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Analysis of the Current State of the Pension System in the Republic of Uzbekistan and Its Trends

Shomansurova Zilola Abduvakhitovna[1]
Tursunov Zahidkhoja Orifovich[2]

[1]*Associate Professor of Tashkent State University of Economics., Ph.D.*
[2]*Master student of Tashkent State University of Economics*

Abstract: The reform of the pension system is one of the priority tasks in the process of ensuring the socio-economic development of every country. Therefore, in the process of improving the operation of this system, it is appropriate to pay attention to the general standards and criteria of the international level. Therefore, within the framework of this research, we have carried out a comprehensive research search.

Based on the recommendations of the International Monetary Fund, we have developed conclusions, proposals and practical recommendations on social protection and material support of the population by improving the pension system in Uzbekistan.

Key words pension provision, solidarity of generations, aggravation of the demographic situation, demographic changes, pension system, social emphasizes..

INTRODUCTION

Currently, the improvement of pension provision is one of the most global problems in the world. Discussions on the improvement of pension systems at the international level began with the World Bank's 1994 report on the pension crisis related to the aging of the population. In the report, it was noted that in connection with the increase in the life expectancy of pensioners, as a result of the deficit in pension systems based on the principles of "solidarity of generations" in most countries, special attention is being paid to solving this problem. The goal of reforming pension systems is to introduce a minimum pension that can ensure the minimum standard of living of a pensioner, to ensure a direct connection between the contributions paid during work and the amount of pension, and to diversify the sources of financing pension payments.

The aggravation of the demographic situation in the countries of the world, including a serious change in the age structure of the population, that is, an increase in the share of elderly citizens in the age structure of the population, an increase in the average life expectancy of the population, etc., leads to an increase in the costs of the pension system.

The average age of mankind has been increasing since 1970, and according to the United Nations (UN) analysis, it is now 31 years old, it will reach 33 years old by 2030, and 36.2 years old in 2050.

According to the World Bank report, in 2017, there were 962 million people aged 60 and over in the world. 383 million compared to 1980. per person or increased by 152%. By 2030, this indicator will reach 1.4 billion, and by 2050, it will double compared to 2017, i.e. 2.1 billion. it is predicted to form a person. Today, the average life expectancy around the world is 69 years. This indicator was 48 years in 1950. According to the World Bank report, the average life expectancy by

2030 is 73.8 years, and by 2050, this indicator is projected to be 77 years. In all countries with an average life expectancy above 75, the average retirement age is 65.

Literature review

One of the economists who studied the national pension system of Uzbekistan, A.V.Vakhabov, N.M.Medzhidov[1] touched on a number of existing problems in the national pension system and made suggestions for their elimination. In particular, the problems of the national pension system include aging and population decline, as a result of which workers' transfers to the pension system decrease, the retirement age has not been revised in accordance with demographic changes for a long time, and the financial stability of the pension system is not reliable. A.R.Izhaeva [2] notes that the financial situation of the pension system is one of the most important issues, "demographic factors in ensuring the financial stability of the national pension system, ensuring the appropriate participation of the population in the social insurance system, and the existence of ineffective means of financing the pension system, as well as social emphasizes that the weakness of incentive mechanisms in insurance is one of the main factors.

E.E.Machulskaya [3] from foreign economists in the researches of social protection of the population in the form of pensions and social benefits in the form of material support for the calculation of state pensions and their indexation to express a number of key signs and criteria for effective indexation through precise qualitative and quantitative indicators necessity is acknowledged. A.V.Skurova [4] studies based on the study of the change of the main macroeconomic indicators in the allocation of state pensions to citizens, the use of optimal criteria and the study of the best practices of the leading foreign countries to determine the single indicator based on the combinations of these indicators, and scientifically based recommendations were developed on the improvement of these mechanisms.

Research methodology

Research methods such as analysis and synthesis, induction and deduction, statistics and comparison were used in conducting the research.

Analysis and discussion of results

Systems based on the "redistribution" of accumulated financial funds at the expense of social payments, that is, "solidar" (intergenerational solidarity) pension systems are in practice today in many countries, in particular in Europe and Economic Cooperation and Development is a widely used system in member states of the organization.

