Impacts of age pension, intergenerational transfers and expected future care on quality of life among older Chinese: Evidence from CHARLS

Presented by Dr Cathy Gong

[a] Centre for Research on Ageing, Health and Wellbeing (CRAHW), ARC Centre of Excellence in Population Ageing Research (CEPAR), Research School of Population Health (RSPH), Australian National University (ANU)

26th Annual Colloquium of Pensions and Retirement Research
(Hosted by CEPAR and the School of Risk & Actuarial Studies, UNSW)
2-3rd July 2018, Colombo Theatres UNSW Kensington

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Acknowledgements

- **Co-authors:** Associate Professors Xiaojun He and Qinshan Ni , The School of Finance and Statistics, Hunan University; Professor Peng Rong, The National Centre of Economic Research, Guangdong Finance and Economics University; **Data** from the China Health and Retirement Longitudinal Study (CHARLS) team at the Peking University for providing data;
  Funding support from the Australian Research Council (ARC), Centre of Excellence in Population Ageing Research (CEPAR), Discovery project (DP160103023), the Centre for Research on Ageing Health and Wellbeing (CRAHW) at the Australian National University (ANU), and the China Social Science Research Funding.
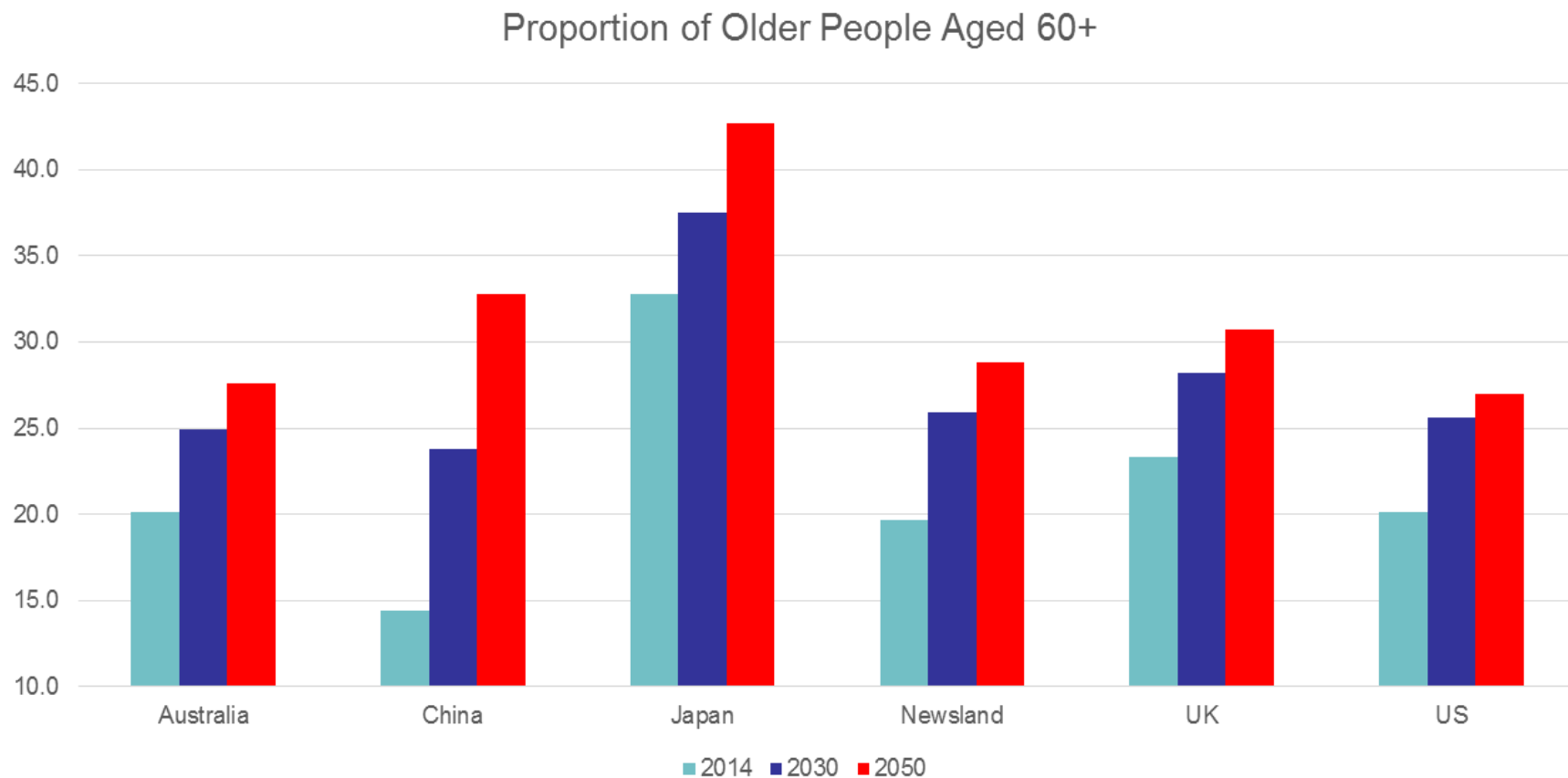
Research questions

