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EVALUATION OF THE CUMULATIVE LEVEL OF COMPULSORY STATE PENSION INSURANCE AGAINST GENDER ASPECTS
ОЦІНЮВАННЯ НАКОПИЧУВАЛЬНОГО РІВНЯ СИСТЕМИ ЗАГАЛЬНООБОВ'ЯЗКОВОГО ДЕРЖАВНОГО ПЕНСІЙНОГО СТРАХУВАННЯ З УРАХУВАННЯМ ГЕНДЕРНОГО АСПЕКТУ

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Abstract. The article is devoted to the assessment of social and economic consequences while reforming of pension system via implementation compulsory state cumulative level. Gender characteristics and consequences of pension provision for different layers of population via implementation of cumulative level of pension system are determined; the possibility of actual gender issues' solution within multilevel system of pension provision is substantiated.

Key words: pension provision, retirement savings, gender, accumulative level, pension system.

Introduction. In the conditions of the national economy shift to market standards, the implementation of pension reform is one of the main directions for the improvement of the general system of social protection of Ukrainian population. The main reasons for the necessity to modernize the old pension system are the growing process of aging of the population, which creates unprecedented financial problems, makes it impossible to finance pensions' provision from the state budgets on the previous scale; high level of shadow economy; the growth of unofficial immigration and the change of social values.

Because of the scale of the state pension provision program in our country, as well as its complexity due to the peculiarities of retirement obligations, the modern pension system of Ukraine plays a huge role not only in the social and socio-political sphere, but also significantly shaping and redistributing monetary resources in the regional and sectoral aspects, affects the stability and balance of the state's financial system [1].

At the same time we can not ignore that the researching level of social and economic aspects of Ukrainian pension system's functioning lags behind the needs of modern domestic practice. This does not allow to respond promptly to enquiries of practice and to adopt constructive solutions to the many urgent problems of the pension system development.

Basic Text.

Currently, in the world of practice, two models of pension system's formation are dominant: distributive (solidarity) model, characterized by the fact that for the payment of pensions to elderly people actuarial revenues to the pension insurance fund are used, and cumulative (saving) model, which is the complete opposite of the distributive model, because it prefers individual pension accounts in which a person



makes cash payments that are placed on a special account during the period of employment, then this money is invested in certain investment projects until the person reaches retirement age [2].

The fundamental moment in the cumulative pension system is that the size of the labor pension that an employee will receive is closely related to the amount of his/her pension contributions, the age of retirement and the residual life expectancy. It is therefore important to assess the consequences of pension reform for different segments of the population, different both in terms of employment within labor market, and in their social roles.

The Ukrainian pension system is in the deepest crisis during all years of its existence. Low-impact efforts to transform the existing pension system aiming to shift it to new economic relations do not have any positive effect on its functioning.

The basic feature of the future pension system is that the size of the labor state pension that an employee will receive from both the cumulative and distribution portions, closely related to the time of execution and the size of his/her pension contributions (retirement income tax), the age of retirement and the expected residual life expectancy [3].

The rigid dependence of the size of the future pension on the size of actual or conditional pension savings will lead to unjustifiably high differentiation of pension rates of various socio-demographic groups [4].

In order to assess the implications of reforming the pension system, we examined the impact of socially-beneficial and forced breaks in working life, as well as the existing asymmetry in the employment onto retirement savings for men (variants A-K) and women (variants of L-U), who belong to different socio-demographic groups and we analyzed the influence of the main factors determining the specifics of the situation of men and women in the field of employment and labor market, gender stereotypes adopted in our society [5, 6], on the level of pension savings for different socio-demographic groups.

But in this paper we did not take into account all the breaks in the working life, but only those which are especially socially significant (Fig. 1, and Fig. 2).

If men have breaks in work activities due to studying and service in the army (options A, C, G), then the pension savings of men with a university education will be 20.69% higher than the pension savings of men with secondary school education only, and by 9% higher, if to compare between men with college degree with those who has secondary school only.

