

## The New Rural Pension Scheme and Family Support and Relationship-Perspectives of Older Adults and Their Children in Rural China

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### Abstract

**Objective:** Guided by three theoretical models, this study examined how the formal social insurance policy of the new rural pension scheme (NRPS) in China affected the informal support and relationship between older adults and their adult children as well as among children.

**Methods:** We conducted interviews for older adults in 20 rural families in the center part of China in 2014. Grounded theory approach was used to delineate the codes or themes.

**Results:** The results from the qualitative interview showed that although receiving NRPS reduced poverty among the old adults, it brought decreased financial support and change in instrumental support and structural support from their adult children. It also had complex effects on relationships between the older adults and their children as well as among children.

**Discussion:** These findings indicate that the formal social insurance policy to some extent may disrupt the informal traditional family support for the old adults, which enriches our theoretical and practical understanding of the role and impacts of social insurance in a traditional Chinese cultural context.

**Keywords:** New rural pension scheme; Family support and relationship; Rural China

### Introduction

The provision of old-age social security for the rural elderly in developing nations is of great significance worldwide. It is an issue not only for the protection of this segment of the population, but also for sustainable social and family development [1]. Because contributory plans have proved to be difficult to fully scale up in economies with large informal labor markets [2-4], large segments of the population are not covered by contributory pension schemes in the developing countries. Yet, non-contributory pension scheme does well to beneficiaries in developing nations [5].

China is the largest developing country in the world with the largest rural population [6]. For thousands of years, the traditional family support has been the main way of rural old-age support in China. However, the lack of financial resources of rural families, erosion of traditional values, lack of affordable health care, and urban migration could threaten the fragile family support systems in rural communities [7]. The weakening of traditional family support for the aged has led to the emergence of the institutionalization of the pension model.

Based on a number of pilot studies in selected rural areas, in 2009 China introduced a nationwide, experimental rural social pension plan, the New Rural Pension Scheme (NRPS), and covered 10 percent of rural families in the end of 2009 [8]. In 2012, the NRPS covered 100

percent of rural residents, which was 8 years earlier than the expected 2020 [6]. This involvement of formal pension scheme has major implications not only for millions of old people but also their families living in rural China.

The NRPS consists of two components, a basic pension component, which is the cash transfer, and a personal account component based on contributions from enrolled individuals. The basic pension component is 55 RMB (about \$8.7) per month originally and 70 RMB at present (about US\$11) and is provided by local and central government, which is very close to the poverty line in rural China. It is a kind of non-contributory pension that is the key to the program. Those who are 60 years old and above can receive the benefit from the basic pension without having contributed anything to the program [6]. Taking into account the disparities from region to region, the new scheme allows local governments to adopt a flexible level of personal contribution and commitment. The basic purpose of NRPS is a guaranteed basic benefit and sustainability [6]. The implementation of NRPS fills the blank of social insurance system for rural residents, which makes it a reality for the rural residents having access to social insurance for the first time. This is the vital milestone in the course of the development of Chinese social insurance.

Though the introduction of the formal social insurance system, the traditional family support will continue to play a major force in rural old-age security for a certain time given China's current national conditions, national strength, and rural socio-economic development level [9]. Chinese filial piety culture, such as children caring for the

elderly parents, has played an important role in history for thousands of years. Family members, especially the adult children, are still the main source of support for the elderly in rural areas, and to a large extent the level of support from children decides the level of general welfare of the elderly in rural China [10]. In general, the children share the responsibility for the elderly care, including financial support, daily care and emotional comfort, etc. There is a division of labor regarding who care for the elderly parents between old children and young children, son and daughter [11]. The family support or relationships between the elderly and their adult children as well as among children have an important impact on the quality of life of rural elderly [12]. However, with the introduction of NRPS, it remains unknown how this new pension model affects support and relationship within family in rural China. This topic is important because the study findings may provide evidence or help for developing programs and policies to benefit the elderly individuals, their families, and society through the optimal combination of informal and formal support systems.

