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## Pension provision in Ukraine: current problems and the experience of some EU States

### Пенсійне забезпечення в Україні: сучасні проблеми та досвід окремих країн ЄС

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#### Abstract

The purpose of the article is to identify the problems faced by the pension system of Ukraine and to study the European experience to overcome them. Research results. The levels of pension provision in Ukraine were determined. The analysis of the current state of pension provision was carried out, and the primary problems affecting it were identified. Draft laws on the introduction of accumulative pension provision were considered, which should solve the issue of the deficit of the Pension Fund budget. Practical meaning. The positive experience of the implementation of pension reforms in some European countries, their stages and features were studied. Value/originality. The ways to overcome certain problems related to the introduction of accumulative pension provision in our country were proposed.

**Keywords:** pension provision, pension system, solidarity system, accumulation system, pension reform.

#### Анотація

Метою статті є визначення проблем, з якими стикнулася система пенсійного забезпечення України, та вивчення європейського досвіду для їх подолання. Результати дослідження. Визначено рівні пенсійного забезпечення в Україні. Проведено аналіз стану пенсійного забезпечення сьогодні, встановлено першочергові проблеми, які на нього впливають. Розглянуто законопроекти щодо впровадження накопичувального пенсійного забезпечення, які б мали вирішити питання дефіциту бюджету Пенсійного фонду. Практичне значення. Вивчено позитивний досвід впровадження пенсійних реформ у деяких європейських країнах, їх етапи та особливості. Цінність/оригінальність. Запропоновано шляхи подолання окремих проблем, пов'язаних із впровадженням накопичувального пенсійного забезпечення у нашій країні.

**Ключові слова:** пенсійне забезпечення, пенсійна система, солідарна система, накопичувальна система, пенсійна реформа.

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## Introduction

Nowadays, the pension fund is a huge burden for our country. As a result of difficult demographic situation, which has existed since the independence of Ukraine and gets worse every year, and with the beginning of a full-scale war, it has generally reached catastrophic proportions; currently there is actually one working person for each pensioner. If we speak in the language of numbers, then, for example, if the first receives UAH 10,000, less than UAH 2,000 is expelled from his (her) salary to the Pension Fund. If we consider that a number of people have a minimum wage (which is what taxes are levied on), and the rest of the salary is received in "envelopes", and some categories of pensioners receive increased payments, then the final amount turns out to be quite meager, and it is simply impossible to survive on it in modern realities. As a result of the current situation, the Fund has been borrowing money from the State for years, and today it owes 74 billion hryvnias.

There were times when Ukrainians received a pension in the amount of 60% of their salary, but now this indicator has decreased to 30%. If this continues, then in 2050, it will drop to 20%, or maybe 10% - Ukrainian and foreign experts have different forecasts (Hromliuk, 2021).

Currently, Ukraine has a solidarity system of mandatory state pension insurance, i.e. obligatory fees are paid to the Pension Fund out of all wages, which are then individually distributed among pensioners. However, this system works when there are many workers and few pensioners. In the conditions of the aging of the nation (especially rapid), it ceases to be effective, and there is a need to search for alternative options. In Ukraine, the option of individual pension provision (or mandatory accumulative pension provision), when each person saves for his (her) future pension account, has been discussed for a long time. However, in case of a sudden transition to a new pension system, two categories will be affected: pensioners who are currently receiving payments at the expense of working people – they will stop receiving money altogether; people who are working now will not receive anything for previous years of work, because they have already had money deducted from the wages already paid to modern pensioners.

At the same time, the pension system of European countries is designed to protect pensioners from poverty and ensure high living standard. For example, Europe is also witnessing

an ageing population, however, it was possible to carry out effective and timely reforms there, which made it possible to modernize it and bring it into line with the challenges of modernity.

Therefore, the purpose of our article is to outline the problems faced by the pension system of Ukraine and to study the European experience to overcome them.

## Literature Review

A sufficient number of theoretical studies has been devoted to the concept of "pension provision", but research is still ongoing, because in the process of functioning, the model of the pension provision requires constant improvement and, as a result, its content and structure change. Therefore, in order to most fully reveal its essence, it is necessary to conduct an analysis of scientific works in this sphere.

Lopakov (2011) emphasizes the duality of the nature of pension provision, which lies in the fact that, along with distribution depending on the volume and quality of work in the past, there is also allocation according to the needs of citizens.

