STANDARDIZATION OF IMPLEMENTATION OF THE MANDATORY PRIVATELY MANAGED PILLAR OF THE PENSION SYSTEM OF UKRAINE

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Abstract. *According to the current legislation, the modern Ukrainian pension system is not yet fully formed. In Ukraine, PFU contributions are currently a source of pension benefits for today's retirees. Pay-as-you-go pension system is essentially failing, because as in the rest of the world, our country is experiencing a trend in which the nation is aging: the share of retirees is growing, and the share of able-bodied people is declining. The search of new ways to save for old age is moving toward the creation of mandatory accumulation under the supervision of the state, in particular, this is also caused by the signed by Ukraine Memorandum of Cooperation with the IMF. However, despite the long-term pension reform in Ukraine (in started back in 2004), today, in fact and in law the second level of the pension system doesn't function and doesn't exist – the mandatory accumulative one; as well as very underdeveloped, almost non-functioning and completely unpopular among the population is non-state pension system, which forms the third level of the national pension system. Still, against the background of active cooperation with the IMF a number of reforms continue in Ukraine, so in 2019 work on new legislation on the defined contribution pension system began. It is this level of the pension system that can technically increase the level of pensions and their differentiation. Yet the experience of countries that have already carried out such reforms shows that the real effect can be expected for at least 10–15 years, or even 25 years, and in some cases such an effect will not be reached at all. The article is devoted to the issues of legislative implementation of defined contribution pensions. According to the results of an expanded analysis of 27 bills on the referred issue in the period from 2016 to 2021, it can be stated that there is no unifying concept for the reform in the legislative field, so most bills are either withdrawn or sent for revision. In general, the bills of 2016–2020 drew attention to the scattering of changes, which mostly concern certain issues of pension legislation, mainly for vulnerable groups. The new projects, which were sent for consideration in 2019, mainly deal with defined contribution level of pension system. However, even they are constantly rejected, refined, returned for consideration and go through the whole procedure again from the beginning.*

Keywords*: pension system, pension reform, mandatory privately managed pillar, legislation.*

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Introduction. It is well known that since Soviet times Ukraine has had a pay-as-you-go pension system, which is based on the fundamental principle – solidarity of generations. That is, the able-bodied population with official employment pays contributions to the Pension Fund of Ukraine, and it in its turn uses these funds to finance pensions for today's retirees. It also follows from this principle that in the future the next generations of Ukrainians will provide pensions for people who work today. For the whole world and Ukraine, in particular, the tendency is the aging population that is characterized by a decrease in the birth rate (as a result of a smaller share of the working population) and an increase in life expectancy (as a result of increasing the number of retirees). It is because of these demographic reasons that it is becoming increasingly difficult to supply retirees at the expense of the working population: as of 2021, there are 11 million retirees in Ukraine and less than 10 million citizens who pay Single Social Tax (SST). Accordingly, every year the government is forced to grant the Pension Fund from the state budget. In 2022, the amount of such a grant will be 200 billion hryvnias [1]. In such circumstances, there are risks of violating the stability of public finances due to the need to increase the allocation of funds to cover the deficit of the Pension Fund. Therefore, in order to prevent failures, it seems logical to look for updated ways to save for old age. Mandatory accumulation under state supervision is one of them.

Literature review. The reform of the pension system, in particular, and its accumulative component in Ukraine, began in 2004. But in fact, the second level of the pension system worked neither in 2005 nor in 2012, as expected, and has not worked yet, even, specific legislation on these issues did not exist until recent years. However, in the last few years the issue of the accumulative pension level has been actively reflected not only in the scientific field, but also at the legislative level. In particular, on June 5, 2021, an active process of legislative implementation began through the establishment of a working group on the introduction of mandatory accumulative pension provision and the development of private pension provision [2]. The group included representatives of many Ministries and directors of departments, as well as other experts on these issues. In the scientific literature, the issues of prospects and the need for the introduction of accumulative level is reflected in the works of such domestic scientists as: G. M. Grabovska, V. P. Zaika [3], V. V. Yurovska [4], O. P. Koval [5] and others.

Aims. The purpose of this article is to analyze the legislation on pension reform and the implementation of mandatory accumulative level in Ukraine, as well as to evaluate already proposed projects, in particular, of the Ministry of Social Policy and the Ministry of Finance of Ukraine.

Methods. The study used general scientific methods, such as analysis and synthesis, as well as the method of comparative analysis for the comparison of regulations, as well as analysis of draft laws on pension reform, registered at the sessions of the Verkhovna Rada of Ukraine.

Results. According to the World Bank methodology, there are five pillars of pension systems [8]: a "zero pillar" without contributions (these are direct payments from the budget to citizens in need); "first pillar" – a system of accumulation – with obligations for various contributions, which depend on the level of wages, and in the future is a source of livelihood, replacing a certain part of earnings; a mandatory "second pillar" that is typically an individual savings account (i.e. a defined contribution plan) with a wide set of design options including active or passive investment management, choice parameters for selecting investments and investment managers, and options for using accounts at the withdrawal stage; a voluntary "third pillar" taking many forms (e.g. individual savings for retirement, disability or death;

employer sponsored; defined benefit or defined contributions by economic agents) but is essentially a flexible and discretionary option; and the "fourth pillar", which does not contain a defined balance of sources and corresponding financial benefits, but includes access to informal support (for example, ensuring family well-being through subsidies and benefits).