- How age pension, and pension type impact on quality of life among older Chinese?

- Can intergenerational transfers and expected future care support from children mediate this impact?

Outline

- Background

- Previous studies

- Data, measurement, method

- Key findings

- Conclusions and policy implications

- Future studies

Background: Population aging

Proportion of Older People Aged 60+

Background: Longevity

- Current mandatory retirement age at 55 for women and 60 for men;

- Additional life expectancy of 23 and 27 years in China for men and women at age 55 (Luo et al 2015).

- How to ageing well? income security, aged care, family support

Aging well with filial piety culture?

- Income security: 88% with at least one pension; annual benefits 700-800 yuan for rural pension, 18,000 yuan for urban residents/retirees; 31200 for government, 34800 for institutional, 22800 for enterprise retirement pension

- Expected aged care support for ADLs: 70.7% yes, 80% from children besides spouse

- Intergenerational transfers: Money provided 14.5%, money received 45%, in-kinds provided 89.3%, in-kinds received 47.7%
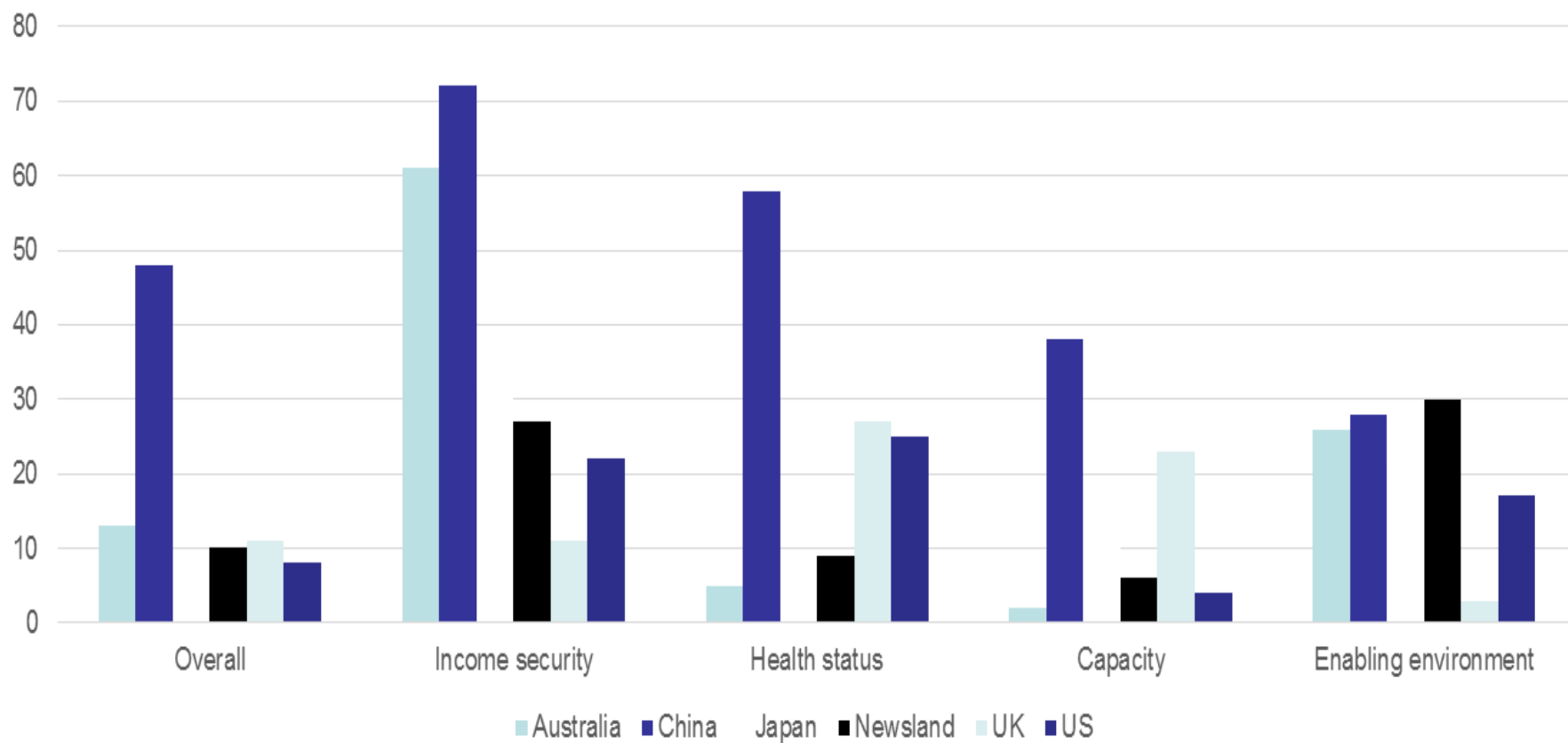
恭祝寿星老人八十寿辰快乐