Investigating the issue of pension provision, Danyliuk (2012, p. 258) notes that its essence is manifested in various aspects: legal, social, economic and financial ones. From a legal point of view, pension provision is a set of legislative acts and by-laws regulating pension relations. Its social essence lies in creating the system of protection of the disabled part of the population from social risks (loss of working capacity because of age, disability, loss of a breadwinner, etc.). In the economic context, pension provision is defined as a part of the national income, which is used to support the disabled population in the event of the occurrence of the above-mentioned insurance events. The financial component of pension provision lies in the formation of appropriate state and non-state pension funds.

Didkovska (2012) offers to study this issue in a broad and narrow sense. Pension provision in a broad sense is considered as a set of monetary relations aimed at the formation and use of financial resources of social purpose and part of the funds of the budgets of different levels of the budget system for compensation of losses in the income of citizens who have reached the age of incapacity for work, received a disability or in connection with a loss breadwinner. Pension provision of citizens in the narrow sense is one of

the forms of pension provision in general, which is carried out at the expense of budget funds to all citizens who need assistance, upon receiving the status of disabled, etc.

Therefore, pension provision is a complex of legislative, economic, social and moral guarantees for the elderly, thanks to which equal conditions are created for all members of society, ensuring a socially acceptable quality of their life. On the one hand, pension provision is a functional system (a system of areas of activity), on the other one – an institutional system (a system of institutions providing it) (Buriachenko, 2017).

As pension insurance and pension reform became central topics of policy debate, they became central to the foreign literature on well-being and its formation.

For pension insurance systems as such, the reforms of the last years of the 20th century called into question both the "theory of regimes" and the Bismarck-Beveridge classification, new studies arose with the aim of managing new reforms (Myles & Quadagno, 2000), and creating new pension regimes (Bonoli, 2003).

The idea of institutionally limited and common path-oriented reforms was proposed by Pezier and Schneller (2011) in their study of pension reforms in England and the USA. The main problem is that the established welfare support systems are very difficult to change because of the expectations of the population that they generate. In the arena of pension policy, this refers to the expectations of some individuals, as well as specific groups and associations that have significant influence on policy decisions.

European countries are reforming their own pension insurance systems for the third time since the post-war period, taking into account the high dynamics of transformational processes in the economies of the countries of the world in general and unfavorable forecast and actual demographic indicators. Modern international practice is such that in most countries there are combined pension systems that join state distributive, as well as mandatory and voluntary accumulation elements. The mixed type of pension system is the most effective in terms of financial stability and the level of pensions paid (Stalebrink, 2014).

According to data from the Organization for Economic Cooperation and Development (OECD, 2015), from 2013 to the end of 2015, 26

countries made changes to their pension systems, out of a total of 34 that are part of it. In 9 countries these were reforms affecting the majority of the population. In others, the changes affected certain groups of employees (for example, the private or public sector) or the pensioners themselves.

### Methodology

The validity of theoretical provisions, recommendations for further scientific development of the topic, the reliability of research results is ensured using a set of philosophical, general and special scientific methods applied in the research.

Dialectical method was used to analyze the system of pension provision in Ukraine and to identify its specifics and features.

Structural and systemic method made it possible to single out the levels of pension provision in Ukraine.

Historical method enabled to reveal the peculiarities of functioning of the institution of pension provision on the current stage of Ukraine's development and before the war.

With the help of formal methods, the main definitions used in the study (pension provision, pension system, pension, etc.) were formulated.

Normative and dogmatic method was useful when studying legal instruments regulating the issue of pension provision in our country.

Comparative and legal method made it possible to compare the peculiarities of pension systems of some European countries, the features of their introduction and evolution.

Statistical and sociological methods are used for the purpose of analysis and generalization of empirical information related to the research topic.

Modeling method was applied to formulate proposals on the possibility of using foreign experience taking into account the current situation in our country.

### Results and Discussion

The pension system in Ukraine consists of three levels.

The first level is solidarity system of compulsory state pension insurance, which is based on the principles of solidarity and subsidization and the payment of pensions and the provision of social services at the expense of the Pension Fund under the conditions and in the manner prescribed by law.

The second level is cumulative system of compulsory state pension insurance, which is based on the principles of accumulation of funds of insured persons in the Accumulation Fund or in the relevant non-state pension funds – actors of the second level of the pension system and financing the costs of life pension insurance and one-time pensions payments on the terms and in the manner prescribed by law.