The Law of Ukraine "On Compulsory State Pension Insurance" [9] provides for the existence of the second (accumulative) pillar since the adoption of this act. However, discussions on these issues are still ongoing. In the last 5 years alone, more than 27 bills have been promulgated, including two completely new laws and amendments to existing ones. Still there was no consensus at the initial stage of the pension reform on the financial mechanism that could be implemented taking into account the spatiotemporal features of one or another round of Ukraine's economic development, and it hasn't been yet.

Ukraine passed an important stage of pension reform in 2017. Until now, more than 70% of retirees had pensions that were lower, even below the subsistence level. In fact, the pay-as-you-go pension system did not fulfill its main function even then and created a real financial burden for the state. This difficult situation has been improved through the adoption of the Law "On Amendments to Certain Legislative Acts of Ukraine on Increasing Pensions" [10]. There was a so-called "modernization of pensions" – they were recalculated on the basis of a "new" salary base, so the government was able to increase pension payments to a significant number of retirees.

However, it should be noted that such periodic changes in the form of "pension indexation" were carried out in Ukraine until 2017, and among the government's plans is possible consolidation of the indexation of pensions as an annual – March 1 [11]. Such changes are positively perceived in society, although, in fact, in our opinion, it is only an element of fiscal self-discipline aimed at mitigating the shortcomings of previous changes. Thus, today there are no other improvements and innovations for existing retirees in the field of discussion.

In 2020, at the initiative of the President of Ukraine, the government introduced monthly surcharges of 500 UAH to retirees aged 80 and older, and in 2021 plans compensation payments of 400 UAH within the average salary, which is taken into account for calculating pensions in 2020, and setting the minimum pension payment at 2,500 UAH for persons over 75 years of age and persons with pension insurance record of 20 years for women and 25 years for men from October 2021 [11]. However, according to World Bank experts, retirees under the age of 75 also need compensation for their unsatisfactory low pensions.

After the entry into force of this resolution of the Cabinet of Ministers of Ukraine [2] work on the concept and bills on the mandatory savings system intensified. Firstly, it is the pension reform that the International Monetary Fund requires for further cooperation with Ukraine, and secondly, it is obvious to all that the current system is not viable. The consensus was reached in the format of the introduction of the mandatory accumulative level and the development of non-state accumulative insurance as a tool that can increase both the differentiation of pensions and their size. But the international experience of countries that have carried out such reforms shows that it is impossible to get a quick result, because for decent pensions in the future it is necessary to save money for a significant period of time, measured in decades. Moreover, the amount of the accumulated amount will depend on both the amount of salaries and investment income in conditions of a stable socio-economic situation.

One of the main problems can be considered the proposal to finance the accumulative level through the use of part of the SST and/or PIT, or through public funds. According to World Bank experts, such a decision will increase the deficit of the pay-as-you-go pension system and will become another obstacle to achieving adequate pensions. Such funding parameters do not solve the main problems faced by the government today whatsoever – a significant part of public funds goes to cover the deficit of the Pension Fund, and pensions remain the same low.

In fact, this may lead to the compensation of small future pay-as-you-go pensions with a small accumulative component, and it is these accumulative pensions that will contribute to the reduction of pay-as-you-go pensions (through the transfer of the share of SST). That is, future retirees will not see a real change or any financial effect, and in any case, the winners will be financial intermediaries – asset management companies. For a real increase in future pensions (we are talking about a 15-25-year perspective) – a “new” resource or additional contribution from wages are clearly needed. At the same time, public funding can be considered as an incentive or additional one-time co-financing, but not as the main one for the accumulative contribution. There are many examples of countries, in particular, Georgia and Armenia, whose pension legislation is a clear reflection of this talking point.

Also, among the countries whose pension reforms are reflected in USAID analysis materials [12], there is experience (Chile and Kazakhstan), which clearly shows that a significant “new” financial resource to finance the accumulative system (10% rate of personal income) cannot guarantee high pension benefits. The second reform of the accumulative pension system in Chile has failed to address the following problems: inadequate pensions, low coverage, high administrative fees, gender inequality and growing public outrage over unjustified expectations. The reform of the accumulated pension system in Kazakhstan has also faced problems of low real return on investment, unsatisfactory replacement rates, especially for women, i.e. gender inequality. In both countries, these issues of accumulated pension systems have forced governments to consider additional compensation components due to extremely low pensions, and in Kazakhstan, some points of the new accumulated system have led to constant state budget expenditures to cover inflation losses for pension assets.

Given the experience of Chile and Kazakhstan, one should not expect significant payments from the future accumulated pension system in Ukraine, as our country still has characteristic and so far unresolved issues similar to the Chilean and Kazakh accumulative levels: unofficial employment, low official wages, instability of economy, inability to guarantee investment income of pension assets, gender inequality, etc.