Global Age Watch Index 2014
Rankings Overall and for Each Domain

Conceptual framework: Quality of life (WHO 2012)

QoL: Adding meaningful years to life

- **Adequate financial circumstance (work, age pension, personal savings/investment, intergenerational transfers)**
- Having health, functioning and independence
- **Social support (expected care support, family)**
- Leisure and social activities
- **Psychological wellbeing (felling well/depression)**
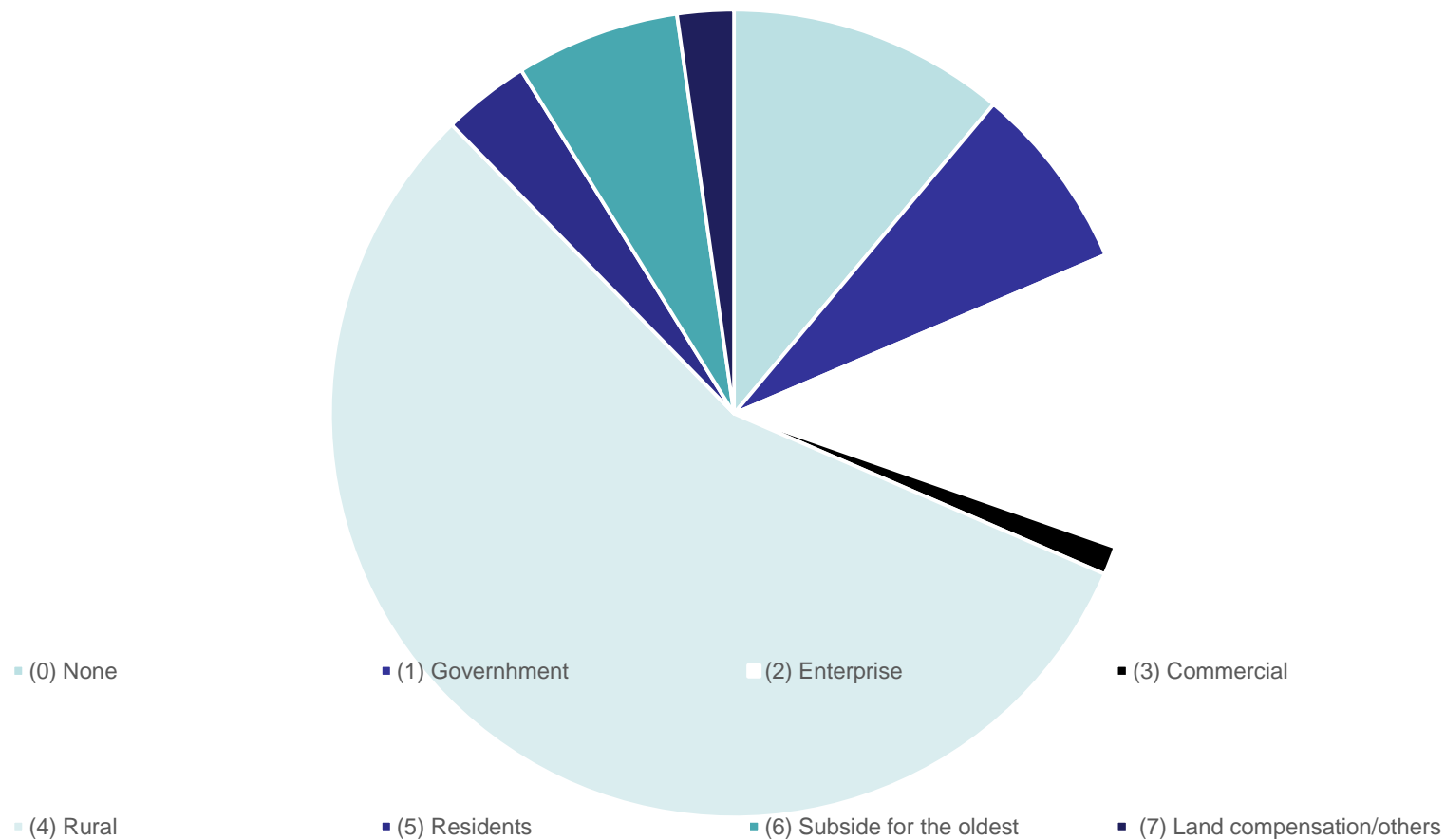
Recent Asian studies (key references)

