CURRENT POLICY OF PENSION REFORM IN UKRAINE: PROBLEMS AND PROSPECTS

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Annotation. The article deals with practical aspects of the functioning of the pension system of Ukraine, identifies the key problems and risks of pension reform policy. It was analyzed the activity of the Pension Fund of Ukraine; attention was focused on the necessity of a search of new sources of its financing and financial stability increase. There were substantiated the necessity of reforming the solidarity pension system, creation of a cumulative system of compulsory state pension insurance and development of a voluntary non-state pension provision system.

Keywords: pension, pension insurance, pension system, pension policy, Pension Fund of Ukraine, solidarity pension system, accumulative pension system, voluntary pension insurance system.

An important component of social protection is the effectiveness of the pension policy, which affects population's welfare. The current critical level of the Ukrainian pension system financing requires its fundamental reformation. The goal of the research is to identify the main problems and risks of modern pension reform in Ukraine, taking into account national political, economic and demographic realities.

The pension system of Ukraine is financially unstable. Thus, for the last ten years there has been an annual deficit of the Pension Fund of Ukraine (PFU), which was covered from the state budget. The increase in the deficit of the PFU’s budget was a result of low wages, a reduction in the number of insured persons and insurers, as well as an increase in debts of a single social contribution in the Pension Fund.

The new stage of pension reform in Ukraine is associated with a change of government in 2016. The main changes in this phase were related to the recalculation of pensions using modern indicators of salary base and strengthening requirements for insurance period. However, the results of the analysis of the pension payments dynamics over the past five years in terms of US dollars showed that during this period the average pension in Ukraine decreased by one and a half times.

One of the most problematic issues of pension reform in Ukraine is the retirement age. Nowadays in the pension system of Ukraine for 10 payers of insurance premiums there are 13 pensioners, therefore raising the retirement age is an important condition for effective pension reform.

An analysis of the functioning of the pension insurance system in Ukraine showed that in the conditions of existence of only the first level, i.e., the solidarity pension system, it is quite impossible to improve the pension provision of citizens. The solidarity system works efficiently, only if there are 10—12 % pensioners of total population, and in Ukraine pensioners by age make up 30 % of the total population. This factor indicates the need to lay the foundation for creating additional sources of retirement benefits.

The results of the research led to the conclusion that reforms only in the pension system will not have an effect without improving the economy and the entire system of public finances. First of all, the state must provide necessary conditions for the work of the individuals of future pension provision by providing opportunities for obtaining
decent wages and, as a result, a decent pension in the future. Taking into account domestic and foreign experience in providing pensions to the population, further reformation of the pension system of Ukraine should include such measures as: adopting a legislative decision on the gradual increase of the retirement age for women and men up to 65 years, which will ensure equal conditions for access to minimum guarantees through gender unification criteria of insurance experience; improvement of the formula of an insurance pension, search for an optimal combination of indicators of earnings and seniority, their differentiated assessment; introduction of mandatory accumulation pensions with the payment of additional contributions; structural reform of the solidarity system and its transformation into a three-tier modern European pension system.

References


