

MEMO# 35961

December 16, 2024

China Expands Voluntary Private Pension Scheme Nationwide

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TO: ICI Global Members

Asia Regulatory and Policy Committee SUBJECTS: International/Global Operations

Pension RE: China Expands Voluntary Private Pension Scheme Nationwide

On December 12, 2024, the Chinese authorities released a notice[\[1\]](#) to expand and enhance China's voluntary private pension scheme. From December 15, 2024, the private pension scheme will be implemented nationwide along with enhancements, such as expanding the scope of eligible products and enhancing the flexibility for withdrawals. The notice further encourages commercial banks to strengthen the collaboration with wealth management companies, insurance companies, fund management companies, and fund distributors in participating in the private pension scheme.

First announced by China's State Council in April 2022, the private pension scheme is regarded as a "third pillar" of China's retirement savings system. Participants may invest in a range of eligible financial products, including saving deposits, wealth management products, commercial pension insurance, and mutual funds. The private pension scheme has been piloted in 36 selected cities since November 2022. During the pilot phase, the only eligible mutual fund products were pension target funds that met certain size thresholds.[\[2\]](#) As part of our engagements on pension policies over the past year, ICI had encouraged the Chinese authorities to expand the eligible investment funds under the private pension scheme.

Key enhancements to the private pension scheme as part of the nationwide rollout include:

- Expanding the scope of eligible products: The product scope will be expanded to include (i) specific pension saving products and index products, and (ii) government bonds. In expanding the available fund products, the China Securities Regulatory Commission (CSRC) has added 85 equity index funds to the list of qualified mutual funds for the private pension scheme, including broad-based index funds, dividend index funds, enhanced index funds, and ETF feeder funds.[\[3\]](#) The notice also encourages financial institutions to launch fund products with low-to-medium volatility or absolute return strategies that help meet individuals' long-term retirement needs.

- Exploring the provision of default investment options: Within the existing regulatory requirements and frameworks, financial institutions may provide recommendations on private pension products based on a participant's age, risk preferences, and other relevant factors. The notice further notes that, with participants' consent, financial institutions may explore the provision of default investment options. However, there is no further guidance from the Chinese authorities on default investment options at the current stage.
- Adding new circumstances for early withdrawal: In addition to reaching retirement age, permanent disability, and emigration, participants will be allowed to make early withdrawals from their private pension account if they have critical illnesses, or are receiving minimum living allowance or a certain amount of unemployment insurance benefits. The relevant authorities will provide further implementation guidance on these scenarios.
- Allowing changes in distribution methods: The notice explicitly states that participants now will be able to submit requests to shift between monthly installments, periodic installments, or in one lump sum when they withdraw from their private pension accounts.

ICI will continue to engage with the Chinese authorities on the private pension scheme and related issues following the nationwide rollout.

Lisa Cheng
Director, Public Policy
ICI Global

Notes

[1] Notice from Ministry of Human Resources and Social Security, Ministry of Finance, State Administration of Taxation, National Financial Regulatory Administration, and China Securities Regulatory Commission on Full Implementation of Private Pension Scheme, dated December 10, 2024, available (in Chinese only) at https://www.mohrss.gov.cn/SYrlzyhshbzb/shehuibaozhang/zcwj/202412/t20241212_532221.html.

[2] See ICI Memorandum [34813], dated January 18, 2023, available at <https://www.ici.org/memo34813>.

[3] List of Qualified Mutual Funds under Private Pension Scheme (as of December 12, 2024), available (in Chinese only) at <http://www.csrc.gov.cn/csrc/c101900/c6551799/content.shtml>.