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РЕФОРМУВАННЯ СИСТЕМИ ПЕНСІЙНОГО ЗАБЕЗПЕЧЕННЯ СІЛЬСЬКОГО НАСЕЛЕННЯ

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REFORMING A PENSION SECURITY SYSTEM FOR RURAL POPULATION

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Анотація. Сучасна українська пенсійна система вже доволі значний час не в змозі виконувати покладену на неї основну функцію – соціальний захист населення пенсійного віку, відповідно статтю присвячено визначенню рівня пенсійного забезпечення сільського населення в Україні. Вона розкриває практичні координати головних чинник реформування національного пенсійного забезпечення, а саме структуру пенсіонерів, динаміку пенсійних виплат та заробітної плати сільського населення та в розрізі регіонів. Метою статті є дослідження проблем та можливостей реформування пенсійної системи населення у сільській місцевості. Проаналізовано існуючі проекти для впровадження накопичувальної пенсійної системи, а також джерела її фінансування у майбутньому. Визначено, що старіння населення є негативною тенденцією в демографічній ситуації в Україні, яка вже тривалий час акцентує на збільшенні частки громадян пенсійного віку і відповідно зменшення питомої ваги працездатного населення і населення молодших вікових груп. Також окрему увагу приділено оцінці можливого поліпшення пенсійних виплат сільського населення за рахунок впровадження накопичувального пенсійного рівня пенсійної системи за існуючими проектами такої системи (Міністерства соціального розвитку України та Міністерства фінансів України). Акцентовано увагу на розробленій Міністерством фінансів України «дорожньої карти» розвитку системи пенсійних накопичень, яка побудована на двох «китах» – запровадженні другого рівня пенсійного страхування (обов'язкова накопичувальна система) та розвитку добровільних пенсійних накопичень. А основні вектори змін, які передбачені реформою це: осучаснення пенсій, справедлива солідарна система, обов'язкова щорічна індексація, подолання дефіциту Пенсійного фонду України. На сьогодні проблема ефективного пенсійного забезпечення є найгострішою для всієї держави і не лише в частині сільського населення. А ситуація з світовою пандемією COVID-19 лише посилює фінансово-економічні турбулентності. Тому в статті червою ниткою відмічено, що Україна матиме постійно зростаючу проблему, пов'язану із

виплатами пенсій, у разі відсутності рішучих, а подекуди і радикальних дій щодо реформування пенсійної системи. Адже вирішення цього питання пов'язано із важливим завданням – забезпечення соціального захисту населення.

Ключові слова: пенсійна реформа; сільське населення; накопичувальний рівень; сільське господарство.
Формули: 0; **рис.:** 4; **табл.:** 5; **бібл.:** 29

Annotation. The current Ukrainian pension system has long been unable to perform the primary function laid on it – the social protection of the pension-age population, accordingly, the article is devoted to identifying a level of the pension security of the rural population in Ukraine. It reveals practical coordinates of primary factors of reforming the national pension security, namely, a structure of pensioners, dynamics of pension payments and wages of the rural population and by region. Purpose of the article is to study the problems and opportunities of reforming the pension system for the population in rural areas. Existing projects are analyzed, for implementing an accumulative pension system as well as sources of its financing in the future. It is set that ageing of the population is a negative trend in the demographic situation in Ukraine focusing for a long time on increasing a share of pension-age citizens and, accordingly, decreasing a share of the able-bodied population and younger age group population. Special attention is also paid to assessing possible improvement of pension payments of the rural population by implementing an accumulating pension tier of the pension system under existing projects for such a system (of the Ministry of Social Development of Ukraine and Ministry of Finance of Ukraine). Attention is focused on a “roadmap” of the development of the accumulative pension system, worked out by the Ministry of Finance of Ukraine, and built on “two pillars” – implementing the second tier of pension insurance (obligatory accumulative system) and developing voluntary pension accumulations. And the basic change vectors provided by the reform are modernizing pensions, a fair solidary system, obligatory annual indexation, overcoming a deficit of the Pension Fund of Ukraine. As of today, a problem of the efficient pension security is the acutest one for the whole state and not in terms of the rural population only. And a situation with the COVID-19 global pandemic only strengthens financial-economic turbulences. For this reason, it is emphasized in the article as a common thread that Ukraine will have a growing problem associated with pension payments, if there are no decisive, and sometimes also radical actions in terms of reforming the pension system. As solving this issue is associated with an important task – ensuring social protection of the population.

