

Research on Delayed Retirement Policies Amid the Trend of Population Aging: Challenges and Countermeasures

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Abstract. As China enters society with an aging population, the reduction of the labor force and the increasing burden of pensions have become urgent issues that need to be addressed. As one of the measures to cope with the aging population, the delayed retirement policy has occupied an important position in policy discussions. This study explores the necessity and challenges of implementing the delayed retirement policy in China. By analyzing the trend of changes in China's population structure and the impact of delayed retirement on society and the economy, this paper summarizes this policy's possible positive effects and potential problems. The study believes that although delayed retirement can alleviate some of the labor shortages and pressure on social security funds, its impact on the employment market, family structure, and the quality of life of the elderly cannot be ignored. To ensure the successful implementation of the policy, the government should provide flexible retirement options and a complete social security system.

Keywords: Population aging; delay retirement; the labor market; social security.

1. Introduction

In recent years, the problem of global population aging has become increasingly prominent, which has had a huge impact on the economy and society of various countries. According to the United Nations forecast, from 2020 to 2050, the global population over 60 years old is expected to increase from 1 billion to 2.1 billion [1]. The proportion of elderly people will increase from 13.5% to 22%. As one of the most populous countries in the world, China is facing a serious aging problem. Data from the National Bureau of Statistics of China show that by 2022, people aged 60 and above in China will reach 280 million, accounting for about 19.8% of the total population, and is expected to surpass more than 30% in 2050. This has brought huge pressure to the labor market, social security system, and economic development of China. Confronting the current social and economic problems brought about by population aging, a series of measures has been taken by the Chinese government in order to deal with the strategies. In 2013, the State Council of China issued the "National Population Development Plan". The plan clearly stated that to cope with the trend of population aging, China will gradually implement a delayed retirement strategy. Delaying retirement was once again underlined by the State Council of China as an important measure to cope with the pressure of labor shortage and pension payments brought by population aging. In 2016, the Ministry of Human Resources and Social Security promulgated the document "Suggestions on Optimizing the Basic Pension Insurance System" to explain the specific direction of the delayed retirement policy. Therefore, it is about time for the introduction of such a delayed retirement policy. Firstly, in China, the amount of working-age population has declined year after year and this has put a certain degree of pressure on labor supply. According to data issued by the National Bureau of Statistics from 2010 to 2020, the working population between 15-59 years old has been reduced by approximately 40 million people. While the aging of the population continuously worsens, it will put enormous pressure on the social security system in my country. Overall, the pension gap is growing, reaching more than 600 billion yuan as of 2019, and is expected to reach 6% of GDP by 2050. Therefore, the implementation of the delayed retirement policy is not only an urgent need to cope with the labor shortage but also an inevitable choice to ensure the sustainable development of the social security system.

This paper aims to analyze the challenges faced by the delayed retirement policy in the context of China's aging population and explore corresponding coping strategies. First, this paper conducts an in-depth study of the development of the aging population and its impact on the social economy, labor market, and social security system. Next, based on the specific types of delayed retirement policies, this article explains the challenges that may be encountered in the implementation of the policy and proposes countermeasures to the corresponding issues

2. The Concept and Impact of Population Aging

2.1. Definition of Population Aging

Given the increasing global population aging, the policy of delaying retirement has become a key means to cope with labor shortages and solve the pressure on social security systems. Aging of the population is defined as an increase in the proportion of 65-year-olds and over in the total population. According to the United Nations, when the population above the age of 65 exceeds 7%, a society is considered to be aging; exceeding 14%, deeply aging; and exceeding 20%, super-aging [2]. Many countries like Japan and Germany have entered the super-aging stage and confront huge challenges brought about by aging. The aging of populations around the world is seriously influencing the labor market and social security system. First, there is a supply outweighing demand in the labor market. According to the World Bank, the growth rate of the working population worldwide decreased from 1.8% in the year 2000 to 1.1% in 2020. Japan has 29% of its total population above the age of 65, which is driving up labor costs and further decreasing companies' ability to hire workers. One strategy significant to coping with a shortage of labor is delaying retirement. For example, in Germany, the official retirement age has been extended gradually from 65 to 67 years so as not to create abrupt labor tension and stress on the pension system.

2.2. The Socioeconomic Impact of Population Ageing

The challenges faced by the labor market and the huge pressure of the aging population on the social security system have made society face huge challenges. As the population ages, the demand for pension payments is growing, while the shrinking labor force has led to a relatively reduced source of funds for pension payments. According to the Organization for Economic Cooperation and Development (OECD), pension systems in many developed countries will face fiscal austerity pressures in the coming decades. It is expected that the US Social Security Trust Fund will be exhausted in 2035. In addition, as the aging population develops, medical expenses will also rise. The huge demand for medical care for the population over 65 years old far exceeds that of other age groups, resulting in huge financial pressure on governments of various countries.

