

Research on Financial Fund Investment of Basic Old-Age Service Industry and Related Countermeasures

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Abstract: *With ageing society continues to deepen, Survival and development of the elderly people has become the focus of the whole society in China, in the end of 2020, there are more than 250 million people over the age of 60 in China, accounting for one 5 of the population. In recent years, retirement services industry development is rapid, and China also set up a basic retirement services industry system. At the same time, a series of policies related to elderly people have been introduced, involving population policy, social security and other livelihood issues. However, problems such as insufficient supply of old-age service and products, imperfect fiscal and tax policies for old-age service, and unbalanced development among regions remain prominent. The development of elderly care services cannot be separated from financial support, and the construction of basic retirement service system need more capital input, also the core guarantees of basic old-age service are the investment and payment system construction. Therefore, this paper studies the financial fund problems of the basic old-age service industry and puts forward corresponding countermeasures.*

Keywords: *Basic old-age service industry, financial funds, policies*

1. Introduction

In recent years, the development of the elderly care service industry improved rapidly, governments have actively respond to the problem of aging population, and build a pension policy system to provide kindly social environment to elderly people, also, the new commercial pension insurance and social security system should be put forward. Generally speaking, the expenditure related to the elderly care service industry is mainly divided into general public finance and social insurance fund expenditure. From the perspective of fiscal expenditure structure, the aging expenditure in China's public finance shows an obvious growth trend, among which old-age welfare expenditure mainly consists of three parts: old-age welfare paid by the Ministry of Civil Affairs, pension subsidies of enterprises and public institutions, and the subsidies for old-age insurance for urban workers and urban and rural residents. Since 2016, China's old-age insurance subsidies for rural and urban residents have increased rapidly, but there are still some problems in financial investment.

2. Problems Existing in Financial Investment of Basic Old-Age Service Industry

One problem is, the governments have insufficient investment of old-age service system, and there are few local supporting facilities for old-age service. The annual investments amount the central pension service system is set, and limited subsidies will be provided to projects declared by local governments. The short fall will be made up by local governments' fiscal and social capital. Therefore, the local financial capacity of less developed areas is relatively weak, and there is a certain difficulty in the realization of the local supporting investment by the central government, especially in the county and municipal finance, there is a bigger funding gap. The matching between financial capital input and service demand is different, mainly reflected in the following aspects:

First, there is insufficient investment of basic old-age care facilities in communities. The construction and operation of community-based basic old-age care service centers and other old-age care service facilities are mostly in the charge of grassroots governments.

Second, there is a lack of correct guidance for investment in community basic old-age services. For example, due to the lack of financial support, many residential renovation projects for aging have not

made substantial progress. In addition, there is a lack of coordinated support policies for the construction of medical beds in great demand, and special financial support for the configuration of basic home elderly care facilities in short supply, such as automatic lifting equipment configuration of old buildings, and the construction of basic elderly care service professionals, as well as other special subsidies.

Third, policy coverage is insufficient. At present, many kinds of financial funds of basic old-age service system in China have limited effect in meeting the needs of the elderly population for basic old-age service.

3. The Lack of Purchasing Power of The Elderly Population

The lack of purchasing power of the elderly group affects the supply of basic old-age services. In order to cope with the increasingly severe problem of aging population, more economic resources, human resources and medical resources need to be invested. However, the mechanism for government, market and society to jointly deal with population aging has not yet been formed. A lot of resources and economic expenditure flow to the critically elderly patients, increasing the economic pressure on the government, also the burden on basic old-age insurance funds has increased, and the government needs to provide a large amount of subsidies every year. Because some old-age residents' lack of property income, the elderly in rural areas and those in cities who have lost their basic ability to work mainly rely on their children's support and social assistance for their basic needs. The problems of "getting old before getting rich" and the low purchasing power of residents aggravate the difficulty and complexity of the supply of basic old-age services.

In recent years, the policy orientation of encouraging the introduction of private capital to invest in basic elderly care services has become clearer, such as giving priority to land supply, preferential tax treatment and fiscal subsidies.

These policies are supply-side policies with clear directions and help to enhance the market supply of basic old-age services. But on the one hand, the policy is not enough to generate sufficient interest space, on the other hand, the formation of large-scale pension service market needs to be based on the premise of sufficient demand, which can produce responsive supply under the pull of demand. At present, the basic old-age services that Chinese elderly people mainly pay attention to nursing and caregiving services, which are rigid demands. Therefore, relevant supportive policies should focus more on this area, highlighting the guidance of supply, but also pay attention to increase the purchasing power level of the elderly in demand side.