- International studies (Lee and Smith, 2011 in Korea; Leggett 2012 in Vietnam; and NG and Hamid 2013 in Malaysia etc.);

- Chinese studies (Silverstein et al 2006; Zurlo et al 2014; Lei et al 2014; Shen et al 2014)

- Key findings: subsidy for aged 60 plus in rural area, age pension in urban area, intergenerational dependence (providing/receiving assistance, frequent contacts, expected future care support) are all beneficial to the mental health of older adults, while material hardship increases depression.
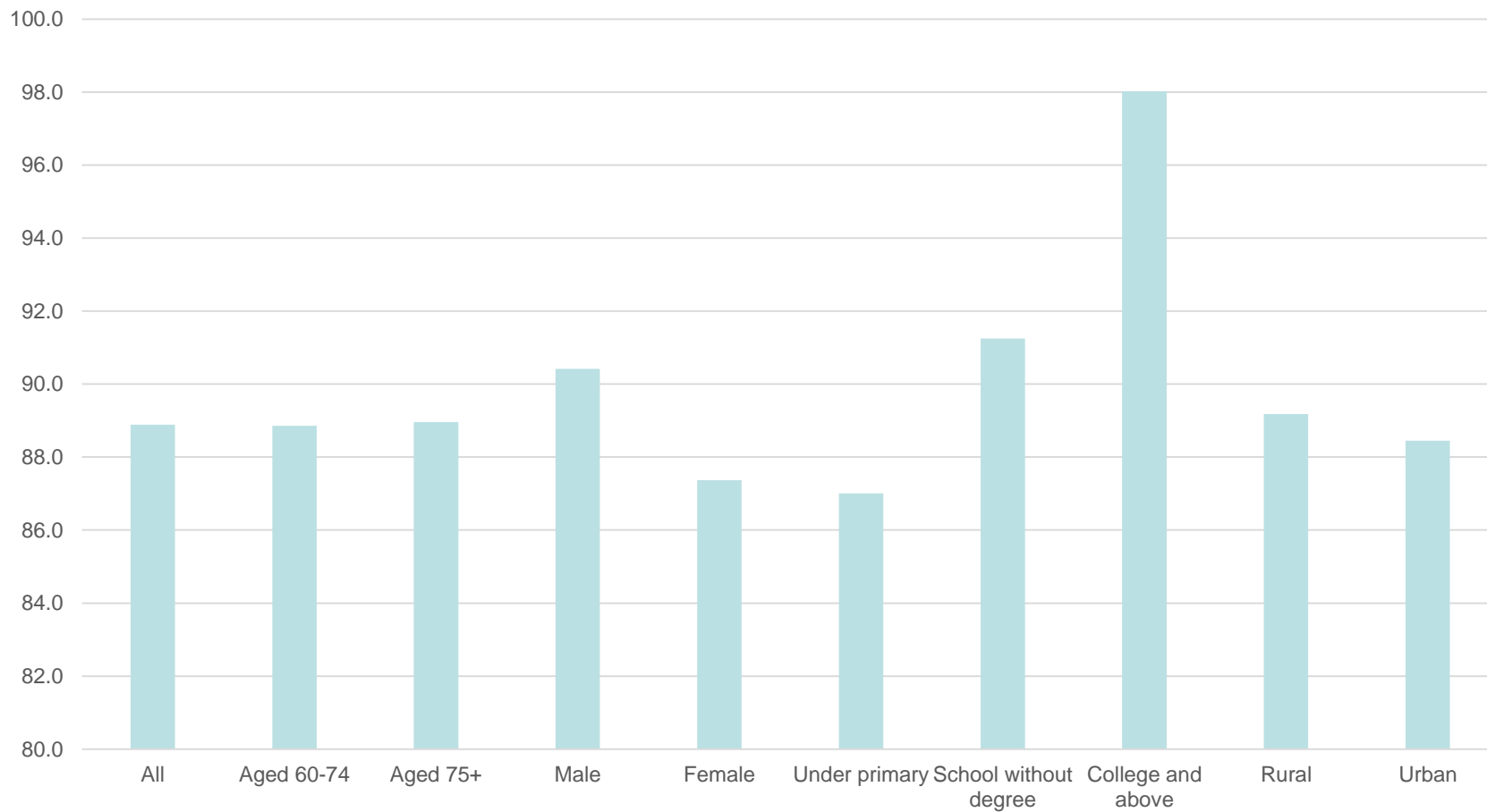
Data and methods

- **Data:** CHARLS 2013 national representative data (18246 respondents aged 45+; 8268 aged 60+)

- **Method**: Spearman correlations, logit,/ordered logit model, Simultaneous model

- **DV1:** Life satisfaction (How satisfied are you with your life-as-a-whole? Completely, very, somewhat, not very, or not at all satisfied?

- DV2: Relative living standard ("Compared to the average living standard of people in your city or county, how would you rate your standard of living relative to those in your city/county: "better'; "worse", 'about same as" the average;

- **DV3: Depression** (CES-D 10): Whether being bothered by things, having trouble concentrating on things, feeling depressed, feeling everything was an effort, not feeling hopeful about future, feeling fearful, having restless sleep, not being happy, feeling lonely or could not get going.

- **Controlling variables:** Age, gender, education, urban/rural residence

Aged 60+, CHARLS 2013	Sampe size	Weighted %
Total sample size	13006	
Mean of age	68.57	69.23
Aged 60-74	7044	75.22
Aged 75+	2269	24.78
Male	4453	49.56
Female	4480	50.44
Under primary	5,123	58.1
School without degree	3,633	40.26
College and above	171	1.64
Rural	5353	59.55
Urban	3583	40.45