### **Pension and family support/relationship**

Family support has been the cornerstone for Chinese older adults, especially rural Chinese elders, throughout history. Regarding the interaction between formal pension and informal family support, study indicated that any kind of formal pension scheme would alter or influence the existing informal eldercare arrangement and family relationships [13]. On the one hand, it was found that the pension helped older parents gain the young generations' respect and care, and strengthened the inner cash transfer function of rural family [14]. On the other hand, some research found that the public pension reduced the possibility of adult children to transfer payment to elderly parent [15,16], crowded out or replace partially the transfer of financial support from adult children [17]. Among the few studies on the China NRPS, it was also showed that NRPS had double sides effect on family support. One study indicated that the new pension plan increased the insured's economic independence and reduces their dependence on the children in terms of economic sources and care [18]. However, Chen and Zeng [19] found the main beneficiaries of NRPS are the children of the elderly.

Family relationship refers to relationship within a family, usually among the elderly and young children. It had been found to be particularly important for the psychological well-being of Chinese older adults [20,21]. However, the existing study on formal pension and informal family support only included the economic effect, with little consideration of the family relationship and emotional conditions. We have very limited information about how this new insurance scheme influenced family relationship in rural China. To the author's knowledge, only one study speculated that the family relationship in general might be improved as a result of improved economic status after the introduction new NRPS in rural China [22]. Studies on this topic from the voice of the older participants are needed. In addition, family relationship is a complex concept that involves a lot of intervening interactions between elder parents and adult children as well as among children. Investigating the affective or relational welfare effect of NRPS among elder people will further current research that focused on financial transfer.

### **Theoretical frameworks**

Three are models of social support can be used to explain the possible mechanism of the association between elders' pension and

intergenerational support and relationship: bargaining power model, need-based model, and the mutual aid or corporate model.

The model of bargaining power is a useful one in interpreting the interaction of pension and family support or relationship. It states that older people can receive support as long as they are still in control of important resources such as money, land, and knowledge [23,24]. Under this framework, with the receipt of pension, the older adult can elicit support from their children because they have pensions as economic resources to bargain and exchange. Some results showed that the pensioners can use the part of the pension to compensate to the living cost of children; in turn the children will offer the care that can't be bought from market [25-27]. Barrientos and Lloyd-Sherlock [14] found that old parents with pension have the ability to finance the young generation on education and training to improve their labor competitiveness, and in turn the young generations are willing to give the elder more respect and care. With receiving this kind of universal non-contributory social pension, the old people will enlarge their abilities and status in family [18], and also shall improve the probability of receiving more support from their adult children.

The need-based model can also be used to explain the association between elders' pension and family support or relationship with adult children. This model contends that children are more likely to provide care when the elderly parents become frail or ill or are in need of financial assistance [28-31]. Furthermore, it states that if children's support is to meet the needs of the parents, parents' receiving of pension can reduce the possibility of transfer payment from adult children [32,33]. Empirical studies have found that the public pension reduced the possibility of transfer payment from adult children [15,16]. Jensen [17] studied the samples from South Africa, and found that a dollar of pension was associated with a reduction of 25-30 cents of intergenerational transfers from adult children. As for NRPS, Chen and Zeng [19] found that a dollar of pension was associated with a reduction of 80.8 cents of intergenerational transfers from adult children.

The mutual aid or corporate model is the third one that can be used to explain the possible association between elders' pension and intergenerational support or relationship. This model regards a Chinese family as a corporate group, following the principle of reciprocity either in the short term or the long term, taking care of each member's needs and maximizing their combined benefits based on the capacity of each member. When old people receive the pension, the public pension transfer may eventually be in the pockets of relatives living in the same house [34]. Studies have shown that pension improved the whole welfare of the family and thus strengthened intergenerational solidarity and transfers [14,35,36].

Guided by three theoretical models, this article attempted to use in-depth interviews to explore how the introduction of NRPS affected the family support and relationship between Chinese rural elders and their adult children. We planned to answer how the formal pension scheme may affect family support from adult children, and [2] how this formal pension scheme influence the relationship between older adults and their adult children as well as amongst children in rural China.

### **Method Study Design**

Given the dearth of relevant research, interview as a qualitative approach was chosen for its powerful dynamics to allow probing ideas and concepts and obtain in-depth information. Respondents in this study were purposefully selected from those who participated in the

survey of ‘The basic situation investigation of New Rural Pension Scheme’, which was collected by the center of social security studies (CSSS) of Wuhan University in 2011 in the region of Tuanfeng County, Yidu County of Hubei Province. These rural areas were the first pilot sites of NRPS carried out in 2009. It could better reflect the influence on family support or relationship between older recipients and their adult children under the influence of NRPS.

