protection for hundreds of millions of elderly people. In the future, as the policy advances, China's elderly service system will become more complete, providing strong support for the elderly to enjoy a happy old age.

## (2) Policy China's New Pension Security Initiative: Full Implementation of Personal Pension System<sup>14</sup>

On December 10, 2024, the Chinese government undertook a new reform of its pension security system. The Ministry of Human Resources and Social Security (MOHRSS), the Ministry of Finance (MOF), the State Administration of Taxation (SAT), the General Administration of Financial

Supervision (GAFS), and the China Securities Regulatory Commission (CSRC) jointly issued a Circular on the Comprehensive Implementation of the Individual Pension System (MOHRSS-FA [2024] No. 87), marking the official move from the pilot phase to the national level.

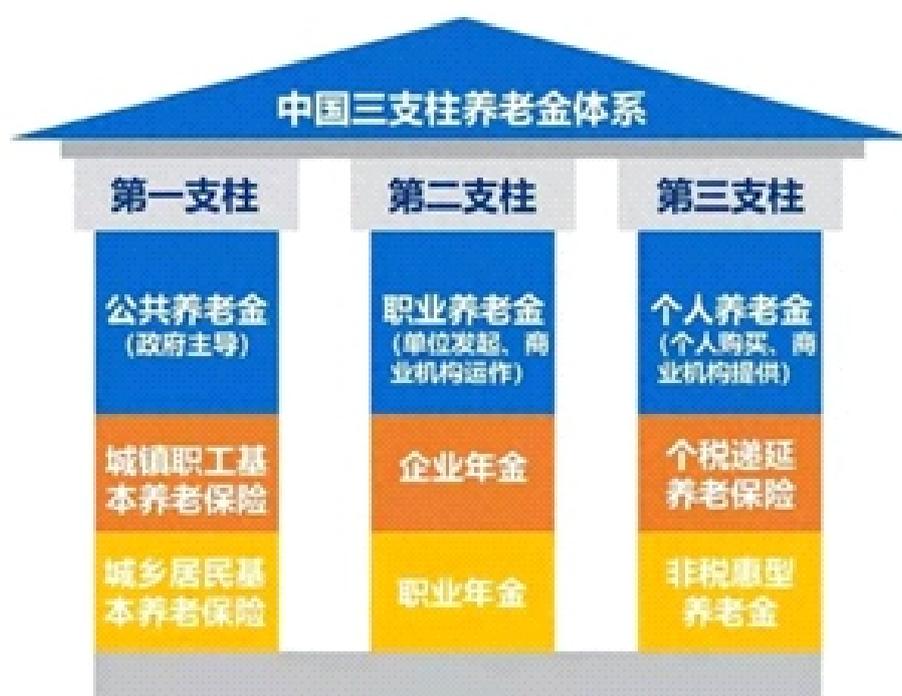


Figure 4: China's pension system<sup>15</sup>

In recent years, phenomenon of China's aging population has intensified, and the traditional pay-as-you-go pension insurance system has been under tremendous pressure and urgently requires supplementation and improvement. To this end, the Chinese government has been

exploring the establishment of a personal pension system since 2018 and piloted it in November 2022 in 36 cities (regions) first. After two years of smooth operation, the system has accumulated valuable experience and laid a solid foundation for full implementation.

14. Reference : [https://www.gov.cn/zhengce/zhengceku/202412/content\\_6992279.htm](https://www.gov.cn/zhengce/zhengceku/202412/content_6992279.htm)

[https://www.gov.cn/xinwen/2022-11/27/content\\_5729046.htm](https://www.gov.cn/xinwen/2022-11/27/content_5729046.htm)

15. Image source: [https://licai.cofool.com/Mobile/user/guide\\_view\\_2401451.html](https://licai.cofool.com/Mobile/user/guide_view_2401451.html)

This fully implemented personal pension system is significant in many ways. First, the scope of implementation has been significantly expanded. Starting from December 15, 2024, all workers participating in the basic pension insurance for urban workers or the basic pension insurance for urban and rural residents can participate, thereby covering a significantly larger group of people and further enhancing the universality of the pension security system.

Second, the investment choices are richer. The Notice includes treasury bonds, designated pension savings and index funds as part of the individual pension products offerings, providing investors with diversified asset allocation options. At the same time, tax incentives have been expanded simultaneously from pilot cities to the whole country, incentivizing more people to participate and promoting the deep integration of the financial market and pension protection.

Regarding pension withdrawals, new circumstances for early access, such as serious illness, receiving unemployment insurance, or minimum living allowances, have been added, reflecting the people-centered design and enhancing the flexibility and practicability of the system. Simultaneously, financial institutions are

mandated to upgrade services through consolidated digital-physical platforms and streamlined claim procedures, ensuring more accessible and user-friendly experiences for participants.

The full implementation of the individual pension system is an important step in China's response to ageing population and the improvement of the social security system. On the one hand, it provides a new channel for capital accumulation for personal pensions through market-oriented operation and tax incentives; on the other hand, the diverse range of products and flexible investment methods help to diversify risks and preserve and grow pension value. In addition, the promotion of the personal pension system is also believed to be able to promote the development of the financial market and guide medium- and long-term capital into the market. Therefore, this policy not only provides workers with more solid retirement protection but also injects new vitality into the financial market. As the policy advances, the personal pension system is expected to become an important pillar of China's pension insurance system, providing more diversified pension options for hundreds of millions of workers and promoting the pension security system to a higher level.