ACTIVE AGEING AND REFORMING PENSION SYSTEM. MAIN CHALLENGES

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Abstract
Active ageing and economic crisis create a great pressure on pension systems, from the financial sustainability and performance of the old architectures of the 3 tired system point of view. Reforms of public pension systems during the last years highlight that demographic ageing is a major influence factor on financial sustainability of the national insurance and social assistance systems, with long-term effects. Associated with "classic" demographic ageing (low birth-rate, increase of the average life expectancy) for some new member states, such Romania, labour mobility on medium- and long-term and the change of its largest part into emigration, heightens labour force ageing and diminishes participation to insurance systems (due to the low portability of pensions). To these are added also the specific effects generated by the crisis that have put pressure on decreasing social expenditures, in reverse trend against the demand generated by demographic ageing.
Romania, and also several EU member countries are involved in large-scale actions of reforming pension systems both as answer to the increase in the numbers of elderly population, and implicitly of associated social expenditures, but also for stimulating the extension of active life. The increase in the standard retirement age and its correlation to life expectancy constitute priorities of changing the methodology in pension computation. The reformed policies in the field of pensions pursue as well restricting accessibility and diminishing early-age retirement schemes in parallel with stimulating the employability of individuals aged 50 and over.
In this paper we present the main policy action in order to stimulate and develop a new model of old age insurance and a new pattern of incomes after retirement, and also to investigate the support measures among EU member state for active ageing and increase incomes for elder persons.

Keywords: *active aging, reforming pension system, financial sustainability*
JEL Classification: J40, J2, B26

Introduction[1]

The impact of the financial crisis on private pensions and financial restrictions of the state have strengthened the necessity of developing sustainable, combined/multi-tiered pension systems, the creation of financial balances on each component, as well as assuring medium- and long-term the individual sustainability. As a result, assuring decent life at old age turned into an actual challenge, the weaknesses of the public system triggering the rethinking of the association scheme for various types of pensions, for assuring total comfortable/decent incomes (EC, 2011)[2]. Moreover, in some EU countries is pursued to ensure the compatibility of the pension system's structure and the possibility of benefiting from pension under various systems of public or private insurance, irrespective of the fund's type where the contribution was made and the location of the person at retirement age.

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[1] Present paper represent an synthesis of the Chapter 1 of the Study "Analiza evoluţiilor şi politicilor sociale în UE în ultimii trei ani – pensii suplimentare/private şi impactul îmbătrânirii populaţiei" Strategy and Policy Studies (SPOS) 2011, Study no 4, European Institute from Romania, Bucharest, 2011, coord Valentina Vasile

[2] Concluding the first European semester of economic policy coordination: Guidance for national policies in 2011-2012, Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2011) 400 final, EC, Brussels, 7.6.2011, http://ec.europa.eu/europe2020/pdf/communication_en.pdf

Economic development level, social model and pension system

The level of economic development and the social model represents main determinants of the national pension systems evolution and performance. The main restrictions of the financial sustainability were: economic dependency ratio, the employment rate and average level of incomes of the contributors of the public and private pensions

An economic developed country can afford to build up public insurance systems for pensions that would promote to a large extent the safety of old-age income, supporting at legal and institutional level and by adopted policies the participation to the system and the development of complementariness. Private pensions become attractive for supplementing incomes from the public system and are used as additional safety system by persons with decent and/or comfortable incomes. In the case of weak state insurance systems, where the pensions becomes insufficient and there is no adequate (decent) ceiling of the minimum pension, or where the principle of the social minimum pension is not applied, private pensions are attractive as alternative to public insurances in particular for persons with incomes above average or high, in general non-wage employed population, for whom in many countries, the public pension pillar is optional. The attempt has been made in the last years to increase the contribution base by attracting within the system all types of active population, yet the deterioration of the economic dependency ration leads to the option of aggregating sources for incomes on retirement by broader participation, hence more risky to the private system of old-age insurance.

