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WORLD

China Is Facing a Moment of Truth About Its Low Retirement Age

A decades-old policy that lets women retire as early as 50 and men at 60 is becoming untenable as a wave of retirees looms



Guo Jinyi retired at the age of 50 last year. Some say China may finally take steps to raise its retirement age.

PHOTO: GUO FAMILY

By *Liyan Qi* [Follow](#)

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For decades, in China, middle age has been when many start to get ready for retirement.

China has one of the lowest retirement ages among major economies. Under a policy unchanged since the 1950s, it allows women to retire as early as at age 50 and men at 60. Now, local governments are running out of money just as a wave of retirees hits. That is leaving Beijing with little choice but to ask people to work longer—a move economists say is long overdue but one still likely to meet with resistance.

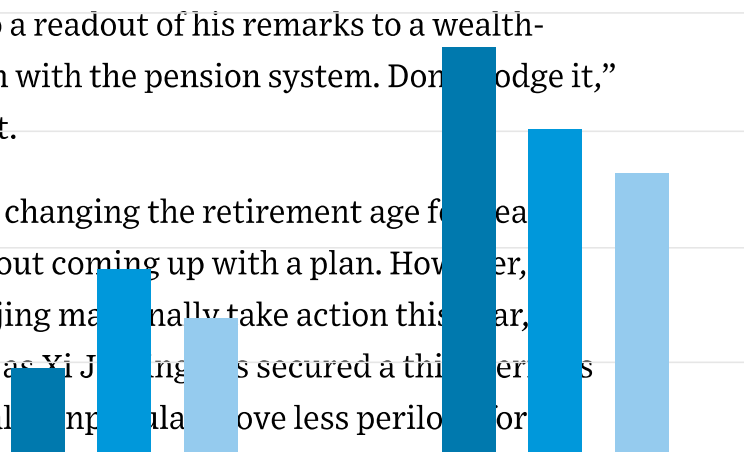
China's version of "baby boomers"—those born after China emerged from devastating starvation in the early 1960s—are retiring in droves. Even with government subsidies, by 2035 China's state-led urban pension fund will run out of money accumulated over the previous two decades, leaving it to rely entirely on new workers' contributions, according to projections made in 2019 by the Chinese Academy of Social Sciences, a government think tank.

Former central bank Gov. Zhou Xiaochuan warned in a February speech that China must address its pension shortfall and communicate that many Chinese may need to rely on private pension savings.

■ China ■ France ■ U.S.

“The pension system in China needs to be prepared against a huge and severely aged population,” he said, according to a readout of his remarks to a wealth-management forum. “Face the problem with the pension system. Don’t dodge it,” Mr. Zhou said, according to the readout.

China has seemed to be on the verge of changing the retirement age for years but has let several deadlines pass without coming up with a plan. However, economists and demographers say Beijing may finally take action this year, as the economy is starting to recover and as Xi Jinping has secured a third term as China’s leader—which makes a political impasse a more less perilous prospect for the Communist Party.

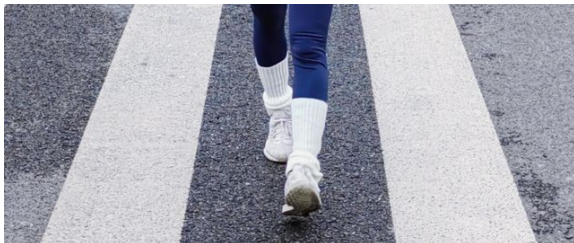


Many countries face similar struggles. French President Emmanuel Macron’s push to raise France’s retirement age elicited weeklong protests. Like China, the U.S. is facing demographic headwinds with the cost of its Social Security system starting to exceed its income in 2021.

But China is aging at much lower income levels and at a much faster pace than France and the U.S. One result of its one-child policy, in place for decades before being scrapped in 2016, is a dwindling number of women of childbearing age and a generation of only children who are less eager to marry and start a family.



The Ministry of Human Resources and Social Security estimates that more than 40 million Chinese—more than the population of Canada—will retire over the five-year period ending in 2025. The working-age population—usually defined in China as those between 16 and 59—is expected to drop by 35 million in the same period, illustrating the lack of young people to make up for the



Vivi Shi chose to retire in her mid-40s.