Key words: pension reform; rural population; accumulative tier; agriculture.
Formulas: 0; **fig.:** 4; **tabl.:** 5; **bibl.:** 29

Introduction. As of today, a lot of attention is paid to the matters of the pension reform, in general, and, of the rural population, in particular, against the background of continuous growth of the deficit of the Pension Fund as well as a failure for the current pension system to exist in its present state. In recent months, a matter of the accumulative pension system is also discussed, in particular, options for its further development are proposed by the Ministry of Social Policy of Ukraine [16], and the government established a working group on specified matters [3]. Social protection of the population, especially, of present pensioners, as well as future pensioners, is an important task for our state while the present existing system already fails to cope with its functions and provide a sufficient level of welfare of pensioners, in particular, in the rural area. Exactly this determines the topicality of the theme of this article and its practical importance.

Literature review. Pension security matters, in general, are covered in many papers, at least, over the past 20 years, and in the recent years, the matters of outlooks and necessity to

implement specifically an accumulative tier in Ukraine are also reflected in many papers of domestic scientists such as Dutchiak A. V. [6], Katsor O. V. [9], Kyrylenko O. P., Kozak H. I. [11], Kolodii A. B. [10], Libanova E. M. [12], Londar S. L., Bashko V. Yo. [13], Pavliuk K. V., Hrushko V. I., Bevzenko O. V. [17] et al. Separately, matters of the state regulation of pension security in rural areas and an impact on this from social institutions are raised in papers of Drabyk O. M. [5], Zhmurko I. V. [28], Zinchuk T. O. [29], Lytvyn Yu. O. [14] et al.

However, in view of high profile, little attention is given in the scientific literature to the matter of the opportunity of reforming the pension system for the population in rural areas.

Aims. Purpose of the article is to study the problems and opportunities of reforming the pension system for the population in rural areas.

Results. Among the matters arising today in the context of reforming the pension system of Ukraine, it is necessary to pay special attention to the matters of distribution of pensioners in

the rural area as well as a deviation of the rate of their pensions from average rates by region. This matter becomes of special significance in the context of the decentralization reform that has started back in 2015, which main objective is to increase financial autonomy of regions and grant them the right to independently dispose of respective funds going into their budget.

An interest of regions to improve the quality of life of the population in their territories for the purpose of drawing attention of the urban population to living in the countryside is expected in this sense. Further, it will also impact the life of pensioners in these territories.

If we directly consider a pensioners' structure in the urban and rural area, then, on

the average throughout the country, the distribution looks almost the same: 50.9 % of pensioners reside in the rural area while 40.1 % – in the urban area. However, if we concretize a regional analysis, then their structure considerably differs. So, western regions have a higher concentration of pensioners in the rural area, they include (Fig. 1): Zakarpattia (90.1 %), Ivano-Frankivsk (82.6 %), Chernivtsi (80.7 %), Ternopil (78.3 %), Khmelnytskyi (76.9 %), Volyn (76.8 %), Vinnytsia (76.0 %) and Rivne (73.5 %) Oblasts. Dnipropetrovsk (25.4 %), Donetsk (31.5 %), Zaporizhzhia (33.1 %) and Kharkiv (39.7 %) Oblasts can be called outsiders by the number of pensioners in the region.

