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Prospects for Ensuring the Improvement of the Pension System

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Annotation: In the article, proposals and recommendations are developed based on the analysis of the current situation in the field of the pension system in Uzbekistan. The article provides opinions on ensuring the financial stability of the pension fund, rational use of its financial resources, allocation of allowances and pensions.

Key words: pension, pension system, pension fund, budget, pension provision.

Introduction

The existence of global problems related to the aging of the population in the world economy, and the ongoing financial and economic crisis require the acceleration of in-depth research on improving the national pension system and ensuring its financial stability.

Today, the practice of pension funds of foreign countries shows that, as a result of the demographic change of the population of the countries of the world, the improvement of the lifestyle of the population with the development of the economy, the increase in their average life expectancy and the increase in the share of pensioners compared to the population engaged in labor activities, the financial support of pension funds arises as a result of problems include the establishment of non-state pension funds, which are accumulated from the pension system based on the solidarity of generations, and the formation of investment activities of fund funds and the development of mechanisms for their effective management in order to increase their financial income.

Main part

During the years of independence, the population of Uzbekistan increased from 21 million to 34 million¹, and it is among the 50 most populous countries in the world². In 2017, 50.1 percent of the country's population was men, 49.9 percent were women, the share of the population under working age was 29.9 percent, those of working age were 61.7 percent, and the share of those older than working age was 8.4

¹ <http://kun.uz/2017/09/01/uzbekistan>

² Источник: исследовательская организация worldometers

percent³. The unique demographic situation in our country, the increase in the average life expectancy of the population requires consistent improvement of the pension system.

The implementation of fundamental reforms in the pension system is accelerating in our country. As an important financial institution for increasing the possibility of investing pension funds in the stock market, the establishment of private pension funds and the expansion of its participation in the capital market have become a necessity today.

In order to support small businesses and private entrepreneurs, from 2020, micro-firms and small enterprises and farms will pay a 12% single social payment from the wage fund, including a 98.4% insurance contribution to the off-budget Pension Fund. The pension fund has been in deficit since 2011.

Compared to 2009, the number of recipients of disability pension and survivor's pension decreased. This situation shows that as a result of the monitoring carried out in our country, benefits in the pension system have been reduced, strengthening the addressability of the social protection system of the population and increasing the efficiency of the use of pension fund funds.

In the years of independence, the average life expectancy of the population increased from 1990 to 73.5 years, and among women it was 75.8 years. Currently, 225,000 people over 80 years old, 44,000 people over 90 years old, and 8,700 people - pay attention - over 100 years old live in our country. Among them, there are 3 thousand 109 participants of the Second World War and 69 thousand 994 people who worked behind the front⁴.

In pension practice, the dependency ratio is an important indicator of ensuring the financial stability of the pension system and its effective operation, and according to the recommendation of the International Labor Organization, the number of employees paying a pensioner should be at least two, and the payments should be based on the principle of state solidarity. The demographic situation in Uzbekistan is currently good, and there are 5-6 workers for every pensioner.

The fact that in 2022 more than 43 trillion 100 billion soums were paid for the payment of pensions and allowances is a practical confirmation of this. The average pension amounted to more than 41 percent of the average monthly salary.

A quick overview of the average pension and benefits in March 2023 is given in the table below.

³ Ўзбекистон ҳудудларининг йиллик статистик тўплами. Ўзбекистон Республикаси статистика қўмитаси. Т.2017. 6-17

⁴ <http://www.uztelecom.uz/uz/company/social/senior-care/>

OPERATIV INFORMATION

on the average amount of pensions and benefits for March 2023 of the recipients of pensions and benefits at the expense of regional district (city) departments of the extra-budgetary Pension Fund under the Ministry of Economy and Finance of the Republic of Uzbekistan⁵

