**FINANCIAL MECHANISM OF THE SOLIDAR LEVEL OF THE PENSION SYSTEM OF UKRAINE: MAIN CAUSES AND CONSEQUENCES OF THE DEFICIT OF FINANCIAL RESOURCES**

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The solidarity level of the pension system is the first level of pension provision in Ukraine, the main task of which is to provide pension payments to present and future retirees. This task is implemented through the financial mechanism of the pension system. Considering the tendencies of increasing the share of the population of retirement age, increasing the deficit of the Pension Fund of Ukraine (PFU), an important issue is the improvement of the financial mechanism of the pension system, in particular the mechanism of formation and use of financial resources.

The sense of the financial mechanism of a solidarity pension system is the fact that it operates in the current payment mode. Unlike the cumulative system, where the paid insurance premiums, which are the property of the insured persons, are invested in order to profit for the benefit of the latter, in the solidarity system, the working generation of citizens, by paying the insurance premiums, generates financial resources, which are immediately directed to the payment of pensions to the disabled [1, pp.120-121].

The main source of income generation of the Pension Fund of Ukraine is the unified contribution to compulsory state social insurance (CSI). The unified social contribution is an accrual to the payroll of workers paid by the employer or self-employed person. This source of income takes up a great share of all proceeds of the Pension Fund of Ukraine and belongs to its own income.

Also, the income of the Pension Fund of Ukraine includes some types of fees for certain types of economic activity; investment income derived from investing a reserve of funds to cover the Pension Fund's budget deficit in future periods; State budget funds and trust funds transferred to the Pension Fund in cases stipulated by the Law of Ukraine "On Compulsory State Pension Insurance"; funds paid to the Executive Directorate of the Pension Fund for providing administration services of the Cumulative Fund and services to non-state pension funds - subjects of the second level of the pension system; amounts of financial penalties; charitable contributions of legal entities and individuals; voluntary contributions; other receipts in accordance with the legislation [2]. However, despite the large list of sources, they account for a rather small share of the total income structure of the Pension Fund of Ukraine.

It is worth noting that in addition to own sources of income, the Pension Fund of Ukraine can use the attracted sources. This is especially true of the State Budget of Ukraine, which funds can be used to finance the budget of the Pension Fund, in case of a deficit. Nowadays, about half of the income is provided by its own sources of revenue, and the other half is provided at the expense of the State Budget of Ukraine. Thus, in 2016, the share of funds allocated to the Pension Fund of Ukraine from the State Budget was 55.7%, in 2017 - 45.6%, in 2018 - 42.6%, and in 2019 about 45% [3 ]. According to these indicators, it is possible to trace the rather unstable dynamics of the share of attracted funds in the structure of the budget of the Pension Fund of Ukraine, but we should understand that this trend is caused not by a decrease in own revenues, but by an increase in the minimum pension payments, which to some extent is a positive change.

For a deeper understanding of the situation, it is worth considering the share of funds of the State Budget of Ukraine, which is aimed at repayment of the deficit of the Pension Fund of Ukraine, since these funds also have other purpose, in particular, payment of pensions, allowances and increases to pensions allocated under different pension programs and payment of a single pension contribution to compulsory state social insurance. Thus, of the UAH 133.5 billion received by the PFU from the State Budget in 2017, only UAH 56.1 billion was allocated to redress the PFC deficit, which relates to 2018, from UAH 150.1 billion only UAH 32.1 billion were allocated for deficit financing, and in 2019 only UAH 30 billion from UAH 197.2 billion involved [3].

In real terms, the real deficit of PFCs' financial resources in 2017 fluctuated at 19.1%, in 2018 the PFCs deficit narrowed almost twice to 8.95%, and in 2019 it was almost one third of 2017, in particular, 6.9%. The positive trend of reducing the budget deficit of the Pension Fund of Ukraine, which to some extent reduces the burden on the State Budget of Ukraine, does not mean that the financial mechanism of attracting and using the financial resources of the Fund has improved, but due to the increase of the minimum wage, which it has ensured an increase in the amount of payroll contributions, in particular the increase in the amount of CSI - the main source of formation of the revenue base of the PFC budget.

In spite of this, in our opinion, the main reason for the deficit of the Pension Fund of Ukraine is not so much demographic problems as the imperfect structure of the domestic economy, which is to a greater extent in the shadow sector. In particular, the reduction of the single social contribution rate did not motivate employers to completely withdraw the payroll from the shadows, and in order to avoid financial liability when identifying informally employed workers, employers hire workers with minimal salaries, thereby reducing their pay.

Today, due to the unreformed pension system, the lack of its second level and the poor development of the third level, all risks of providing people with a pension belong to the states responsibilities, although they should be evenly distributed between the state, business and citizens, to which the pension reform is aimed [1, p.124 ]. Taking this into account, the system of joint and several pensions is unable to fully secure adequate retirement benefits for the retirement age, leaving most of them at risk of poverty at retirement. As a result, current ones obligations of the Pension Fund of Ukraine are fulfilled at the expense of the State Budget, reducing to a minimum the balance of "free funds" of the country, its ability to financial maneuvers and stimulate the economy.

**References:**

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