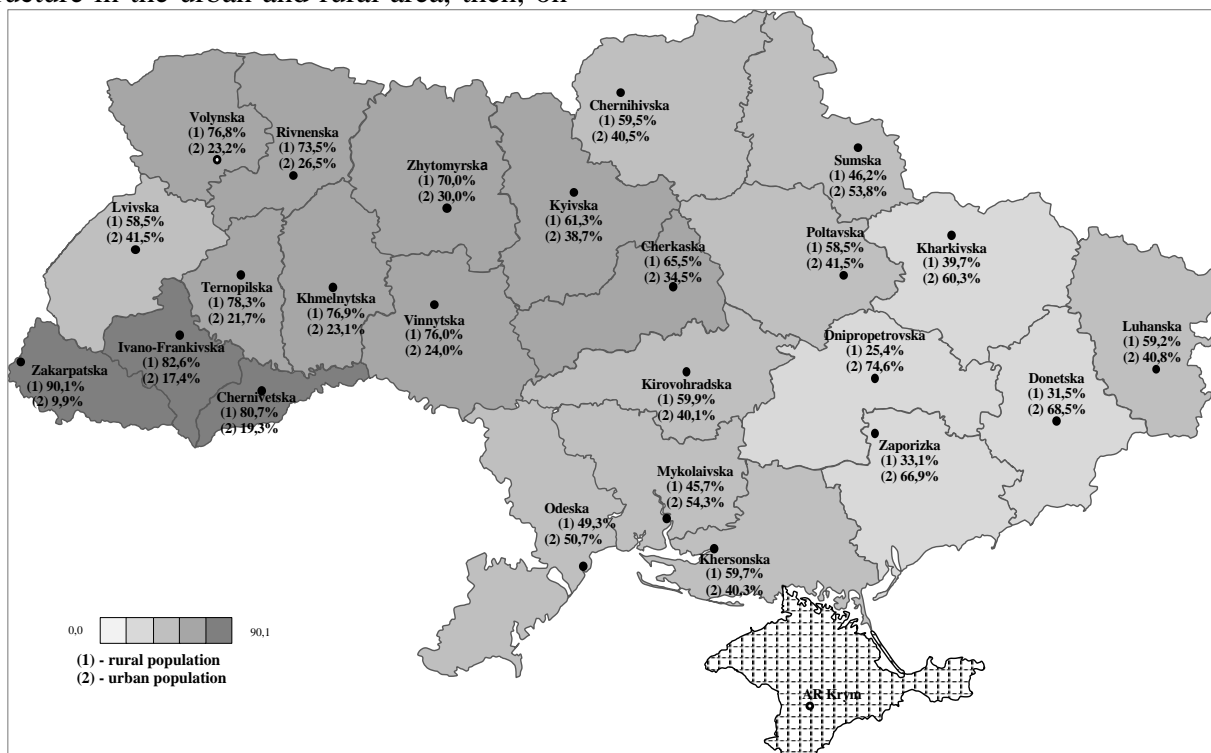


Fig. 1. Distribution of Pensioners in Urban and Rural Area in 2020

Source: Calculated by authors according to data [24].

However, despite the fact of the considerable number of pensioners in the rural area of Zakarpattia Oblast, a deviation of the pension rate of pensioners in the rural area in it is the largest from the average pension region-wide – by 745.09 hrn. It means that an inconsiderable share of pensioners residing in the rural area of the Zakarpattia Oblast has a considerably higher pension rate, which, to a large extent, varies by an average amount of

pensions region-wide. All regions of Ukraine have a considerable deviation of the pension rate in rural areas from urban areas. However, in comparison with the average pension country-wide, only Donetsk and Luhansk Oblasts have higher pension in the rural area than the average pension in Ukraine; this is associated with hard works available in these regions and, accordingly, considerably higher compensations from the budget – Fig. 2.