If the public pillar is mainly based on the PAYG system, the private one, in its constructive variants has as ground principle capitalisation and preserving the purchasing power of the saved amounts (contributions) by investment portfolio.

If, at the beginning, the private systems were predominantly optional, and represented an individual, singular option of the beneficiary, in the last decades, as social relationships and social accountability of the companies and of the state as market stakeholders developed, private pension systems evolved supported by companies or by the state: a) occupational pensions related especially to the activity of the social partners, and firstly of the trade unions and guilds/professional associations, and b) compulsory private pensions supported under various forms by the state, respectively by fiscal deductions, management support systems for the funds, by regulating supervision and guaranteeing institutions, etc.

Also individual insurances remain, yet they develop and diversify, gravitating around the idea of life insurance (pension insurances on the life insurance system), and represents a specific market insurances for those with average and high incomes and a culture of managing incomes oriented on the market mechanisms (as form of risk management and of active participation on the market for generating positive yields of saved funds).

The multi-tiered system is present in several countries of the world, and at EU level was promoted the coordination policy (EC, 2004)[3] for insuring financial flows between national funds and for rendering efficient systems.

Population ageing has developed specific systems of insuring elderly persons, based on integrated adequate health services, social assistance centred on the particular needs, etc. In the field of pension insurances was pursued the *development of individual insurance culture* and of extending the active life as direct active measure. At the same time, the increase of the average number of years spent as pensioner has triggered the reconsideration and reform of public systems – the system of contribution and the calculation formulae, the transfer rate wage-pension. In parallel, as answer to increasing social responsibility, in many countries was constituted (and in the last years also in Romania) the system of the minimal social pension and the access conditions to early retirement pension and invalidity pension were hardened. The entry in deficit of several pension systems due to

[3] Regulation (EC) no 883/2004 of the European Parliament and of the Council from 29 April 2004 regarding the coordination of social security systems.

the diminishment of the contributors' base and of extending the period of paying the old-age pension became permanent and acute in some national systems, the transfer of funds for balancing from the state budget turning more difficult, in particular during the crisis period.

Many experts propose the in-depth revision of the multi-tiered pension system, and even the question of their sustainability for medium- and long-term was raised for the PAYG-type public system! Moreover, the crisis with its manifestation forms and extended duration (and from the relapse perspective but on other more restrictive and complex coordinates) challenges us to analyse from the current pension systems' sustainability viewpoint[4] the survival potential of the present capitalist system (N Roubini, 2011 on K Marx's theory of capitalism self-destruction).

Recent developments of pension policies within the EU and Romania

The pension systems' of the EU member countries are multi-tiered combining the PAYG principle for the public pillar with the one of capitalising for the private and occupational pension pillars, either compulsory or optional. Employers, through the social partners, have developed insurance systems with capitalisation of the occupational pensions' type as form of supporting employees and instrument of stabilising employment, the transfers between these funds being, in general, more difficult.

The private pensions' market is represented on one hand, by actual private funds, subjected to particular regulations in the field of private pensions, and coordinated/supervised by specific institutions, and on the other hand to the life insurance systems of the pension-type, where reimbursement of capitalised sums under the form of annuities or monthly payments is constituted into additional income for pensioners.

The pensions are the most important component of social expenditures and remains the basic source of pension-type incomes. With respect to the private pension funds, according to available data for 2010, is found that these are significant in the Netherlands (over 1.3 times of GDP), Great Britain (86%), Finland (82%), Denmark and Ireland (about 50% of GDP), modest in Portugal, Spain, Poland, Hungary, Estonia and Slovakia (about 7-16% of GDP) and very low (under 1% of GDP) in France, Romania, Latvia. The national pension system analysis of the country files shows thus a very broad variety of the constituents and structure for pension funds, public and private, largely depending on the social model and the history of insurances' development, and the size of state's involvement in the field. Also, a diversity of old-age insurance forms is found as well, and the association with the development level and the social model certifies a stronger involvement of the state in countries with a generous social model and an important public pensions' system. The significance of the public pensions' system for EU-15 countries decreases on the geographic axis North-South. For transition countries, that still define their social models (which are developed to the vast majority under a hybrid form) and that have a lower development level, the public pillar is strong, yet with high efficiency deficit. The reforms in these countries are mostly under development, promoting both adjustment by in-depth reforms of pillar I, and the gradual implementation and expansion of the contributors' basis for the pillars II and III.

