

## **PROBLEMS OF FINANCIAL SUPPLY OF UKRAINIAN SOCIAL SECURITY FOUNDATIONS**

***Petrushka O.V.***

*Ph.D. in Economics, Senior Lecturer  
of Department of Finance named after S.I. Yuriy  
Ternopil National Economic University*

***Shuliuk B.S.***

*Ph.D. in Economics, Associate Professor  
of Department of Finance named after S.I. Yuriy  
Ternopil National Economic University*

Social protection of the population is one of the most important indicators of the development and functioning of the state in the modern world. Thanks to the system of state social insurance each citizen can receive public services guaranteed by the state. Today, the issue of social security in Ukraine is especially acute, as due to the difficult economic situation in the country, a significant proportion of the population needs state support. The problem arises in the financial provision of social insurance funds due to the lack of financial resources, which makes it impossible to implement all necessary measures in the field of social protection of the population.

In the structure of financial provision of state social insurance funds, a single social contribution is allocated, which is divided between three funds: the Fund of compulsory social insurance against unemployment, the Social Insurance Fund of Ukraine and the Pension Fund of Ukraine. The great part of the single social contribution, namely 85,6215%, is attributed to the Pension Fund, 9,1472% to the Social Insurance Fund and only 5,2313% to the Compulsory Social Insurance Fund for Unemployment. This uneven distribution is due to the fact that the Pension Fund has a much larger number of beneficiaries than other funds.

It should be noted that social security funds also include financial penalties, fines, penalties, as well as charitable and voluntary contributions, but their size is insignificant and does not significantly affect the amount of income of the above mentioned funds.

Revenues from social insurance funds according to the legislation also include income from the placement of temporarily free funds. In our opinion, today this type of revenues is irrelevant for the social insurance funds of Ukraine due to the fact that the budget deficit of these funds grows annually, which makes it impossible to have temporarily free funds.

The lack of financial resources of funds is covered by state budget funds, which exacerbates the pressure on the budget system. That's why, funds that could be directed for the development of priority sectors of the country, innovation or investment activities, are used to cover the current expenditures of funds of compulsory social insurance.

The volume of funds of the State Budget of Ukraine, directed to the Pension Fund budget to cover its deficit in 2018, amounted to UAH 150,1 billion [1]. Almost half of the expenditures are funded by the State Budget. The Social Insurance Fund and the Fund of Compulsory Social Insurance against Unemployment provide themselves with financial resources almost for 100%, and insignificant deficit is covered by the funds of a single treasury account. The reason for the actual absence of deficits in these funds is a significant reduction in the amount of financial payments and benefits.

A significant reason of the shortage of social insurance funds in Ukraine is, firstly, a large share of the shadow sector of the economy, because of this fact the budgets of these institutes lose financial resources in the required amounts. Today there is a sharp deformation of distributive relations, the possibility of obtaining insurance services without the participation in the formation of the financial basis of social insurance. As a result, one of the basic principles of insurance "contribution – payment" is violated and the financial system loses legally fixed resources [2, p. 60].

We believe that the negative impact on the financial provision of social insurance funds was the elimination of differentiated rates of a single social contribution for the degree of risk sectors of the economy and the establishment of a single rate for all payers. On the one hand, pressure on taxpayers has decreased and on the other hand pressure on the state budget, which funds have to cover deficits in budget funds increased.

Therefore, after analyzing European models of social protection, it is possible to propose the formation of a cumulative state social security system of a hybrid nature, based on the model of Germany, with adaptation to domestic conditions, where each employee is offered to provide an individual insurance number, which will be the number of his insurance account at the same time. Thus, a person will be able to monitor the formation of her personal insurance accumulation. It is also necessary to give the right to choose individuals to move on to such a system or to remain on the existing [3, p. 204].

Such a system of financial support will have a positive effect, because each citizen will be able to spend money from this account within their availability to their needs. For example, in case of temporary disability, these funds can be used to ensure a proper standard of living for a defined period of disability, etc. The development of this type of social insurance will increase the confidence of the population in the funds of compulsory social insurance and stimulate the accumulation of contributions to these funds, which will increase their financial capacity.

### **References:**

1. Report of the Pension Fund of Ukraine for 2018. URL: <https://www.pfu.gov.ua/367997-oglyad-osnovnyh-pidsumkiv-roboty-pensijnogo-fondu-ukrayiny-za-2018-rik/>.
2. Petrushka O.V., Shuluk B.S. Problems of social insurance and directions of its modernization in Ukraine. *Economy. Finances. Right*. 2017. No. 11/3. Pp. 59-61.
3. Zheleznyak O. V. The problem of introduction of European models of financial provision of social insurance funds. *Economic Herald of the University*. 2017. No. 35/1. Pp. 200-205.