The Comparative Analysis of Retirement Systems between Japan and China

Zhuoheng Li[1], and Yi Zhang[2, *]

[1]Department of Maxwell-Arts & Science, Syracuse University, Syracuse, NY 13244, USA

[2]Department of Science＆Technology Studies, University College London, WC1E 6BT, London, UK

*Corresponding author: ZCRHZHC@ucl.ac.uk

Abstract. In a rapidly aging society, such an issue as the aging population deserves the attention and concern. This research in order to conduct a comparative analysis between China and Japan to compare their retirement system and policies to fill in the gap that not too much previous research has focused on regarding the differentiation of retirement systems among these two East-Asian countries--although they have a huge difference on their national status and the ways to manage their vast aging population numbers. In the end, this research intends to derive an answer that although both China and Japan focus on older adults' caring issues, the way that these two countries choose to manage and deal with them are very different compared to each other, such as the differentiation of execution process, involving of the third-party companies, challenges bring by different cultural contexts and societal atmospheres. Overall, China's decision-making process prefers to be centric and parental, whereas Japan is keen to decentralization and privatization.

Keywords: Comparative Analysis, Aging Population, Retirement Systems, China, Japan.

1. Introduction

The aging population has become one of the world's biggest topics. According to the WHO's predicted data, one-sixth of the population across the globe will be aged 60 years old or older. The WHO also predicts that 22% of the world's population will be over 60 in 2050, and two-thirds will come from low-income or developing countries [1]. As a result, different countries worldwide have started to design their elder care system as an important part of the national welfare system. Japan and China are two interesting examples among these countries that show evident aging population indications. Starting from the economic recession in the 1990s, the aging population situation in Japan kept rising to an incredibly high amount. According to the data from the Statistics Bureau of Japan, the aged population (65 years old and over) was 36.21 million, constituting 28.9% of the total population [2]. China also shows risky indications of the aging population issue since the aging population has also risen after entering the 21st century. According to the data from the National Health Commission of China, the aged population (65 years old and over) has reached 200 million, constituting 14.2% of the total population--much worse since China is still a developing country [3].

Much research has discussed and effectively summarized Japan's retirement system's evolution. For example, Philippe Debroux described Japan's elderly workers' system in his article "Elderly Workers in Japan: The Need for a New Deal" in 2016, which is an important part of Japan's retirement system by postponing the retirement age to allow more elderly people to get work to ease the pressure from lack of labors [4]. For China's retirement system, lots of Chinese articles and essays provide overviews of the Chinese retirement system, including the reformation of the system and the combination of the current retirement system with the newest technologies [5]. However, most of the researchable resources met similar problems. First, some are outdated since their issuing date is before the 2010s and sometimes issued at the end of the last century. Under this circumstance, the newest information or the reformation of both China's and Japan's retirement policies is lacking since the retirement system and elderly care policy keep changing based on the current situation of different nations. Second, a comparative analysis to provide an overview of both China and Japan. Many comparative analyses focus on comparing Japan and other European countries, such as Germany,

Finland, and the USA [6]. However, as the region with the largest population in the world, it is valuable to compare the two East-Asian countries to see how the national government can manage the huge elderly population. This article is ordered to compare China's and Japan's retirement systems from three perspectives: pension system, basic infrastructure, and welfare policies to see how the government design the retirement system based on different national status.

2. Comparison of the Retirement Policies

2.1. Comparison of Pension Systems

According to the World Bank's conceptual framework, the pension system can be divided into five pillars.

-- Pillar 0 refers to the part of pensions that are "non-contributary basic benefits financed by state, fiscal conditions permitting. "

-- Pillar 1 refers to the part of pensions that are mandatorily conducted, related to personal earnings, and taking the objective of replacing some part of pre-retirement income.

-- Pillar 2 refers to the part of pensions related to mandatory DC (defined contribution) plans with personal investment management.

-- Pillar 3 refers to the part of pensions that are voluntarily conducted, such as personal savings, employer sponsors, and defined benefit or defined contribution.

-- Pillar 4 refers to the part of pensions that rely on informal support (such as familial support) or other formal social programs (such as health care or retiring home programs) [7].

Although both China and Japan formulate their pension systems based on this multi-pillar structure, there is a significant difference in how they define these pillars based on their national situations and how they conduct the pension plans.