Age pention among older Chinese aged 60+, 2013

- (0) None
- (1) Governhment
- (2) Enterprise
- (3) Commercial
- (4) Rural
- (5) Residents
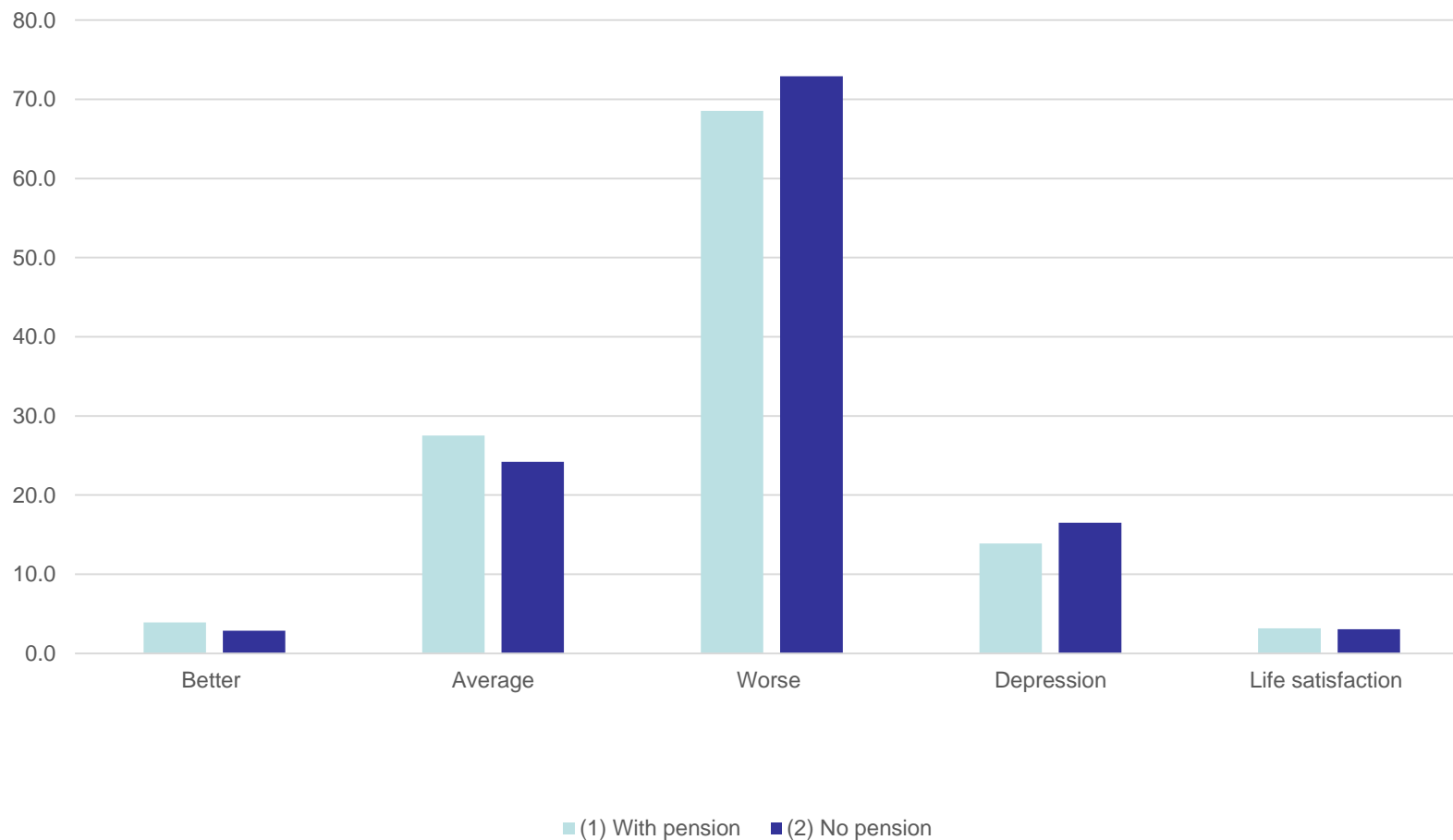- (6) Subside for the oldest
- (7) Land compensation/others