We support the position of many experts that the reform can move in two key directions: preventing the fall of pensions in the short and medium term and determining the form of financing pensions in the long run [13]. Both guidelines are interlinked, and their implementation should in any case begin with the transformation of the pay-as-you-go system. Regarding the stabilization of seniority indicators, the experience of many countries indicates the possibility of assigning conditional seniority for the period before the introduction of personalized accounting (the 1990s). It is worth considering the use of a similar mechanism to compensate for the “gap in experience” due to the pandemic of 2020–2021 and subsequent years as a systemic emergency factor [14].

According to World Bank experts, a basic pension in addition to insurance is an acceptable systemic solution. This is evidenced by the practice of pension regulation in post-Soviet countries. International experience shows that the design of the basic pension can be very diverse, for example, in relation to the length of service, age, marital status, the size of the insurance pension, the availability of employment income, and so on. As reflected in domestic research, the accumulated system is a potentially important additional element aimed at the long term. But such a system should not be introduced at any cost, especially if this cost will deepen the poverty of today’s retirees [15]. All social, not just financial, aspects of this initiative should be worked out in detail and the link with the pay-as-you-go system at the payment stage should be clearly worked out. Certainly unconvincing are the arguments that the introduction of an accumulative system will avoid raising taxes to finance the pay-as-you-go system. Especially when you consider that such areas of reform are accompanied by risks of losing some resources.

Meanwhile, the Ministry of Social Policy has already proposed an option for the implementation of an accumulated pension system [16]. The main and most important issue that still remains in the field of discussion is contributions to the accumulative pension system.

However, the Ministry of Social Policy claims that with the introduction of the accumulative system there will be no additional financial burden on people and businesses. Instead, the state will redirect part of the paid taxes and fees to the person’s personal account in the fund determined by the employee. Thus, from taxes paid by a person (which is not specified, most likely refers to personal income tax) it is proposed to direct to the accumulation a share of 1–2% of salary. Additionally, contributions in the amount of 1–2% of the salary will be redirected to the person from the amounts of the single social contribution paid for the person by the employer. In the future, contributions need to be increased so that pay-as-you-go and accumulative pensions together provide a decent standard of living. Such possible ways of financing the future accumulative system could lead to the government being forced to cut spending as a result of redirecting government revenues. A similar scenario applies to the SST, which finances the pay-as-you-go pension system.

The Ministry of Social Policy also outlined future options for possible investments. Yes, it is claimed that pension savings will not “lie in the account.” They will be immediately invested in the country’s economy, only in those instruments that are identified by law as the most reliable (government securities, including those targeted for long-term projects, municipal securities, shares and corporate bonds, deposits in reliable banks, bank metals, real estate, land, etc.).

Table 1. Analysis of draft Laws on pension reform of existing legislation and proposals for new laws registered at the sessions of the Verkhovna Rada of Ukraine during 2016–2021

	Draft law number	Features of the draft law	Status of the draft law
		Amendments to existing laws	
1	2683-3 of May 7, 2021 Draft Law on Compulsory Accumulative Pension Provision	It is proposed to remove from the existing legislation everything related to the concept of “non-state pension fund – the subject of the second level of the pension system”, as well as “accumulative fund”, “accumulative pension account” and a number of interrelated terms. Withdrawal from the subjects of the Accumulative Pension Fund and its replacement by authorized subjects of the system of compulsory accumulative pension provision. The project includes changes to advertising in the system of compulsory accumulative pension provision	Submitted to the Committee on the rejection of June 3, 2021
2	2683-2 of May 6, 2021 Draft Law on Amendments to Certain Laws of Ukraine Concerning the Accumulative System of State Pension Insurance	Extension of the article on the Accumulative Fund in terms of the possibility (in 5 years from the date of introduction of the system) to replace it with an asset management company on the basis of a tender decided by the Cabinet of Ministers. There are also restrictions (for the same 5 years) on the placement of the Accumulative Fund only in assets in government bonds of Ukraine, treasury bonds of Ukraine and other securities issued by the state. The first 10 years of the contribution transfer system are voluntary. Persons who have become members of the accumulative system of state pension insurance do not have the right to switch to the payment of contributions to the pay-as-you-go system. The transfer of insurance contributions to the Accumulative Pension Fund is introduced only after the following conditions are met: 1) for 2 consecutive years the absence of deficit of the Pension Fund budget has been ensured; 2) economic growth has been achieved for 2 consecutive years (statistically recorded growth of real gross domestic product occurs for at least 2 years)	Submitted to the Committee on the rejection of June 3, 2021
3	2083-1 of February 14, 2020 Draft Law on Amendments to Certain Laws of Ukraine Concerning the Exercise of the Right to a Pension	An alternative to the previous bill is that in fact nothing has been changed in the bill, except for the list of initiators of the bill	Submitted to the Committee for review on February 18, 2020
4	3058 of February 11, 2020 Draft Law on Amendments to the Law of Ukraine “On Non-State Pension Provision” and other legislative acts on non-state pension provision	A number of existing terms have been added and clarified. The principles on which non-state pension provision should be based have been added: ensuring by the state the economic interest of the employer in making pension contributions for the benefit of its employees to the system of non-state pension provision; prudent investment of pension assets; taking into account environmental, social and managerial risks in the activities of the pension fund; proportionality of the Fund’s management system to the size, nature, scale and complexity of its activities. The term “National Commission for State Regulation of Financial Services Markets” has been changed to “Authorized Body”, the term “pension fund” to “Fund”. A list of possible members of the Fund’s board has been added. The total amount of expenses for organizational, technical and material support of the Fund’s Board and the meeting of founders should not exceed 0.5% of the average net asset	Submitted to the Committee for review on February 18, 2020