2.1.1 Japan's Pension System

Japan's pension system has been divided into two sectors: the Public and Private sectors. A personal-made mind map explained the specific types of pension in Japan's pension system. (See Figure 1)

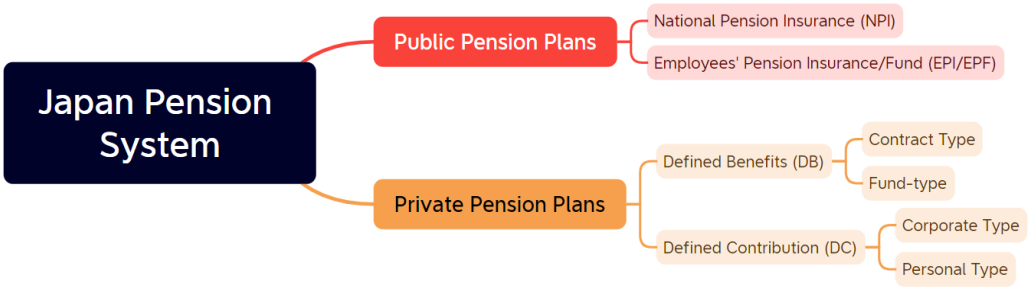


Fig 1. A Personal Made mind-map of Japan's Pension System. Information retrieved from Akiko Nomura's Journal Article "Japan's Pension System: Challenges and Implications.", 2019

For the public sector, a public pension system was conducted by the Japanese government. (Nomura, 2019) Under this public pension system, two kinds of insurance are included, which are National Pension Insurance (NPI) and Employees Pension Insurance (EPI). National Pension Insurance (NPI) takes part of citizens' basic income and covers everyone. Employees Pension Insurance (EPI) takes part of employees' income and covers employees from the public and private sectors [8].

For the private sector, two private pension plans are available to choose from for citizens, which are Defined Benefit plans (DB) and Defined Contribution plans (DC). [8] A defined benefit plan means that the plan promises a specific amount of money, usually called a benefit, to the personal pension account after retirement [9]. The Japanese government split the DB plan into two parts: Corporate-type DB plans and Personal-type DB plans. The Corporate-type DB plans refer to the DB plans that the mother company will invite a third-party company, such as life insurance companies

and trust companies, based on the agreement they made with the employees to issue the pension benefits. The management and operation of the pension benefits will be processed outside of the company system. The Personal-type DB plans refer to the DB plan in a fund established by the mother company that will help to issue the defined benefit payment manage and operate the pension fund as an independent entity. The Japanese government also split the DC plan into two types: Corporate-type pensions and Personal-type pensions. The Corporate-type pension is the DC plan that the mother company will issue the contributions based on the Defined-Contribution Pension rules determined between the mother company and employees to let employees participate in the plan and pay the contribution. The Personal-type pension is the DC plan that citizens participate in the pension system through application to the National Pension Fund Federation (NPFF) to pay contributions to the system in person [10].

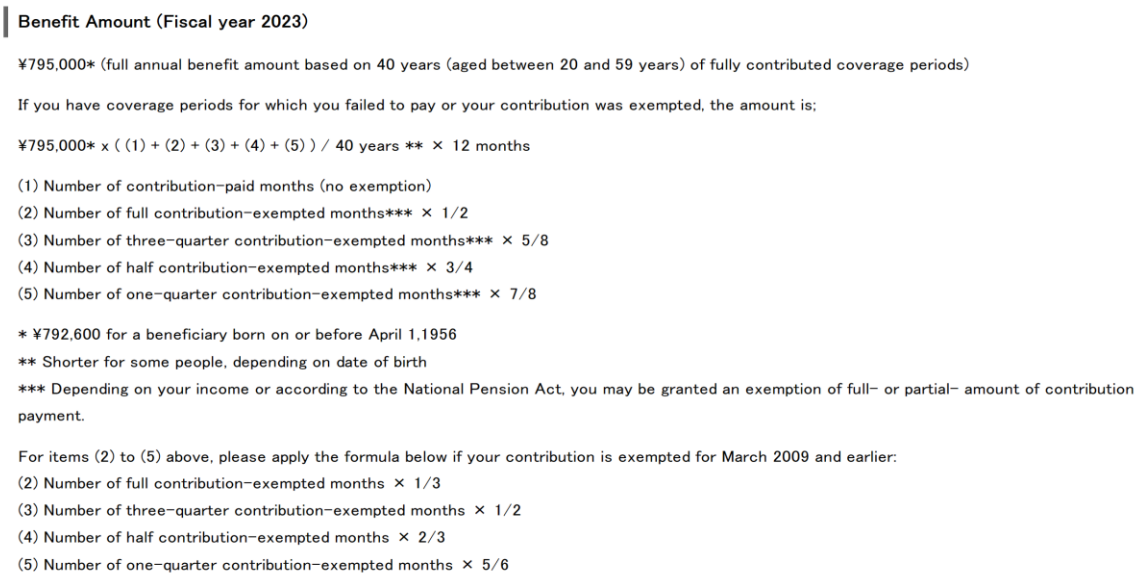
From the execution perspective, the Japanese government has divided the citizens into three categories to decide what kind of pension system they are adapted and can be applied. This categorical system was used in the public sector and the determination process for the availability to participate in the DC program.

-- Category I: Refers to the citizens who reside in Japan, aged between 20 and 59, and do not belong to the other two categories.

