СЕКЦІЯ 7. ГРОШІ, ФІНАНСИ І КРЕДИТ

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PECULIARITIES OF PENSION PROVISION OF POLAND

Polish system of pension insurance is three–levelled and the most popular in Europe. All insured persons upon reaching retirement age receive a pension from the joint, mandatory accumulation and individual levels. The requirements for receiving a solidarity pension are simple: a person must have a 20-year insurance record (for women) and a 25-year (for men), during which he or she deducted to the Pension Fund a contribution of 19.5% of his or her salary (half of this amount is paid by the employer). One third of the pension contribution automatically goes to level II of the pension insurance, where these funds are invested by the Open Pension Fund in the shares of the companies (60%), in the guarantee bonds of different firms (20%), foreign investments (5%), etc. The III level of the pension insurance system involves voluntary insurance of a person in the Investment Fund, the Insurance Company or the Pension Program of employees. The Social Insurance Agency (ZUS) is the main executor of the social insurance legislation. It establishes rights and pays out insurance at the expense of insurance funds. ZUS maintains personal accounts of all persons covered by social insurance.

Finally, the pension system of the country was formed in 1999, although reforms are making changes to it to these days. For example, recently, the retirement age has fallen, so now women can go at age 60, and men – in 65 (before that for all, the retirement age was 67 years old) for everybody. In comparison with our system, the Polish government has created two categories of people, according to which makes an accrual. Therefore, those who were born before 1948, inclusive, receive a pension under the old law (before that adopted in 1999), and those who were born after 1949 are subject to a new one.

In general, the Polish pension system consists of two parts:

1) distributive one – includes official deductions, which citizens make to the state insurance fund. Hence, pensions are paid to the first category of the population (born before 1949).

2) accumulative one – features open pension funds, which are regulated by commercial structures but have a license from the state for this. Their main goal is to accumulate income from working pensioners, besides, people have the right to choose any of the funds [1].

The pension contribution is monthly deducted from the earnings of each employee, employed on the basis of an employment contract, as well as every individual who conducts individual entrepreneurial activity. Contributions to pension insurance (19.52% of wages) are funded by the employee and employer in equal parts at 9.76%. The transferred funds for pension insurance are divided with the following way: 12.22% goes to the state social insurance system, that is, to the distribution level, the rest 7.3% of the funds go to the account of the accumulation level of the pension system of the country.

To calculate the pension contributions to pension insurance, accumulated in a personal account in ZUS, taking into account their indexation; funds kept on a subaccount, taking into account their indexation and initial capital are taken into consideration. Having summed up all these amounts, we will receive the basis for calculating the pension.

The size of the pension is defined as the sum of all paid pension contributions (with the indexation being taken into account) divided by the estimated number of months during which you will receive a pension. The estimated number of months of retirement payout is determined on the basis of the average life duration that is published annually by March 30 of the current year by the Statistical Office of Poland. If the calculated amount of pension is less than the minimum pension per country, then such a pension may be increased to the minimum when the work experience is not lower than the minimum. Nowadays, the minimum retirement experience in Poland is 25 years for men and 20 years for women.

Meanwhile, since October 1, 2017, the Law with the exact opposite effect has come into force in Poland, aimed at reducing the retirement age from 67 to 65 years. These figures are higher than the Ukrainian ones, but: Polish reduce retirement age while their life duration is increasing (life duration in Poland is 77 years, in particular because after the age of 75 people receive free medicine).

As Polish experience shows, real pension reform provides long-term positive effects, for both: the state and citizens. The government has chosen a strategy to maximally concentrate all available resources to increase the rate of economic growth in the near future. According to statistics of recent years this country was one of the few countries of the EU, which relatively painlessly overcame the impact of the global financial and economic crisis. As for pension provision, there is also an alternative here – focusing on the development of the third level (voluntary pension programs). Hence, if the stable high-growth rates can be achieved, the increase in the incomes of citizens will automatically occur. Such an economic environment will be extremely favourable for the promotion of the development of private pension provision. That is, the targeted government policy in this area, including a powerful campaign for information and awareness raising among the population, can lead to a stabilization of the situation in the pension sector [2].

Thus, despite the existence of real threats from pension reforms, Poland has a fairly high probability of a successful combination of fiscal savings policy in the short term with an effective long-term strategy for both pension and social-economic systems as a whole.

References:

1. Polish pension reform: a useful experience for Ukraine. URL: https://forinsurer.com/public/03/04/02/378.
2. Zelenko V. Pension systems of Ukraine and Poland. URL: http://financial.lnu.edu.ua/wp-content/uploads/2015/11/2014.pdf.