

The Need To Reform The State Pension System

Radjabov Jaloliddin Mutalibjonovich

Deputy Head of the Extra-budgetary Pension Fund, Quvasoy city branch of Fergana region

Abstract— *A necessary attribute of a developed state in modern society is the pension system. Therefore, great attention is paid to its effective operation. Life expectancy and the financial burden of pension systems on the country's economy have continued to increase in recent decades. As a result, the pension system is being reformed by seeking and implementing more effective insurance methods and mechanisms around the world. It is observed that insurers are actively involved in financing pension expenses.*

Keywords— pension, pension system, retirement age, employee, Social security, life expectancy, radical change.

1. INTRODUCTION

Today, among the global problems of modern pension systems, there is a deterioration in their efficiency as a result of demographic shifts that occurred in the second half of the twentieth century. First of all, the demographic crisis associated with changes in the social structure of the population, low productivity was clearly manifested. There has been an increase in life expectancy at retirement age, which is typical for most economically developed countries.

2. MAIN PART

These processes have led to a radical change in the ratio of pensions and the number of workers determined during the introduction of modern benefits of a pension nature. This, in turn, leads to an imbalance between those who pay contributions to the pension fund and retirees, increasing the burden on the solidarity system.

Social security of a pension nature is considered as one of the basic, most important social state guarantees for the sustainable formation of society. Because it directly affects the interests of the disabled population, of course.

Research shows that the pension system of the Republic of Uzbekistan is quite stable. However, there are a number of challenges that need to be addressed.

The relevance of the study of the pension system is due to the fact that the issues of pension policy in one way or another apply to each of us. Both retirees and applicants need to look to the future with confidence. There is a growing need to launch new market mechanisms for pension provision. Approval of the modern concept of retirement age reform, the concept should be based on a combination of state (non-market) and market mechanisms at the same time.

In order to maintain a balanced pension system in the long run, a transition to a two-tier pension system needs to be implemented. That is, from a state wage system to a voluntarily funded system. Such a measure would allow citizens to independently manage pension funds and at the same time create a long-term source of money for the economy. This practice works successfully in developed countries. Also, the reform of the pension system in our country should include tax incentives for the development of corporate and individual programs of non-state pension insurance.

Then we need to move to a three-tier system, which is typical for many developed countries. For example, the UK pension system is based on a three-tier pension system that is recognized as the most cost-effective in the world, where:

- The first level - the state social security of pension nature;
- The second level is the state pension based on length of service. Its amount depends on the length of service and the amount withheld by the employer about the employee's employment;
- third degree - if the employee has not expressed a desire to become a participant of the state pension program, then he is obliged to participate in any of the additional pension schemes.

On January 1, 2005, pension reform began in Uzbekistan. It was done through a gradual transition from the distribution method of pension provision to the principles of insurance and savings. The need for reform was due to the existence of many problems.

Among them are:

- First, the amount of the pension is not sufficiently dependent on the amount of mandatory contributions to the Pension Fund;
- Second, the availability of significant pension payments. In Uzbekistan, there was an oversupply of pre-determined pensions. In the system of planning and distribution, such benefits were specific compensation for harmful working conditions and low wages for certain categories of workers. All this does not correspond to the nature of market relations and does not meet the requirements of social justice. It also has a negative impact on the financial condition of the pension system;
- Third, currently in Uzbekistan the amount of pensions is not sufficiently dependent on the amount of mandatory contributions to the Pension Fund. For example, in Uzbekistan, as in many republics of the former USSR, the gender participation of citizens in the revenues and expenditures of the Pension Fund is insufficient. That is, it was planned to add contributions to the Pension Fund for 20 years for women and 25 years for men to receive a full pension. In this case, women will be entitled to a pension after the age of 55, and men after the age of 60. Given that the average life expectancy of women is 72 years and that of men is 67 years, it

is not difficult to calculate that the share of women in the expenditures of the Pension Fund is 2 times higher than that of men. Hence, it can be seen that the participation of women in the income of the Pension Fund is much lower than that of men.

The Government of Uzbekistan has decided to begin the reform of the pension system with the adoption of the Law "On Accumulative Pensions of Citizens" adopted on December 2, 2004.

Under this law, in the initial stage, ie in 2005-2006, the existing pension system as a supplementary pension provision included funded elements and added mandatory contributions to a certain person to form a funded pension system. In the second phase of pension reform, starting in 2007, Uzbekistan gradually introduced insurance pensions based on the amount of contributions. At the same time, the guarantees of receiving the minimum state pension for citizens have been preserved. His insurance part depended on the amount of contributions to his personal account in the Pension Fund. In addition, a moratorium on the introduction of new pension benefits has been established in the country. Also, existing benefits had to be gradually revised and abolished.

In order to further develop the pension system, the Cabinet of Ministers of the Republic of Uzbekistan approved the program of the complex "Improving the conditions for providing state pension guarantees to citizens through the sustainable development and creation of state pensions in 2012-2016." For this purpose, a favorable social environment was created in the Republic.

It should be noted that from 2011 to 2019, the number of pensioners in Uzbekistan increased by 2.4 times. Last year alone, the number of retirees increased by 339,000. At the same time, the officially employed population is 4.76 million, which is only a third of the economically active population. Simply put, there is one and a half working man for one retiree.

3. CONCLUSION

Improving the efficiency of social security is one of the ways to ensure social justice for almost the entire population. It is an important stage in the formation of a modern socio-economic system of protection and support of the population, which is reflected in the creation of a socially oriented market economy. In this situation, a promising strategy is to transform the institution of early retirement, assigned to certain categories of citizens, into a professional pension system as a separate component of the provision in the field of pension insurance.

4. REFERENCES

- [1] Mironova L.K. Aktualizatsiya reformirovaniya dosrochnyx pensiy // Sbornik statey Mezhdunarodnoy nauchno-prakticheskoy konferentsii: «Sostoyanie i perspektivy razvitiya ekonomiki v usloviyax neopredelennosti». M., 2016. S. 170.
- [2] Maslova T. Age cadres: prinyat, nelzya uvolit // Prakticheskiy buhgalterskiy uchet. Официальные материалы и комментарии. 2018. № 11. S. 3.
- [3] Pudova D O. Accumulative pension savings systems: experience in the Netherlands, Denmark and Sweden. National interests: priorities and safety, 2017, № 11. S. 2152-2165.