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## **PROJECTIONS FOR RETIREMENT AGE IN UKRAINE AND IN THE WORLD**

The most important feature of a successful society is the protection of pensioners, the disabled, youth and other social groups. The state compensates for partial or total lack of means of subsistence in the form of pensions, benefits and other payments.

According to Article 26 of the Law «On Compulsory State Pension Insurance», the right to old-age pension is granted to those who are 60 years old. At the same time, the law states that these persons must have an insurance record of 15 years.

The retirement age in Ukraine in 2017 is 60 years for men, and for women it is 57 years and 6 months.

To date, in Ukraine, 12 million pensioners account for 10 million working people. Their contributions in the form of SSC (single social contribution) do not cover the need for retirement benefits, resulting in a huge «hole» in the PFU budget by the end of 2016.

Changing the retirement age for Ukrainians was the result of the chosen course on European integration and cooperation with the International Monetary Fund.

Compared to some European and world countries, the retirement age in Ukraine is one of the lowest. At the same time, the number of working citizens and the amount of their contributions to the Pension Fund are not yet able to provide a higher level of retirement benefits for pensioners (table 1).

Table 1

**Indicators of retirement age and life expectancy in the world**

№	Country	The retirement age of men/women in 2017	Average life expectancy according to the World Health Organization	The average number of years of life after retirement, men/women	Retirement age, men/women in 2020
1	<b>Germany</b>	67/65	81,0	14/16	65 years 9 months / 65 years 9 months
2	<b>Malta</b>	61/60	81,7	20,7/21,7	63/63
3	<b>UK</b>	67/65	81,2	14,2/16,2	65/65
4	<b>France</b>	62	82,4	20,4	65/65
5	<b>Poland</b>	65/60	77,5	12,5/17,5	65/60
6	<b>Hungary</b>	62	75,7	13,7	64/64
7	<b>Luxembourg</b>	65/65	82,0	17/17	65/65
8	<b>Ukraine</b>	<b>60/57 years 6 months</b>	<b>71,2</b>	<b>11,2/13,6</b>	<b>65/60</b>

\* compiled by the author according to the data [2]

From table 1, we see that the smallest life expectancy in the studied countries was noted in Ukraine (71.2), and the largest in France (82.4). Accordingly, Ukrainian pensioners, having taken into account the average number of years of their life after retirement, have the least time to live their own age (over 11 years – for men and over 13 years – respectively for women).

To determine the projected average size of the pension, we will use the calculations of the forecast average wage for the period up to 2050, which are executed at the National Institute of Strategic Studies (table 2).

Table 2

**The projected average wage by 2050 [4]**

Indicator	2015	2020	2025	2030	2035	2040	2045	2050
<b>Nominal salary, UAH</b>	4843,10	11090,3	24904,4	52745,4	108866,6	211088,2	401889,5	749849,1

To determine the number of payers of pension contributions and pensioners, we will use the comprehensive demographic forecast of Ukraine up to 2050 (table 3).

Table 3

**Age groups of the population (thousand persons)\* [1]**

<i>Age</i>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>2045</b>	<b>2050</b>
<u>20-24</u>	2 835,1	2 150,8	1 947,8	2 251,5	2 516,3	2 656,6	2 523,6	2 095,2
<u>25-29</u>	3 649,8	2 815,7	2 138,6	1 938,8	2 242,6	2 507,7	2 648,5	2 517,1
<u>30-34</u>	3 671,2	3 612,1	2 793,4	2 124,7	1 928,5	2 232,8	2 498,4	2 640,9
<u>35-39</u>	3 301,7	3 620,0	3 572,0	2 768,2	2 109,9	1 917,8	2 222,6	2 489,8
<u>40-44</u>	3 163,8	3 237,0	3 563,5	3 527,7	2 740,0	2 092,4	1 904,6	2 210,9
<u>45-49</u>	2 916,6	3 078,6	3 166,5	3 501,1	3 475,9	2 706,2	2 070,2	1 888,6
<u>50-54</u>	3 314,6	2 804,7	2 981,4	3 084,0	3 423,6	3 409,2	2 660,1	2 040,8
<u>55-59</u>	3 174,1	3 138,3	2 679,5	2 869,0	2 982,5	3 324,8	3 319,4	2 599,0
<u>60-64</u>	2 778,9	2 943,4	2 941,2	2 535,0	2 731,7	2 854,6	3 194,3	3 202,3
<u>65-69</u>	2 031,3	2 498,8	2 684,5	2 710,4	2 355,0	2 554,1	2 680,6	3 016,6
<u>70-74</u>	1 638,1	1 747,1	2 180,3	2 378,1	2 422,1	2 123,3	2 316,0	2 446,7
<u>75-79</u>	1 821,8	1 283,3	1 420,6	1 796,8	1 988,3	2 042,9	1 805,9	1 986,6
<u>80-84</u>	811,6	1 243,1	892,3	1 036,7	1 322,4	1 488,3	1 537,8	1 375,8
<u>85-89</u>	516,7	421,4	690,7	500,1	617,2	789,3	901,8	936,1
<u>90-94</u>	127,9	179,5	150,6	266,4	191,6	256,1	324,7	377,3
<u>95-99</u>	13,3	24,6	36,4	31,9	61,6	44,4	64,8	82,0
<u>100+</u>	1,9	1,8	3,4	5,6	5,6	10,5	8,9	12,3

\* - the forecast is normative, both sexes

We will also use data on life expectancy at birth in the same perspective in time (table 4).

Table 4

**Expected life expectancy at birth\* [1, page. 82]**

	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>2045</b>	<b>2050</b>
<i>men</i>	66,7	69,4	71,5	73,5	74,9	76,0	77,2	78,4
<i>women</i>	76,7	78,1	79,2	80,2	81,0	81,7	82,3	82,7
<i>average</i>	71,7	73,8	75,4	76,9	78,0	78,9	79,8	80,6

\* - the forecast is normative

According to rough estimates of specialists, raising the retirement age to 65 years will reduce the quantitative burden on Pension Fund of Ukraine for 1 million citizens eligible to receive a pension.

In other equal conditions, raising the retirement age to 62 will reduce the number of citizens claiming retirement by age by 500 thousand. Analysts predict a balance between the profitable and expendable parts of the Pension Fund's budget of Ukraine with the increase of the retirement age by 2024.

The legislation of the overwhelming majority of countries contains measures aimed at encouraging the continuation of working life. Such promotion is carried out in one of two ways (or a combination thereof):

- deterioration of qualifying conditions for early retirement due to the increase in the required length of service and (or) the minimum retirement age (Austria, Belgium, Denmark, France, Greece, Hungary, Italy);
- introduction of the bonus malus system. Austria, Finland, France, Germany, Italy, Portugal and the Czech Republic increased (or established) a fine (malus) for early retirement, and in some countries a premium (bonus) was also set or increased for later retirement (eg, in Belgium, Finland, France, Spain, Czech Republic and Great Britain). In Belgium and Finland, there is even a bonus for those aged 62 to 65 (in the form of an increase in the accumulation coefficient) [3].

Consequently, taking into account all the forecasts and assumptions, not least the welfare of the pensioner depends on the amount of funds from the pension fund, which will enable at least to minimize their needs for medicine and food, not to mention healthy rest and travel. Therefore, a significant stimulus to improve this situation is the clarification of the possibility of joining non-state pension funds, which will create the basis for additional savings for the future.

### **References**

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