The third level is the system of non-state pension provision, which is based on the principles of voluntary participation of citizens, employers and their associations in the formation of pension savings in order for citizens to receive pension payments under the conditions and in the order provided by the legislation on non-state pension provision (Law of Ukraine No. 1058-IV, 2003).

So far in Ukraine there is a solidarity system, which actually does not work. A year before the full-scale invasion, there were 1.5 workers per 1 pensioner. After the full-scale invasion, about 8 million people left our country – mostly women of working age and children who will remain in the future to work for the economy of a foreign country. The future of pensions will depend on how many people return home, and as sociological research shows, at least half of the citizens express a desire to stay abroad. At the same time, people of disabled age from Ukraine almost did not leave. The situation is worsened by the fact that after the end of hostilities, many people will not be able to work due to injuries and mutilations, and therefore, they will have nothing to pay to the Pension Fund.

The cumulative system in Ukraine has been discussed for a long time – since 2004. In 2019, Rada a Draft Law "On mandatory cumulative pension provision" No. 2683 was submitted to the Verkhovna. The draft law was supposed to establish mandatory participation in the cumulative pension provision scheme of all categories of working persons until they reach retirement age and involve employers in paying pension contributions on a parity basis.

Thus, it was planned that employers would pay 2% of the employees' wages, and system participants (employed persons) would pay

contributions in the amount of 1 % of wages (income). At the request of the employee, the size of his (her) independent contributions can be increased. The employer is obliged to proportionally supplement the employee's contributions with his (her) own contributions in the amount of up to 5% of the salary of such an employee.

The bill offers a composite model of the cumulative pension system, which provides for the accumulation of inputs in the Pension Treasury, the involvement of the Central Administrator to reduce the cost and consolidate services for the administration of personalized accounts of the members of the Pension Treasury, as well as in non-state pension funds admitted to the second standard of the said scheme through authorization.

It was assumed that the participants of the system will have the right to receive one-time payments, accelerated payments, program payments, lifetime pensions at the expense of the funds of the accumulative pension system.

Ultimately, the main task of the bill is to establish cumulative pension system, which should be:

- simple and understandable for system participants, including the same conditions of access for all categories of persons who are system participants;
- cheap, including measures to consolidate certain functions and limit the maximum amount of expenses reimbursed from the assets of the participants;
- reliable, which involves the establishment of prudent investment principles and effective risk management systems when conducting transactions with pension assets (Draft Law of Ukraine No. 2683, 2019).

In 2021, there was an attempt to consider this draft law, but the document did not gain the support of deputies – it was sent for the second first reading, for which 311 people's deputies voted. In November 2022, the Verkhovna Rada postponed the consideration of the bill for an indefinite period.

At that time, experts and employers criticized the proposed innovations, violent discussions raged in society. In particular, it was criticized that in the absence of a developed stock market in the country, there would be nowhere to invest, so that funds could multiply and be protected from inflation. Experts also expressed doubts that the savings of Ukrainians will really be reliably

protected in non-state pension funds (Zhyrii, 2023).

On April 17, 2023, the Draft Law on Cumulative Pension Provision No. 9212 (2023) was registered in the Parliament. According to the published document, it is envisaged to establish mandatory participation in the cumulative pension system of all categories of working persons before they reach the age of 55 and mandatory payment of retirement fees by employers in favor of such employees.

Employers will pay 1% in 2023, 1.5% - in 2024, 2% - in 2025 of the amount of wages of employee. At the request of the latter, the amount of his (her) fees can be increased. The state will co-fund such payments on principles of parity within 3 % of the moderate salary. Funds of the cumulative system, according to the draft law, are the property of system participants in the amount accumulated in their individual accumulative pension accounts, and in the event of a person's death, ownership of pension savings passes to the heirs.

Asset governing of non-governmental retirement funds will be carried out by authorized asset management companies. From 2026, system participants will be able to independently choose the fund, in which they will form their retirement savings. The latter are saved from depreciation by investing in more conservative financial instruments.

Having studied the specified Bill, the Ministry of Finance of Ukraine (2023) notes that State budget expenditures for the implementation of the provisions of the act will amount to UAH 45.6 billion in 2024 (under current conditions). In addition, its performance will require additional funds from the State budget for the creation of an authorized pension fund, as well as for wages and logistics for the activities of the Board of the authorized pension fund, the amount of which cannot be determined due to the lack of initial data.