-- Category II: Refers to the citizens who work for companies, factories, or other workplaces that have been included in the EPI system and are already covered by the EPI.

-- Category III: Refers to the citizens who are the dependent spouses, which should be aged between 20 and 59 and reside in Japan, of Category II insured person [11].

The biggest characteristic of Japan's public pension system is that the Japanese government requires all citizens between 20 and 59 to participate in the national pension system [11]. The Japanese government requires that all citizens who participate in the National Pension System should pay 16520 JPY per month as the contribution for participating in the system in the fiscal year 2023 [11]. After the age of 65, the Old-age Pension Benefits will be sent back to the citizens if they ensure the payment of contributions in these 40 years. The calculation formula of the government's benefit should pay the citizens is in Figure 2.



Benefit Amount (Fiscal year 2023)

¥795,000* (full annual benefit amount based on 40 years (aged between 20 and 59 years) of fully contributed coverage periods)

If you have coverage periods for which you failed to pay or your contribution was exempted, the amount is;

¥795,000* x ((1) + (2) + (3) + (4) + (5)) / 40 years ** × 12 months

(1) Number of contribution-paid months (no exemption)
(2) Number of full contribution-exempted months*** × 1/2
(3) Number of three-quarter contribution-exempted months*** × 5/8
(4) Number of half contribution-exempted months*** × 3/4
(5) Number of one-quarter contribution-exempted months*** × 7/8

* ¥792,600 for a beneficiary born on or before April 1,1956
** Shorter for some people, depending on date of birth
*** Depending on your income or according to the National Pension Act, you may be granted an exemption of full- or partial- amount of contribution payment.

For items (2) to (5) above, please apply the formula below if your contribution is exempted for March 2009 and earlier:
(2) Number of full contribution-exempted months × 1/3
(3) Number of three-quarter contribution-exempted months × 1/2
(4) Number of half contribution-exempted months × 2/3
(5) Number of one-quarter contribution-exempted months × 5/6

Fig 2. Japan's Benefit Calculation Formula of National Pension System (NPS). Picture Information Retrieved from the Official Website of Japan Pension Service, 2023.

As the former parts mentioned, this categorical system has also been used to determine the availability to participate in the DC program. The Japanese government regulated that Category II insured persons, which are the employees working in companies, factories, or other workplaces, have the availability to apply for the Corporate-type DC plan. Category I insured persons, such as self-employed persons or citizens who do not belong to any Category II or III insured persons, have the

availability to apply for a Personal-type DC plan. The Japanese government has determined the maximum contribution amount that both types of DC plans should pay, and these numbers are shown in Figure 3.

Maximum contribution amount

- Contribution of companies using Corporate-type Pensions

  Maximum contribution amount paid by entities not participating in the Employees' Pension Fund or the Defined-Benefit Corporate Pension, etc.:

  ¥552,000 annually (¥46,000 monthly)

  Maximum contribution amount paid by entities participating in the Employees' Pension Fund or the Defined-Benefit Corporate Pension, etc.:

  ¥276,000 annually (¥23,000 monthly)

- Contribution of Self-employed Persons, etc. using Personal-type Pensions:

  ¥816,000 annually (¥68,000 monthly)

  (For participants in the National Pension Fund, the amount remaining after deducting the contribution to the National Pension Fund.)

- Contribution of employees of companies using Personal-type Pensions:

  ¥216,000 annually (¥18,000 monthly)

The maximum contribution amount is to be raised in January 2010 as requested by the business community.

Fig 3. Japan's Maximum Contribution amount for DC Plans. Picture Information retrieved from the official document of Ministry of Health, Labour and Welfare of Japan, "Overview of the Corporate Pension. " n.d

2.1.2 China's Pension System

Similar to Japan's pension system, the pension system that the Chinese government conducted is also based on the pillar framework mentioned by the World Bank. However, the Chinese government does not fully copy the system of the Japanese government. Instead, they divide the pillars based on specific national situations, such as the huge difference in living levels between employed and unemployed citizens, urban and rural citizens, and between different industries that the normal employees work for. Considering all these facts, the Chinese government has made a three-pillar-constructed pension system to ensure that the system can cover everyone. A personal mind map explains these pillars and their subcategories in the pension system.

