

# Research on the Impact of Urban and Rural Residents' Basic Pension Insurance System on Children's Intergenerational Support

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## Abstract

**With the changes in the social structure and the acceleration of the aging process, the elderly have become one of the hot issues that people pay attention to and discuss. At present, family pension based on children's intergenerational support is still the main pension model. The elderly depend on the financial support, life care and spiritual comfort provided by their children in their later years. Although the establishment of the social security system has greatly reduced the pressure on the family to provide for the elderly, the inherent urban-rural dual structure restricts the fairness and efficiency of the pension system. In order to solve the problem of uneven and insufficient urban and rural development, the State Council established a basic old-age insurance system for urban and rural residents to form a joint force with family pensions to meet the basic needs of the elderly while improving the quality of life in their later years. In the process of interaction between the two, what effect does the basic pension insurance system for urban and rural residents have on the intergenerational support of their children? How does the basic pension insurance system for urban and rural residents affect their children's intergenerational support? It has become a topic of common concern between the academic com.**

## Keywords

**Intergenerational Support; Urban Residential Insurance Family Pension; Introdumunity and the Government.**

## 1. Introduction

The elderly are an important part of the family and society, as well as an indispensable stage in the "normal" life cycle of everyone. Concern for the elderly and related issues exists in all historical periods, and is closely related to each family member and the entire human society. In traditional societies since modern times, based on ethics and excellent traditional culture, children supporting their parents as an expression of affection and love, the problem of aging is usually solved within the family by means of intergenerational support. How to realize the beautiful vision of "providing the elderly" is related to the globalization of national development and the welfare of hundreds of millions of people. It is one of the challenges that the government urgently needs to solve in the new era. For a long time, the family is still the basic unit to provide elderly care services, and the children are still the main undertakers of informal care. The traditional intergenerational relationship is still the basis and prerequisite for the family to provide for the elderly. The family provides a good security mechanism for the elderly in their later years. However, as the proportion of the elderly population continues to increase, coupled with industrialization, urbanization, increased mobility of family members, changes in the size of the family structure, and women's extensive participation in the labor market, changes in the social environment have created huge challenges for family care for the elderly. The burden is heavier and the traditional ethics and morals that family care for the

elderly rely on are becoming weaker. The increase in support costs has led to a downward trend in the care resources provided by children. Family care for the elderly is facing huge challenges.

## 2. Theoretical Model and Research Hypothesis

Under the traditional family pension model, intergenerational economic support for children is the main source of elderly parents' life in their later years. The total utility of the family under the altruistic model depends on the utility of each member of the family. When parents give up everything for raising their children when they are young, and when they fall into poverty due to the loss of working ability in old age, it is difficult to maintain a basic life. In order to maximize the total utility of the family and the maximization of personal utility, the children will complement each other for old age. People provide stable and safe old-age security. With the establishment and improvement of the social endowment insurance system, the elderly no longer rely solely on the intergenerational economic support of their children, and socialized welfare has increased the economic income level of the elderly. In other respects, the increase in income reduces to a certain extent the probability and amount of their children's intergenerational economic support, and the economic resources that parents obtain from their children decrease. Therefore, the research hypothesis 1: the basic pension insurance of urban and rural residents is negatively correlated with their children's intergenerational economic support behavior. The basic adoptive parents of urban and rural residents provide basic intergenerational economic support to maintain the basic needs of their parents. Therefore, the behavior of children providing intergenerational economic support has an altruistic tendency. However, the changes in the social macro-environment and the coreization of the family structure have increased the burden of supporting children, coupled with the gradual weakening of traditional social ethics, and relying on family support alone is far from sufficient to guarantee the basic living needs of the elderly. In this context, socialized old-age care intervenes within the family, and old insurance has a clear "crowding effect" on the intergenerational economic support of children, that is, compared with the uninsured elderly, the intergenerational economic support of the children of the insured elderly The probability of the behavior has decreased.

Based on the exchange motivation, the family plays an important role in the annuity market. The family's intergenerational support behavior is not entirely motivated by altruism, but may only be a manifestation of the family's risk-sharing attributes. Therefore, intergenerational support is based on the consideration of exchange motives. Whether it is the life care support or spiritual comfort provided by the children, or the intergenerational support that parents give to their children in the form of education as the main form, they are all based on the consideration of the rational economic man theory; in the short term, children may choose to live with their parents. On the one hand, due to traditional ethical and moral concepts, it is considered that supporting parents is their obligation; on the other hand, children's life care support is used as a bargaining chip and price in exchange for parents to take care of their grandchildren and young children. The offspring who receive more intergenerational support bear far more pension responsibilities than others. Therefore, separation of family ethics and family affection, intergenerational support is considered to be for the purpose of exchange. Social welfare increases the old housework to a certain extent. In the long run, parents may help their children share the burden of raising children and devote themselves to careers, in exchange for their children's future responsibility for supporting themselves. Parents' contributions in middle age need to be repaid in old age, and young people have resources at their disposal. Improve self-support ability, reduce labor supply, and have more leisure time to share the life pressure of children, and expand the scope of participation in exchanges. Under the exchange motive, the more the elderly give, the more intergenerational support their