	Draft law number	Features of the draft law	Status of the draft law
		value of the Fund per year, exceeding this amount is reimbursed by the Fund's founders. The fund must use the services of only one administrator. The list of responsibilities of the Administrator has been updated. The Fund Administrator must have and maintain on an ongoing basis an equity of at least 530 minimum monthly salaries, have employees of the appropriate qualification level, have appropriate technical support and information systems for personal accounting of the Fund's participants. The list of signs of lack of impeccable business reputation which are applied to executive and controlling bodies of the administrator is added. The bill proposes to supplement the article on the revocation of the license to conduct activities on the administration of pension funds by the "temporary suspension" of the license. The draft proposes to supplement the Law with an article on "Requirements for persons providing agency services". The responsibilities of a person who manages pension assets have been expanded, and a number of rules have been added for such persons. The license to manage the assets of private pension funds is issued to the person concerned, provided that he had paid the authorized capital and equity in the amount of not less than 1500 minimum monthly salaries on the day of submission to the National Securities and Stock Market Commission to obtain this license. The assets of the private pension fund are supplemented by bank metals and deposits. Pension assets are prohibited from investing in receivables. A list of information that must be published on the official website of the non-state pension fund has been added. Pension payments are made in non-cash form in the national currency of Ukraine (previously monetary form of payments was provided). Articles on prudential supervision have been added	
5	2763 of January 16, 2020 Draft Law on Amendments to the Tax Code of Ukraine on Compulsory Accumulative Pension Provision	The draft law introduces such terms as: a lifelong pension insurance contract and a system of compulsory accumulative pension provision, as well as clarifies some existing terms. Exemption from taxation is provided in the form of contributions to the system of compulsory accumulative pension provision, which comes to the Pension Treasury and authorized non-state pension funds, as well as income from operations with their assets	Submitted to the Committee for refinement on March 15, 2021
6	2617-1 of December 28, 2019 Draft Law on Amendments to Certain Laws of Ukraine on Pension Provision for Years of Service	The bill proposes changes to seniority and age for certain categories of employees (towards reducing the general or special length of service and/or retirement age) who are entitled to a retirement pension due to years of service, in particular, certain categories of aviation and flight test workers, workers locomotive crews, workers of expeditions, parties, workers of education, health care and social security, artists and athletes. In fact, this Bill should be considered in parallel with #2617 of December 18, 2019	Included in the agenda of May 20, 2020
7	2083-d of November 26, 2019 Draft Law on Amendments to Certain Laws of Ukraine Concerning the Exercise of the Right to a Pension	The draft law introduces proposals on the possibility of participation in the pension system of internally displaced persons or persons living in the temporarily occupied territories of Ukraine, as well as the possibility of receiving pensions for the past. The bill also provides	Submitted to the Committee for refinement on February 5, 2020

	Draft law number	Features of the draft law	Status of the draft law
		for the payment of pensions to persons living in the temporarily occupied territories of Ukraine	
8	1141 of August 29, 2019 Draft Law on Amendments to the Law of Ukraine “On Compulsory State Pension Insurance” to reduce the retirement age and length of service as conditions for assigning an old-age pension	The draft law covers amendments to the Law of Ukraine “On Compulsory State Pension Insurance”. In particular, it is proposed to return to the previous rule of law, according to which the retirement age for women is 55 years and to set the pension insurance record at 20 years	Returned to the subject of the initiative on October 11, 2019
9	10416 of July 3, 2019 Draft Law on Amendments to the Law of Ukraine “On Compulsory State Pension Insurance” (on ensuring the right of citizens of Ukraine to decent pension benefits)	The draft law proposes to amend the Law of Ukraine “On Compulsory State Pension Insurance”. The draft law proposed for consideration increases the coefficient of pension insurance record from 1.00 to 1.40 for each year of insurance record. According to the authors: the adoption of these changes will increase the amount of pension benefits by 40%. Another point is the reduction of the pension insurance record required to receive pension benefits from 35 to 25 years. Thus, according to the proposed changes, Individuals will be entitled to an old-age pension after reaching the age of 60 and having at least 15 years of pension insurance record until December 31, 2017. Starting from January 1, 2018, the right to receive an old-age pension after reaching the age of 60 will have persons with pension insurance record: from January 1, 2018 to December 31, 2018 – not less than 16 years; from January 1, 2019 to December 31, 2019 – not less than 17 years; from January 1, 2020 to December 31, 2020 – not less than 18 years; from January 1, 2021 to December 31, 2021 – not less than 19 years; from January 1, 2022 to December 31, 2022 – not less than 20 years; from January 1, 2023 to December 31, 2023 – not less than 21 years; from January 1, 2024 to December 31, 2024 – not less than 22 years; from January 1, 2025 to December 31, 2025 – not less than 23 years; from January 1, 2026 to December 31, 2026 – not less than 24 years; from January 1, 2027 to December 31, 2027 – not less than 25 years; starting from January 1, 2028 – not less than 25 years	The bill was withdrawn on August 29, 2019
10	10412 of July 2, 2019 Draft Law on Amendments to the Law of Ukraine “On Compulsory State Pension Insurance” on the introduction of an additional “thirteenth” pension for all retirees	The bill proposes to supplement the Law of Ukraine “On Compulsory State Pension Insurance” with Article 50-1, according to which every December each pensioner will receive an additional pension equal to the amount of pension received by the pensioner in December of the same year	The bill was withdrawn on August 29, 2019
11	10272 of May 6, 2019 Draft Law on Amendments to Certain Legislative Acts of Ukraine on Overcoming and	The bill proposes to prohibit companies working in the field of international employment, to receive funds from potential job seekers for employment abroad, to introduce administrative liability for violations	The bill was withdrawn on August 29, 2019