Proportion with age pension by characteristics

	With pension	(1) None	(2) Government	(3) Enterprise	(4) Commercial	(5) Rural	(6) Residents	(7) Subside for the older	(8) Land compensation
All	88.9	11.1	7.5	11.8	1.1	56.2	3.5	6.6	2.3
Aged 60-74	88.9	11.1	6.9	12.0	1.4	57.1	3.8	5.6	2.3
Aged 75+	89.0	11.0	9.2	11.8	0.3	53.2	2.7	9.6	2.2
Male	90.4	9.6	10.9	14.8	1.2	53.1	3.0	5.5	2.1
Female	87.4	12.6	4.1	8.8	1.1	59.3	4.0	7.7	2.5
Under primary	87.0	13.0	2.2	4.7	1.0	66.1	2.9	7.8	2.3
School without degree	91.3	8.8	13.1	21.2	1.3	23.9	4.5	5.1	2.2
College and above	98.0	2.0	56.1	32.7	0.0	5.0	2.2	0.9	1.1
Rural	89.2	10.8	3.0	2.5	1.1	71.1	2.4	7.2	2.0
Urban	88.5	11.6	14.3	25.9	1.3	33.6	5.2	5.6	2.7

Age pension and self-reported quality of life

Spearman correlations	Life satisfaction	Depression	Relative living standard
Life satisfaction	1		
Depression	-0.251	1	
Living standard	0.166	-0.119	1
Age	0.064	-0.020	0.029
Gender	0.004	0.117	-0.029
Education	-0.042	-0.107	0.140
Urban residence	0.025	-0.084	0.167
Self-reported health	0.178	-0.278	0.146
Pension	0.030	-0.038	0.039
Expected care support	0.148	-0.155	0.054
Pension type	0.005	0.044	-0.136

Results from logit/ordered logit models

- Age pension: + life satisfaction, not significant on depression

- Government/institutional pension: Better living standard,

- Expected future care support: + better living standard, + life satisfaction, - depression;

- Receiving in-kinds assistance: - depression,

- Providing money to children: + life satisfaction;

- Expected future care support & intergenerational transfers: mediating impact of age pension at a small magnitude.

DV	Relative living standard		Depression(1=yes, 2=no)		Life satisfaction(1-5)	
Aged 75+	0.202	0.210	-0.372	-0.351	0.220	0.210
Female	0.069	0.010	0.459	0.599	0.019	-0.036
School without degree	0.196	0.043	-0.290	-0.248	-0.244	-0.251
College and above	1.055	0.692	-0.200	0.262	-0.419	-0.360
Urban	0.211	0.302	-0.215	-0.127	-0.021	-0.089
Good self-reported health	0.550	0.454	-1.481	-1.370	0.856	0.803
With pension	0.273	0.408	-0.241	-0.060	0.450	0.406
(1) Government/institutional	0.732	0.698	-0.439	-0.805	-0.061	0.103
(2) Enterprise	0.319	0.318	-0.315	-0.584	-0.100	0.165
(3) Commercial	0.030	0.413	-0.256	-0.203	0.012	0.055
(4) Rural	-0.280	-0.391	0.323	0.418	-0.165	-0.083
(5) Residents	-0.430	-0.519	0.091	0.391	0.035	-0.205
(6) Subside for the oldest	-0.303	-0.329	-0.011	-0.132	-0.166	0.056
(7) Land compensation						
Expected care support		0.264		-0.790		0.689
Money received		0.002		-0.010		0.004
Money provided		0.009		-0.011		0.001
In-kinds received		0.022		-0.133		0.018
Inkinds provided		0.004		0.002		0.003
R-square	0.0419	0.051	0.118	0.148	0.02	0.033

Results from STM model

- Pension and pension type is significantly associated with relative living standard;

- Expected future care support significantly increases life satisfaction while decreases depression.

Estimated coefficients	Life satisfaction	Depression	Relative living standard
Age	0.008	-0.004	0.001
Gender	-0.015	0.064	0.023
Education	-0.067	-0.009	
School without degree			0.087
College and above			0.481
Urban	0.024	-0.031	0.099
Self-rated health	0.286	-0.247	0.026
Life satisfaction		0.223	0.369
Depression			
Relative living standard	-0.043	-0.042	
With pension	0.156	-0.077	0.249
Expected care support	0.214	-0.149	-0.016
Pension type	-0.016	0.007	-0.059

Conclusions and policy implications

- As a middle income and developing country strongly influenced by the Asian traditional filial piety culture, ageing well in China is more about income security and interdependence between generations.

- A universal income protection system, a good combination of family and community care/support will help to achieve the goal of ageing well and improve social equality at late life.

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