APPENDIX D

This appendix is an extract from a working paper with the following citation:

Figure 3. Social Pension (SP) Benefit Adequacy in China and Latin/Caribbean America

Notes: Adapted from HelpAge (2015) and MHRSS (2015)
suggests to us that China should currently be able to afford a substantially more
generous social pension scheme. Given China's current rate of economic growth this
should be even more true in the relatively near future.

The new pension system for rural residents also includes a “voluntary” defined
contribution component. We put the word “voluntary” in quotes because adult
children must enroll in and contribute to the new pension scheme if they want to
assure that their age-eligible parents will be immediately eligible for a social pension
without having themselves made any contributions had to the new scheme. This was a
great idea and it certainly has worked. Before this model was introduced in China,
many pension experts in major international financial institutions believed that it is all
but impossible to successfully extend near universal coverage to the rural population
in a developing country using a voluntary contributory pension scheme. China has
proven this is not the case.

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