Semi-structured in-depth interviews were conducted at these same areas. 14 elder respondents (9 women and 5 men) were purposely chosen for the interview if they met the following criteria: (1) aged 60 or above; (2) received NRPS in the past 12 months; (3) had living children in the time of interview.

Name	Age	Gender	Number of Adult children	Income (Medium/Low)	Pensions (RMB/Month)	Living arrangement
Meng	83	F	1 son, 1 daughter	M	102	Live with elder son
Yu	71	F	3 sons	L	55	Live alone
Zhang	63	F	1 son, 2 daughters	L	55	Live alone
Xu	71	M	3 sons, 1 daughter	M	55	Live alone
Ding	61	F	3 daughters	M	58.6	Live alone
Wang	77	M	1 son, 1 daughter	M	55	Skipped-generation
Bu	73	F	4 sons, 2 daughters	L	55	Skipped-generation
Jiang	60	F	2 sons	L	55	Skipped-generation
Hu	74	M	3 sons 2 daughters	M	55	Live alone
Fu	68	F	1 son, 1 daughter	M	55	Skipped-generation
Gao	78	M	2 sons	L	55	Live alone
Qin	68	F	5 daughters	M	55	Live alone
Cai	77	M	1 son	L	55	Live in senior house
Shuai	63	F	4 sons	L	55	Live with her son

**Table 1:** Demographic information of the older participants.

The adult children (4 sons or daughters-in-law, 2 daughters) of some older participants were also interviewed with the purpose of capturing the perspectives of two generations on the similar topic, which added up to a sample of 20. For selecting the adult children, we followed the principle that if the elders had co-residing children, one of these children would be interviewed. If an elder did not have any co-residing children, we randomly interviewed one child living in the village. If all

the children were migrated to other cities, we interviewed the child who lived most close by. Table 1 shows the information of the older participants interviewed in the study.

The research protocol was approved by the university’s institutional review board. After informing participants of the purpose of the study and obtaining written consent, trained research team members started the interview. Each participant was interviewed individually, typically at the respondent’s home. Each interview lasted 45 to 60 minutes.

### Study instrument

The research team developed a series of guiding questions with structured inquiries, including the following major questions:

- How do you feel about or evaluate the NRPS?
- How do you think the introduction of NRPS influence the support exchange with your adult children in general?
- How do you think this NRPS influence your relationship with your adult children, as well as the family relationship as a whole (i.e. among children)?

After the initial inquiry, remaining questions were based on the flow of the interview. In addition, these guiding questions were supplemented with supporting questions that helped participants elaborate on concepts or provide personal stories to explain their opinions. The guiding questions were effective in garnering detailed information from the participants and helped achieve the research objectives.

### Data analysis

All interviews were audio recorded with consent from participants. After collecting data from the interviews, the digital audios were downloaded to a researcher’s computer and stored in a secure, password-protected system. The audio of the interviews was subsequently transcribed verbatim by three trained students into Mandarin to produce source documents for analysis and interpretation. The Chinese transcripts were then translated into English. Bilingual members of the research team reviewed the translated transcripts for accuracy. English transcripts were reviewed and analyzed by three members of the research team. The study used a grounded theory approach [37] to delineate the codes or themes, and researchers adopted an open-coding approach. Codes for which no evidence was found in the transcripts were removed from subsequent analyses. Three research team members independently coded the group transcripts, after which the team met as a whole to unify the coding strategy. There was agreement on 85% of the codes applied, indicating good reliability [38]. Researchers coded quotations from the transcripts that exemplified a common concept. As additional quotations were coded, these were compared to other similarly coded quotations. This process of comparison enhanced consistency and expanded the dimensions and comprehensiveness of each code. Codes were later combined or synthesized into broader, recurrent themes.