Under martial law and difficult financial and economic condition in the country, the implementation of the act will divert funds from a limited financial resource necessary to fulfill the urgent needs of the State, which require priority provision, namely: for the needs of the army, the defense ability of Ukraine, the protection of the safety of the population, support the most vulnerable segments of the population, medical care, etc. In addition, Ukraine signed the Memorandum on Economic and Financial Policy

until 2027 with the International Monetary Fund, which provides for a number of quantitative and indicative goals, structural beacons, the fulfillment of which is a guarantee of trust in Ukraine and the basis of close international relations. Therefore, first of all, it is necessary to discuss the issue of possible support for the incorporation of the cumulative system with the representatives of the International Monetary Fund.

The Pension Fund of Ukraine (2023) does not support the draft law in the proposed version, because its norms change the structure of the pension system and the functions and duties of the Pension Fund of Ukraine. Proposal for the creation on the basis of the State Register of mandatory state social insurance of the Unified Social Register, contains gaps in the legal regulation, primarily regarding the definition of the purpose and structure of the latter, the use of its data, and the absence of transitional provisions regarding its implementation will create a conflict in the implementation of the relevant provisions.

The content and procedures of information exchange need to be detailed; there is no legal certainty regarding the administrator of the Unified Social Register, since the Bill contains contradictory definitions and the order of authorization. The proposed method of establishing and the size of the single contribution will cause a decrease in income from its payment for pension insurance, which necessitates the simultaneous legislative provision of compensators for losses of the Pension Fund of Ukraine budget, etc.

In this regard, the State Tax Service of Ukraine (2023) observes that the issue of introducing the second level of the pension scheme should be considered only after an objective determination of the growth of the country's economy, which will enable effective allocation and using the funds of the mandatory cumulative pension provision, because otherwise the collected funds will not give the desired profit for normal functioning of this system, which will lead to the discrediting of its very idea and reputational losses of the State. These risks only increase in the conditions of the economic crisis caused by war in Ukraine.

It is worth noting that during the period of the State's independence, this is already the fifth draft law that deals with cumulative pension provision; in addition, draft laws No. 2683 and No. 9212 are practically identical, that is, the

initiators of the latter did not consider the comments made to its "predecessor", which is why they encountered problems and negative conclusions during its consideration. The main problem that prevents the adoption of the document is the extremely difficult economic situation in Ukraine, which has significantly worsened against the background of hostilities.

At the same time, our pension system really requires reform; according to forecasts by 2050, the ratio between the population of retirement and working age will almost double. In addition, the future of the pension system and the economy in general will be determined by three factors: how long the war will last; how many Ukrainians will return home from abroad; how quickly jobs can be restored or created (Sokolova, 2023).

So let's consider how the problem of the transition to the cumulative system was solved in some European countries.

According to Ovcharenko (2018), Great Britain is a good example of reforming in conditions of uncertainty. Since 2012, a savings system has been introduced there with a parity and insignificant amount of contributions from employees (1%) and employers (1%).

The system worked for almost five years before the increase in contributions. This was specially done to be able to work out all possible questions not in theory, but in practice.

Thus, in the period from October 2012 to February 2018, the British government introduced a system of automatic accrual of occupational pensions. Employers are required to register all pension-eligible workers between 22 years old and the retirement age, who earn more than £10,000 in wages, to a qualifying pension scheme. In 2018/2019, minimum contributions were 5% of income (from £6,032 to £46,350). In April 2019, minimum contributions increased to 8% and remain at this level (OECD, 2021).

To encourage automatic admission, the officials created the National Employment Savings Trust (NEST), a defined contribution workplace pension scheme, to ensure that all employers can access a quality, understandable and affordable retirement system. NEST has a commitment to take all employers willing to set up a pension scheme with them, regardless of their income level.

Prior to the launch of NEST, a transitional body, the Personal Accounts Delivery Authority

(PADA), was established to consult employers and employees on the issues of personal accounts. PADA provided clarification on different matters of the system's operation and organization before handing these obligations over to the NEST (Legislation, 2007).

As Kravchenko (2015) emphasizes in his research, achieving justice in pension provision is becoming more problematic every year, so many countries have recognized the need to reconcile the interests of different generations, which go beyond the sphere of purely public finances. This approach was reflected in thorough preparatory measures for the implementation of the pension reform. Sweden is an exemplary example.