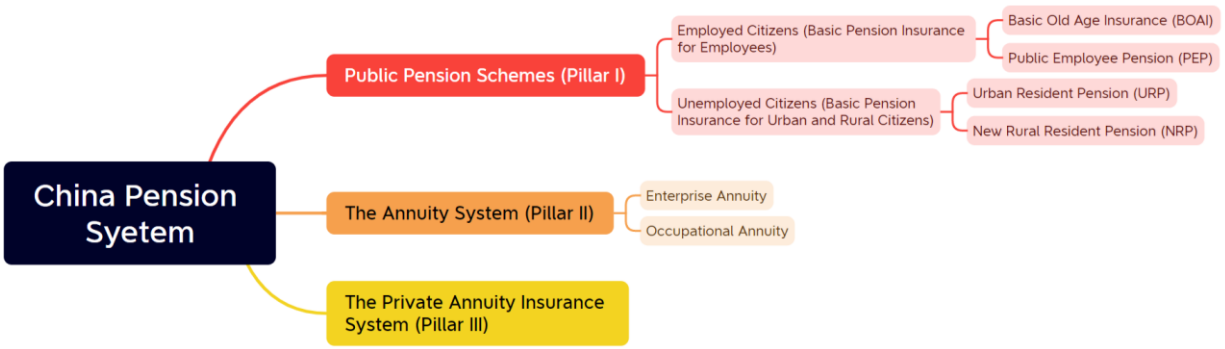


Fig 4. A Personal made Mind-map of China's Pension System. Information Retrieved from Jin Feng and Hanminig Fang's Report "The Chinese Pension System. " 2018.

For pillar I, these four types of pensions belong to the public sector, are issued and organized by the government, and are mandatory for citizens to participate. For the employed part, the Basic Old Age Insurance (BOAI) refers to the part of the pensions that cover the employees in for-profit companies, which include for-profit private companies and all other private sector enterprises. The Public Employee Pension (PEP) refers to the part of the pensions that cover the employees in non-profit, governmental institutions or organizations, such as the employers in the Education and Medical system. For the unemployed part, the Urban Resident Pension (URP) refers to the part of pensions that cover urban residents aged 16 and older citizens when they have no formal non-agricultural job. The New Rural Resident Pension (NRP) refers to the part of pensions that cover rural residents aged 15 and older when they have no formal non-agricultural job [12].

For pillar II, the Chinese government decided to conduct an annuity system to establish the relationship on the pension plans between employers and employees. The annuity system also has been split into two types, which are Enterprise annuity and Occupational annuity. Enterprise annuity refers to an employer-sponsored pension system in that employers will meet an agreement with the employees to register and contribute to the system based on their salary. Occupational annuity refers to the annuity plan specified for public sector employees. Similar to an Enterprise annuity, an Occupational annuity also requires contribution from both employers and employees. Both these two types of annuity systems are voluntary [13].

For pillar III, private annuity insurance becomes the main part of this pillar. The citizens themselves fully conduct the private annuity insurance service by depositing a specified amount of money into the personal annuity insurance account regularly, and the citizens who participate in the plan have the full rights to control the money to do other things such as investment or purchase financial products. (Feng & Fang, 2018) In this case, the insurance companies will directly communicate with the participants to provide risk control and wealth management services by providing different choices on the pension plans. The government is only responsible for monitoring the whole process and providing the channel to apply for a private annuity insurance bank account. This private annuity insurance scheme is also voluntary [13].

In 2015, the Public Employee Pension (PEP) was merged into Basic Old Age Insurance (BOAI), and the BOAI system will issue the pension to both public and private sector employees. (Feng & Fang,2018) The BOAI system requires 28% of wages, a standard percentage the Chinese government recommended across the nation, as contributions. Of this 28%, 20% will be the employer's part, who contribute their payroll to the social BOAI bank account. The other 8% will be the employee's part, which requires them to contribute 8% of their salary to their BOAI account. (Feng & Fang, 2018) In 2019, however, the 20% contribution was reduced to 16% due to the escalation of the aging population, and the Chinese government allows the local governments to adjust their contribution rate based on their aging population situation, although the government expects to reach a unified contribution rate [13].

Calculating benefits also differs based on the different parts taken in the BOAI system. For the social account part, employees with up to 15 years of contribution history will be available to claim the benefit. The replacement ratio of the benefits will depend on the number of years of contribution: one year of contribution equals 1% [12]. The personal account part is similar to Japan's Personal-type DC plans since the individuals do not have the right to allocate regarding how the contribution has been managed. The Chinese government has a formula to calculate the benefit after retirement: the credited balance accumulated in the account divided by 139 for retired males and females at age 60. The divisor will differ based on the difference in retiring age [13].

2.1.3 Comparisons

Although both China and Japan conducted World Bank's multi-pillar structure, many details in the system are way different compared to each other.

First, as mentioned above, China's pension system is more focused on their national situation when they set different types of pension in the pension system. As a result, the Chinese pension system's pension types are more specified than Japan's system, such as the specification of employed status and living status. Japan's pension system is more general in designing a highly compatible system of forcible national insurance and personal pension accounts, and the citizens only need to go through a universal process based on the government's provided options by choosing more adaptable plans for themselves, especially for the selection between the DB and the DC plans.