Under the conditions in which, at EU-level, by the Green Paper the pension insurance policies are reoriented towards "**adequacy, sustainability and safety**", also a **convergence of the systems** is developed in their reformed shapes. The measures of the last years[5] are focused towards *efficiency*

[4] http://www.realitatea.net/foto_1182141_profetul-crizei-marx-a-avut-dreptate-cu-privire-la-autodistrugerea-capitalismului_875627.html şi http://europe.wsj.com/video/nouriel-roubini-karl-marx-was-right/68EE8F89-EC24-42F8-9B9D-47B510E473B0.html?KEYWORDS=Roubini

[5] The main policy measures in the field of pensions for the last years in EU-27 are synthesised in three categories of documents: a) recommendations of the European Council, specific to each member state; b) working papers for each country elaborated by the Staff of the Commission, and c) national documents, respectively national programmes of reforms and/or Stability Programmes/Convergence Programmes. COUNCIL RECOMMENDATION

and balance of funds, by promoting new insurance and integrated assistance services policies for third-age individuals (employment for active ageing, adjusted health system, a pension system generating decent pensions, safety net for disfavoured categories, increasing efficiency and sustainability of each component/pillar, etc.).

At Euro-area[6] level it is estimated that from the perspective of ageing population, the reform of pensions and of the social security systems are not enough for ensuring the long-term financial sustainability, the Commission requesting measures that would allow for "**coordinating the pensions reform with the national demographic situation**". In this context, recommendations are made for diminishing public debt under the threshold of 60%, including by reforming the public pension systems. At national level, the recommendations and policy measures initiated by governments are varied as impact and severity, with a different potential of adjustment/adequacy of the pension system to particular requirements of ensuring long-term sustainability and correlation with the social assistance measure package for the third age.

For EU-15 countries the pension systems have a history based on the three pillars, well-defined and with a private component integrated into the system long time ago. Transition countries developed an adjusted/adequate public system to the market economy, or in the best circumstances, reformed to which is attached a private system under construction. As result, the reform of the public system under conditions of economic crisis and budgetary restrictions of various intensities, is the more important for countries that cannot support themselves by a coherent and performance private system and that face issues related to the general level of incomes and the capacity of the public pension of ensuring adequate incomes in old age. Additionally, these countries have also poorly developed social assistance systems for third-age individuals, still inadequate to current and future circumstances, or which are still under construction and not always with a clearly defined and agreed on intergenerational responsibility and/or the involvement of the state as artisan of minimal social conditions.

Without performing a detailed analysis of the public pension systems with the EU-27, we shall present some of the current guidelines regarding the PAYG pillar reform, from the viewpoint of its sustainability[7].

The reform of the pension systems based on restricting access, of increasing the contribution period, the retirement age, etc, under conditions of diminishing labour incomes which are the backbone of constituting social funds and budgetary sources of the state for social assistance generate reverse effects and intergenerational pressures, imbalances on the labour market, diminishment of replacement flows of contributors' basis and, finally the decrease of required financial resources. A comparative analysis of demographic ageing costs emphasises the following aspects:

- public pensions represent the most important component of social costs, with an increasing trend, mainly due to a growing number of beneficiaries, and they are followed by health expenditures;
- the ageing dynamics differ on countries and the increase estimated is of up to 15.3 pp from GDP in Luxemburg. In Romania the estimated increase is of 7.4 pp which means almost doubling the expenditures with pensions, and puts the country into the group of countries with a high pressure on budgetary expenditures for pensions;

of 12 July 2011 on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro (2011/C 217/05), Official Journal of the European Union, C217/15