In Sweden, the pension reform took place from the mid-1980s for 15 years, and began with discussions and explanatory work and ended with the final restructuring of the entire pension mechanism. In 1984, the State commission, which studied the pension system until the end of the 1980s, was created. The commission's conclusion was as follows: if nothing is changed, by 2020 the pension system will face insurmountable financial difficulties. At the beginning of 1991, a report was presented, in which it was proposed not to change the pension structure completely, but to introduce indexation tied to the rates of economic growth, and not to prices; raise the retirement age and increase the length of service to obtain a full pension. A parliamentary group on pension reform, which included the members of all parties represented in the Swedish parliament at that time, was formed. The group was headed by the Minister of Social Policy. In 1994, a public discussion of the reform began, and in 2001, Swedes received a pension under the new scheme. Currently, Sweden's pension system is one of the best among European countries (Kravchenko, 2015).

Currently it consists of three parts: state pension, occupational pension from the employer and any savings or assets the employee may have.

The state pension is based on the total income received by a person in Sweden throughout his or her working life. Every year that a person has worked and paid taxes, his (her) salary is deducted for this type of pension.

The Swedish Pensions Agency managers and repays the national state pension, which consists of:

income pension (16% of pension income and other taxable taxes are credited to income pension);

income pension complement (paid in addition to the state pension. An income-based supplementary pension can be received by a person living in Sweden or within the EU/EEA or Switzerland or countries, with which Sweden has signed a social security agreement. The size of the payment depends on the state and old-age pension from other EU/EEA countries or Switzerland);

premium pension (every year 2.5% of pension income and other taxable payments are deducted to this part of pension);

guarantee pension (if a person made or no profit during his (her) working life, he (she) is entitled to this the of provision. This is a fundamental state-guaranteed maintenance which depends mainly on the amount of the state pension, the length of residence in Sweden, as well as on marital status).

The longer person works, the higher his (her) monthly pension will be; this is because the person will receive provision for fewer years and because he (she) will continue to earn towards his (her) pension. Wage dynamics, as well as the individual's chosen premium pension funds, also affect the size of the pension (Swedish Pensions Agency, 2023).

Note that in Sweden, the employee has the opportunity to choose a private pension fund or even several funds from 800 pension funds, where he (she) places his (her) savings with a minimum return of 3% per annum. Investments by pension funds are strictly regulated, including restrictions on investments in real estate or direct loans. Pension funds are supervised by the country's Ministry of Finance, which conducts an annual financial audit and reports on the funds' work to the Parliament (Kravchenko 2015).

In contrast to Sweden, which needed changes primarily for demographic reasons, Poland during the pension reform got rid of the legacy of socialist times. In fact, the old pension system was canceled and a new one was introduced. The reform process lasted only 2 years.

In Poland, a fee of 19.52% of wages (or 16.6% for those born after 1948 and decided to join the II accumulation level) is credited to the conditional accounts of individuals. The conditional interest rate is set at the level of 100% of the salary increase in the amount covered, but not less than price inflation.

In addition, sub-tabs in the Social Insurance Fund (ZUS) are also provided. Valorization of fees to sub-tabs differs from payments to ZUS accounts; in addition, they can be inherited. When reaching the retirement age, the stored capital is divided by «value g» to calculate the amount of provision that the individual will receive. «Value g» is the average life expectancy at retirement age; this process is equitable to the cancellation procedure in the cumulative pension scheme. This value is calculated using the life charts released by the Central Statistical Office.

The maximum amount of contributions and deductions from wages, which is included in the pension, is set at 2.5 times higher than the average base amount for the previous calendar year. In 2019, it amounted to PLN 142,950. Pensions are subject to periodic indexation based on the level of inflation (OECD, 2019).

Germany's pension scheme is one of the best among such systems worldwide. This rating is also constantly improving, as the German government is permanently working on its reform and optimization.

Aware of the fact that the country's population is aging, the government has carried out numerous reforms of the pension system since 2002 to make it effective: we talk about gradual increase in the statutory retirement age and a reduction in the maximum size of the state pension.

Germany's pension system combines a solidarity system, in which certain amounts are deducted from the wages of the working population to provide benefits to pensioners, with supplementary pension plans. The point of the latter is that individuals (on their own or through a professional system) make payments to pension plans to increase the amount they acquire from the State. These models create three levels of the German pension scheme.

