



# Problems and Countermeasures of China's Enterprise Annuity System

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## ABSTRACT

*The enterprise annuity system is an important part of the social security system, which can strongly resist the social problem of population aging. With the continuous increase of social population, people pay more and more attention to the enterprise annuity system. This paper analyzes the current situation of the implementation of the enterprise annuity system. Difficulties and solutions, hoping to further improve the development level of enterprise annuity and realize the efficient solution of the aging problem.*

**Keywords:** Population Aging, Enterprise Annuity System Old-Age Pension

## I. INTRODUCTION

Population aging is an important issue in national social construction and economic development. Compared with other aging countries, China has a considerable elderly population, and the level of economic development cannot well adapt to the transformation speed of population aging. The basic pension system cannot effectively meet the development needs of the aging population. The development of enterprise pension system will be an important way to solve the source of funds for the aging population in the future. The development status of China's enterprise annuity system has the following three aspects. We explore the causes of these problems and put forward countermeasures and methods that can be solved at the same time.

### 1.1 The development level is relatively backward

The increasing aging of the population urgently requires the society to improve the corresponding security system. Only by carrying out a scientific and standardized enterprise annuity system can we fully meet the changing needs of social pension. The development level of enterprise annuity system is an important part that must be paid full attention to in the construction of today's annuity system, which is mainly reflected in the participation rate of enterprise annuity plan and the proportion of assets. Compared with the transition countries in central and Eastern Europe, the development speed of China's equipment system is not prominent, and the overall employment participation rate of personnel is not high. The continuous development of market economy has also greatly adjusted the asset proportion structure of enterprise annuity. At present, China's enterprise annuity assets cannot reach the 10% level of the overall market economy, which can not only effectively our basic social security, but also compare with countries with developed social security. Therefore, at this stage, the development of China's enterprise annuity system has a relatively lagging characteristic.

### 1.2 Replacement rate of enterprise annuity

In the process of the development of enterprise annuity system, the replacement rate of enterprise annuity also needs to be paid attention to. At present, the replacement rate of retirement income of enterprise annuity is not high, and the fund payment is mainly realized by basic endowment insurance. Enterprise annuity is also the core supplement of the basic old-age insurance system, which has a great impact on the construction of a multi pillar and multi-level old-age insurance system. Usually, the average replacement rate of endowment insurance is about 60%, and the integrated statistics of the replacement rate of endowment insurance and enterprise annuity is about 70%. Basically, the lower the replacement rate of enterprise annuity, the greater the pressure on basic insurance within the country, the higher the replacement rate of corresponding enterprise annuity, and the smaller the space for the operation and development of enterprise annuity. In the development process of enterprise annuity system, the lower the replacement rate of enterprise annuity has greatly increased the specific cost of enterprise operation, It also squeezes the space for

the development of the second pillar industry, which can not only give full play to the economic supplementary role of the enterprise annuity system, but also effectively solve the problem of social multi-level old-age security.

### **1.3 Loss of regional annuity development**

From the perspective of China's regional division, the rights and interests of inter-regional old-age security are different. The problem of differentiation is quite serious. The development level of local economy has a strong restrictive effect on the development of enterprise annuity. In the operation of China's enterprise annuity system, compared with the soft dry central and western regions, the annual development level of the eastern region is very high at the level of enterprises, number of insured persons and fund scale. In terms of regional industry differentiation, enterprise annuity develops rapidly in industries with good economic benefits such as oil and electric power, and the proportion of annuity fund is relatively stable. However, among other enterprises, the development process is slightly slow, which not only accounts for a high proportion in the total scale of annuity, but also cannot support the establishment and operation of annuity system for small and medium-sized enterprises.

## **II. RESEARCH METHOD**

This is a qualitative study. At present, the enterprise annuity system is widely used in large enterprises in China. They generally have strong business capacity and undertake the construction of many public utilities in China. However, with the development of economy, some medium-sized enterprises should also imitate this system. Undoubtedly, this system is not only a guarantee for enterprise employees, but also an incentive. But this requires long-term exploration and practice.