## Results

### Reduced financial support

Financial support is one of the main forms for the adult children to support their old parents in rural China. As an economic supplement, the biggest influence of NRPS is on financial domain. The results showed that the majority participants (both older adults and adult

children) reflected that economic support from the adult children was reduced after older adults got the basic old-age insurance of NRPS. For example, Mrs. Xu mentioned:

“Since my sons knew that I had extra money, they don’t give me money on schedule as usual, I also feel embarrassed to ask them for money……. I understand this. My children work outside (in other cities), and do not have much, either. They need to live and support their own family, their economic burden is heavy” (Mrs. Yu).

Adult children also thought that NRPS was an important contribution to compensate for their financial support to elder parents, so that they can cut their expense on their parents. For example:

“Although the money pension is not so much, my mother told me it was enough to use the pension for purchasing staff. She only needs some food. She is a very frugal, and she even saves up the pension and uses them as pocket money to my sisters’ children and my children for their birthday gifts. But we never accept it. We gave the money back to her. As for the financial support, my sisters and I didn’t give her as much as before after she got the pension” (Qin’s elder daughter).

“Life is not easy for my family. My daughter is studying in University; my son works out in the urban areas to earn money to support my daughter and entire family. …… I take care of my mother and I don’t have any income, and I also need my son to support me. My mom has pension now, so I don’t need to worry about giving her money, just some food” (Mrs. Meng’s eldest son).

### **Instrumental support**

**Almost the same household help or personal care as before:** When we asked older adults whether there were any changes in household help or personal care from their adult children in their daily life after they received the pension money. Some respondents’ answers were “No”. Mrs. Fu’s answer was typical. She said,

“I would take care of myself as long as I can move. There was no change (after the NRPS). This is rural life. We must work to get food from the field……. In rural areas if we are too old to do some farming, we can only depend on our son to give us some food to eat, or take care of us. Most of us must take care of ourselves sometimes. My son and daughter are filial. In some festivals, they will give me some new clothes. If I cannot move one day, I would like to rely on my children. It does not matter whether we have (pension) money or not” (Mrs. Fu).

We asked the same questions to the adult children of the old people. Hu’s eldest son expressed similar opinions regarding the instrumental support from adult children to elderly parents in rural China. He said:

“Usually what we can do is to give parents enough food to eat. Sometimes, we don’t have time to take care of them. Actually, they do not need it now. Here is countryside, and what the old people often do is just staying at home or walking around. We are busy and there are also no things to worry about them. The (pension) money gives my parents the possibility of financial independence, and helps to lessen their worry about their old age support” (Hu’s eldest son).

**Changed contacts or visits:** Regular visits to older adults have changed after they received the NPRS pension according to some older participants. Some elders mentioned that the pension decreased the chances of their children’s visit to them because of fewer need of sending parents food and money. Among the older respondents, Gao complained that:

“I have five children and three of them are sons. I know my sons and daughters have filial piety and they never forget to bring food and money. But after I got pensions, I can feel obviously, my sons and daughters and my grandchildren don’t come to see me as frequently as before. I know they are busy and life is not easy. But what I want is simple. It is just they can come to visit me” (Mr. Gao).

Subtle changes on visiting parents were also noticed by some children after older parents received the NPRS pension. Hu’s daughter told us,

“I have been married. I’m not living with my parents. It’s not so convenient for me to take care of the elderly parents. I have two elder brothers and one younger brother who are supposed to take care of my parents. If I come to see my parents so often now, my sisters-in-law will think that I want to share my father’s pension” (Hu’s daughter).

However, some participants thought that receiving NRPS pension resulted in more personal visits to older adults from their adult children. Qin, a 68-year-old grandmother, had 5 daughters but no son and was widowed recently. Her daughters were taking care of her. Her first daughter told us:

“We get along with each other better than before after my mom has the pension. Now, we (daughters) often go back to visit her together, which was impossible before. We sisters argued frequently before on who and how to support our mother. Since she has the pension now, she can save up enough money for her old age support. We do not have to worry much about that. We just visit her frequently to see how well she is now. Mother told me that she is now happier than before” (Mrs. Qin’s first daughter).

