TRENDS OF SOCIAL AND ECONOMIC DEVELOPMENT IN THE CURRENT PENSION LEGISLATION

YASHCHENKO NATALIA (ORCID 0000-0003-0039-791X)[1]

[1]Financial University under the Government of the Russian Federation

Abstract. In the article the problems related to changes in the pension system in Russia are discussed. The actuality of this topic is determined by the social significance of the problem. The aim of the study is the analysis of the international experience in matters of changes of the pension age and impact of earlier reforms of the Russian pension system. The task is to investigate the necessity to change the pension legislation for which the Pension Fund of Russia must fulfill its obligations against the preferential categories of the population in the long term, as well as to determine the consequences of the changes for the socio-economic development of the country.

In the course of solving this task, was studied the legislation of pension provision in Russia for its conformity with international standards in the field of compulsory pension insurance. Identified the main groups of indicators that have the maximum impact on the quality and standard of living of the population of Russia – macroeconomic, labor market and employment, demographic, income level and wages, the performance indicators of the Pension Fund (especially which show the quality of life of pensioners).

Established that the approaches used in the Russian practice to solve the problems aggravated in the work of the pension system are not always similar to the used tools in similar situations in other countries. This points to the necessity for further research in this area, the development of a monitoring system of budget and other financial indicators that provide a system of pension payments.

Keywords: demography, population, migration, mortality rate, wages, retirement age, replacement rate, living wage of pensioner.

According to many experts the situation emerging in Russia in recent years in the field of pension benefits of citizens cannot help but cause concern and constitute for the revision of the current legislation in this area. This is due to the analysis of indicators characterizing the obligations of the Pension Fund of Russia (PFR) to pensioners, which are considered taking into account the requirements of the Federal law No. 400 of 28.12.2013 "About insurable pensions", the legislation in force at the time of pension assignment, including law of the Russian Federation of 15.05.1991 №1244-1 "About social protection of citizens exposed to radiation as a result of the Chernobyl disaster" and law of the Russian Federation of 19.04.1991 № 1032-1 "About employment in the Russian Federation". Construction of forecasts on indicators of the considered group must be performed on the basis of carrying out the social and economic analysis on the main indicators (and their interrelations) characterizing:

• macroeconomic situation;

• demographic situation on the basis of data from the last population census, taking into account statistical calculations;

• differentiation by income (including wages) by type of economic activity and standard of living of different categories of the population;

• number and sex-age structure of insured persons and pension recipients;

• the situation on the labor market (level of economic activity, employment, duration of periods of work and unemployment for different groups of the population);

• the state of the stock market and the return on investment of pension savings;

• characteristics of policyholders (type of economic activity, legal form and form of ownership, number of employees);

The conference SAinE-2018 is organized by the Department of System Analysis in Economy, the Financial University under the Government of the Russian Federation

352

YASHCHENKO NATALIA

- distribution of the insured persons and pensioners depending on insurance and special (professional) experience, not insurance periods of experience;
- differentiation of the insured persons by the amount of payments and other remunerations on which insurance premiums are accrued;
- revenues and expenditures of the FIU budget for each component;
- accrued and paid for each insured person contributions to insurance and funded pensions;
- accounting of pension rights of insured persons (made by summing the calculated pension capital accumulated before 01.01.2015, converted into individual pension coefficients, and individual pension coefficients accumulated by the insured person after 01.01.2015);
- pension savings of insured persons;
- number and structure of recipients of social benefits;
- the amount of pensions and other payments for each recipient;
- the impact of the movement of funds on the cumulative component on the stock market;
- life expectancy of pensioners.

Demographic characteristics of the Russian population are used both to analyze the current state of the pension system and to assess the forecasts of its development in the short, medium and long term. Demographic indicators are closely related to internal and external migration. Internal migration peaked in the 90s and continued to decline in absolute terms, according to Rosstat. In the international long-term migration to Russia in recent years, the main share is occupied by the CIS member States (Kazakhstan, Tajikistan, Uzbekistan, Moldova, etc.). However, the problem of legalization in the labor market of migrants is very acute, because the number of documents issued for employment (both legal entities and individuals) continues to decline. This means a decrease in the number of legal/ illegal migrants and a shortfall in revenues to local budgets.

Information on the number and distribution of migrants by age in one – year age groups is used in the analysis of the dynamics of the working-age population, taking into account gender (there is a feminization of migration flow) - can affect the long-term population forecast, as migration almost completely provides population growth [1].

The decision to raise the age limit in the course of pension reform cannot but affect the main indicator of labor activity of Russians – wages. In a well-functioning economy, the labor market does not allow for a very large pay gap for those employed in mass occupations. However, when the interaction of the labor market and its service systems is unbalanced, there is a sharp differentiation in the levels of wages in various sectors of the economy.