In Germany, participation in the Deutsche Rentenversicherung (RV – German state pension insurance system) is mandatory for everyone working in this country (as well as for many self-employed workers); at the same time, each employee is "evaluated" according to his annual earnings. Each must contribute 18.6% monthly (9.3% both employer and employee) from bare salary to maximum contributions (Beitragsbemessungsgrenze). As of 2023, this amount is €7,300 in the BRD and €7,100 – in the DDR. After registration in the pension system, a person receives a unique social insurance identifier (Sozialversicherungsnummer). When

getting a new job, he (she) needs to present it to the employer to track pension contributions.

Contributions for a year with the median wage of all contributors (€43,142 in 2023) earn one "pension point" (Entgeltspunkt). Payments based on lower or higher revenue yield less or more pension points respectively. When an employee retires, the pension points are added up to define the corresponding allowance. If he (she) retires early or later, the benefits will decrease or increase accordingly.

Collective pension schemes, into which employees contribute through their employers, is the second component of the German pension system. They have become quite popular in this country – more than 60% of the population participates in this program, though it was created as a supplement to the state pension plan.

Employers are not obliged to offer pension schemes to their employees, but State benefits and tax incentives make them inviting. They are managed either by the corporations themselves or by retirement associations acting on their behalf.

The third component of retirement system is private pension plans set up through banks and insurance companies. The government motivates the German population to contribute to them by providing certain preferences or tax breaks. At the beginning of their creation in the 2000s, they were not in demand, but recently they are becoming more and more popular (Expat info, 2023).

## Conclusion

The issue of pension reform in Ukraine is currently urgent, because under severe economic crisis caused by a full-scale war, a negative demographic situation, which has significantly been worsened due to the outflow of the working-age population abroad, we need to solve the problems of the shortage of funds and the meagerness of pension benefits for which older persons cannot exist.

Currently, the first level of the pension system operates in Ukraine – the solidarity system of mandatory pension insurance; the second level of the pension system (cumulative pensions) has not yet been implemented, despite five draft laws submitted during the period of independence of our state, designed to regulate this issue, and active discussions on this issue by politicians, economists and the public.

The solidarity-cumulative model, which is characteristic of European countries, was taken as a basis by our State to create its own three-level pension system: state pension (cumulative), mandatory insurance and accumulative (corporate or personal). However, when trying to implement it, the state leadership encountered a number of shortcomings in both the legislative provision of this system and the resistance of the population.

This is because Ukraine has one of the lowest levels of financial literacy among OECD countries and even neighboring middle- and low-income countries according to the USAID research (2021). The concentration of Ukrainians on the short-term perspective does not allow them to think about the future, so the expectation of a gradual increase in personal savings, unfortunately, has no prospects.

Therefore, the primary task is to increase the financial literacy of Ukrainian citizens, to motivate them to honestly pay taxes and contributions, to accumulate pensions on their own, deducting a small part of their salary to the Pension Fund, beginning from the moment of starting their career. In this regard, the experience of Great Britain, where a special body was created to provide clarifications on the functioning of the personal account system, will be useful.

The calculations of the World Bank indicate that in order to ensure at least the current level of pensions in the future, contributions to individual accounts should be at least 10%. But first, to get the system up and running, you can start with a 1% deposit. A higher percentage of deductions in the first stage will create opposition from both employees and employers; and under current conditions, it is impossible at all. According to this principle, the reform in Great Britain was started (Ovcharenko, 2022).

Another urgent question is whether the State will be able to protect these deductions, as the draft law does not contain guarantees for the return of contributions. Note that such guarantees are not available in most countries of the world, with some exceptions (Australia, Hong Kong, Singapore, Switzerland). However, in the conditions of total uncertainty and the extremely low level of trust of Ukrainians in financial institutions, it will be difficult for government officials to convince our citizens of the reliability of such a system.



In addition, the accumulative pension system is impractical if the inflation rate in the country is high (as it is currently in Ukraine). To compensate for it, 35% of the salaries of Ukrainians must be deducted, which, clearly, is a utopia.

However, we have no other options, except for the introduction of a cumulative pension system; the State will soon simply not be able to cover the growing deficit of the Pension Fund. So, the sooner the legislator eliminates the errors revealed by the competent institutions in the relevant draft law and adopts it to regulate this system, the sooner the opportunity will appear to implement this difficult and unpopular, but so necessary project.

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