children receive. Based on this, hypothesis 2: urban and rural residents' basic old-age insurance increases the elderly's disposable resources, improves the elderly's ability to pay, and expands the scope of participation in exchange. At the same time, based on the compensation for economic support, it will correspondingly increase intergenerational care support and spirituality. Consolation support. Therefore, the basic old-age insurance for urban and rural residents has a "crowding in" effect on intergenerational care support and spiritual comfort support.

As the most profound traditional culture in our country, Confucian culture has always been regarded as the moral code and code of conduct for individuals and families. In urban and rural areas, the concept of raising children and preventing the elderly is deeply rooted in the hearts of the people. On the one hand, it is because of the maintenance of the relationship between children, and is willing to create conditions for them to devote themselves to their careers and share the pressure of raising children; on the other hand, for their own emotional needs and exchanges. On the premise of child support and return, most of the elderly take the initiative to take care of their grandchildren, and even engage in non-agricultural work to reduce the burden on their children. A large number of studies have shown that pension income will release the constraints of funds and reduce labor supply. The reduction of labor supply time will increase the leisure time of the elderly to some extent, such as helping children with housework and caring Grandchildren and so on. Zhou Xianbo and Li Qin (2018) studied the old people participating in the new rural endowment insurance and caring for their grandchildren, and found that the new rural insurance policy promotes the transfer of public expenditures, promotes the reallocation of family resources, and the increase in pensions eases the financial constraints of the elderly, thereby increasing the care time for grandchildren, and intergenerational support for children may be used as the cost of providing grandchild care services to the elderly. In addition, the study of Wang Yiqiu and Chen Qingxia (2017) also confirmed that receiving the new agricultural and maintenance pension has a "squeeze in" effect on intergenerational support, while increasing the financial support and time care of the elderly for their grandchildren, as well as intergenerational support for children. There is also a positive correlation with the time spent in the care of elderly grandchildren. Based on this, hypothesis 3: There is a mediating effect between the basic old-age insurance for urban and rural residents and intergenerational support, that is, it will affect the intergenerational support of children through the mediating variable of the care time of grandchildren.

### **3. Variable Assignment and Model Establishment**

#### **3.1. Data Source and Variable Assignment**

The source of the data in this article is the 2018 China Elderly Health Influencing Factors Tracking Survey data (abbreviated as CLHLS). The questionnaire consists of a survival questionnaire and a questionnaire for the family members of the deceased. The survival questionnaire includes the basic status of the elderly and the family, the source of income and economic status, self-evaluation of health and quality of life, cognitive function, daily activity ability, lifestyle, etc. On the one hand, the survey content of the questionnaire for the family members of the deceased mainly includes the time and cause of death of the elderly. A total of 5273 valid samples were finally obtained through screening and elimination.

The explanatory variable selected in this paper is children's intergenerational support (mainly refers to the one-way intergenerational he elderly and the family economic status. Individual characteristics: mainly include the age, gender, marital status, education level, number of children, living style and self-rated health status of the elderly. The economic status of a family mainly refers to the total family income in the past year. Studies have found that the elderly will ease financial constraints due to pension insurance, and increase the care time for children

while doing housework. Intergenerational support may be the cost of providing housework and grandchildren care services to the elderly. Therefore, the intermediary variable selected in this article is "Do you currently do housework and take care of your grandchildren" to measure.

Research model support those children give to elderly parents. Intergenerational support is mainly divided into three dimensions: intergenerational economic support, intergenerational life care and spiritual comfort. The explanatory variable selected in this paper is the basic pension insurance for urban and rural residents. It is mainly measured by "whether you participate in pension insurance". Children's intergenerational support is not only affected by the individual characteristics of the elderly, but also by various external factors. Therefore, the control variables mainly include two parts: the individual characteristics of the elderly and the family economic status. Individual characteristics: mainly include the age, gender, marital status, education level, number of children, living style and self-rated health status of the elderly. The economic status of a family mainly refers to the total family income in the past year. Studies have found that the elderly will ease financial constraints due to pension insurance, and increase the care time for children while doing housework. Intergenerational support may be the cost of providing housework and grandchildren care services to the elderly. Therefore, the intermediary variable selected in this article is "Do you currently do housework and take care of your grandchildren" to measure.