From the analysis of the wage spread in the Russian economy over the past 15 years, it is established that in 2003, wages in the banking sector and insurance were 6.9 times higher than the level of payments in agriculture; in 2010 fuel and energy and the industry for the production of coke and petroleum products, mining-an excess of 4.9 times the wage in relation to textile and clothing production, agriculture and forestry, the production of shoes, leather and leather products.; in 2017, the gap between wages in the oil and gas industry and the leather and leather goods industry grew again to 5.2 times.

The observed wage gap in various sectors of the economy can be explained by the difference in the professional requirements of the employee, his level of training, natural, physical and personal data. In addition, payments may differ by including compensation for working conditions that are associated with risk to life, poor environment or territorial characteristics. The last factor is one of the most important in the analysis of wages at the regional level.

The gap of more than 4 times between the extreme levels of wages in the regions may indicate an economic imbalance associated with a low level of labor productivity, a decrease in the level of labor mobility, the mismatch of the structure of the economy to the needs of society. The sharp differentiation of wages that arises for these reasons is based on age, sex and demographic factors.

According to the sample survey of organizations for October 2015 (Table 1), the ratio of wages of men and women in ten age categories is considered.

YASHCHENKO NATALIA

Table 1

Average salary of women and men by age groups in 2015 (rubles)

	Group	1	2	3	4	5	6	7	8	9	10
All employees	Total	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 and older
Women	28021	25044	29108	29672	29969	29399	28468	27196	26273	24864	26256
Men	38605	31595	38909	43591	44962	41680	39346	36906	33773	32269	33891

Source: Women and men of Russia: Stat.sb.// Rosstat. M. – 2016.

The graphical representation of these data (see figure 1) shows that men's wages are higher throughout the period of employment than women's. In addition, the male sex is characterized by the achievement of maximum financial performance in work at the age of 30 to 44 years. In the period from 45 to 64 years, men have seen a serious decline in wages. The abrupt change in the level of men's wages and the almost even corresponding figures for women can be explained by the great problem associated with the high mortality rate of men of working age. According to the calculations of the mortality rate [2] in 2015, this figure in Russian men 35-39 years of age is 7 times higher than in German men, and at the age of 60-64 years-2.5 times higher. The corresponding difference in the mortality rate for women in the groups under consideration is 4.5 and 1.7 times.

The population pyramid constructed for Russia has a reduced form with a large share of the adult and elderly population on the background of a relatively low birth rate and increasing life expectancy. This points to the need for regulatory measures in the labor market that would ensure a decent level of wages to the working population and the preservation of social guarantees for privileged categories.
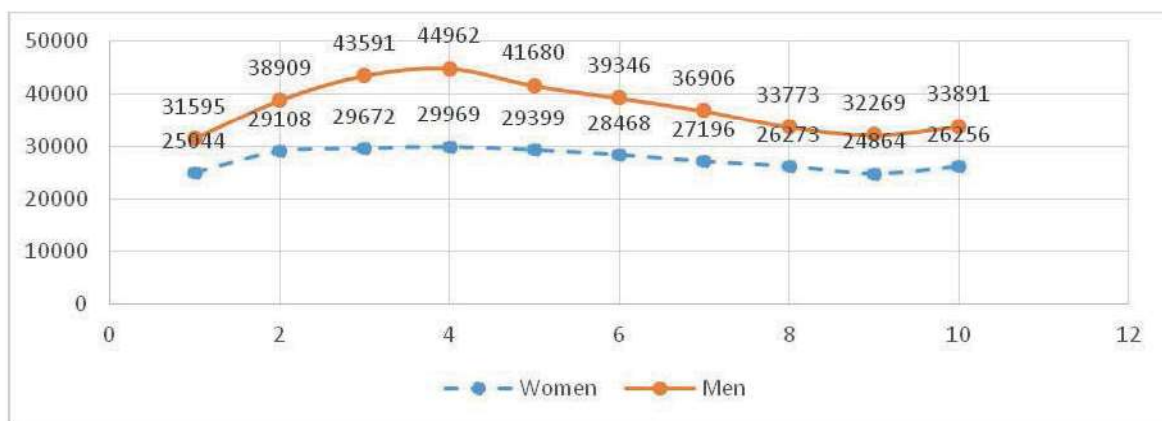

Fig. 1 Average salary by age group
Source: compiled by the author

REFERENCES

1. Problems of migration inside and around Russia (to the meeting of the Scientific expert Council under the Chairman of the Federation Council, December 1, 2015)-Analytical Bulletin No. 39 (592). Moscow, 2015

2. *Denisenko, M. B., Ovcharova, L. N., Warsaw E. I.* Demographic context of increasing retirement age. HSE, 2018.

The conference SAinE-2018 is organized by the Department of System Analysis in Economy, the Financial University under the Government of the Russian Federation