In 2020, the proportion of people aged 65 and above in China's total population was 13.5%, and it is expected to reach 25% by 2050. For a long time, the impact of fertility policies on the younger generation has led to an imbalance in the age structure of the population and an accelerated decline in the working-age population, which has undoubtedly hurt long-term economic growth. Data from the National Bureau of Statistics shows that in 2022, the structure of the working-age population in China declined from 74.5% in 2010 to 62.7%, which has brought huge human resources pressure to manufacturing and service industries. Meanwhile, the burden of the pension system and medical security system continues to increase. The Chinese Academy of Social Sciences estimates that, by 2035, China's pension gap will reach 10 trillion yuan. Medical expenses due to aging also increase incessantly. Under these pressures, the Chinese government started researching relevant policies concerning delaying retirement. In the "14th Five-Year Plan" of 2021, a strategy was suggested to gradually delay retirement. The delayed retirement policy is conducive to increasing the labor supply and extending the period of paying pensions, thus alleviating the economic burden on the pension and medical insurance system. However, carrying out the policy of delayed retirement has brought many problems in society. Some workers, especially low-income groups engaged in physical labor, have relatively low acceptance of delayed retirement. In addition, as they age, the elderly population's

ability to adapt to work and productivity is insufficient, which forces the implementation of policies to become more cautious. In conclusion, the global and Chinese aging trends have had a profound impact on the labor market and the social security system. The delayed retirement plan is an effective strategy to deal with the labor shortage and pension problems caused by population aging. Although there may be some obstacles in the implementation process, through scientific policy planning, delayed retirement is expected to provide a certain degree of relief and support for the economic and social development of the world and China.

3. The Concept and Challenges of Delayed Retirement

3.1. Definition and Type of Delayed Retirement Policy

The delayed retirement policy is a comprehensive measure introduced by various countries to cope with population aging, labor shortages, and pension pressure. It is mainly divided into two types: gradual retirement and flexible retirement. First, gradual retirement is a gradual adjustment method that helps society better adapt to changes by gradually extending the statutory retirement age. Its advantages are that it can make a smooth transition, avoid excessive impact on the labor market and social security system, and provide the government with more time to adjust pension policies to ensure the sustainability of the system. However, the disadvantage of gradual retirement is that it may cause health and work capacity problems for some elderly workers, especially those engaged in physical labor. For example, China's current delayed retirement plan gradually transitions to the new retirement standard by increasing the retirement age by a few months each year [3]. This policy is considered moderate and effective, avoiding sudden changes while providing enough adjustment time for society and the labor market.

In contrast, flexible retirement provides workers with greater choice. Individuals can flexibly decide their retirement time before or after the statutory retirement age according to their health and economic conditions or choose part-time work to extend their working years. The advantage of flexible retirement is its flexibility, which enables workers to make the best choice based on their personal needs without being constrained by a fixed retirement age. However, the disadvantage of this policy is that it may not immediately relieve the pressure on the pension system, and the delay in the retirement of some workers may affect the opportunities for young people to enter the labor market. France is one of the typical countries with flexible retirement, where workers can flexibly choose their retirement age and even extend their careers while balancing work and life. In general, progressive retirement is more suitable for ensuring systemic stability, while flexible retirement focuses on individual needs. Both have their advantages, and their combined implementation may be the best solution to the problem of an aging population.

3.2. Challenges Facing the Delayed-retirement Policy

3.2.1. Labor-market impact

The direct impact of delayed retirement on the labor market is to extend workers' working hours and increase the labor supply. However, this increase is not entirely positive. In occupations where physical labor is common, delaying retirement can lead to a decrease in productivity. According to the China Population and Labor Issues Report, the productivity of workers over 60 years old in the manufacturing industry is about 15% lower than that of younger workers, while in the construction industry, the gap reaches 25% [4]. In addition, as the working years increase, Occupational diseases, work stress, and age-related health problems may also intensify over time, making it difficult for some older workers to maintain high-intensity work.