[6] http://ec.europa.eu/europe2020/pdf/recommendations_2011/dts_737_euro_en.pdf

[7] The build-up of the national multi-tiered models is extensively presented and periodically analysed in EU and OECD documents, fact for which we consider as important in the current paper to present the adjustments triggered by the convergence of the systems and by the ones associated with the financial crisis, with emphasis on the development, performances and perspectives of the private pensions' systems, as a constant for a performance system, based on the complementariness between individual's responsibility and the one of the society for decent, active and comfortable ageing under the aspect of incomes and of the quality of life.

- a hierarchy of pensions' pressure on budgetary costs places Romania on the 17th position after the 2010 level of pensions expenditures in GDP, next to Malta and Luxemburg and on the 5th position under the aspect of their expected increase, after Luxemburg, Cyprus, Greece and Slovenia; as compared with the European average, the share of pensions in GDP for Romania is of 8.4%, inferior to the European average of 10.2% and by 5.6 pp lower than in Italy, country which has the highest share and by 3.3 pp over the minimum European value recorded in Latvia. But, this relative ranking hides significant differences of the policies and, particularly, of the performances for public pension funds.

Increase of costs associated with demographic ageing within the EU

% in GDP	Pensions		Medical Assistance		Long-term Assistance		Unemployment		Total	
	2010	Change 2010-2060	2010	Change 2010-2060	2010	Change 2010-2060	2010	Change 2010-2060	2010	Change 2010-2060
RO	**8,4**	**7,4**	**3,6**	**1,3**	**0**	**0**	**2,7**	**-0,2**	**14,7**	**8,5**
EU	10,2	2,3	6,8	1,4	1,3	1,1	4,9	-0,2	23,2	4,6
Italy	14,0	-0,4	5,9	1,0	1,7	1,2	4,3	-0,2	26,0	1,6
France	13,5	0,6	8,2	1,1	1,5	0,7	5,8	-0,2	29,0	2,2
Austria	12,7	1,0	6,6	1,4	1,3	1,2	5,2	-0,2	25,7	3,3
Portugal	11,9	1,5	7,3	1,8	0,1	0,1	5,6	-0,4	24,9	2,9
Greece	11,6	12,5	5,1	1,3	1,5	2,1	3,8	0,1	21,9	16,0
Poland	10,8	-2,1	4,1	0,8	0,4	0,7	3,8	-0,6	19,1	-1,1
Finland	10,7	2,6	5,6	0,8	1,9	2,5	6,4	0,0	24,7	5,9
Hungary	10,5	0,6	5,8	1,3	0,3	0,4	4,5	-0,3	21,0	2,0
Belgium	10.3	4,5	7,7	1,1	1,5	1,3	7,3	-0,3	26,8	6,6
Germany	10,2	2,5	7,6	1,6	1,0	1,4	4,6	-0,4	23,3	5,1
Slovenia	10,1	8,5	6,8	1,7	1,2	1,7	5,1	0,7	23,1	12,7
Sweden	9,6	-0,2	7,3	0,7	3,5	2,2	6,6	0,0	27,1	2,7
Denmark	9,4	-0,2	6,0	0,9	1,8	1,5	8,0	0,1	25,2	2,2
Bulgaria	9,1	2,2	4,8	0,6	0,2	0,2	3,0	0,2	17,1	3,2
Spain	8,9	6,2	5,6	1,6	0,7	0,7	4,8	-0,2	20,0	8,3
Luxemburg	8,6	15,3	5,9	1,1	1,4	2,0	4,0	-0,3	19,9	18,2
Malta	8,3	5,1	4,9	3,1	1,0	1,6	5,0	-0,7	19,2	9,2
Czech R.	7,1	4,0	6,4	2,0	0,2	0,4	3,3	0,0	17,0	6,3
Cyprus	6,9	10,8	2,8	0,6	0,0	0,0	5,8	-0,6	15,5	10,7
United Kingdom	6,7	2,5	7,6	1,8	0,8	0,5	4,0	0,0	19,2	4,8
Slovakia	6,6	3,6	5,2	2,1	0,2	0,4	2,9	-0,6	14,9	5,5
Netherlands	6,5	4,0	4,9	0,9	3,5	4,6	5,6	-0,2	20,5	9,4
Lithuania	6,5	4,9	4,6	1,0	0,5	0,6	3,5	-0,4	15,1	6,0
Estonia	6,4	-1,6	5,1	1,1	0,1	0,1	3,2	0,3	14,8	-0,1
Ireland	5,5	5,9	5,9	1,7	0,9	1,3	5,3	-0,2	17,5	8,7
Latvia	5,1	0,0	3,5	0,5	0,4	0,5	3,3	0,3	12,3	1,3