	Draft law number	Features of the draft law	Status of the draft law
	Preventing the Negative Consequences of Mass Labor Migration of Ukrainians Abroad	committed by companies working in the field of international employment, to prohibit the collection of any fees, commissions and other rewards for mediation in employment in Ukraine or abroad, to determine equal and competitive conditions for the employer to choose an employee through the simplification of procedures and rules of employment in Ukraine of foreign citizens and stateless persons	
12	9511 of January 30, 2019 Draft Law on Verification and Monitoring of State Payments	Interesting is the initiative, which according to the drafters of the bill is aimed at improving the targeting of state benefits, promoting the development of social security. Thus, on January 30, 2019, the Verkhovna Rada of Ukraine registered a draft Law of Ukraine "On Verification and Monitoring of State Payments" #9511, which defines the main tasks, rights and responsibilities of the central executive body that ensures the formation and implementation of state financial and budgetary policy on the verification of state payments, defines the powers of bodies making state payments, regulates the main issues of collection, processing and analysis of information received from the subjects of information, defines the main stages of verification and the list of information used for verification and monitoring government payments. According to Article 1 of the Draft Law, state payments should be understood as pensions, benefits, privileges, subsidies, scholarships, other payments made at the expense of the state, local budgets, the Pension Fund of Ukraine, funds of compulsory state social insurance	The bill was withdrawn on August 29, 2019
13	9422 of December 19, 2018 Draft Law on Amendments to the Law of Ukraine "On Compulsory State Pension Insurance" (on old-age pensions for women who have given birth to and raised two or more children)	The main purpose of the bill is to improve the demographic situation in Ukraine by providing additional social guarantees to women who have given birth to and raised two or more children. The draft proposes to amend Article 26-1 of the Law of Ukraine "On Compulsory State Social Insurance" to change the requirements for pension insurance record and age for this category of persons. In particular, women who have given birth to and raised two or more children to the age of eighteen are entitled to an old-age pension if they have a shorter pension insurance record than the one established by this law, depending on the number of such children: in the presence of two children – one year less; in the presence of three children – two years less; in the presence of four children – three years less; in the presence of five children – four years less; in the presence of six children – five years less; in the presence of seven children – six years less; in the presence of eight children – seven years less; in the presence of nine children – eight years less; in the presence of ten children – nine years less; in the presence of eleven or more children – ten years less. Until the age of 60, the women referred to in part one of this article, if they have the corresponding pension insurance record, are entitled to an old-age pension depending on the number of children they gave birth to and raised to the age of eighteen: in the presence of two children – at the age of 59; in the presence of three children – at the age of 58;	The bill was withdrawn on August 29, 2019

	Draft law number	Features of the draft law	Status of the draft law
		in the presence of four children – at the age of 57; in the presence of five children – at the age of 56; in the presence of six children – at the age of 55; in the presence of seven children – at the age of 54; in the presence of eight children – at the age of 53; in the presence of nine children – at the age of 52; in the presence of ten children – at the age of 51; in the presence of eleven or more children – at the age of 50	
14	9184 of October 9, 2018 Draft Law on Amendments to the Law of Ukraine "On Compulsory State Pension Insurance" to Establish an Appropriate Level of Pension Provision for Citizens Affected by the Chornobyl Accident	It is proposed to establish the minimum amount of disability pension for persons covered by the Law of Ukraine "On the Status and Social Protection of Citizens Affected by the Chornobyl Accident". In particular, for participants in the liquidation of the consequences of the Chernobyl accident, evacuated from the exclusion zone, resettled from the zones of unconditional (compulsory) resettlement, disabled children from childhood who have reached the age of majority: for the first group of disability – 10 subsistence levels for persons who have lost their ability to work; for the second group of disability – 8 subsistence levels for persons who have lost their ability to work; for the third group of disability – 6 subsistence levels for persons who have lost their ability to work; for other disabled people for whom the causal link of disability with the Chornobyl disaster has been established: for the first group of disability – 4 subsistence levels for the persons who have lost working capacity; for the second group of disability – 3 subsistence levels for persons who have lost their ability to work; for the third group of disability, for children with disabilities – 2 subsistence levels for persons who have lost their ability to work	The bill was withdrawn on August 29, 2019
15	9175 of October 5, 2018 Draft Law on Amendments to Certain Legislative Acts of Ukraine (on Increasing the Prestige of the Work of Teachers)	It is proposed to amend some legislative acts in order to increase the salaries of educators and, accordingly, the prestige of the profession. The draft law envisages the wording of the fifth part of Article 61 of the Law of Ukraine "On Education" as follows: "To increase the prestige of labor, the state provides an allowance of 20 percent of the salary (salary rate) to teachers.The allowance is set for the entire amount of training load performed by the employee"	The bill was withdrawn on August 29, 2019
16	9154 of October 3, 2018 Draft Law on Amendments to Certain Legislative Acts of Ukraine on Improving the Pension Conditions of Participants in the Anti-Terrorist Operation and Members of the Families of the Heavenly Hundred	The draft law proposes to amend the second part of Article 32 of the Law of Ukraine "On Compulsory State Pension Insurance" of July 9, 2003 #1058-IV and to grant the right to award disability pensions to servicemen of the Armed Forces of Ukraine, National Guard of Ukraine, Security Service of Ukraine, and other law enforcement agencies that defended the independence, sovereignty and territorial integrity of Ukraine, and also provides that the allowance for special services to Ukraine in accordance with the Law of Ukraine "On Pensions for Special Services to Ukraine" is granted to family members of persons for civic courage, patriotism, selfless service to the Ukrainian people, revealed during the Revolution of Dignity, posthumously awarded the title of Hero of Ukraine, to all types of pensions, regardless of age, established by Article 26 of the Law of Ukraine "On Compulsory State Pension Insurance"	The bill was withdrawn on August 29, 2019