Another significant issue is that job opportunities for the younger generation may be reduced as a result. Delayed retirement means older workers will occupy their positions longer, squeezing opportunities for young people to enter the labor market. According to statistics from the International Labor Organization, the global unemployment rate increased by about 0.4 percentage points between

2010 and 2020, while the youth unemployment rate increased by about 1.2 percentage points during the same period, especially after the epidemic. China is also facing this problem, especially after the impact of the epidemic, the competition for employment among young workers has become increasingly fierce. The implementation of delayed retirement policies may aggravate this tension and intensify intergenerational conflicts.

3.2.2. The influence of the social security system

Among them, the pension system is one of the core issues. At present, China faces great pressure in paying pensions. The aggravation of aging enhances the problem. According to the "Economic Blue Book of the Chinese Academy of Social Sciences," the pension gap is expected to reach 10 trillion yuan in 2050, putting great pressure on the national fiscal and social security systems [5]. Delaying retirement can increase the social security payment years of the labor force and ease the pressure of pension payments. However, the extended working years may also bring other problems. For example, some workers withdraw from the labor market early due to health problems or physical exhaustion, resulting in more early retirement and medical insurance needs for the social security system.

In addition, the implementation of the delayed retirement policy may also aggravate the existing urban-rural and income gap problems. In cities, white-collar workers or professional and technical workers may be more likely to accept delayed retirement and continue to work in jobs with lower physical exertion. In rural areas and low-income groups, many people are engaged in heavy physical labor, which consumes a lot of physical energy. Delaying retirement may increase their living burden. According to data from the World Bank, the average life expectancy of low-income groups is about 7-10 years shorter than that of middle- and high-income groups, which means that delaying retirement will have a more significant negative impact on the health and economic status of low-income people. This means that the actual benefits of delaying retirement for low-income people may be limited, and may even increase their economic and health burden.

3.2.3. Resistance and controversy of policy implementation

The implementation of the delayed retirement policy in China still faces many social resistances and controversies. First, the public's acceptance of delayed retirement is low, especially among people engaged in physical labor and low-income occupations. Delayed retirement increases their living burden. According to a social survey on delayed retirement by the People's Daily, more than 60% of the respondents expressed opposition to delayed retirement, most of whom came from grassroots labor groups and low-income people. They are worried that they will not be able to continue their current jobs at an advanced age, especially when the pension level is not enough to maintain their retirement life. Delayed retirement is regarded as an "unfair" policy.

Secondly, the gender difference issue of delayed retirement has also been questioned in society. Since women generally retire earlier than men, how to deal with the issue of equal retirement age for men and women has become a focus of debate in the process of delayed retirement. Especially in the traditional social structure, women bear more family responsibilities, and delayed retirement may increase their double burden at home and work [6, 7].

Therefore, although the delayed retirement policy can effectively deal with the economic and social problems brought about by the aging population in theory, its specific implementation process needs to balance the interests of different groups and avoid the "one-size-fits-all" policy causing social conflicts.

4. Conclusion

The aging of the population has brought a huge impact and challenge to the economy, labor market, and social security system. Under the continuous change in the population age structure, carrying out the policy of delaying retirement has become the key means to cope with the aging society. By prolonging the working hours for workers, the policy of delayed retirement can alleviate the labor

shortage problem to a certain extent, thus reducing the payment pressure on the pension system, which ensures the sustainable development of the social security system.

Meanwhile, it is also faced with many challenges in implementing the postponed retirement policy. There may be some negative effects brought into the labor market by the decline in the efficiency of older workers and the reduction of employment opportunities for youth. While the paying years have extended into the social security system, more attention should be paid to the burden and benefit imbalance faced by the different income groups, genders, and manual workers. The policy of delayed retirement does not get public acceptance, especially for low-income wage earners and heavy manual laborers, and may even cause great controversy in its implementation.

To ensure the smooth implementation of the delayed retirement policy, the government needs to take a series of countermeasures. First, policy-making should be flexible and gradual, taking into account the actual conditions of different groups. The government can provide more flexible retirement options to allow workers to choose the best retirement time according to their circumstances. Secondly, in the process of implementing the delayed retirement policy, it is necessary to strengthen the protection measures for manual laborers, low-income people, and female workers, such as providing better vocational training, medical insurance, and social welfare. In addition, the government needs to increase publicity efforts to improve the public's awareness and understanding of the delayed retirement policy, to reduce social resistance.

In a word, the postponed retirement policy is an indispensable policy responding to the aging population. Its implementation contains a lot of difficulties; however, by scientific and reasonable policy design and its management, postponed retirement is bound to promote long-term economic and social development in China. In the meantime, other countries can learn from China's experience and formulate delayed retirement strategies that befit their national conditions in order to cope with the socioeconomic challenges brought about by the global aging trend.

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