Source: Belgian Stability Programme (2011-2014), p 55

In fact, it is considered that active ageing represents a sustainable solution for counteracting both the effects of demographic ageing and of the crisis, the reforms within pension systems having, mainly, for the largest part of the member states three general coordinates: *increasing the legal retirement age, diminishing access to early-retirement schemes and diminishing implicit taxation for supporting continued activity for elderly* (Regional Economic Outlook: Europe, Oct 2011, FMI)

A brief synthesis of EC recommendations from 12 July 2011 regarding the reform of the pension systems includes as main required measures and recommends their implementation, the following: *limiting access to early retirement and special schemes; extending the contribution period, and increasing the retirement age (with gender uniformity, establishing relationships* *between benefits and actual demographic and economic conditions, stimulating employment as alternative or in complementariness, stimulating optional/private insurance, etc.*

Measures for ensuring the sustainability of pensions' systems and increasing the effective retirement age

Measures	*Countries*
Limiting access to early retirement schemes	AT (for persons with long insurance periods), BE, BG, DK (reform of very early retirement schemes VERP), LU, MT, FR
Revision of the accelerated pension system for public officers, diminishing pension by 10% for newly entered into the system and indexing pensions with inflation.	IE,
Diminishing pensions	PT
Low taxes on pensions	SE
Change of the pensions' indexing system	RO, SK,
Limited access to invalidity pensions	AT
Increasing the standard retirement age	AT, BE, BG, IE, LU, MT, NL, PL, RO,ES, UK (from 65 la 66), FR (from 65 to 67)
Harmonising/equalising the retirement age for women and men	AT, RO,
Establishing a relationship between the standard retirement age and the development of life expectancy at birth	BE, CY, CZ, FI, LU, MT, NL, PL, RO, SK, ES,
Determining a strict relationship between benefits and contributions	EL, RO,
Increasing the standard contribution period	BG, CY, RO, ES,
Promoting attractive participation schemes for wider contribution to the system	CZ,
Maintaining low rates for the pension funds' administrative costs and ensuring transparency	CZ,
Policies for stimulating employment for elderly	BG, DK („flex-job" system), LT, MT,
Measures preventing the increase of poverty risks for elderly	CY
Measures for ensuring the sustainability of the public pillar	CZ, FR, EL, IE, LU, NL, RO, SK, SI, UK, FR (balance in 2018)
Measures for stimulating participation to private insurance and savings systems for old-age	CZ, MT
Eliminating the feeding of the private pensions feeding and transfer of already accumulated sums to pillar I PAYG	HU,
Diminishing transfers to private pensions (temporary)	IE, LV,

Source: Selection based on 2011 Report on Public Finances in EMU, European Economy 3/2011, EC, Directorate General for Economic and Financial Affaires

The majority of recommended or assumed measures by the governments aims **in-depth and radical changes** for long-term/final which imply the calculation methodology or the access conditions to various forms of pensions. Other measures consider short-time periods and do not change the build of the system, only its enforcement. From the latter category we mention the measures taken and/or foreseen by Portugal: progressive diminishment of pensions higher than 1500 Euro, in 2011, suspending indexation and freezing pensions for 2012 (save for the **lower** ones)[8].