Second, the execution of the Chinese and Japanese pension systems has a huge difference. For Japan, the Japanese government strongly emphasizes third-party companies, such as insurance companies or trust companies, when they issue pension benefits, especially when it relates to personal pensions, such as the DB and the DC plans. These situations are unusual in Chinese pension systems since most pension issues will be discussed between direct discussion of employers and employees,

citizens and insurance companies, and without the interference of any other kinds of third-party companies unless the older people who take the service feel the necessity to take suggestions from related professionals.

Third, these policies have huge differentiation based on the implementation perspective between China and Japan. The earliest history of the Japanese government to focus on establishing the national retirement system can be dated back to the post-war period of World War II when they started to limit the number of newborns. After the economic recession in the 1990s, the Japanese government started to reform the retirement system, which gives them a full-coverage, well-established national retirement system that has been proven to be available for a couple of years until today [8]. In comparison, China's retirement system and related policies are not mature and experienced. For example, China's pillar 3 in their pension policies, which refers to private annuity insurance services, was implemented in 2018, which is way later compared to most of the policies conducted by the Japanese government [12]. Most of the policies conducted by the Chinese government still need years of execution and experimentation to observe the effect of these policies on society and general citizens, unlike the Japanese pension policies that have been in place for quite a long time.

2.2. Comparison of Elderly Care Infrastructure

The elderly care infrastructure is one of most important aspects when analyzing elderly retirement, due to it usually demonstrates the determination of elder's welfare by the government, and it also implies the preference of retirement policy from the government. To be clear, the ends of retirement policies should be ensuring the basic rights and dignity of the elderly, and to aiding them to overcome their daily difficulties and challenges after their lifetime of service. The United Nation (UN) also stated "older persons are increasingly seen as contributors to development, whose abilities to act for the betterment of themselves and their societies should be woven into policies and programs at all levels" [14]. Starting from this consensus, both two countries have managed similar approach, while getting distinctive outcomes in current situation. Thereby this comparative analysis could be very useful in terms of critical evaluation of the retirement policies and establishment of infrastructure.

2.2.1 Japan's Elderly Care Infrastructure

Since 1970s, the Japanese government was warned the super-ageing society in the 21st century. In 2010, the demographic structures of Japan have severely showed a negative population growth since the WWII. Thereby, During the 20th, giving the economic development of Japan was still fast, many specialists in Japan are suggesting the Japanese government to take advantage of the enough resources and opportunities to prepare and establish a social policy for the elderly retirement, which includes care infrastructures in nationwide and a general social security system. From their measure, it could both save the country's economic depression resulted by aging population and resolving social issues for the elderly in Japan. Thus, in 2015, the prime minister of Japan, Shinzo Abe announced his policies about improving production environment and require a transparent working place to encourage the labor market in Japan becoming more competitive. He also hopes the improving elderly care industry will encourage elders to go back to the labor market to resolve the gap of human power in the market [15].

Soon, the introduction of the long-term care insurance system has increase for the life quality of Japanese elders who enrolled into this program, by its total budget rising to 11.1 trillion yen in 2018. These services include home caring, day service, in-home medical support, home visit nursing, and outpatient rehabilitation. Other new services also include special caring towards elderly with mental issues like dementia, and rental for equipment covered by public aid. The service and infrastructures in Japan itself clearly testify its feasibility, while giving the elderly more thoughtful and convenient support [16].

However, this situation also illustrates the situation which many elders who enter age of retirement falls into the dilemma between better life quality and financial situation, which means some of them have to choose to work to support themselves in order to maintain the livelihood of daily life. One interview of a retired salary worker in Japan reveals the willing of Japanese government to encourage

the elders to become more financially "independent" and choices of welfare plans are driven by their own interests of expenses cut. Combined with the parent child relations has become more estrange in the atmosphere of Japanese society, this preference of self-reliance and independence of Japanese elders is showing its disadvantage towards Japanese care policy in infrastructures [17].

2.2.2 China's Elderly Care Infrastructure

Before 1994, The China's infrastructures built for elderly was mainly covered and included within the system of public health services, like public hospitals sectors. However, due to Chinese government significantly reduced the funding towards to public health, the hospitals and health service providers had to look for alternative providers and adapted different method to fulfill the budget, thereby highly increased the cost of relevant treatment and prescriptions, the circumstances of overprescribing were not uncommon. All of these aspects lead to poor coverage of care infrastructures at that time, especially for the elders in the rural regions and less developed regions in China [18].

Since 1994, the government decides to move their attention to establish a variety of institutions to alleviate the pressure from elderly retirement on each household. Between 1994 to 2005, the goal of infrastructure policy is to provide 30 beds to 1000 elders. However, a report from Peking Union Medical College argues that there are about 1.6 million vacant beds in those institutions by 2016. According to the data from another statistical research, the public hospitals in China accounted 37.6% of total numbers of hospitals and 72.5% of all resources of beds by 2019. These studies could infer that most infrastructure resources for the elderly retirement are still remote from their needs, due to whether they live in a less developed region or they do not have enough savings to afford the extra expenses of institutions like nursing homes [18].