4. The Way to Solve the Pension Service Fund Problem

Funds for the construction of social basic old-age service system need to be solved through multiple channels. Therefore, the position of government, market and family in the construction of basic old-age service system should be clear. We should give full play to the leading role of the government, guide the active participation of diversified subjects, and give full play to the role of the market. And also we should actively guide and encourage enterprises, charitable organizations and other social forces to increase their input in basic elderly care services through various forms such as land guarantee, credit support, financial discount interest and government procurement. Table 1 is financial input forms and specific projects of basic old-age services. Government departments should fulfill their functions and responsibilities in providing basic public services, and strengthen their responsibilities in developing the basic old-age service system, and allocate special fiscal funds to support the development of basic public welfare old-age service facilities. The Ministry of Civil Affairs should increase capital input and give priority to the construction of the social basic old-age service system, while the elderly group should save their pension funds in advance.

Table 1: Financial input forms and specific projects of basic old-age services

Financial input forms	Projects	Sources of funding
Financial investment	nursing home	General public budget expenditure, lottery public welfare fund
	Construction of facilities for the elderly	The combination of fiscal and social funds

Fiscal subsidy	Subsidies	General public budget expenditure
	Basic living allowance	
	Subsidies for basic old-age insurance funds	
Special fund	Special funds to promote the development of the service sector	General public budget expenditure, lottery public welfare fund
Government purchase	Home-based elderly care services	
	Community services	

4.1 Optimize the Investment Structure of Basic Old-Age Services

We should adjust the way of approving subsidies for the construction of basic old-age service institutions, and change the way of approving subsidies based solely on the number of beds to the way of giving fixed subsidies based on the type of institutions, and giving preference to public welfare bed institutions and medical bed institutions. The central government should adjust different regional areas of basic pension investment scheme. The regional differences, the basis of combining regional gap elderly population scale, the pension institution beds and local factors such as financial condition should be considered in order to improve the rationality and accuracy of financial investment distribution.

4.2 Improve the Use of Financial Funds

In the construction of the basic elderly care service system, finance at all levels should set up special fund investment, welfare lottery public, welfare fund and budgetary subsidy fund investment. Therefore, special funds for the construction of basic elderly care service system should be established at the central and provincial levels respectively to enhance the guidance and support of financial superiors to subordinates. And a binding target of "fiscal investment level in the construction of a basic old-age service system" should be established, which is linked to per capita GDP and per capita fiscal revenue, to ensure that fiscal funds play a major role in supporting public welfare basic old-age services.

4.3 Attract Private Capital to Increase Investment

The government should coordinate the responsibilities of various departments, and consider the actual situation to formulate preferential policies and implement relevant policies of the basic old-age service industry. At the same time, the government need to improve the fiscal subsidy mechanism to treat both public and private basic old-age care institutions equally, and take the content and target of services as the basis of subsidy standards. And also it is necessary to increase the rental subsidy of business sites, and separate the land use index of basic old-age service facilities, so as to increase the supply of housing land for old-age facilities, and encourage enterprises to plan and build these facilities by using idle housing and stock housing. In addition, government should also invest more financial and material resources into community-based old-age service facilities. Meanwhile, government should encourage private capital to invest in home and community basic old-age service and give policy support, so as to promote rental and chain community-based basic service facilities to develop into new operation modes. To ensure the implementation of land policies for the elderly, government need to make full use of training centers and idle resort resources to promote the market-oriented transformation of basic elderly service institutions.

5. Conclusion

Public welfare basic old-age service facilities should rely on the government's investment and give full play to the government's guarantee function, and also the government should guide private capital to operate through policy provisions. In the investment process of pension cooperation projects, it is necessary to improve the decision-making mechanism of public-private cooperation model, at the same time, it is necessary to clarify the service objects and scope, funding methods, conditions and standards of basic civil pension institutions. In addition, according to the actual investment returns of different basic pension service projects, scientific government fund support plan and scale should be formulated, and appropriate project compensation mechanism should be established to share risks. Local governments should actively explore diversified financial support channels, guide enterprises and

industries to invest funds in the basic old-age service industry, and expand the leverage effect of financial funds.

Combined with the current financial support situation of basic old-age service and facilities, this paper discusses several questions about the basic pension financial subsidy policies, to establish an effective social security system and financial service system, it is necessary to establish a scientific and feasible local government financial subsidy mechanism, and play a positive role in promoting the future research.

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