For some countries no concrete measures are stipulated, that would aim to reform or restrictions regarding the management of the pension funds, but indirect measures are recommended for stimulating the participation to private systems, among others by diminishing compulsory social contributions to various funds (neutral budgetary manner). Among these countries we mention EE, FR ('niches fiscales'), and DE.

The reforms were accompanied in some cases by the (re)construction/development of the institutional system, like in France, where a public body was created "Comité de pilotage des régimes

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[8] Portugal: Memorandum of understanding on specific economic policy conditionality, 3 May 2011, http://www.ste.pt/actualidade/2011/05/memorandotroika_04-05-2011.pdf

de retraite" which presents some yearly analyses on the pension accounts and makes proposals for adjusting policies in the field.

The EU recommendations consider also particular measures, depending on the possibilities of each state and on the build of the national pension system, for ensuring the separate sustainability of each pension pillar. To this end, the measures taken by the member states were extremely different:

- In Hungary eliminating the compulsory private pillar and funds' transfer back to the public pillar;
- Greece: a new reform of the pensions' system in 2012, after the recent one of 2010 for ensuring the sustainability of the state pillar. The reform includes both legislative measures for public and private pensions based on the analysis of the National Actuarial Authority and considers, among others, the auxiliary funds of pension and the welfare funds: diminishing the number of funds, eliminating deficits and ensuring medium- and long-term sustainability for secondary schemes by relating contributions to benefits. It is projected to freeze nominal supplemental pension and adjust the replacement rate for funds with deficit, as well as constituting a computerised system of individual accounts of pensions[9];
- Ireland: increasing the retirement age for the social welfare pension from 65 to 68 years of age in the interval 2014-28 and implementing a single scheme for pensions for the newly entered within the public system which will relate the retirement age to the pension level and average career earnings and annual inflation[10].
- Romania: freezing for 2011 the level of transfers to pillar II at the level of 3 per cents, in order to attenuate the deficit of the public pillar; for 2012 the intention is to increase contribution to 3,5%, but this is conditioned by the economic growth perspectives and on finding the financial sources for covering the deficit of the PAYG system. At the same time, the passing of the legislation for implementing the pillar of occupational pensions is postponed.

Some countries, like Latvia have developed strategic documents that envisage a general rethinking of the pensions system that shall be implemented as of 2012 and by which is pursued ensuring the long-term sustainability of the 3 pension pillars. The intention is that as the economic situation turns around to return to the contribution for pillar II of 6% from the gross wage up to 2013. In a similar manner is reformed the pension system from Latvia, the secondary legislation undergoing approval procedures, in parallel with fiscal measures for maintaining on the labour market individuals of retirement age (eliminating fiscal instruments to restrict the continuation of retirement age persons on the labour market).

Private pensions – role in building-up the pension system for transition countries

The social model on one hand, and the culture of savings on the other hand, determine the role and place of private pensions for each country, and their capacity of satisfactorily supplementing old-age incomes is related to the development level, the average level of incomes as compared with the poverty threshold and the consumption model.

The PAYG system is the backbone of the pension system for the majority of European countries. Several countries have supplemented statutory pensions with a pillar based on defined contributions and in many instances managed in a private system by specialised financial institutions. . Other states have in place, or complementary an occupational and individual system. In some instances, the occupational systems are of the PAYG-type by book reserves constituted by the employer, or by schemes managed by pension or insurance funds (group insurance contracts). Individual pensions have as basis individual contracts signed with the private pensions' provider – in

[9] IMF, Greece: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding, 28 February 2011, http://www.imf.org/external/np/loi/2011/grc/022811.pdf

[10] EC, Memorandum of understanding between the EU and Ireland, Brussels 20.5.2011 SEC(2011) XXX final, http://www.finance.gov.ie/documents/publications/other/2011/moumay2011.pdf

general an insurance company or a private pensions' fund. Individual contributions are accumulated and invested, and the final sums are the basis of the individual pension. The participation to the occupational and individual pension schemes may be compulsory or voluntary, and in some countries it is used as an alternative to the compulsory pension schemes.

