



Study on Improving the National Coordination System of Pension Insurance

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Abstract. Pension insurance is an important part of China's social security system, and the national coordination of pension insurance means that the pension insurance fund will be uniformly mobilized and used throughout the country. The real significance of the national integration is that it enhances the scale effect and ensures the sustainable and healthy development of the pension insurance business. National coordination of pension insurance will help to promote labor mobility, enhance the fund's ability to withstand risks, and also solve the problem of transferring pension insurance relationships.

Keywords: pension insurance; national integration; pension insurance fund.

1 Introduction

National coordination of pension insurance can not only improve the scale effect of the funds, but also better share the pension risks, ensure the sustainable and healthy development of the pension insurance cause, and realize the risk-sharing on a national scale by optimizing the allocation of resources^[1]. Therefore, this paper will analyze the problems existing in the national coordination of pension insurance and put forward corresponding countermeasures and proposals, to facilitate the steady implementation of the national coordination system.

2 Current Situation of the Development of National Coordination of Pension Insurance

Since the 18th National Congress of the Party, the national coordination of pension insurance in China has shown a steady and orderly advancement. From 1997 to 2020, China gradually realized the coordinated administration of pension insurance at the provincial level. Although the development level of each region varies, these have laid a solid foundation for establishing the national coordination system^[2]. 2022 The Ministry of Human Resources and Social Affairs officially announced that the pension insurance system under national coordination had been implemented in January of that year, which marked the development of China's pension insurance and stepped onto a

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brand new stage. The 20th Party Congress proposed to improve the national coordination system of basic pension insurance, which is an important measure to actively respond to the aging of the population and develop a multi-level and multi-pillar pension insurance system^[3]. Regarding the specifics of the reform, the implementation of national coordination will greatly promote the development of China's pension insurance system in the direction of greater uniformity and standardization. Since the implementation of the national coordination, in 2022 alone, a fund transfer of up to 244 billion yuan has been completed, providing strong support for pension payments in difficult provinces, and various supporting policies and facilities have been built one after another.

3 Problem Analysis of the National Coordination of Pension Insurance

3.1 Coordination Policy Formulation and Implementation Tend to be Fragmented

When the national coordination of pension insurance was being carried out, although policy documents matching the national coordination reform were issued in various regions, the policies were not sufficiently standardized. Under the current administration system, the central level communicates unified policy guidance to provincial governments, which in turn issue hierarchical policies to local municipalities. At the grass-roots level, the implementation of coordination policies has become "fragmented," deviating from the goal of building a nationally unified pension insurance system. Localities have been slow in realizing the goal of a nationally unified policy, with some regions not yet fully implementing the nationally unified fee rate standard, the promotion of tax collection has been slow, and the policy of entitlement calculation and payment needs further unification^[4]. As there are certain differences in the level of economic development in various regions, this has led to a tendency towards fragmentation, as it is difficult to formulate uniform standards in the formulation and implementation of old-age insurance policies. At the same time, the imperfection of relevant laws and regulations is also a key factor restricting the standardization of the national coordination policy of pension insurance. Although the Social Insurance Law and other laws and regulations provide the basic legal framework for pension insurance, the number of revisions has been low, which has weakened the authority and effectiveness of policy implementation to a certain extent.

3.2 The Fund Operation and Management Mechanism is not yet perfect

China's social insurance fund operation system is also in constant development, but faced with the external factors of capital market instability, as well as the internal factors of the aging population and other reasons, making the fund's investment and operation certain risks. The current system for the operation and management of the pension fund is not clear enough, and the imperfections in the system of fund operation are

prone to the risk of fund management, which reduces the safety of the fund. Therefore, a more professional investment management team is needed to further improve the investment and operation ability of the fund and guarantee the value preservation and appreciation of the fund. It also needs better investment methods to stimulate external incentives for the preservation and appreciation of fund value and to improve the efficiency of fund management and investment.

3.3 Insufficiently Clear Division of Powers and Responsibilities Between the Central and Local Governments

The upgrading of the pension insurance coordination level is related to the redistribution of responsibilities, rights, and obligations between the central and local governments. Usually, the main responsibilities of the central government include formulating macro-policy guidance, unifying the collection of central transfer funds, and acting as the responsible party for the final financial underwriting. The central government wants to redistribute pensions across the country to achieve overall balance and sustainability. While social welfare may be enhanced as a result of a global perspective, this approach undoubtedly sacrifices the localized interests of some regions, which to a certain extent is contrary to the principle of Pareto improvement. If the central government implements a nationwide unified pension collection and payment system, local governments may face a serious mismatch between their financial and administrative powers and are likely to develop a negative attitude towards the further implementation of the system, which will in turn lead to dissatisfaction and resistance. Therefore, to further promote the reform of the nationally coordinated pension insurance system, the first task is to properly address the distribution of interests and responsibilities between the central and local governments and to ensure that the rights and interests of all parties are reasonably safeguarded.

