

Research on the Innovation of Investment Management Mode of Social Security Fund

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Abstract

It is a new topic that the establishment of the social security fund investment management model suitable for China's national conditions which need a constant, exploration, innovation, exploration process. Through continuous practice and exploration, the National Council for social security fund since its inception, gradually establish a social security fund investment mode with China's special national reserve type, including securities trust management model, overseas securities investment mode, mode of equity investment fund, industrial direct investment model and entrusted with the management mode. These models have great reference value to the investment management of the social insurance fund in our country, especially in the capital market, the trustee mode of the stock market and the management mode of the individual account.

Keywords: *Investment Philosophy, Management Mode, Social Security Fund, Innovation.*

1. Introduction

The problem of the aging population and the reform of the social security system have become the most concerned problems in the world. In China, through the social pension system providing security for the elderly is the beginning of the reform and opening up, which is still quite short history. Because there is a large population in our country, a weak, economic underdevelopment of the basic national conditions and the increasingly serious population aging problem determines the social pension business process more difficult, and it is facing a series of challenges in the development of Chinese old-age insurance system.

The speed of population aging is accelerated, and the burden of pension is very heavy. Related research also shows that China's population aging rate is much higher than the world average. The future aging population of our country is very large, the proportion of the aging population is very high, and the aging population grows very fast.

This means that in the future for a long period of time, one is the need to support a lot of the elderly, the burden is very heavy. Faced with the proportion of the elderly population and the proportion of the elderly population, the proportion of the labor force gradually increase the

adverse conditions. It is more important to share to each of the labor force on the duty of care than ever. The pension burden continued rapid increase is very fierce and this is just the start of a long China facing a severe test of the pension system.

Narrow coverage is only part of the plight of the basic old-age insurance and another problem is that historical burden not only the accumulation of pension funds in opposite. With the increasing degree of population aging in China, the gap of the income and expenditure of the pension is increasing, which needs to take measures to properly solve the historical burden of the basic old-age insurance barrier, and realize the advance accumulation of pension fund. Otherwise, we will face greater difficulties in the aging population peak period.

Faced with the grim situation of social security, the Chinese government began to plan the future pension problem solutions. In such a context, the Chinese government has made a decision to build a national social security fund, from a variety of channels to raise funds, as the country's long-term strategic reserves, mainly for the development of social security.

2. The Investment Philosophy of National Social Security Fund

The operation of the national social security fund for the operation of the direct operation and the board of directors are combined in the same way. Since its establishment in 2000, the national social security fund has gradually formed the following basic concepts in the practice of stock investment.

2.1 Value investment idea

Social security fund liked to invest in stocks in the promotion of value investment philosophy. Council for stock investment adhere to the relationship between the intrinsic value and the market price of the ups and downs of correctly handling the investment object, investment value as the criteria for the selection of investments, to find and realize the value of the investment as the primary work of the investment, rather than relying on the concept

of speculation and insider information to carry out the investment.

2.2 Long term investment idea

In accordance with the expected debt structure, the national social security fund will be in dispute over the years after the occurrence of expenditure. Its liability period is longer, in the short term to pay less pressure. To adapt to the characteristics of such assets and liabilities, the social security fund established the concept of long-term investment in stocks. It requires the social security fund must set up long-term investment objectives, must be around the long-term investment objectives of the implementation of long-term investment strategy, and in a longer period of time to invest in the implementation of the assessment and assessment. The stock investment of social security funds looks at the long-term benefits of sharing the growth of the national economy, with a view to sharing the results of the healthy development of the stock market. Social security fund stock of long-term investment philosophy, making it won't take a short-term investment behavior, does not rely on the stock market, the ups and downs of the speculation profits on the contrary, it is a stable force in the stock market. The stock market is similar to the long-term investment institutions such as social security funds, the greater the amount of long-term funds, the development of the stock market will be more stable.

2.3 Responsibility investment idea

Responsibility for the investment philosophy of requirements of social security fund will do a responsible stock investors, embodied in the following aspects the in terms of economic development, the investment of the National Social Security Fund (NSSF stressed should have a correct understanding of promoting economic development and the relationship between investment income. The result of economic growth is the basic source of income of pension investment, and promote the development of the economy is conducive to the accumulation of pension. The social security fund will give full play to the unique advantage of its huge size and long-term investment, China's macro economy healthy development, due diligence and the second in the stock market, social security fund investment emphasizes to maintain the health of the stock market of our country sustainable development. With the social security fund assets accounted for the proportion of the market value of the stock market continues to expand, the impact of social security fund income levels will gradually shift from investment strategies and skills to the level of development of the stock market. The operation framework of investment philosophy with investment norms guided the

behavior of the stock market with professional and standardization of business process model agency investment style and resisted all the harm of the market mechanism promoting the health and development of the stock market of our country.