Худудлар номи	Пенсия ва нафақаларни ўртача миқдори											
	Пенсиялар				Нафақалар							
	Жами	шундан:			Жами	шундан:						
		ёшга доир	ногирон	боқувчиси йўқотган		ёшга доир	ногирон фарзанд боққан она	18 ёшгача ногирон бола парвариш-лаётган она (ота)	1 ва 2-гурӯх болалиқдан ногирон	18 ёшгача болалиқдан ногирон	1 ва 2-гурӯх ногирон (стажи йўқ)	боқувчиси йўқотган
Республика бўйича	1 070 340,8	1 081 166,0	1 070 857,5	918 461,1	652 786,5	500 000,0	500 000,0	500 000,0	708 558,8	698 000,0	704 579,6	617 177,9
Қорқалпоғистон Республикаси	1 051 280,8	1 051 942,1	1 108 384,9	910 595,0	656 280,5	500 000,0	500 000,0	500 000,0	708 020,0	698 000,0	706 609,2	601 119,4
Андижон	916 633,3	917 604,9	965 273,4	820 402,6	650 825,5	500 000,0	500 000,0	500 000,0	708 328,0	698 000,0	703 921,5	611 509,0
Бухоро	1 090 467,0	1 091 651,6	1 112 975,5	999 367,9	665 123,1	500 000,0	500 000,0	500 000,0	708 342,1	698 000,0	704 218,4	609 349,3
Жиззах	988 908,8	986 116,7	1 093 726,8	891 960,2	645 603,8	500 000,0	500 000,0	500 000,0	706 722,0	698 000,0	703 462,3	634 523,1
Қашқадарё	1 028 153,8	1 032 201,0	1 034 420,6	968 850,9	654 409,6	500 000,0	500 000,0	500 000,0	707 496,1	698 000,0	704 342,8	636 476,2
Навоний	1 380 466,5	1 420 398,2	1 305 020,7	1 089 802,6	659 196,4	500 000,0	500 000,0	500 000,0	710 312,2	698 000,0	703 305,7	607 479,3
Наманган	914 334,0	918 412,9	957 764,5	792 354,3	647 892,2	500 000,0	500 000,0	500 000,0	707 544,1	698 000,0	703 444,2	617 045,9
Самарқанд	1 038 564,4	1 050 483,8	1 022 824,5	896 320,9	657 535,5	500 000,0	500 000,0	500 000,0	709 998,2	698 000,0	704 462,0	627 881,4
Сирдарё	1 079 974,2	1 068 704,4	1 178 651,0	942 779,8	655 613,1	500 000,0	500 000,0	500 000,0	705 515,9	698 000,0	702 424,1	605 634,8
Сурхондарё	974 472,3	977 499,9	1 001 692,3	897 422,1	658 028,9	500 000,0	500 000,0	500 000,0	709 917,3	698 000,0	705 289,2	633 693,5
Тошкент в.	1 184 939,8	1 207 939,5	1 106 352,4	997 525,3	638 551,9	500 000,0	500 000,0	500 000,0	707 577,3	698 000,0	706 354,3	603 415,0
Фарғона	959 038,7	961 692,7	977 353,6	864 571,4	654 020,6	500 000,0	500 000,0	500 000,0	708 233,2	698 000,0	703 697,1	610 289,0
Хоразм	995 183,5	997 674,0	1 032 693,5	875 336,7	663 943,6	500 000,0	500 000,0	500 000,0	709 627,7	698 000,0	706 877,4	605 017,9
Тошкент ш.	1 482 605,5	1 520 697,7	1 289 178,6	1 072 530,6	633 598,2	500 000,0	500 000,0	500 000,0	710 766,7	698 000,0	705 789,0	600 487,3

According to the Presidential decree "On measures to further strengthen social support for veterans of the war and labor front of 1941-1945" adopted on October 13, 2014, pensioners are entitled to social protection, including once a year in sanatoriums and health facilities at the expense of the state. treatment was made possible. In particular, in 2013, 610 million soums were spent by the "Nuroni" fund for this purpose, and more than 1 billion 597 million soums were spent by the "Makhalla" charity public fund for the payment of pensions and allowances⁶.

Pension provision is a major flow of redistribution of financial resources and has a significant impact on the macroeconomic cyclical circulation of products, resources and income in the economy, stimulating the economic activity of the population. The pension system and other sectors of the economy are inextricably linked, and a properly organized pension system can serve as a financial source of economic investment.

In pension practice, the dependency ratio is an important indicator of ensuring the financial stability and effective functioning of the pension system, and according to the recommendation of the International Labor Organization, the number of paid employees per pensioner should be at least two, and the solvency should be based on the principle of solidarity. Today in Uzbekistan, there are 1-1.5 payers for every pensioner.

⁵ Очик маълумотлар (pfru.uz)

⁶ <http://www.uztelecom.uz/uz/company/social/senior-care/>

Changes in demographic, economic, social and political factors in the countries of the world make it necessary to develop and introduce new mechanisms of financing pensions in the practice of pension insurance. In the formation of the market mechanisms of the pension system, additional income from the investment of pension funds, in addition to contributions, is of great importance in the formation of pension funds. In many countries, the method of capitalization of pension funds or the accumulation mechanism of pension financing has begun to be used [1].

According to the demographic forecasts in Uzbekistan, the correlation coefficient between the number of working citizens and the number of pensioners is expected to decrease in the future, which means that contributions of working people may not pay pensions to pensioners. Life expectancy at retirement age in our country is 17 years, which means living 17 years after retirement. Life expectancy in a healthy environment during retirement is 13.7 years. Today, pensioners make up 10.2% of the country's population, and according to analytical forecasts, they are expected to make up 19.4% in 2050. This situation increases the urgency of the problem of ensuring the financial stability of the pension fund in the current and mid-term perspective and increases its scientific and practical importance.

Based on the above, in the reform of the pension system of Uzbekistan, it is advisable to gradually increase the retirement age, revise the pensions on preferential terms, gradually increase the minimum length of service required to receive the minimum pension, and achieve full coverage of the population with the insurance system.

The pension provision system formed in the Republic of Uzbekistan was formed taking into account the rights and interests of the citizens in terms of social security in our country. Pensions and allowances are characterized by maximum social protection of citizens.

Conclusion

The pension system is a legal and socio-economic institution for the accumulation of a part of the income of citizens in order to support them materially and in kind (social services) in old age or in cases of disability and bereavement. The object of the pension system is the entire population of the country, the structures that provide management and organization of the pension system. The effectiveness of institutional changes in pension provision primarily depends on what social institutions and mechanisms they rely on, what social protection mechanisms and indicators they use.

It should be noted that the process of calculating, assigning and paying pensions is a very complicated process, which requires pension experts to have a perfect knowledge of the normative documents of pension calculation and to be able to apply them in practice.

Today, if the problem of completeness of pension funds and the efficiency of their investment is not solved in the work carried out on the reform of the pension system in our country, the accumulation system will hardly differ from the distribution system. It is necessary not only to save money in the pension fund, but also to increase the attractiveness of the pension fund by developing mechanisms for investing in financial mechanisms resistant to inflationary pressure.

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