

Tripartite round table on pension trends and reforms

Overall assessment of the pension system

Russian Federation (Government)

Question 1. Achievement of ILO core principles:

Answer. The pension system of the Russian Federation fully complies with all the ILO core principles, in particular:

Principle 1: Progressive realization of universal coverage

The Russian Federation has historically developed a pension system that covers 100 percent of citizens: everyone has the right to either insurance pensions or retirement benefits within the framework of state pensions.

That is, in the Russian Federation there is no situation in which the state does not pay an old age, disability or survivors' pension.

Principle 2: Social solidarity and collective financing

The PFR (Pension Fund of the Russian Federation) budget is based on principle of solidarity between generations, the source of financial support for payment of insurance pensions is mainly insurance contributions for compulsory pension insurance paid by employers.

Part of the government's liabilities included in the insurance pension is financed from interbudgetary transfers from the federal budget, transferred to the PFR budget.

In the Russian Federation, non-state pensions are also paid if a citizen has formed pension sources in a non-state pension fund in his\her favor.

Principle 3: Right to adequate and predictable benefits

The system of compulsory pension insurance is represented by insurance and funded pensions (instead of which, under certain conditions, citizens may be paid urgent payments, lump sum payments and payments to legal successors).

Either honored citizens, or vice versa, those who do not have any socially useful experience are entitled to pension under state pension provision.

From January 1, 2010, a social supplement to pension was introduced so that the total amount of pension and supplementary payment to it would not be lower than the pensioner's subsistence minimum (minimum amount).

The main types of pensions in the Russian Federation are old-age pension, disability pension and survivor's pension.

The main conditions for entitlement are: certain age, length of service or qualifying period, disability and loss of a breadwinner.

The "basic" retirement age established by the Federal Law "On Insurance Pensions" is 65 years for men and 60 years for women, with numerous exceptions.

Persons who are not entitled to insurance pension are assigned social pensions when women reach the age of 65 years, and men - 70 years, taking into account the transition period.

Principle 4: Overall and primary responsibility of the State

Legal relations related to compulsory pension insurance in the Russian Federation at the expense of the budget of the Pension Fund of the Russian Federation, including at the expense of funds allocated to the budget of the Pension Fund of the Russian Federation from the federal budget, are regulated by the legislation of the Russian Federation.

The state bears subsidiary responsibility for obligations of the Pension Fund of the Russian Federation to insured persons in terms of all types of pension payments: both insurance and non-insurance.

Principle 5: Non-discrimination, gender equality and responsiveness to special needs

The legislation of the Russian Federation provides for state support for family, motherhood, fatherhood and childhood, disabled people and elderly citizens, the system of social services is developing, state pensions, benefits and other guarantees of social protection are established.

All participants in legal relations in the system of compulsory pension insurance and state pension provision have equal rights to corresponding pension provision.

Principle 6: Financial, fiscal and economic sustainability

At present and in the long term, the pension system of the Russian Federation is sustainable.

The social priorities of the state policy in the field of compulsory pension insurance are determined by the Strategy for long-term development of the pension system of the Russian Federation.

Currently, a guaranteed socially acceptable level of pension provision is provided, a balance and long-term financial sustainability of pension system is ensured, the tariff burden is maintained at an acceptable level.

At the same time, the level of pension provision increases.

All measures are taken taking into account the analysis of current indicators of the PFR budget, current socio-economic situation, as well as actuarial long-term forecasts.

Principle 7: Transparent management and administration

State interbudgetary funds, which are part of the budgetary system of the Russian Federation, are formed at the expense of targeted income.

As part of the budget process, a three-year PFR budget is approved annually by federal law, in which all pensions and social benefits are provided by the PFR income.

Principle 8: Involvement of social partners and consultations with other stakeholders

In order to develop an effective and sustainable system of compulsory social insurance, increase the level of social protection of working citizens, a Russian

tripartite commission for regulation of social and labour relations was created. It consists of representatives of all-Russian associations of trade unions, all-Russian associations of employers, Government of the Russian Federation and they form the relevant parties of the Commission.

Principle 9: Periodic review of pensions to match the evolution of the cost of living and level of earnings

By the decree of the President of the Russian Federation, the Government of the Russian Federation was tasked with ensuring an increase in the level of pension provision not below the inflation rate.

After the latest measures taken: raising the retirement age, in January 2019, an increased indexation of insurance pensions by 7.05% took place, as a result of which payments to non-working pensioners were increased above the inflation rate for 2018 (4.3%).

In January of this year, the insurance pensions of non-working pensioners were indexed by 6.6%, which is higher than the inflation rate at the end of 2019 (3%).

In 2021-2024 indexation will also exceed the expected inflation rate.

At the same time, current actuarial calculations show that indexation of insurance pensions will also be higher than the inflation rate.

Question 2. What is your overall assessment of your country's pension system?

Answer. At present and in future, the pension system in the Russian Federation, based on insurance principles, balances the income and expenses of the system, taking into account obligations to citizens and financial capabilities of the state, and is sustainable.

Question 3. What could be done to strengthen the pension system?

Answer. Understanding the interests of our citizens, it is necessary to improve the Russian pension system within the framework of the Strategy for long-term development of the pension system of the Russian Federation based on changing socio-economic conditions.