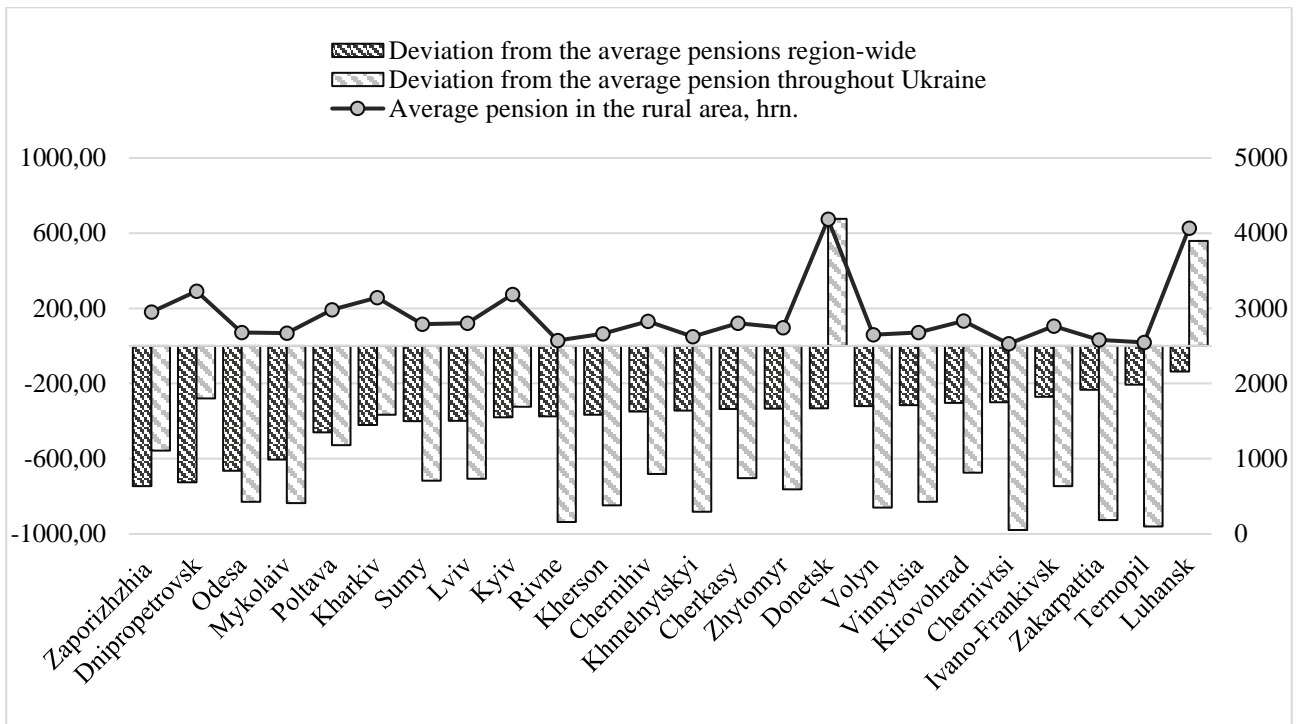


Fig. 2. Deviation of Average Pension Rate in Rural Area from Average Pension Region-Wide and Average Pension Country-Wide in 2020

Source: Calculated by authors according to data [24]

A financial aspect in reforming the pension system is of extremely great significance as pension-age citizens make up almost one third of the total population of the country. Covering needs for financial resources is one of the priority tasks of state financial institutions. One of the reasons for such a substantial amount of the deficit of the Pension Fund of Ukraine (Fig. 3), in the opinion of many experts [8; 20], is a considerable share of the shadow economy.

A number of payers of the single social contribution, according to data of the State Fiscal Service of Ukraine [22–23] as of 01.01.2019, was a bit more than 10 million persons and this creates a problem as the single social contribution payment is the primary source of financing of the solidary pension system. Bringing the production out of the shadow economy can promote reduction in the deficit of the Pension Fund of Ukraine and growth in financial receipts to its revenue part.

Considering dynamics of pensioners, in general, and pensioners in the rural area, in particular, it can be asserted that, in the recent years (2019–2021), trends towards declining in

these indicators are observed. So, the number of pensioners declines that is understandably (unfortunately) partly associated with the COVID-19 pandemic from 14.5 million persons in 2019 to 11.1 million persons in 2020, while the number of pensioners in the rural area decreased from 4.5 million to 4.2 million, accordingly (Tabl. 1). However, from 2016 to 2019, the number of pensioners in the rural area was increasing, despite the overall reduction in the number of pensioners.

In new realities, the major problem of the current solidary pension security system in Ukraine is associated with a demographic situation and negative trends intrinsic not to the Ukrainian nation only. The major one is the ageing of the population. Such disappointing demographic trends, for a long time now, say and signal of increasing a share of pension-age citizens and, accordingly, decreasing a share of the able-bodied population and the younger-age group population. The main factors, which have impacted such trends in the demographic sphere, are low fertility and growth of life expectancy.

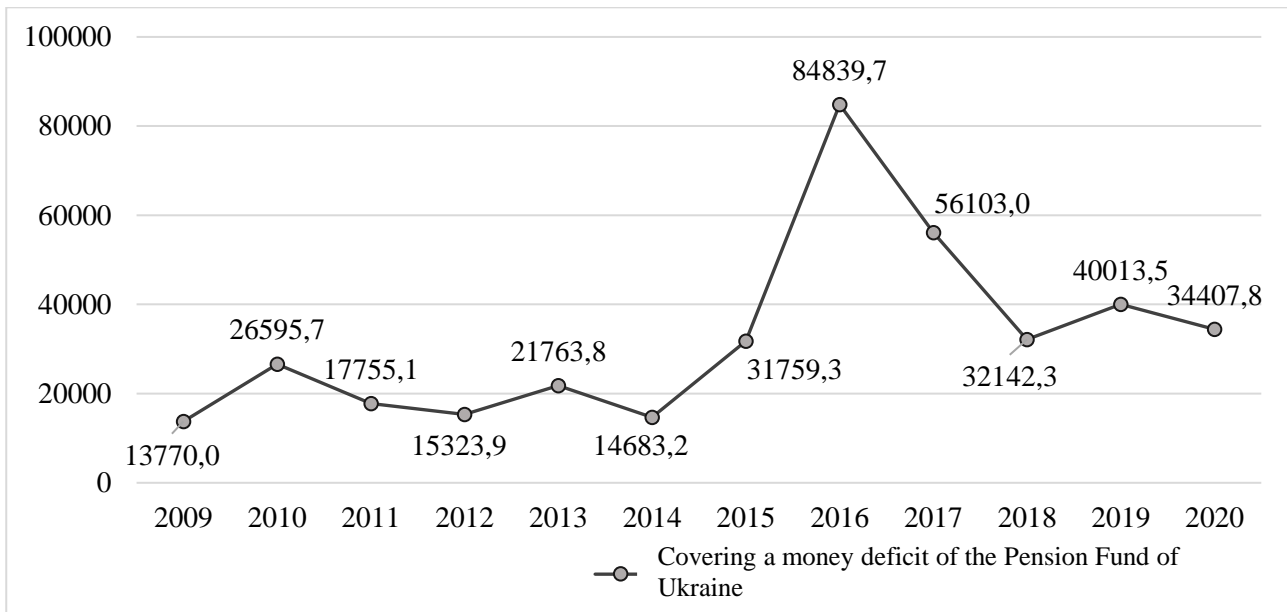


Fig. 3. Financing Deficit of Budget of the Pension Fund of Ukraine from Moneys of State Budget of Ukraine in 2009–2020, M Hrn.