3. The Innovation of Investment Management Mode on National Social Security Fund

3.1 Securities investment mode

The Social Security Trust Fund - managed investment mode is in the contract on the basis of discretionary, the social security fund will according to the requirements of the overall asset investment strategy, design and development of investment products, through an open tender, in the securities market choose the most suitable investment managers to invest in the operation. As a principal, the social security fund shall exercise supervision over the operation of the investment manager, and the investment manager shall have the right to engage in investment decisions independently. At the same time, choose to meet the requirements of the domestic commercial banks as custodians of managed delegate investment funds, to ensure the safety of fund.

The social security fund innovation principal managed investment makes the main body of the social security fund investment by social security fund will variable for the market of professional investment managers, and the social security fund stock investment completely become a kind of market behavior, through professional investment managers according to the independent judgment of the securities market supply and demand conditions, to minimize the risk and return the largest investment target, take fully autonomous decision-making to achieve. The stock of entrusted investment is not only to the market with different investment strategies and effective configuration of investment style of investment managers, well using the professional power in the market to realize the value of the social security fund, and to strengthen the government of the social security fund and the supervision, highlighting the supervision of the board of investment managers investment operation, to avoid the capital market is not perfect under the conditions of various non-standard investment behavior.

3.2 Overseas securities investment model

National social security fund to invest overseas sources of funds in the form of foreign exchange in foreign countries have a share of the proceeds. Single national social security fund overseas investment management to the management of the national social security fund entrusted investment assets issued in an institution odd securities

and funds. But the social security fund to entrust an overseas NSSF investment manager to the identity of the institutional investors to participate in overseas listing placements and placing the orientation and the social security fund will hold its shares entrusted to the operation of the national social security fund investment overseas investment management person, without restriction.

Social security fund will begin the selection of global investment management work, in accordance with the principles of fairness, impartiality, follow the international practice and professional requirements, the social security fund will through expert selection panel interview reassessment of scientific selection. National social security fund to invest in overseas investment channels to broaden the social security fund, diversification of investment risk, the realization of the value of social security funds to preserve and increase the value, is of great significance.

3.3 Equity investment fund model

Equity investment fund for enterprises to explore potential, integration enterprise resource, enhance enterprise value role in recent decades of practice has been the social common cognitive and its rich returns also makes the envy of the world unceasingly, and equity investment fund by many funds in hot pursuit. China's industrial development has reached a comprehensive upgrade technology level, the integration of production capacity, improve the efficiency of the allocation of resources, the development of equity investment funds in China is very important. The national social security fund and participate in the establishment of the equity investment fund, on the development of equity investment funds has important significance, from the perspective of social security funds to preserve and increase the value point of view, is conducive to the expansion of social security funds to preserve and increase the value-added channels, to realize the social security fund a diversified portfolio, scattered investment risk, from the social security fund management external, is to increase the direct financing channels, is conducive to long-term funds to preserve and increase the value, is conducive to the cultivation of the high quality of the listed companies, but also conducive to promoting capital in China's orderly, two-way, effective flow. To this end, the national authorities and the Social Security Fund Council on the national social security fund to participate in equity investment funds are positive and beneficial results of rich exploration and practice.

3.4 Industrial direct investment model

Entrusted investment management mode is refers to the Council for social security fund as a trustee using its in the

field of social security investment investment, management experience and successful operation of various investment platform, other types of all kinds of social security fund investment management agent, included in the operation of social security fund system, unified investment management. In accordance with the regulations, set up by the direct leadership of the National Council for social security fund, the core function is management of the national social security fund and fiduciary investment management mode is to meet the needs of social security reform and development, and personal accounts of how to invest the operation successful exploration is an extension of the National Council for social security fund investment management function.

Social security fund for the entrusted operation of the individual account fund promises more favorable rate of return, and can use the national social security fund risk reserve fund to achieve the promised yield during the settlement period, according to the accounting earnings per year. The amount of the accounting income is calculated as a percentage of the promised yield plus 50% of the excess return. Excess revenue, the other 50% included in the individual account fund risk reserve settlement period, if the fund compared with an operating profit rate is higher than the promised rate of return, according to the funds over the same period operating income rate of income distribution if funds over the same period operating income rate is lower than the promised rate of return, according to promise benefits distribution rate of profits, part of the problem by the national social security fund risk reserve to be replenished.

The Social Security Fund Quarterly, annual to the Ministry of finance, human resources and social security department submit the financial report of the fund and investment management report, on an annual basis to the Ministry of finance, the Ministry of human resources and social security submitted to the personal account fund net assets and earnings rate, and copy to the relevant pilot designated by the government departments. And regularly to the public fund investment situation, accept the supervision of the relevant departments.

4. Conclusions

To gradually establish and perfect the social security fund investment management mode at the same time, the fund's investment performance also showed better performance. On the one hand it shows that the adaptability of the Council to build investment management mode, on the other hand also it shows that gradually increase the Council's management ability, good results were achieved in the perfect management mechanism, expand the scale of

funds, and increase the investment return, hedge fund interests and so on.

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