Moreover, the aspect of traditional custom from Chinese Confucianism and financial situation are also hindering or resulting reluctant for most Chinese elders to choose care services except from their own families. More than 90% of elderly care in China are still commonly resolved its own families, and only less than 3% of them choose to stay in the care infrastructures like nursing home. [18]. As one of Chinese, the Confucius idea which dominates the mainstream ideology of Chinese has across its whole civilization, and it requires the descendants of a family to take care its elders, because it shows the nature of filial piety of the children, and the ritual for elders to respect. Thereby, it is reasonable for most Chinese families refusing nursing home and other independent care infrastructures because it implies great disrespect of being unfilial and stigmatization from society to the descendants, and causing real mental trauma to elderly, due to they feel abandoned by their children. The financial situation is an issue from a social aspect. Since the policy of chinese economy has been reformed during 1980s, the economic development has been decentralized to be best compatible with the needs of each province. While it indeed leads to great nationwide development in the economic activities and increase in GDP over the years, it also leads to great socioeconomic disparities between different families in different regions. The dearth of relevant infrastructure for elderly care is still common in the remote rural region, and clearly the government lack the necessary resources to establish and operate those institutions for those situations [19].

Thus, the current Chinese government prefers to build infrastructures towards fields in community services around the Chinese families in as much local communities as possible. These policies including building more exercise facilities, leisure sites and recreational amenities in the public parks and local neighborhoods. Since 2016, the central government at Beijing enacted the policy to establish more than 30000 sport grounds and 670000 relevant facilities available for the elders, while human resources are still problem until now. Despite the colleges and government are still looking for new volunteers and training more staffs for supporting the community, the overall demand is still above the supply of manpower. Thereby, the government recently hope to establish more online platforms and internets to fulfill the demand of elderly service. by 2017, there were already 68 internet hospitals and business around home care technology thrives to resolve the demand and the overall circumstances [18].

2.2.3 Comparisons

In general, both China and Japan have their advantage and made outstanding accomplishments towards elderly care by establishing new services and infrastructures. China is increasingly devoted into its plan of community service with following infrastructures to maximize the coverage of its care policy, while it still has the shortcomings when dealing with quality of the service and the allocation of medical and human resources nationwide. On the other hand, Japan is clearly having the enough capability to establish more refined caring system for the elderly population as one developed country, and it is much more efficacious towards the detail and quality of the infrastructure service for their policy design in overall. However, the poverty gap between its elderly population and the alienate atmosphere in the Japanese society also needs improvement to alleviate the pressure and depression of the Japanese elders.

2.3. Comparisons of Welfare Policies

Rewind back in two nation's demographic histories, the trends of population ageing had both appeared in China and Japan at the end of 20th century. To meditate this inclination and address the increasing prominent issue, two countries has both enacted and implemented many retirement policies to take care elders with all the following social issues. To be clear, the ends of retirement policies should be ensuring the basic rights and dignity of the elderly, and to aiding them to overcome their daily difficulties and challenges after their lifetime of service. The United Nation (UN) also stated "older persons are increasingly seen as contributors to development, whose abilities to act for the betterment of themselves and their societies should be woven into policies and programs at all levels." [14]. Starting from this consensus, both two countries have managed similar approach, while getting distinctive outcomes in current situation. Thereby this comparative analysis could be very useful in terms of critical evaluation of the retirement policies itself.

2.3.1 Japan's Welfare Policies

Since the end of WWII, Japan had entered a period of fast economic development during the 1970s, along with the rapid population growth. However, it was also resulted a burden for each Japanese family to provide substantial cares to the elderly, especially when Japan entered economic downturns since the 2000s, and younger generations are more reluctant to raise new children or even start a new family [20]. As result, self-reliance has already become the essential abilities for Japanese elderly to survive when treating their family members and even with the social environment. At present, it become common to see more elders in Japan are raisin themselves by their own [17]. Other research of Japan's households also tend to argue the liberal social atmosphere on the matter of divorce, low fertility rate, and low economic consumption contributes the trend of aging and independent living style of Japanese elders [21].

Thus, when Japan has entered a "super-aging society" by 2005, its population above 65 will reach 36 percent of its total population by 2050. Currently, Japan's labor average exist age is still the highest among the developed countries. Thereby it has become one of the most significant issues in Japan's social environment, political system, and economic structure. In Japan, the retirement age is also traditional norms, but it is set by companies along with no intervention from the government. Principally, the retirement age is 65 for elder employees. However, the low income with all the aspects mentioned above has made many Japanese elders to keep working after 65, and they will be benefitted by the pension system of Japan [22]. Nevertheless, the anxiety and pressure are known to be deleterious for elders physical and mental well-beings. According to the data of public health research, more than 60 million people in the world are suffered by chronic pain due to long time of work, especially for elders [23].

