



Social Protection Reform Project
中国欧盟社会保护改革项目

1.3.6 Minimum standards - Parameters

Component 1

China is actively considering the ratification of the Social Security (Minimum Standards) Convention, 1952 of the International Labour Organisation – ILO. This Convention includes a number of references to parameters to be followed by national public pension schemes. The present Note therefore details a selection of those parameters, in order to facilitate the related analysis of parametric reform that might be considered in China. The Chinese text of Convention 102 can be accessed from

http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/normativeinstrument/wcms_c102_zh.pdf

(English text: .

http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312247)

1. Parametric reforms of pension schemes are those reforms affecting, notably but not exclusively, the following parameters:
 - Benefit formula,
 - Credit periods,
 - Basis for contributions,
 - Minimum pensions,
 - Retirement age,
 - Conditions for early retirement,
 - Bonuses for deferred retirement,
 - Fringe benefits (such as extended health care for pensioners, taxation, pension supplements, access to social services),
 - Other qualifying conditions,
 - Accumulation of pension benefits and earnings from continued occupation,
 - Indexation of past earnings,
 - Indexation of benefits in course of payment,
 - Periodicity in payment of benefits,
 - New financial resources alternative to contributions
 - Etc.
2. Convention 102 specifically addresses the following parameters: age for accessing benefits; qualifying period; minimum and maximum benefits; reference earnings; indexation of benefits. It considers in different sections old-age, invalidity and survivors' benefits.

3. Old-age benefits (Part V)

- a. Age – According to art.26, age for entitlement to full benefit cannot exceed 65. A pension should also be awarded depending on the working ability of the insured person.
- b. Accumulation of benefit and remuneration – Art.26: the benefit may be reduced or suspended in case of continued or re-entered gainful activity of the beneficiary
- c. Amount of benefit – Art.28, at least 40 years of previous earnings for 30 years of contributory (or equivalent) period
- d. Qualifying period – Art.29, maximum qualifying period for full benefit is 30 years, reduced benefit if at least 15 years
- e. Transitional period – Art.29, in case of a new scheme, a benefit shall be payable to persons who, because of their age, will not be able to contribute sufficiently long before reaching retirement age.
- f. Duration of benefit – Art.30, benefit shall be payable throughout the contingency, which is survivor beyond a prescribed age.

4. Invalidation benefit (Part IX)

Qualifying period – Art.57, 15 years maximum qualifying period for full benefit, reduced benefit from 5 years qualifying period.

5. Survivors' benefits (Part X)

- a. Qualifying period – Art.63, 15 years qualifying period for full benefit, reduced benefit from 5 years qualifying period.
- b. Duration of marriage – Art.63, a minimum duration of marriage can be prescribed (childless widows and widowers)

6. Standards for periodical payments (Part XI)

- a. Maximum – Art. 65, when a maximum is prescribed for the benefit, it cannot be less than the benefit level resulting from the wage level of a skilled manual male employee (regional differentiation possible)
- b. Indexation – Art.65, benefits shall be indexed on changes in earnings when those are due to changes in cost of living.

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