Self-Employment in China

In China, self-employment is often a good route to avoiding unemployment, particularly for rural migrant workers. According to the 2005 Census, there were 64 million self-employed people in China. A more recent study by the State Administration for Industry and Commerce (SAIC) showed that China had created 117 million self-employed jobs in 2015, a 47% increase on 2011. These jobs are found in the more populous provinces with over 10 million self-employed in Guangdong alone, 9 million in Hubei, and over 8 million in Shandong. This rapid growth follows reforms to China’s business registration system in 2014 which have supported earlier reforms such as the introduction of Enterprise Annuities to form a second pillar pension system, alongside voluntary private savings. Participation rates, however, remain low. Many of the self-employed are drawn from the 150 million migrants from rural areas who, with a rural hukou (household) registration might find it difficult to access numerous types of urban jobs as well as the urban pensions system. In spite of these difficulties, Chinese self-employed are looking forward to retirement, more than three-quarters (77 percent) associate retirement with positive words such as “opportunity” and “excitement.” They are also very likely to take on responsibility for making sure that they have sufficient income in retirement (77 percent) and they show a good awareness of the need to plan financially for retirement (72 percent).

Key country indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>China (%)</th>
<th>Global (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A of workers are self-employed</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>N/A of self-employed are men</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Official retirement age (when full entitlements are payable)</td>
<td>55 years</td>
<td>55 years</td>
</tr>
<tr>
<td>Median personal income</td>
<td>$17.0k</td>
<td>$17.0k</td>
</tr>
<tr>
<td>Cite positive reasons for becoming self-employed</td>
<td>86%</td>
<td>86%</td>
</tr>
<tr>
<td>Are sole-proprietors</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Will sell their business to prepare for retirement</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

What attitudes and expectations do the self-employed hold toward retirement?

- Confident you will be able to fully retire with a lifestyle you consider comfortable
  - China: 55%
  - Global: 26%

- Proportion that expect to retire at over 65 (includes never)
  - China: 7%
  - Global: 40%

- Envision a flexible transition to retirement
  - China: 70%
  - Global: 69%

How are the self-employed planning and saving for retirement?

- Habitual savers
  - China: 46%
  - Global: 34%

- Have a written retirement strategy
  - China: 16%
  - Global: 13%

- Have a backup plan
  - China: 51%
  - Global: 38%
This country profile is part of the report “Retirement Preparations in a New Age of Self-Employment” and contains research findings from the fifth annual Aegon Retirement Readiness Survey. To read the full report and view videos and infographics, please visit: aegon.com/Self-Employed

Sources:
⁴ http://www.pensionfundsonline.co.uk/content/country-profiles/china/105
⁵ Not included in the OECD Self Employment rate (2015)
⁶ Not included in the OECD Self-Employment, proportion male (2015)

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