	Draft law number	Features of the draft law	Status of the draft law
17	8360 of May 16, 2018 Draft Law on Amendments to the Law of Ukraine “On Pension Provision for Persons Discharged from Military Service and Certain Other Persons” to establish a surcharge for work after the appointment of a pension and calculate it according to a two-part formula	The bill proposes to establish a surcharge for post-employment pensions for those law enforcement officers who, after dismissal, officially worked and paid insurance contributions to the Pension Fund of Ukraine from their salary or income. The amount of this surcharge is determined by the following formula: $S = S1 + S2$, where: S – surcharge to the pension in UAH; S1 – surcharge to the pension in UAH, calculated from the pension insurance record for the period after dismissal until June 30, 2000, and S2 – surcharge to the pension in UAH, calculated from the pension insurance record for the period after July 1, 2000. S1 and S2 are also calculated by certain formulas	The bill was withdrawn on August 29, 2019
18	6509 of May 25, 2017 Draft Resolution on the Concept of Modernization of the Pension System of Ukraine	This Project proposes to approve the Concept of modernization of the pension system of Ukraine, which will identify key components and directions of modernization of the pension system, including elimination of deteriorating retirement conditions admitted in 2014–2016, introduction of new approaches to determining pension benefits, introduction of professional (corporate) components of the accumulative pension system, equalization of the basis for accrual of pensions granted in different years (“modernization” of pensions) by conducting regular valorization (i.e. “modernization”, monetary revaluation of pension rights) of pensions based on the average wage determined on the basis of statistical reporting. It should be noted that the initiators of the corresponding Project were the People’s Deputies of Ukraine – Korolevska N.Yu. and Solod Yu.V. It is expected that the adoption of the Draft Resolution will identify specific ways to further changes in pension legislation that would contribute to building a fair and balanced pension system in Ukraine	Withdrawn from consideration on March 20, 2018
19	6469 of May 18, 2017 Draft Law on Amendments to the Law of Ukraine “On Compulsory State Pension Insurance” to protect the right of citizens of Ukraine to a fair pension	The bill proposes to supplement the paragraph of the first part of Article 26 of the Law of Ukraine “On Amendments to the Law of Ukraine “On Compulsory State Pension Insurance” with the provision that women are entitled to an old-age pension with at least 30 years of service regardless of age”. In addition, Article 42 of the Law of Ukraine is proposed to be supplemented by a provision that will provide for the recalculation of previously assigned pensions annually from March 1 due to an increase in the average wage (income) in Ukraine, from which insurance premiums are paid, at a rate corresponding to 100 percent growth average salary (income) in Ukraine, from which insurance premiums were paid, compared to the previous year. The procedure for such a pension increase is determined by the Cabinet of Ministers of Ukraine. It is expected that the adoption of this bill will help fulfill the Article 46 of the Constitution of Ukraine obligation of the Ukrainian state to guarantee citizens the right to social protection, including the right to provide them in case of complete, partial or temporary disability, loss of breadwinner, unemployment due to the circumstances beyond person’s control, as well as in old age and in other cases provided by law	The bill was withdrawn on August 29, 2019