### 3.2. Least Squares Method

The least squares method (OLS) is mainly used to estimate the parameters of linear regression. The minimum value of the sum of squared differences between the actual value and the model estimate is used as the parameter estimate. As the name suggests, the best function match of the data is found by minimizing the sum of squared errors. Based on the attributes and types of the variables, the independent variable specifically refers to the basic old-age insurance for urban and rural residents, which is a categorical variable; the dependent variable child intergenerational support is divided into three dimensions: economic support, life care, and spiritual comfort, which are continuous variables or categorical variables. Therefore, by establishing an OLS regression model, analyze the impact of urban and rural residents' basic pension insurance on children's intergenerational support. The model is set as follows:

$$Y_i = \beta_0 + \beta_1 insurance_i + \beta_2 X_i + \mu_i$$

### 3.3. Analysis of Empirical Results

(1) The impact of basic endowment insurance for urban and rural residents on intergenerational support for their children.

Through regression analysis of the impact of urban and rural residents' basic pension insurance on children's intergenerational support, it can be seen: Model 1 is the impact of urban and rural residents' basic pension insurance on children's intergenerational economic support. The regression results show that urban and rural residents' basic pension insurance is at the level of 5%. Significantly negative. The basic pension insurance for urban and rural residents has a negative correlation with the intergenerational economic support of their children. That is, the basic pension insurance for urban and rural residents has a significant crowding-out effect on the intergenerational economic support for their children. Compared with the uninsured groups, the basic pension insurance for urban and rural residents provides participants with certain material economic support. It has certain feasibility and effectiveness in supplementing the intergenerational economic support for children. Participate in the basic pension insurance for urban and rural residents. Reduce children's transfer payments to parents to a certain extent; marital status is significantly negative at the 5% level. Compared with elderly parents with divorced, widowed, and unmarried marital status, elderly parents with normal marital status get their children's intergenerational status. The probability of financial support is

greater; the living method is significantly positive at the 1% level. The probability of obtaining the intergenerational economy of their children is much lower for elderly parents who choose to live with their family members. The reason is to make up for the difference. Elderly parents' debts and high pension expenses; the family's annual total income is significantly positive at the 1% level. The more the family's annual total income, the more the family's disposable resources, and the probability that elderly parents will receive their children's intergenerational economic support It is also bigger; age, gender, number of children, education level, self-rated health, smoking and main source of life have no significant effect on children's intergenerational economic support.

**Table 1.** OLS benchmark regression

Variables	1 Financial	2 Daily	3 communicate
Insurance	-1,792** (-2.03)	2.360* (1.67)	0.0250** (1.96)
Age	-46.21 (-0.06)	10.62*** (8.94)	0.0671*** (6.24)
Sex	906.9 (0.88)	1.004 (0.61)	0.0238 (1.60)
Marriage	-2,211** (-2.03)	19.10*** (11.01)	0.0641*** (4.08)
Children	-60.97 (-0.25)	0.366 (0.93)	-0.00127 (-0.36)
Living	4,776*** (4.74)	-19.09*** (-11.88)	0.0257* (1.77)
Health	672.0 (1.40)	0.161 (0.21)	0.0309*** (4.48)
Education	-200.6 (-0.23)	-3.198** (-2.28)	-0.0460*** (-3.63)
Smoke	642.3 (0.50)	2.817 (1.38)	-0.0235 (-1.27)
Source of life	-320.1 (-1.49)	-0.670* (-1.95)	0.00656** (2.11)
Income	2,086*** (7.16)	0.241 (0.52)	-0.00339 (-0.81)
Constant	-13,644*** (-2.71)	-13.14 (-1.64)	0.794*** (10.94)
R-squared	0.015	0.097	0.042

t-statistics in parentheses; \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Model 2 is the impact of urban and rural residents' basic old-age insurance on the intergenerational life care of their children. The regression results show that the basic old-age insurance for urban and rural residents is significantly positive at the 10% level, and there is a positive correlation between the basic old-age insurance for urban and rural residents and the intergenerational life care of their children. That is, the basic endowment insurance for urban and rural residents has a clear squeeze-in effect on the intergenerational life care of their children. On the one hand, due to the financial support deficit, on the other hand, adult children

use care support as a bargaining chip and price in exchange for parents to take care of their grandchildren. For the labor of generations and household chores, social welfare will increase the disposable resources of the elderly to a certain extent, improve the self-support ability, reduce labor supply, and have more leisure time to share the life pressure of their children. For the purpose of exchange, adult children will increase their Life care support for elderly parents; age is significantly positive at the 1% level. As the age increases, physical function gradually declines, and elderly parents receive more support for the life care of their children; marital status is significantly positive at 1% level, relatively For married elderly parents, elderly parents with other marital status receive more support for intergenerational life care for their children. This is because the elderly spouse provides support for life care; the living style is significantly negative at the 1% level, compared with Elderly parents who choose an elderly care institution, and elderly parents who choose to live alone or with their children receive more support for life care. If an elderly care institution has professional nursing staff to take care of life, it will have a crowding out effect on the life care of their children; the education level is 5 Significantly negative at the% level. The higher the level of education, the less the child's intergenerational life care support; the main source of livelihood is significantly negative at the 10% level. The main source of life is negatively correlated with the child's life care support; gender, The number of children, self-rated health, smoking or not, and the family's annual total income have no significant impact on the children's life care support.