The important principles of proper organization of the redistributive pension system include the following conditions and requirements in the national economies of countries:

- the pension system should maximally cover different layers of the population;
- it is necessary to distribute the burden of social payments between the subjects of the pension system (employer, employee and the state) on the basis of mutual compatibility and beneficial conditions;
- it is necessary to ensure a certain part of the previously received income in connection with the retirement of all persons of old age and those who have lost their ability to work or have disabilities;
- social protection of those who do not have the required work experience and who have lost their breadwinner on the basis of social welfare programs;
- regular indexation of pension amounts taking into account inflation , wage growth and improvement of living conditions.

In the organization of the social (pension) insurance mechanism of the redistributable pension provision system, the employer, employee and the state, who are its subjects, must impose mandatory payments and carry out their payments on the basis of specific goals and mutually beneficial conditions. increase is required. This pension system is supposed to participate equally in the financing of the pension system in order to ensure the regularity of social payments.

It is important to create favorable economic, organizational and legal conditions in national economies for the development of mandatory and voluntary institutions in redistributive and accumulative systems of pension insurance.

In the redistributive pension system, it is very difficult to bring the insurance amounts paid by the worker to the Pension funds at the expense of social payments to the period of the worker's retirement[5]. In this case, it is necessary to take into account the duration of the social payment period, the amount of insurance compensation, the insurance rate and the duration of post-retirement payments and bring them to the pension payment period.

It should be noted that in solving this problem, it is difficult to predict the flow of funds, while the period of social payments is 30 to 50 years, while the pension payment periods include the period from 20 to 30 years, i.e. life expectancy should be taken into account.[6] A number of factors can affect the figures given over such a long period (50-80 years), including changes in the wage bill and inflation rate, as well as the absolute number and ratio of retirees to workers.

It is important to maintain a balance between employers and employees in the redistributive pension system . But this indicator is also constantly changing in different countries in different periods, in which indicators such as demographic factors, the number of economically active population. For example, between 2000 and 2015, the ratio of economically active population to pensioners changed from 3/4 to 1/4 in Finland and Spain, and to 1/2 in Germany and Switzerland [8].

It should be noted that the evolution of pension systems depends on their social and labor relations, the development of the country's national labor market and wage systems, demographic changes, and these indicators directly affect the pension system. - has the right effect. Another important factor affecting the development of the redistributive pension system is the existence of lower and upper limits for social payments[7]. Because, in almost all countries where the redistributive pension system is in effect, upper limits of the average earned income have been introduced in the calculation of pensions.

Maximally cover the population with the pension system and to maximally guarantee the social needs of the state, the countries of the world community, including developed countries, form national pension institutions based on generally recognized approaches to pension provision.

The specific features of the development of the national pension system of the country are also for individuals, that is, for those who make social payments, they freely allocate their allocations to the state voluntary pension system or professional pension system. it is important to create conditions for them to do so on the basis of free choice. For example, in the UK, employers have the option of partially 'opting out' of their provision from the state system through private pension schemes or the occupational pension scheme. But at the same time, most of the developed countries continue to make payments by assuming the guarantee of pension payments.

Table 1.

Types of pension systems where the implementation of pension payments is mandatory by the states (old-age pensions)[8]

System types	**Formula type**	**Accumulation**	**Management form**	**Countries**
Social insurance	Fixed fees	Single or partially cumulative	Public	Canada, Germany
Personal account	Fixed contributions	Foundation	Private	Chile, Latin American countries
Provident Funds	Fixed contributions	Foundation	Public	India, Kenya
Conditional - savings	Fixed contributions	Foundation	State	Russia, Poland, France, Sweden
Non-state pension funds	Fixed fees or fixed contributions	Foundation	Private	Great Britain, Russia, Colombia, USA, Japan
Mandatory pensions of employers	Fixed fees or fixed contributions	Foundation	Private	Australia, Sweden
Conditionally mandatory (employment contract required)	Fixed fees or fixed contributions	Non-accumulating	Private	Holland, Sweden

The national pension systems of developed countries consist of mechanisms that meet the following classifications and create optimal conditions for citizens with their diversity:

- a system based on payments with a fixed amount of pension payments or state social assistance;
- the system of pensions related to workers' wages or minimum monthly wages;
- system of state organizations or corporate pension funds;
- a pension system based on various types of pension provision.