To solve the problem, the Japanese government also implement welfare policies relating to many aspects--The "Gold Plan", which refers to:
Providing in-home welfare services and put single elderly as priority for their well-beings.

Transferring the management of residential facilities from prefectures to local municipalities to establish integrated and comprehensive welfare services both in independent household and public caring facilities.

Requiring local municipalities to formulate welfare plans for their own elderly population specifically in order to most efficiently promote the measure of welfare given by different local environment.

2.3.2 China's Welfare Policies

China's retirement policies have long lasting histories across its civilization. In the ancient dynasties, it has always been a social norm that elders in the office are expected to leave their position for the support from filial piety and benefits of younger generation. In the modern time, a formal retirement policy had implemented with its standardization since the foundation of the People's Republic of China (PRC), while there are many changes in its way [22].

In China, the welfare policies of elders were not the major concern of the government due to the nationwide poverty with following certain policies to promote economic development. And also combined with the social environment at that time, most families were still stayed together compared to the current situation. Thereby, institutional elder welfare policies were relatively unaware to policy makers' attention, until the economic revolutions of 1980s [18]. According to the data from the China's National Bureau of Statistics, the ageing population was beginning from the 1964, then the nation has become an ageing society during the 1990 to 2000. For 2019, there are 176 million elders who beyond 65 in China, taking about one-fifth of the world population beyond 65 [24]. Therefore, it is essential for Chinese government to enact more comprehensive policies to assure the caring, livelihood and mental health of Chinese elders in various aspects, just as they always commit to be.

Thus, the China adopts mandatory retirement policy for elder employees in formal sectors, including government, public sectors, state-owned enterprises, and institution. The relevant policy states that the formal retirement age for male employees are 60, 55 for female government employees, and 50 for female employees. Because during the economic development, many state-owned companies went bankrupt due to the competition, the government hopes to compensate by introducing a policy in 1994 to allow all employees from bankrupt state-owned enterprises to legally enjoy the pension system and following welfares. However, many elder employees in informal sectors, including private sectors and international enterprises were excluded from the legal retirement policies at the early years [20].

Developing capacity of community care is also one of priority in China's welfare policies. It hopes to cover three main functions: community day care support, home-based care support, and entertainment activities for the sake of both physical and mental health of the elderly, especially for the people in less developed region or categorized as "empty nesters" (The elders whose children left from home for livelihood). Thereby, the government implement a range of policies to promote and attract service providers and volunteers to establish more abundant and covering communities. Meanwhile, it also tries to simplify the legal process of accessing community for elders. For example, in 2018, the government abolished the mandatory need for license to establish community service center of elders [18].

Furthermore, the government also encourages families to bear more children in order to ease the burden of nation's finance and restore the demographic balance of China. But more importantly, elders in China are still very dependent on cares from family members. Thereby, the nation hopes to encourage traditional, or Confucius values to consolidate virtue of this social norm [18].

2.3.3 Comparisons

In conclusion, both China and Japan share similar culture and customs in history, yet there are many differences in terms of elder's caring and policy implementation. China's policy implementing process is obviously centralized, while Japanese government tend to split the work to the local governments. This demonstrates different political system could have distinct policy making process. Moreover, the duty of caring elders in China is preferring to be carried by both the government,

society and individual household, respectively. While in Japan, the most responsibilities of elder's caring and their welfare is managed by their own.

3. Conclusions

Overall, both the Chinese and the Japanese governments focus on building a well-functioning national retirement system based on the pension system, basic infrastructures, and welfare for elderly people. However, lots of differences have been produced based on the execution perspective by different governments. For the pension system, these differences are based on the specification of the pension system based on the different national statuses and the use of third-party companies while handling related pension services. For the basic infrastructure construction, these differences are based on the challenges that China and Japan confronted. For China, these challenges are based on the capacity of the infrastructure and the quality of the services. For Japan, these challenges are more pointed at the disparity of classes and economic levels and the hostile atmosphere in Japanese society towards older people in Japan. For the welfare policies, these challenges are based on how policies are implemented. For China, most welfare policies will be directly responsible for the related government officials. For Japan, in comparison, more roles of individuals will be taken in the welfare policies-related processes.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

References

[1] World Health Organization. (2023). "Aging and Health." Retrieved from https://www.who.int/news-room/fact-sheets/detail/ageing-and-health

[2] Statistics Bureau of Japan. (2022). "Declining Birth Rate and Ageing Population" In Takashi, I. Statistics Handbook of Japan. p13-15. Tokyo, Japan: Ministry of International Affairs and Communications.

[3] National Health Commission of China. (2021). "2021 National Bulletin on Ageing". Retrieved from https://www.gov.cn/xinwen/2022-10/26/content_5721786.htm

[4] Debroux, P. (2016). "Elderly workers in Japan: The need for a New deal". Management Revue. 27(1-2). p82-96.