Source: Calculated by authors according to data [26].

Table 1

Dynamics of Change in Number of Pensioners in Rural Areas as of 1 January of Respective Year

Indicators	Researched years									
	1999	2001	2010	2015	2016	2017	2018	2019	2020	2021
Total number of present population, million	49.9	48.9	46	45.4	42.8	42.6	42.4	42.2	41.9	41.6
Total pensioners, million persons	14.4	14.4	14.4	13.5	12.3	12.0	11.7	14.5	11.3	11.1
Pensioners residing in rural area, million persons	5.4	5.8	4.3	4.0	3.8	3.6	3.7	4.5	4.4	4.2
Share of rural pensioners in total number of pensioners, %	37.5	40.3	29.9	29.6	30.9	30.0	31.6	31.0	38.9	37.8
Share of rural pensioners in total number of population, %	10.8	11.9	9.3	8.8	8.9	8.5	8.7	10.7	10.5	10.1

Source: Calculated by authors according to data [24]

However, it is obvious that in the present situation including the COVID-19 global pandemic, it is difficult to predict data on the total number of the population as well as pensioners, in particular, in the rural area. However, such a situation will most likely cause reduction in the population of all age groups as well as among the able-bodied

population that will also have an impact in the future on contributions to the solidary pension system [1; 7]. However, all this data confirm again that Ukraine will have ageing problem associated with pension payments, if there are no decisive, and sometimes also radical actions in terms of reforming the pension system.

Assessing the state of pension security of pension-age citizens, in general, country-wide, an additional study is required by identification and characteristics of the level of pension income of the rural population in the conditions of carrying out the pension reform. Negative demographic trends manifested in the society concern the agrarian sector as well. In the rural area, they are accompanied by low fertility, which fails to provide mere reproduction of generations now. As the result of this, an intensive process of the population ageing has started to advance, and,

accordingly, the demographic burden has been increasing. In this case, the overall trend towards increasing a pension age is under the impact of a number of demographic, economic and social factors. And global trends towards increasing life expectancy in the world are observed in Ukraine as well (Tabl. 2). Further research of the experience of European countries and successful project solutions will be useful for their use in building and reforming own pension system that will enable to avoid negative trends through socioeconomic realities of the present society.

Table 2

Average Life Expectancy at Birth and of 60+ Population Category in Ukraine in 2000–2019

Researched years	Average life expectancy					
	At birth			60+		
	Both sexes	Males	Females	Both sexes	Males	Females
2019	73.02	68.00	77.81	79.49	76.43	81.73
2015	72.20	67.21	76.96	78.93	75.93	81.12
2010	70.20	65.20	75.10	77.68	74.88	79.81
2000	67.53	62.06	73.24	76.77	74.04	78.83

Source: Formed by authors according to data [27]

Going into historiographic nuances, it is needed to emphasize that the rural population dominated in the country until the 60s of the past century. Beginning from the 70s of the 20th cent., the urban population begins to prevail in the all population structure [18]. During the past decades, a share of the rural population continues to decline. If in 1990, it made up 32.7 % of the total number of the population, then at the beginning of 2019, it decreased to 31.0 % and makes up less than one third of the total population of Ukraine. During this period, the rural population decreased by nearly 3 million persons [21].

In view of such a difficult financial position of rural pensioners in Ukraine, scientists, financial institutions and authorities face a general task concerning new sources of the financing of the pension sphere. This is impossible to do for present pensioners, however, it is now worth thinking of future pensioners as well for the purpose of using various pension programs for citizens.

For future pensioners, financial improvement is possible subject to participating in the accumulative pension

system of both voluntary and obligatory nature. However, it should be noted that a real economic effect can be achieved, if there are 15–20 years of available accumulative contributions, and, maybe, even 25 years [25]. And voluntary accumulative pension programs propose the third tier of the national pension reform. In order for the rural population to be involved in accumulative pension programs, it is important to develop such a mechanism of its use, which would enhance citizens' confidence in them, get them interested in a financial aspect and have a quite substantiated legal framework of regulation of economic relations in them. In solving these matters, an important role can be played by professionals having practical experience in working with these types of pension reforms, scientists, representatives of respective financial institutions of the state, employers and social organizations. Corporate non-state funds in the rural area can also become one of such mechanisms.