Almost all developed countries are improving their public pension systems in order to provide their citizens with sufficient pensions to meet their financial needs. For example, in the Netherlands and Ireland, the state provides its pensioners with a fixed amount of basic pension that ensures their standard of living. In addition, in the Netherlands, along with the basic pension, all employees are obliged to be covered by a supplementary pension program, the necessary regulatory framework has also been formed, according to which the pension amounts of pensioners are replaced by state pensions and an additional component "pension coverage coefficient" is 65-175%.

In the United Kingdom, Canada and the United States, the public pension system based on a pay-as-you-go mechanism covers an average of 50-60% of pensioners' income, while in Germany, Luxembourg, Finland, France and Norway, this figure is 60-75% of the monthly salary. is enough.

Thus, in almost all developed countries, as the main pension system, the state pension system, which is based on a distribution mechanism and supplemented by pension payments collected by employers for their employees, takes the main place.

Also, the mechanism of accumulated pension payments by employers for their employees is carried out as measures aimed at encouraging highly qualified employees, at the same time as payments are made to private pension funds. Develop these mechanisms, most developed countries apply tax credits to employers' pension payments. In Germany, Japan, the Netherlands, the UK and the US, over 40% of workers save through workplace pension schemes

Table 2.

Characteristic indicators of the state pension system in economically developed countries[9]

Country	Retirement age (male/female)	Social security payment period (year)	The period taken into account when calculating the pension	Retention rate (regarding salary)	Pension indexation mechanism
USA	65/65	35	All years of social security payments	41%	Consumer price index
Japan	65/65	40	All years of social security payments	30%	Monthly salary
Germany	65/65	40	All years of social security payments	60%	Monthly salary
France	60/60	41	Most good 25 years	50%	Consumer price index
Italy	62/57	40	The last one 5 years	80%	Consumer price index
Great Britain	65/60	50	All years of social security payments	20%	Consumer price index
Sweden	65/65	30	Most good 15 years	60%	Consumer price index

The third element of the pension system of developed countries is the implementation of savings by workers on the basis of personal voluntary pension programs. These systems operate on the basis of a full financing system, ensuring that employees make payments (allocations) with clearly defined amounts. At the same time, it should be noted that in this system, employees and pensioners are responsible for their own savings and investment risks.

In developed countries, the amount of accumulated funds in private pension systems varies from country to country, and in the Netherlands it is more than 70% of the GDP, while in Great Britain, France and Germany it is more than 5% of the GDP of these countries. can't. That is, in countries where the necessary organizational, legal and economic opportunities and conditions for the development of the private pension system have been created, the accumulation of funds in this system is relatively larger.

Three pension systems in developed countries, i.e. state redistributive, cumulative and private pension systems, does not mean that all three pension systems are used simultaneously for the citizens of these countries. Pensioners in most developed countries receive up to 40% of their income from one of the above-mentioned pension systems. The rest of their income is covered by their savings and other income.

Conclusions and suggestions

The conditions for the effective organization of the state pension system of citizens are important in the implementation of the principles provided for in the recommendations of the International Monetary Fund.

At the same time, it can be concluded from the issue studied within the framework of analyzes and research that there are systemic problems in the mechanisms of encouraging long-term and continuous participation of citizens in the field of social insurance in the Republic of Uzbekistan.

As a result of equalization and homogenization of the pension system for all, the majority of the working population is not covered by the state social insurance system. The analysis showed that the following factors may have a negative impact on ensuring the balance of the pension system in the medium and long-term future:

-firstly, the sharp decrease in the level of insurance payers compared to pensioners affects the stability criterion of the pension system. As a result, more than 60 percent of the working-age population is not covered by the social insurance system, which is considered an unstable pension system according to international standards;

-secondly, the lack of incentives and transparent mechanisms led to a weakening of the link between the amount of pensions and paid social insurance, as a result of which the number of pensions awarded with part-time work has increased by 10 times in recent years increased;

-thirdly, the percentage of people of retirement age among the population of the republic is increasing, in recent years the number of age-related pensions has increased by 200,000, which is 2.5 times higher than in 2011.

-fourthly, the retirement age established during the former union remains the lowest compared to other countries due to stability in society and increased longevity.

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