Model 3 is the impact of the basic pension insurance for urban and rural residents on spiritual comfort support. The regression results show that the basic pension insurance for urban and rural residents is significantly positive at the 5% level, that is, the basic pension insurance for urban and rural residents has a crowding-in effect on spiritual comfort support. On the one hand, according to Maslow's hierarchy of needs theory, when the primary needs of the elderly (physiological needs, safety needs) are met, elderly parents will be more inclined to pursue higher-level needs (social needs, respectful needs, and self-realization needs). On the one hand, in order to make up for the financial deficit, children will increase the frequency of contact and increase emotional support; age is significantly positive at the 1% level. As life expectancy increases, the older you get, the more spiritual comfort and support you get ; Marital status is significantly positive at the 1% level. Compared with married elderly parents, elderly parents with other marital status receive more intergenerational spiritual comfort support for their children. The reason is that the spouse provides certain emotional support; The method is significantly positive at the 10% level. Compared with choosing to live with their children, elderly parents who choose to live alone or in an elderly care institution are more likely to obtain spiritual comfort from their children. The possible reason is that living with their parents for a long time will cause a certain boredom. Secondly, due to the mentality of indebtedness, it will increase the emotional support for elderly parents living alone and in nursing institutions; self-rated health is significantly positive at the level of 1%. The worse the self-rated health, the more spiritual comfort support they receive; the education level is 1 Significantly negative at the% level. The higher the level of education, the lower the probability that elderly parents will receive spiritual comfort. The level of education and spiritual comfort support are significantly negatively correlated; the main source of life is significantly positive at the 5% level, gender, children The number, smoking status, and total annual family income have no significant effect on children's intergenerational spiritual comfort support.

#### 4. Policy Recommendations

This study believes that in order to realize the old-age security and maximize the pension benefits, we need to start from the following aspects:

1. Expand the coverage of endowment insurance, improve the level of endowment insurance benefits, and improve the construction of supporting facilities for the endowment

At this stage, the basic old-age insurance system for urban and rural residents in my country mainly embodies the characteristics of "inclusiveness". Pension payment is mainly based on government subsidies. Individual payment incentives are insufficient and payment grades are low. This further reduces the level of basic old-age insurance benefits for urban and rural residents. Under the condition of ensuring the balance of fiscal revenue and expenditure, the government should increase subsidies to basic pension accounts, raise the level of payment, and at the same time strengthen the participation mechanism, and strengthen the concept of "pay more and pay less", in order to increase the number of senior citizens. The availability of institutional resources can further reduce the pressure on children's intergenerational economic support, change the current situation of relying solely on children's intergenerational support, and realize the dignity and meaningful self-sufficiency of the elderly.

2. Strengthen the construction of ethics and morals, and give full play to the protection function of the family for the elderly

Although the basic pension insurance system for urban and rural residents "crowds out" children's intergenerational economic support and partially replaces the guarantee of children's intergenerational economic support, it cannot meet the needs of life care and emotional aspects. Parents' life care after they are old and emotional needs can only be met from the children, and the family plays an irreplaceable role in ensuring intergenerational emotional communication. Based on this, the government should attach importance to the role of the family in old-age security, strengthen family capacity building, and strengthen the inheritance of traditional cultures such as "filial piety, respect and love for the elderly". Give full play to the family's role in life care and emotional protection, effectively complement socialized elderly care, and meet the growing elderly needs for elderly care.

3. Promote the development of market-oriented and socialized pension industry

With the development of society and the gradual increase in the urbanization rate, more and more young and middle-aged people in rural areas enter urban life, the living distance between children and their parents has gradually expanded, and the convenience of children taking care of their parents has decreased. The socialized endowment insurance system only increases the disposable income of the elderly in the form of economy, and its economic attributes cannot replace children's life care and spiritual care. The protection function of family pension life care and spiritual comfort cannot be fully utilized due to space constraints. The satisfaction of material needs has stimulated the needs of life care and emotional comfort of the elderly. Therefore, while improving the construction of the socialized pension insurance system, the government needs to strongly support the development of the socialized and market-oriented pension industry that meets the spiritual and cultural needs and life care of the elderly, meets the needs of the elderly, and maintains the harmonious development of family intergenerational relationships. To solve the problem of elderly care for the elderly and fully guarantee the welfare of the elderly, we cannot rely solely on social or family support for the elderly. It requires the joint efforts of the society and the family.

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