Under favorable conditions, an accumulative system can stimulate savings and investments and promote economic growth of

the country. But the amount of the 2nd tier pension payments is impacted by the following major factors:

1) a rate of wages (income), from which pension contributions of an employee are paid and a rate of their growth in the accrual period;

2) a rate of contribution (in % of wages or a wage supplement);

3) regularity of payment of contributions by professional experience (from 20 to 65 years). A real assessment of the required timespan for accumulation of pension contributions for receiving adequate pension payments, and, in this case, clear separation and understanding of the contribution rate in the hryvnia equivalent and its ratio to wages in each region;

4) return of investments into annuity accumulation in accumulation and payment periods (various experts note that this will take approximately 50–60 years);

5) a rate of commissions (fees) and payments for administration and investment management services, collected by pension funds (in percentage of pension or contribution assets);

6) an inflation rate in periods of accumulation of and making pension payments (there are examples of countries such as Chile and Kazakhstan, in which even with a considerable contribution to the accumulative pension system (10 %) [4], it fails to accumulate enough moneys to receive an adequate pension payment specifically because of the inflation);

7) life expectancy upon the attainment of the retirement age (impact on the cost of a perpetual annuity).

Now we will come back to accumulative tier ideas presented by the Ministry of Social Policy [16]: experts of this establishment provide an approximate calculation how it is possible to receive a pension payment in the amount of 7 thousand hrn. Provided that there is no inflationary effect (inflation is not accounted for in calculations to remove contradictions for its forecasting, however, we will remind that, according to data of the State Statistics Service of Ukraine [24], based on the results of 2020, Ukraine's Consumer Price Index was 5 %), the Ministry of Social Policy

published in August 2021 a constructed model for a reference person who [16]:

– receives a wage of 15,000 hryvnias a month;

– works and accumulated from 25 to 60 years (has 35 years of the length of work);

– an employee receives, onto their own pension accumulative account, on a monthly basis, during the period of work, 2 % of the wage from the amounts of the personal income tax paid by them and additionally 2 % of the wage from the amounts of the single social contribution paid for them by an employer (in aggregate 4 % – 600 hrn.);

– after the completion of the period of work, receives an accumulative pension during 15 years;

– for the whole accumulation time, the person's moneys work with a return by 0.25 % higher than the monthly inflation (approximately by 3 % higher than the annual inflation);

– receives a pension from a solidary tier at the level of the average pension as of today – 3,624 hrn. (as of 01.03.2021).

It is noted in this document that “in this example, the average pension from the accumulative system will be for a person 3,117 hrn. for 15 years. With a solidary pension, a person will receive 6,741 hrn. that will make up 45 % of the wage” [16].

However, it follows from this document that, for such a pension payment, it is necessary to accumulate funds, at least 25 years – beginning from 35 years up to 60 years as well as in case of 15-year payments.

However, we will look at the recent data of the State Statistics Service on life expectancy by sex and region in 2020 (Tabl. 3).

Only 5 western regions have the longest (almost 21 years) lifespan among females – these are Lviv, Ternopil, Invano-Frankivsk, Volyn and Khmelnytskyi regions. We will recall data of the Ministry of Social Policy on their forecast for possible payments from the accumulating pension system (Tabl. 4). If females of the specified regions should receive payments for at least 20 years, then their average pension accumulative payment is 2,536 hrn., and the first payment – 1,854 hrn.

Table 3

Life Expectancy in Ukraine by Sex and Region in 2020, years

Region	Both sexes	Males	Females	Region	Both sexes	Males	Females
Ukraine	17.89	14.68	20.34	Odesa	18.13	15.30	20.27
Vinnitsia	18.29	14.96	20.90	Poltava	17.58	14.37	20.02
Volyn	17.84	14.31	20.68	Rivne	17.67	14.38	20.32
Dnipropetrovsk	17,66	14.34	20.05	Sumy	17.89	14.67	20.38
Zhytomyr	17.43	14.02	20.09	Ternopil	18.10	14.80	20.78
Zakarpattia	16,80	14.14	19.04	Kharkiv	17.71	14.58	19.99
Zaporizhzhia	17.90	14.32	20.55	Kherson	17.52	14.23	20.00
Ivano-Frankivsk	18.17	14.96	20.76	Khmelnyskyi	18.07	14.80	20.62
Kyiv	16.66	13.39	19.19	Cherkasy	18.27	15.08	20.71
Kirovohrad	17,68	14.43	20.17	Chernivtsi	17.79	14.69	20.29
Lviv	18.22	14.96	20.90	Chernihiv	17.69	13.91	20.62
Mykolaiv	17.99	14.75	20.40	Kyiv C.	19.22	16.64	21.12