	Draft law number	Features of the draft law	Status of the draft law
20	6432 of May 11, 2017 Draft Law on Amendments to Article 27 of the Law of Ukraine "On Compulsory State Pension Insurance" to limit the amount of pensions to five minimum old-age pensions for some persons who performed state functions	People's Deputy V. Rabinovych proposed to introduce relevant changes to Article 27 of the Law of Ukraine "On Compulsory State Pension Insurance". It should be noted that at the moment the Law provides for a general limitation of the maximum pension to 10 subsistence minimums established for persons who have lost their ability to work. As of December 31, 2017, the maximum amount of pension may not exceed 10,740 UAH. Parliament is proposed to limit on a permanent basis the maximum pension of the former rulers to 5 minimum old-age pensions	The bill was withdrawn on August 29, 2019
21	6063-d of April 14, 2017 Draft Law on Amendments to Certain Laws of Ukraine on Ensuring the Appropriate Level of Social Protection of Families with Children and Establishing Fair Social Guarantees for Children	This bill provides for amendments to a number of regulations, including the Family Code of Ukraine, the Labor Code of Ukraine, the Laws of Ukraine "On State Assistance to Families with Children", "On State Social Assistance to Low-Income Families", "On Holidays", "On Preschool Education", "On the Protection of Childhood". Among the changes proposed by the bill are the following: – Introduce childbirth allowance, which will be paid in two installments instead of one-time childbirth allowance. The first part of childbirth allowance should be calculated based on the subsistence level for children under six years of age, set on the child's birthday, and provided in the amount of 15 times the subsistence level – for the first child; in the amount of 20 times the subsistence level – for the second child; in the amount of 25 times the subsistence level – for the third and each subsequent child. The second part of the childbirth allowance is calculated based on the subsistence level for children under six years of age, established for the calendar month for which the payment is actually made, and is paid monthly with the birth of the child for 36 months following the child's birth; – establish a minimum (guaranteed) amount of temporary state assistance to children whose parents evade the obligation to maintain a child at least 30% of the subsistence level for children of the appropriate age, provided that the average monthly total family income per person the previous six months did not exceed two subsistence minimums for a child of the appropriate age or if the family supports a child with a disability; – increase to 30 months the deadline for applying for assistance in connection with the birth of a child in cases of its birth in the temporarily occupied or uncontrolled territory, serious illness of the child or his parents; – to fix the amount of state social assistance for each child under the age of 13 at the level of 25% of the subsistence level for a child of the appropriate age. It is proposed to fix the benefit for each child aged 13 to 18 at the level of 40% of the subsistence level for a child of the appropriate age. It is expected that the adoption of this bill will help increase the level of state social support for families with children and improve the demographic situation in Ukraine	The bill was withdrawn on August 29, 2019
22	6326 of April 10, 2017 Draft Law on Amendments to the Tax Code of Ukraine to establish the principle of	The relevant bill is aimed at establishing the principle of constitutionality of taxes and fees, bringing tax legislation in line with this principle by abolishing pension taxation and reimbursing pensioners for the	Withdrawn from consideration on September 17, 2018

	Draft law number	Features of the draft law	Status of the draft law
	constitutionality of taxes and fees, bring tax legislation in line with this principle by abolishing the taxation of pensions and reimbursement to pensioners of the amount of tax already paid	amount of pension tax already paid (including the amount of their indexation accrued in accordance with law) or monthly lifetime allowance. Legislators have proposed the following changes: – establish a ban on the inclusion in the total monthly (annual) taxable income of the taxpayer of the amount of pensions (including the amount of their indexation, accrued in accordance with the law) or monthly lifetime allowance; – to exclude from the Tax Code of Ukraine the norm by which the taxation of the amount of pensions or monthly cash withholding was introduced; – to establish the possibility of reimbursing pensioners for the amount of already paid personal income tax from the reserve fund of the state budget of Ukraine within one year from the date of entry into force of the relevant bill	
23	6274 of March 31, 2017 Draft Resolution on some issues of modernization (valorization) of pensions in Ukraine	The relevant Resolution was initiated by the Verkhovna Rada Committee on Social Policy, Employment and Pensions. It is believed that the adoption of the proposed draft Resolution will allow in 2017 to begin the process of revision of pension benefits granted in different years, taking into account the proportional growth of average wages in Ukraine since the appointment of individual pensions, and at the legislative level to develop a mechanism for modernization of pensions for future on a regular basis. The explanatory note states that the implementation of the measures identified in the draft resolution will increase pension benefits for citizens who have long been retired, but the calculation of their pension benefits was carried out using the average salary in Ukraine, which is 3 times lower than today it is used for pensions	Withdrawn from consideration on September 18, 2018
24	5671 of January 19, 2017 Draft Law on Amendments to Certain Legislative Acts of Ukraine on Restoration of the Rights of Working Pensioners to Receive a Pension	It is proposed to abolish the rules on limiting the payment and amount of pensions for working pensioners in a number of legal acts, including the Law of Ukraine “On Pension Provision”, “On Compulsory State Pension Insurance”, “On the Status and Social Protection of Chernobyl Victims”, “On Pensions of Persons Discharged from Military Service and some other persons”, “On Civil Service”, etc. This bill is aimed at restoring the proper level of social protection of working pensioners by eliminating the rules on limiting the payment and amount of their pensions	Withdrawn from consideration on March 20, 2018
25	5564 of December 21, 2016 Draft Law on Amendments to Article 42 of the Labor Code of Ukraine on the protection of labor rights of workers of pre-retirement age	In accordance with the provisions of this law, employees who have less than three years before retirement age, at which a person is entitled to receive pension benefits, received a preemptive right to remain in employment upon dismissal of employees due to changes in the organization of production and labor at equal conditions of labor productivity and qualification. In general, the adoption of this law is aimed at providing additional protection of labor rights of citizens of pre-retirement age	The law was passed. Returned with the signature of the President on April 28, 2017
New legislative projects			
26	2617 of December 18, 2019 Draft Law on the introduction of retirement benefits	This Law does not apply to pensions for years of service that are or have been awarded under the Law of Ukraine “On Pension Provision.” Categories of persons covered by the Law: a) workers of locomotive crews; b) truck drivers; mechanics (dockers-mechanics); the fleet of the	Included in the agenda of May 20, 2020