[5] Zhang, H. (2021). "Optimisation Path of China's Elderly Service System under the Perspective of Intelligent Elderly Care." Retrieved from https://kns.cnki.net/kcms2/article/abstract?v=k4jT09spKVhma43Zc2yBPzAA_XNzrnjqHivRY_bpk8Tk3xi9sUlBRQwaJD3fI0cxf85VKvVGQKEpe-O-tVie1FsFtgI1_pxodoEpt86XRddOV6oG5l-PtvseouxkbtxnPL_X4Y27zG4=&uniplatform=NZKPT&language=CHS

[6] Konig, S, Hess, M, & Hofacker, D. (2016), "Trends and Determinants of Retirement Transition in Europe, USA and Japan: A Comparative Overview." In Hofäcker, D., Hess, M., König, S. (eds) Delaying Retirement. Palgrave Macmillan, London.

[7] Holzmann, R. Hinz, R, P. &Dorfman, M. (2008). "Pension System and Reform Conceptual Framework." Retrieved from https://documents1.worldbank.org/curated/en/716871468156888545/pdf/461750NWP0Box334081B01PUBLIC10SP00824.pdf#:~:text=The%20Bank%20applies%20a%20multi-pillared%20approach%20towards%20pension,earnings%3B%20%28iii%29%20a%20funded%20mandatory%20defined-contribution%20%E2%80%9Csecond%20pillar%E2%80%9D

[8] Nomura, A. (2019). "Japan's Pension system: Challenges and Implications." Nomura Journal of Asian Capital Markets. 3(2). p4-9

[9] Japan Pension Service. (2023). "National Pension System". Retrieved from https://www.nenkin.go.jp/international/japanese-system/nationalpension/nationalpension.html#cms02

[10] U.S Department of Labour. (n.d). "Types of Retirement plans". Retrieved from https://www.dol.gov/general/topic/retirement/typesofplans

[11] Ministry of Health, Labour and Welfare of Japan. (n.d). "Overview of the corporate pension". Retrieved from https://www.mhlw.go.jp/english/org/policy/dl/p36-37p4.pdf

[12] Feng, J & Fang, H. (2018). "The Chinese Pension System". Retrieved from https://www.nber.org/system/files/working_papers/w25088/w25088.pdf

[13] Chen, T, H. & Turner, J, A. (2021). "China's Development of a multi-tier pension system". International Social Security Review. 74. p35-58.

[14] The United Nations. (2023). "Global Issues: Ageing". Retrieved from https://www.un.org/en/global-issues/ageing

[15] Zhang, Y. (2021). "Social Ageing Problem and Pension Market Based on Data Analysis: A Comparison of State Quo Between China and Japan." Retrieved from https://www.atlantis-press.com/article/125959819.pdf

[16] Masuda, M., & Kojima, K. (2001). Japanese Social Security for the Elderly from a Viewpoint of Life Cycles. Review of Population and Social Policy, 37–54.

[17] Moore, K. L. (2017). A Spirit of Adventure in Retirement: Japanese Baby Boomers and the Ethos of Interdependence. Anthropology and Aging. 38(2). p10-28

[18] Krings, M, F. Wijngaarden, J, D, H. Yuan, S. & Huijsman, R. (2022). China's elder care policies 1994-2020: A narrative document analysis. International Journal of Environmental Research and Public Health. 19(10). p6141.

[19] Liu, C. Bai, X. & Knapp, M. (2021). Multidimensional Retirement Planning Behaviors, Retirement Confidence, and Post-retirement health and well-being among Chinese older adults in Hong Kong. Applied Research in Quality of Life. 17(2). p833-849

[20] Niimi, Y. (2018). Does Providing informal elderly care hasten Retirement? Evidence from Japan. Review of Development Economics. 22(3). p1039-1062.

[21] Toyota, M. (2006). Ageing and Transnational Householding: Japanese retirees in Southeast Asia. International Development Planning Review. 28(4). p515-531.

[22] Yang, F. (2020). Comparison and Enlightenment of Retirement policies in China and Japan. 2020 Conference on Social Science and Modern Science (SSMS2020). Retrieved from http://proceedings-online.com/proceedings_series/SH-SOCIALS/SSMS2020/icess02031.pdf

[23] Xu, F. Yuan, J. & Wu, H. (2023). Association of depressive symptoms with retirement in Chinese Employees: Evidence from National longitudinal Surveys from 2011 to 2018. BMC Public Health. 23(1). p961.

[24] National Bureau of Statistics. (2023). "What is Ageing population and its standards." Retrieved from http://www.stats.gov.cn/zsk/snapshoot?reference=33e2b9cdb6391521c53328be6244e40b_3B602B3FBE49DE1702A3EB2967BA4052&siteCode=tjzsk