Source: Calculated by authors according to data [24]

Table 4

Calculation of Options for Pension Accumulations According to the Ministry of Social Policy of Ukraine

Accumulation period			Monthly contribution amount, hrn.	Accumulated amount, hrn.	Payments for 10 years (hrn./mos.)		Payments for 15 years (hrn./mos.)		Payments for 20 years (hrn./mos.)	
from	to	years			First	Average	First	Average	First	Average
20	60	40	600	555.636	4.630	5.392	3.087	3.893	2.315	3.167
25	60	35	600	444.938	3.708	4.318	2.472	3.117	1.854	2.536
30	60	30	600	349.642	2.914	3.393	1.942	2.449	1.457	1.993
35	60	25	600	267.605	2.230	2.597	1.487	1.875	1.115	1.525
40	60	20	600	196.981	1.642	1.912	1.094	1.380	821	1.123
45	60	15	600	136.184	1.135	1.322	757	954	567	776
50	60	10	600	83.845	699	814	466	587	349	478

Source: Calculated by authors according to data [16]

We recall that there is no inflation indicator in the terms and conditions of the project of the Ministry of Social Policy of Ukraine, so let's imagine that, we add – to current pension

payments from the solidary system of specified regions – a component – accumulated for 25 years – for payment to females for 20 years (we use average numbers) – Tabl. 5.

Table 5

Possible Level of Pension Payment Subject to Implementation of Project of the Ministry of Social Policy, Hrn.

Region	Average solidary pension region-wide	Average solidary pension for females region-wide	Average accumulative component	Aggregate payment
Lviv	3,199.25	2,827.29	2,536.00	5,363.29
Ternopil	2,753.72	2,639.43	2,536.00	5,175.43
Ivano-Frankivsk	3,032.47	2,767.65	2,536.00	5,303.65
Volyn	2,968.49	2,46.41	2,536.00	5,282.41
Khmelnyskyi	2,968.45	2,720.10	2,536.00	5,256.10

Source: Calculated by authors according to [16; 24]

However, it should be noted that pension payments for males in these regions will be much higher because of lesser life expectancy and, accordingly, a shorter payment period as well as a higher rate of the solidary component for males. Further, it should be understood that even such a rate of pension payments (5,100–

5,400 грн.), conventionally in 2055, without taking inflation into account, will be as tiny as a today's rate (2,600–2,800 грн.).

In the context of the analysis of this project, we will also look at the average wage rate by region in 2020 (Fig. 4).



Fig. 4. Average Wage Rate by Region in 2020, Hrn.

Source: Calculated by authors according to data [7; 16]

We understand from Fig. 4 that analyzing official data on official average wages by region, specifically from them, the contributions and taxes are made, and one and only Kyiv falls within conditions of the Ministry of Social Policy in terms of the rate of the wage, from which calculations were carried out – 15,000 грн. An average wage in general across Ukraine is 11,048.00 грн [16]. Of course, we understand that these are the official figures only, real wages are much higher but even an inconsiderable supplement to a pension payment in the future (at least, for a 20-25-year outlook) can motivate people and employers to show the official wage today. Contrary to the Ministry of Social Policy of Ukraine, the Ministry of Finance of Ukraine in its project (which we will analyze below) notes that “citizens will have personal accumulative accounts and will be motivated to deduct a part

of funds from wages” [15]. In our opinion, a mere availability of the personal account can hardly motivate somebody to something. The state should pay more attention to popularizing reforms, explaining the necessity of such actions, restoring confidence in banking institutions, non-state pension funds, accumulative pension funds, the system as a whole etc.

Taking into account that the government determined a significant priority to address a pension reform matter [2], the Ministry of Finance of Ukraine built a “roadmap” [15] for development of the pension accumulation system involving two stages:

1. Implementation of the second tier. The government develops the Unified Social Register, which will be the center for storing data on pension accumulations regardless of an

institution, with which a person will accumulate moneys for their pension.

2. Development of voluntary pension accumulations. At the moment, a discussion is under way, on the range of participants in the obligatory accumulating tier and sources of financing.