**Structural Support: More likely to live independently:** Some older participants mentioned that receiving NRPS influenced their expectation or behavior of living arrangement with adult children. In general, the results showed that the elders were more likely to live independently rather than co-reside with their adult children after receiving the NPRS pension. For example, Mr. Cai, a 77-year-old grandfather, who now lives in a senior house, sighed:

“I lived in my son’s house two years ago, and my daughter-in-law didn’t like me. Sometimes they would quarrel because of me. As soon as I got the pension, I save up the money and now I would like to live here (all by myself). I do not expect my son give me money. I only hope and expect my grandchildren come here to visit me occasionally. For me, living here together with other elders and playing the chess and chatting is very good!” (Mr. Cai).

He, a 74 years old man, also expressed similar opinions as Cai. Ma, an 83-year-old woman, lived with her son but wanted to live alone. She said:

“My son and my daughter-in-law are very busy. Because I need their personal care, they cannot migrant to urban cities to earn money. However, I have pension money per month now and I think I can hire someone to look after me…….I want to live alone or I can go to the senior house if I feel lonely.” (Mrs. Cai)

Wang had similar thoughts as Mrs. Cai. He told us:

“I will not live with them, not live with them. I will live in my own hut. Now I can get food from farming and save up the pension money. When I get older, I can use the money to support myself. I will not live with them” (Mr. Wang).



The adult children interviewed also showed similar preference for separate residence with their parents in the future. For example, Jiang's son's answer is typical, "It is mainly depending on my mother's opinion herself. According to my opinion, she has the extra money, and she can arrange her own life now."

**Family relationship between elders and adult children:** After receiving NRPS, some participants mentioned no change in family relationship, while others thought more ambivalence or conflict occurred.

**No changes in family relationship:** Half of the respondents mentioned no change to family relationship after receiving NRPS. For example, Mr. Fu said: "Nothing changed. Our relationship is no better, no worse. My relationship with my daughter-in-law is as good as before. We never quarreled. I am not a picky person. I have taken care of their kids. Now I am old and have the little pension money. I can buy some snacks for my great granddaughter using the money. Our relationships are good" (Mr. Fu).

**More ambivalence and conflicts:** However, Mrs. Jiang mentioned more family ambivalence and conflicts occurred because of the pension. She complained to us:

"Outwardly, my daughter-in-law is nicer to me now. I know it is because I have pension now. They don't buy me so much stuff as they used to. Sometimes their little son will ask for money to buy snack, and she will tell him to ask for money from me. If I don't give money to her son, she would look unhappy and make oblique accusations. Sometimes my daughter-in-law even told others I am mean to my grandson (her son). This even makes worse the relationship between my grandson and I (Mrs. Jiang).

Some adult children also expressed opinions on how older parents should spend money on grandchildren after receiving the NRPS pension. Generally, they had the opinion that it is the responsibility of older adults to share their treasure to the members of the family, especially the offspring. For example, Zhang's second daughter-in-law said, "They are their grandchildren who are poor because of farm work. They (older adults) now have the pension. If they do not spend money on my sons, who will?"

## Relationships among children

**Better cohesion:** Since rural old adults generally have multiple children, it is respected that children share the caring responsibility or obligation and take turn to take care of elderly parents. But how to balance the care responsibility has become an issue in practice. After receiving NRPS, how did the family relationship among children change? The results showed that both older adults and their children felt that family relationship among siblings improved. The majority of the adult children agreed that their burden of taking care of their parents was lessened after their parents got the pension. For example, one son of Mrs. Wang said:

"Before my mom received the pension money, my elder brother was in charge of her food cost and I shared the cost of other stuff. It was hard to tell who spend more for my mom, you know. And potential tension and quarrel were always there regarding who should have spent more money in caring our mom.....Now she is saving up the (pension) money. She told us she will use the money to buy what she needs and do not need us to spend money for her. She also would like to give the saved money to us after she died. My brother and I are happy about this" (Younger son of Mrs. Wang).

**New tension among children:** However, a large number of children also implied pension is too little to be shared among siblings, and thus new tension could be brought up by this sharing. According to Mr. Wang's daughter-in-law:

"My husband is the oldest son. We are expected to take care of my father-in law when he gets old and we had done this before. Now he had pension money, and the other children come to see him to show their filial piety, including his daughter. How do you think about this? You know, married daughter is splashed water. Why did she do this strange thing?" (Mr. Wang's daughter-in-law).