When examining the difference in the amount of pension savings for men who graduated from high school and served in the army (options A and B), but one of them took a childcare leave of up to three years, then we can find that staying in such the leave will lead to a decrease in the level of man's savings by 8.64%. But if men graduated from the college and went to service in the army (options C and D) and one of them was on childcare leave, then he would collect 9.29% of savings less than his opponent. If men received high education (Bachelor's degree) and were in the army (options F and G), then the childcare leave would reduce the accumulation by 10%. Thus, one-child childcare leave reduces the amount of men's savings by an average of 8-10%.



Options	Men									
	A	B	C	D	E	F	G	H	I	K
17			2			3				4
18	1		2			3				
19			1			3				
20			1			3				
21						1				
22						1				
23										
24										
25										
26										
27				5						
28		5		5				5		
29				5						
30										
і т.д.										

Fig. 1 The scheme of possible breaks in working life for men where 1 – Army service, 2 – studying in a college, 3 – studying in a high school (Bachelor’s degree), 4 - studying in a high school (Master's degree) , 5 – maternity leave for 1 child care.

Options	Women										
	L	M	N	O	P	Q	R	S	T	U	
17			2			3				4	
18			2			3					
19						3	3				
20								3			
21											
22		5		5				5			
23											
24											
25											
26											
27											
28					5				5	5	
29											
30											
і т.д.											

Fig. 2. The scheme of possible breaks in working life for women

Calculations have shown that the birth of one child and the child-care up to three years reduced the pension savings of women by 8-10% compared to a woman who has no children or did not use this vacation. At an equal level of education, but with a change in the age at birth (option S and T), we can see that early births will reduce



the birth rate by 1.24%, which is not very significant.

The level of education, as well as the wage level after its obtaining, will lead to an increase in savings from 15% (options L i N) up to 32% (options L i U). It is interesting to compare the level of savings of a woman who has college education (N) and a woman who continued her further education in high school (Q). Even a 4-years break in contributions will not reduce the level of savings of women, they will be 10,15% higher. The comparison of women with college education (N) and women with high education (Master's degree) and with childcare leave after it (option U) shows that the savings of the first one will be by as much as 20.4% less. The amount of savings among women will vary from 15 up to 38% at different levels of education in comparison with a woman with the highest education (option U). Changing the level of education from bachelor to master will bring an increase in savings by 13.5% under other equal conditions.

If, however, to compare the pension savings of men and women of the same educational level, while taking into account the fact that the woman was on childcare leave (options S and I), then, as calculations show, her pension savings would be only 36.73% from savings of a man if he does not have a child, and 30,25% if there he does. Comparison of the savings of men and women under all equal conditions shows less drastic difference: the level of savings of women is about 70-75% of the men's ones.

It should be also taken into account that the breaks in employment related to the care for a little child, in contrast to the breaks associated with the raising an employee's educational level, not only do not contribute to the growth of wages or career opportunitiest, but vice versa, is a factor inhibiting their growth. Moreover, women's wages and careers often stop growing long before the baby is born - at the moment when her management finds out the news about the expected event.

Conclusions and Proposals.

Based upon modelling we determined the dependence of the pensions savings on the duration of employment, the level of education, the existence of non-insured periods in the employment, separately for men and women. The calculations carried out in this work allow to estimate, substantiate and predict the consequences of pension reform by introducing a cumulative level of the pension system.

It has been proved that existing gender problems (wage differences, the use of childcare leave by women) which do not have a significant impact on the existing distributive (solidarity) system, will further worsen the standard of living of retired women when pension system changes into cumulative one.

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Анотація. Робота присвячена оцінці соціально-економічних наслідків при реформуванні пенсійної системи шляхом впровадження обов'язкового державного накопичувального рівня. Визначені гендерні особливості та наслідки реформування пенсійного забезпечення для різних верств населення шляхом запровадження накопичувального рівня пенсійної системи і обґрунтована можливість вирішення в багаторівневій системі пенсійного забезпечення існуючих гендерних проблем.

Ключові слова: пенсійне забезпечення, пенсійні накопичення, гендер, накопичувальний рівень, пенсійна система.

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