In so doing, the Ministry of Finance notes that “participants accepted in the accumulative system are proposed to pay the following contributions: 1 % of the wage – in 2023, 1.5 % – in 2024, 2 % – in 2025. Such financing will take place by respective redistribution through a single social contribution for the persons involved in a new system. Moreover, the state will additionally finance contributions from the state budget: in 2023 – 1 %, in 2024 – 1.5 %, in 2025 – 2 %”» [15].

The Ministry of Finance of Ukraine fails to present a calculation of approximate rates of pension payments or any more precise calculation data. However, it should be noted in terms of the first component of the future accumulative contribution: actually, it is a withdrawal of the portion of the single social contribution, while as we have already noted, specifically from it, we finance pensions for existing pensioners. If this portion is taken from the Pension Fund of Ukraine, then in the end, we will have an even larger deficit of the Fund’s resources and, therefore, an additional financing from the State Budget to cover pensions for existing pensioners [19]. So, actually, a portion of the single social contribution channeled to the accumulative contribution is the same funds of the State Budget. In the conditions of the permanent (chronic) deficit of funds of the Consolidated Budget of Ukraine, it seems extremely inefficient to establish such an accumulative pension system as the strain on the budget does not disappear, to a considerable extent.

Therefore, it can be asserted that the Ministry of Finance of Ukraine proposes to channel a contribution consisting of two components being actually the funds of the State Budget to the accumulative pension system. It should be understood that the present existing pension system fails to cope with the functions laid on it specifically because of heavy dependence on state

financing, on a situation when the Pension Fund lacks own income (actually, the amount of the single social contribution channeled to the fund) even for covering all existing pensions. Although, in the text of the document is noted that the “state will finance such contributions on a parity basis” [15].

In the scientific literature, there are quite many discussions on sources of the financing of the accumulative pension system. Although, practically, in its project of the accumulative pension system, the Ministry of Social Policy of Ukraine notes the following: “in some countries, contributions are paid only by an employee onto their own account (Chile, Kazakhstan, Romania, Ghana, Croatia), in some counties – only by an employer onto the account of an employee (Australia, Norway, Slovakia), in some countries – both by an employee and employer (Estonia, Iceland, Switzerland). A number of countries pay additional contributions from the state. For example, a one-time “welcome” contribution when connecting to the system, or a contribution transferred by the state subject to payment of a certain amount by an employee themselves (Mexico, New Zealand, Turkey, Armenia, Georgia)” [16].

There is no state as the main or partial participant in the accumulative component of the pension on the list of specified countries, however, the Ministry of Finance, speaking of a state contribution to the pension system notes that “such programs are widespread in the world and help conduct a more flexible policy for stimulation of participation in the system” [15]. As we see, there is no specific list of countries here.

Conclusions. Transformation of the pension system in Ukraine has started under an impact of many factors, the most important of which is a demographic crisis. Of course, an economic crisis, which is ongoing, has significantly exacerbated problems with financial security of pensioners including those residing in the rural area. However, even under conditions of economic growth, accelerated demographic changes caused by a significant reduction in fertility, an increase in mortality of the able-bodied population and an occurrence of the negative balance of the

external migration prevent the pension system of any country from stable operation. Therefore, a demographic problem is relevant not only to Ukraine. At the stage of development of the world community, such trends are observed in many developed countries of the world.

It is important to place emphasis on low figures of pensions in all regions of Ukraine. Despite a considerable increase in the minimum wage (from 01.01.2021 – 6,500 hrn., and a new increase is expected from 01.10.2022 in the Law On the State Budget of Ukraine), pension payments fail to increase at similar rates.

Focusing on the rural population, it is worth noting extremely low wages and, as a consequence, a mere impossibility of full participation in the future accumulative system (whatever it is) and as a next consequence – an extremely low pension payment.

None of the Ministries whose accumulative pension system projects were considered, have presented a quite substantiated calculation of future pension payments in real present conditions, on the basis of actual wages existing today rather than imaginary 15 or 20 K hrn., from which, as of today, only Kyiv pays similar contributions to the solidary pension system, not to mention villages and small settlements. Not a single word is said in the projects about economy shadowing problems, about options of the way out of this situation as one of possible factors that will, in general, positively impact public finances.

But it is also necessary to positively emphasize on the importance of the development of the pension system in Ukraine as one of the directions of social development of the country. With social development, a multi-tier pension system enables to accumulate considerable resources at various funds, both state and non-state. Funds so established are a powerful investment resource for the economy of the country and, first of all, for those branches requiring such resources such as the national agrarian sector.

So, a developed state pension system is an efficient mechanism for development of the country, but for this mechanism to start working to the full extent, it is necessary to put

a lot of effort to improve a legal system at all tiers of the pension system and state support for the reforms in some sectors, especially, in agriculture and, in particular, concerning all rural population.

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