3.4 Information System Construction Needs to be Improved

In the process of promoting the national coordination of pension insurance, the management of information systems is faced with many complex problems. These problems are related to the accuracy of pension insurance data, and have a more direct impact on the efficiency of national coordination and the protection of the rights and interests of insured persons. Data integration and standardization for national coordination is an important factor in information system management, as previous provincial coordination has resulted in varying levels of pension insurance information system construction across the country, and there may be differences in pension insurance policies in different regions. This situation of data dispersion and varying standards creates certain difficulties for nationwide data integration, which may affect the accuracy and completeness of the data for the formation of a nationally unified pension insurance database, and restricts the in-depth promotion of the national integration of pension insurance^[5]. In addition, the pension insurance information system involves a large number of participants' personal information and financial data, so it is important to do a good

job of protecting the information and ensuring information security and financial security.

4 Research on the Path of Promoting the Implementation of National Coordination of Pension Insurance

4.1 Improvement of Pension Insurance Policy System and Legal System

In implementing national coordination of pension insurance, due to the differences in the level of economic development of China's provinces, the State needs to strengthen its guidance in top-level design to ensure the uniformity and orderly convergence of pension insurance policies and measures throughout the country. Although the institutional framework for national coordination has already been constructed, the stability of pension policies needs to be emphasized to ensure a smooth transition between national coordination and local coordination [6]. Since the commencement of national coordination, most regions have harmonized their contribution rates with national standards, but the setting of the contribution base is still left to the autonomy of each region. To ensure the overall consistency of the policy, the national unification of the payment base should be further promoted. At the same time, the contribution rates and bases, as well as the accrual bases and entitlement programs in different regions should be gradually unified to effectively eliminate the problem of inter-regional unfairness caused by policy differences. In addition, the revision of the Social Insurance Law should be pushed forward as soon as possible to meet the actual needs of the current construction of the social insurance system, promote the deepening of the reform of the pension insurance system, and ensure that there is a legal basis for all work. In formulating the relevant laws on pension insurance, the fundamental interests of the people should be the starting point, to ensure that the nationally coordinated system is fairer and more reasonable.

4.2 Optimize the Operation and Management System of the Pension Insurance Fund

At present, China's pension insurance fund is facing the problem of a single investment channel, so it should be combined with the current social and economic development trend, adhere to the diversified investment strategy, reduce the investment risk, and ensure that the fund's sound value-added. It should increase the scale of the pension insurance fund entering the market and broaden its investment field, so as to effectively avoid systematic risks while ensuring stable returns of the fund. In addition, the investment decision-making system should be improved, the investment management level should be upgraded, and the all-round development of the investment management system of the pension insurance fund should be realized [7]. To meet the demand for diversified investment, the rationalization and balancing of the market structure should be

promoted, which can provide a perfect investment environment for the pension insurance fund and other long-term funds, to guarantee its value-keeping and appreciation ability [8].

4.3 Reasonable Division of Powers and Responsibilities Between Central and Local Governments

The national integration of pension insurance will result in the transfer of local risks to the central government and the transfer of fund risks to the treasury. Therefore, to ensure the effective operation of the system, it is necessary to scientifically and reasonably divide the sharing of expenditure responsibilities between the central and local governments. Therefore, it is necessary to further rationalize the relationship between the affairs and powers of the central and local governments in the field of pension insurance and to establish a clear mechanism for the sharing of responsibilities. The central and local governments should fulfill their respective responsibilities, with the central government effectively assuming the responsibility of nationwide coordination, while the local governments need to abandon the mindset of relying on the central government and actively utilize their strengths to improve the level of economic development. Moreover, through system design, the responsibilities and obligations of localities in pension insurance should be strengthened, and the consistency of rights and responsibilities at the local level should be realized, to ensure the long-term, stable and sustainable development of nationally coordinated pension insurance. National coordination does not mean depriving local governments of their functions; rather, it requires the central and local governments to assume their respective responsibilities and work together to promote the stable development of nationally coordinated pension insurance.

4.4 Improvement of the Pension Insurance Information Management System

To promote the national coordination of pension insurance, it is especially crucial to build an information management system with resource sharing and smooth information flow. Therefore, big data can be utilized to achieve horizontal integration and docking of information between different regions, provinces, and departments, to achieve data integration, sharing, and efficient exchange and establish a national pension insurance information management system. This will help build a standardized business management system and social service system and further promote the high-quality development of the national coordination of pension insurance. It is necessary to continuously improve the business function modules of the information system, establish a comprehensive and systematic basic pension insurance information management system, and strictly control all aspects of information input, retrieval, and output to ensure the security of information [9]. With the opportunity of the national unified social insurance public service platform, effective measures should be taken to continuously improve the technical level of pension insurance management, to provide the public with more high-quality and efficient services [10].

5 Conclusion

National coordination of pension insurance will help to reduce regional disparities and help to meet the challenges posed by an aging population, which is an important direction for reform of the pension insurance system, as well as a key measure for the sustainable and healthy development of the pension insurance business. At the same time, it is also necessary to pay attention to the problems that may arise from the national coordination of pension insurance and promote the implementation of the national coordination of pension insurance by improving of pension insurance policy system and legal system, optimizing the operation and management system of the pension insurance fund, reasonable division of powers and responsibilities between central and local governments and improvement of the pension insurance information management system. Promoting the implementation of national coordination of pension insurance will improve the fairness and sustainability of the pension insurance system, realize the mutual help function of the pension insurance system, promote economic development, and give the elderly population income security in their retirement life, promote distributional fairness, in addition to being conducive to the mobility of the labor force, so it is necessary to continue to improve and ensure the smooth implementation of the national coordination of pension insurance.

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