## Discussions

In this paper, we conducted interviews among older adults and their adult children to explore how receiving NRPS influenced family support and relationship of older adults in rural China. The results showed that NRPS has mixed influences on the support that the elders received from their adult children, the relationships between the elders and adult children as well as among children.

First, receiving NRPS influenced family support from adult children in both positive and negative ways. Our results showed that some adult children reduced their financial support for parents because they thought NRPS was an important income source for their old parents. This finding is congruent with the need-based model theory. Adult children usually provide support to help parents to meet minimum living standard. Once the basic needs of the elderly are met, children would reduce their support expenses. This finding also reflects the reality of rural China where family members, especially adult children, are stressed by the strain of meeting the basic needs of their elders. The income of adult children is low, and they faced the pressure to raise their own offspring. Most adult children are struggling financially themselves and earn barely enough to make ends meet in rural China. Therefore, their support to their parents is usually at a very low level, even with very strong filial norms to provide for their parents [20]. When older parents receive pension regularly, it is thus reasonable for adult children to reduce their financial support to parents.

With regard to instrumental support from adult children, there were not so many changes on household help or personal care after receiving the pension money. But the regular visits or contact changed to some extent. As for structural support, the elders thought they would be more likely to live independently than co-reside with their adult children when the NRPS pension gave them the possibility to live alone. The older participants felt more independent because the pension gave them a steady source of income. Our findings are in accordance with Pezzin et al. [39] and Cheng et al. [18] in regard to the influence of pension on structural and instrumental support.

Secondly, different perspectives were found regarding to the family relationship between older adults and their adult children. Some participants mentioned no obvious changes in parent-child relationship after receiving the pension, while others felt more family ambivalence and conflicts because of the pension. Similarly, different opinions were also found regarding to the family relationship among children. Some children participants felt improved relationship with parents because of lessened burden to share responsibility of taking care of older parents among siblings. This finding supports corporate/mutual support aid model where family works as a unite to promote the well-being of the whole family [34-36]. Other adult children, however, felt new tension came out because of the pension. The tension might be partially explained by two reasons. First, it is perhaps related

to the Chinese unique culture of supporting younger generation by older adults. In China, people always take it for granted that the older parents should spend money on children or their offspring. If the pension is given to the offspring as the adult children expected, they would treat it as normal. If the elderly doesn't give the pension to the young offspring, this will cause adult children's discomfort, and make the family relationship worse. This finding is not consistent with power/bargaining model in that the older generation did not elicit support from their children because they have pensions as economic resources to bargain and exchange. On the contrary, the limited pension becomes a fighting source among children, especially from daughters-in-law. Second, it is related to sharing or inherit of parent's resources, such as pension, among sons and daughters. China is a male dominated society with only sons carrying on the family name and inheriting the family fortune. Though the amount of pension is limited in amount, it is still treated as a source of income in poor region of rural China. When daughters accidentally or purposely show intention to share the pension, it generally causes tensions or conflict with sons.

### Study limitations and implications

We applied the semi-structured in-depth interviews in this study and collected qualitative data. We thus cannot control other variables, such as age, gender, education and income, etc. when examining the influence of pension on family support and relationship. In addition, this sample came from one province of China. The results thus cannot be representative of other rural areas of China due to the huge heterogeneity in economic development and other aspects within China.

Despite of these limitations, the present study enriches our theoretical and practical understanding of the role and impacts of social pension in a traditional Chinese cultural context. In addition, the study findings have some research findings that warrant our attention for policy and program development.

First, there is a need to improve the basic pension standards. China's new rural pension scheme provides very low pension benefits to most recipients at present. As the participants mentioned, the small amount pension money did help them pay for some essential items; however, it is still not enough in amount for covering the elderly's basic living cost. Given China's current fast and promising level of economic development, it is very practically feasible that China could afford to provide a higher minimum benefit to its rural old population.

Second, government still needs to pay attention to the role of family members in supporting parents in old age. Though our study found the NRPS had complex effects on family support and relations with adult children, family support is and still will be the corner stone of old age support for rural Chinese elders. With the fast social and economic development in rural China, the function of family members will be gradually blurred, and the full-scale implementation of NRPS will eventually become the core mechanism of China's rural old-age support security system. But family support should always be encouraged and promoted as a part of the old-age support security system in rural China.

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