## **III. DISCUSSION**

### **3.1 Problems faced by the development of enterprise annuity system**

Compared with the developed countries of the whole system in. The enterprise annuity system started late in China, and due to the influence of China's specific national conditions, the operation system and relevant policy system of the annuity system are not perfect, which has great construction space. In the process of individual annuity after the accident, the lag of the level after the annual annuity is a very obvious operation problem, The overall construction is not only lack of perfect institutional security institute and innovative investment mode. There are also extreme pressure to establish and personnel management and control awareness.

### **3.2 Lack of perfect system guarantee**

At present, the development of enterprise annuity system in China is reflected in the irregular development of system security. The construction and development of individual occupational pension system in China is not fast, and there is no relatively perfect legal guarantee system in the establishment and operation of enterprise annuity system. National construction personnel have not fully placed the construction of enterprise annuity in an important development position, and in the development process of enterprise annuity system, the tax preference of enterprise annuity system is also very limited, and the low efficiency of tax policy also makes the enterprise incentive mechanism unable to be carried out in an orderly manner. Although some annual laws and regulations provide other help for the construction of enterprise annuity, the lack of system guarantee system in the development of enterprise annuity system still strongly hinders the efficiency of enterprise annuity system. Stable development.

### **3.3 The investment mode of enterprises is relatively single**

At present, few enterprises have established the enterprise annuity system, and the overall annuity number is not high. Most of them will be used for the purchase of national debt and bank deposits. In order to ensure the basic requirements of staff breakeven, the specific investment space is not sufficient. Generally, in the current development of enterprise annuity system, the single mode of enterprise investment has also brought a certain negative impact on the development of annuity system. In the development process of enterprise annuity system, the single form of enterprise investment mode limits the core energy efficiency of enterprises in the annuity market. Not only can it not expand the investment and travel range of enterprise annuity funds, but also the energy efficiency of maintaining and increasing the value of enterprise annuity funds is not ideal, which further reduces the overall income of annuity construction. Simplification of enterprise investment mode. It also increases the operation difficulties of annuity operation institutions, and cannot stably realize the healthy development of enterprise annuity.

### **3.4 It is difficult to establish the enterprise annuity system**

The establishment of annuity system is under heavy pressure, which is also an important problem hindering the development of enterprise annuity system. Since the establishment of the annuity system requires extremely high economic investors and high social security fee rates, at this stage, the enterprises that carry out the whole year construction are large state-owned enterprises. In the process of establishing the annuity system, small and medium-sized enterprises not only need to regulate and control the company's own operation system. The goal is to ensure the specific energy efficiency of basic social security and supplementary pension work. The heavy pressure of pension establishment will directly cause problems in the economic operation of small and medium-sized enterprises. Therefore, the full pressure of construction, culture and capital is the core issue of the development of enterprise annuity system.

### **3.5 lack of personnel management awareness**

The deficiency of personnel management consciousness in the development of enterprise annuity system is also an important development problem restricting enterprise annuity investment. In recent years, China's trust enterprise

annuity has had a certain development model, but there is still a lot of room for progress in human resource management and control of relevant institutions. In the development process of enterprise annuity system, there is a lack of knowledge of personnel investment management. It is an important factor that seriously restricts the construction and development of enterprise annuity. Due to the influence of the management awareness level of cadres, it is unable to effectively expand the investment channels of the annuity capital market, which will not only aggravate the risk of the operation of the enterprise annuity system and market investment, but also reduce the specific energy efficiency of annuity capital control and directly reduce the investment income rate of the whole enterprise.

#### IV. CONCLUSION

Based on the above analysis, the effective establishment and implementation of the enterprise annuity system can effectively solve the social security problem caused by China's aging population. The improvement of the overall construction efficiency of enterprise annuity not only improves the basic level of domestic old-age security, but also enhances its support for social economy. It is believed that the establishment and operation of enterprise annuity can be well solved through the improvement of annuity legal system, the expansion of annuity investment scope and the implementation of annuity tax management. And realize the improvement of the effectiveness of the basic security system of the supplementary meeting, and further promote the innovation and efficient development of the enterprise annuity system.

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