PHOTO: SHI FAMILY

shortfall in older workers.

“Officials have been watching those numbers. Everyone knows the current retirement ages are not sustainable,” said Cai Yong, a sociologist at the University of North Carolina at Chapel Hill.

But the urgency from officials and economists isn’t matched among many middle-aged Chinese, who have long looked forward to retiring while still in their prime.

Guo Jinyi retired last year at the age of 50, after working at a state-owned insurer in the southeastern province of Zhejiang for more than 20 years. She receives a pension of 6,000 yuan a month, equivalent to \$872, which she termed, “just enough to start the second chapter of my life.”

Her days now center on taking dance classes and riding dinosaur-shaped toy cars with her granddaughter outside local shopping malls. In any Chinese city, retirees like her can be seen group-dancing in public squares or exercising on equipment installed in many housing compounds.

“I’m lucky. I could retire on time. It’s not really fair for young people to retire later,” Ms. Guo said.

Chinese migrant workers and farmers often work longer than white-collar employees. Still, the low retirement ages for Chinese workers stand out among major economies. The average retirement age in countries in the Organization for Economic Cooperation and Development was 64.2 years for men and 63.4 years for women retiring in 2020, the latest data available.

China’s lopsided demographics are only going to get worse. Last year, China’s population shrank for the first time in decades following years of declining birth numbers.

Those 60 or older already account for one-fifth of China’s population and are expected to be nearly half at the end of the century, according to United Nations estimates. By comparison, both France and the U.S. have larger shares of the 60-plus now, at 28% and 24% of their populations respectively, but that will rise less

dramatically than in China, reaching 40% of French and 36% of Americans in the year 2100.

Even after decades of rapid economic growth, China's per capita gross domestic product was at \$12,556 in 2021, less than one-third and one-fifth of that of France and the U.S., respectively, according to World Bank data.

Unlike in France where Mr. Macron forced through a change of the retirement age to 64 from 62 in one go, Beijing would likely go about it much more gently, with an increase of just a few months a year for several years. Some government researchers have suggested that a first move could target the retirement age for women, bringing it level with that of men. Currently women in certain categories can retire at 50, while others need to wait until they are 55.

A slow rollout would still be highly unpopular. In February, a reform that threatens to cut into retirees' medical benefits drew protests in the central Chinese city of Wuhan. But protests of the size seen in France are unlikely in China. That said, even authoritarian regimes aren't immune to severe backlash over retirement changes. In 2018, Russian President Vladimir Putin had to soften a plan to raise the ages when men and women could draw pensions following a public outcry.

When asked when China will announce a plan to raise retirement ages, the country's new premier, Li Qiang, said at his inaugural press conference in March that the government would conduct "careful studies and sufficient analyses to roll out a policy prudently in due course."

China's cabinet, known as the State Council, and the Ministry of Human Resources and Social Security didn't respond to requests for comment.

The provinces of Shandong and Jiangsu are letting some highly skilled workers postpone retirement if they want to, with some workers expecting that such delays will become mandatory in coming years.

Many Chinese are seeing a higher retirement age as inevitable. "I'm already prepared for not being able to retire until I'm 65," said a 31-year-old accountant at a state-owned property firm in Shandong. Officials at his work unit have held several internal briefings about the plan to raise the retirement age plan, he said.

He is trying to save money as he doesn't expect to be able to tap into the pension pool in the same way as his parents, but it has been difficult.

Household savings have been rising in China amid uncertainties about the economy. The prospect of not being able to fully access the state-led pension funds has prompted many young people to consider paying into private pension schemes.

Still, economists and officials worry that many Chinese haven't been adequately prepared for how quickly China's population is aging. Many middle-aged Chinese have even decided on a life change earlier than the existing retirement ages.

During the pandemic, Vivi Shi, now 46, closed her construction business in Wuhan and started living off a pool of state pension payments, private savings and investments. "All of a sudden nobody was working, and it felt OK to not be working your tail off," she said.

On Chinese social media, the topics "delayed retirement" and "early retirement" have both been trending this year.

In his February speech, Mr. Zhou, the former central-bank governor, stressed the need "to enable the public to better understand about the current reality."

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