	Draft law number	Features of the draft law	Status of the draft law
		sea, river fleet and fishing fleet; workers of certain types of vessels, etc. Pension programs are implemented in the system of private pension provision by non-state pension funds	
27	2683 of December 27, 2019 Draft Law on Compulsory Accumulative Pension Provision	The Draft Law provides for a number of amendments to the main legislative acts of Ukraine on regulatory activities, securities, etc. It is proposed that the subjects of the system of accumulative pension provision (instead of the Accumulative Fund) will be: Pension Treasury; authorized subjects of the system of obligatory accumulative pension provision. Changes are also proposed for advertising in the system of compulsory accumulative pension provision. The project introduces the concept of "accumulative contribution" and the range of its payers, offering a rate of 1% to 5% depending on the category of payers. On November 23, 2021, the project was finalized and an article was added to the project with a list of payers of the single contribution and the accumulative contribution, the definition of "accumulative contribution" was added. Changed the rate to 1 percent in 2023, 1.5 percent in 2024, 2 percent in 2025 and subsequent years and the corresponding government funding, which may not exceed 3%	The opinion of the Committee on consideration of November 25, 2021 is given

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Thus, pension savings will be domestic investments that will help the economy grow, and each member of the pension accumulative system will be an investor in his country and will receive income from their investments. Accumulated pension funds will distribute all earned investment income among future retirees, and the directions and amounts of expenditures that can be made from pension assets will be strictly limited by law, so that pension savings are not a source of current expenses.

The Ministry of Social Policy proposes certain changes for people who worked in difficult and harmful conditions and their early retirement, by gradually replacing the non-functioning mechanism of financing these pensions with accumulative ones. In their opinion, this will provide the following benefits: fair compensation to people for working in hazardous conditions, without any additional requirements; additional investments for the economy; improving working conditions by modernizing production; exemption of the state budget from the financing of employers' obligations for preferential pensions, which will take place gradually until 2046; preventing an increase in the burden on employers, as the funds they currently reimburse PFU for pensions granted on preferential terms will continue to be paid by employees through the introduction of a separate SST rate for them. But such approaches can be accepted by society only if there is a level of wages that will ensure a decent life.

The Ministry of Finance presented a project of the second level of the pension system [17], which provides for the deduction of contributions in the amount of 1% of salary to a personal savings account. The amount of contributions to the accumulative pension fund will gradually increase: in 2024 it will be 1.5%, and from 2025 – 2%. The amount of SST payments to social funds will be reduced to 20.5% and 20%, respectively. There will also be an opportunity to voluntarily transfer money to your accumulative pension account. Such actions will also encourage: the state will double every voluntary contribution.

An expanded analysis of the bills of Laws on pension reform of existing legislation and proposals for new Laws registered at the sessions of the Verkhovna Rada in the period from 2016 to 2021 is presented in the table. It is shown that changes are made to various existing laws, mainly affecting certain categories of citizens. Clarifications of existing terms are offered and explanations for new terms are provided, reflecting the relevant proposed changes to the legislation. However, in the last months of 2021, the largest number of discussions concerns the bill #2683 of December 27, 2019 of the Draft Law on Compulsory Accumulative Pension Provision, as it was finalized during November 2021.

Conclusions. Based on the results of an expanded analysis of 27 draft laws on the reform of current pension legislation and proposals for new laws on these issues in the period from 2016 to 2021, the following conclusions can be drawn.

Firstly, there is currently virtually no single concept for amending legislation, so most bills are either withdrawn or submitted for further revision. Currently, various aspects of Ukraine's pension system are regulated by a large number of legislative acts, so there are signs of dispersion in these projects. Most regulations are designed to improve the well-being of certain categories of citizens, in particular many of them are dedicated to servicemen, single mothers affected by the Chernobyl accident, war veterans and more.

Secondly, in addition, there are currently significant discussions on the financing of the accumulative contribution, various ministries offer significantly different funding schemes, while motivating the population is offered to be done by a bonus state contribution in addition to the contribution of the employee, which in turn does not solve the problem of significant workload on public finances.

Thirdly, the well-known world experience of pension system reforms shows that the real effect on payments from accumulated sources will have to wait at least 15–20 years, or even all 25. That is, it is rather a long-term preventive measure, and for current retirees it is if will affect, not for the better.

Fourthly, institutional rules of trust in state regulators should be implemented, along with the principle of voluntariness with mandatory preventive controls. It is necessary to maintain a balance between the amount of income to ensure a decent life and the corresponding contributions to special accumulative funds. It is about maintaining a decent standard of living and reducing income inequality. The likelihood of pessimistic expectations of people due to the unpredictability of reforms that could lead to social protests and opportunistic behavior of the business community should be carefully analyzed.

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