If we would analyse the importance of private pensions, we must consider a series of elements, that is:

- current level of development for private pensions and their history;
- population participation to the life insurance systems of the pensions type and their share against total private pensions;
- level and build-up model of compulsory private pensions;
- possibility of the population to participate to optional old-age insurance systems and their propensity for using this market instrument as compared with the traditional ones of bank savings, or securities;

The countries from the last integration wave (EU 10+2) are in different stages of implementing the multi-pillar system, the most advanced ones being Hungary, the Czech Republic, and Poland. The reform is delayed in Lithuania, Slovakia and Romania for pillar II (compulsory private pensions), and optional private pensions were enforced as of 2004 in Lithuania and are still under implementation in Romania.

Development of non-PAYG components in EU transition countries

Country	Pillar II Compulsory Pensions	Pillar III Optional Pensions
Hungary	1998	1994
Czech R	unavailable	1994
Poland	1999	1999
Slovenia	2000	2000
Latvia	2001	1998
Bulgaria	2002	1994
Estonia	2002	1998
Croatia	2002	2002
Lithuania	2004	2004
Slovakia	2005	1997
Romania	2007	2007

Source: APAPR, http://www.aparp.ro

A multi-tiered system in which the **emphasis changes towards private pensions** as solutions for long-term performance of old-age insurances is not a new orientation (OECD 1992, IMF 1997) and begins with two considerations: the limits of the Bismark modeland the relationship between contributions and benefits at individual level. The diversity of models and the development degree of industrial relations defined and developed a large diversity of occupational funds and a private system that depend on the quality of the social dialogue and the availability of individual incomes. In fact, the existence and performance of the Bismark-type systems (insurance related to obtained incomes) and of the Beveridge-type (basic/minimum pension for all – social pension) have triggered the availability and use of optional and occupational private systems. Yet, the lack of individual optional insurance culture and the low level of economic development associated with low incomes have promoted during the last years in transition countries the implementation of the compulsory private system for those active population cohorts for whom the period remaining for contributing to the system is relevant under the aspect of "building-up" an adequate supplemental private pension (for Romania the participation to the private system is compulsory for individuals up to 35 years of age, and for those aged between 35 and 45 years of age the participation is optional and performance depends on the level of insurance, and for those above 45 years of age the system is irrelevant under the aspect of the resulting pension).

The increase of labour mobility in the last decades, associated with the change of the employment model and the development of open career and the dynamic of creating new jobs generated by the absorption of RDI outcomes and of promoting LLL on one hand, and the relative rigidity of the transfer between funds on the other hand, have diminished the interest for occupational pensions, allowing for the development of the optional private insurance for old-age.

The main factor supporting or inhibiting the participation to private pensions is represented by the conversion rate between the income on retirement and the total incomes from compulsory old-age insurance systems. Development countries, such as France, Switzerland, the Netherlands, Sweden, Denmark, Germany, Italy, United Kingdom have generous insurance schemes, supported by the economic performances, in various combinations of the PAYG pillar with the occupational one and the promotion of a minimal income of old-age incomes. Others, such as Luxemburg have a strong and on surplus PAYG pillar that allows for continuing the policy even under crisis conditions, without restrictions, but only by modernising the system and strengthening sustainability.

The replacement rate of incomes with public pension (and additionally with the occupational one) is on decrease, same as the long-term financial sustainability of the PAYG system reason for which currently all states consider private pensions as a complementariness alternative (Ebbinghaus B., Gronwald M., 2009)[11]. Yet, access to optional private pension is limited by the supplementary financial effort, the associated costs and high risk of final benefits, being less accessible to those with low incomes.

For some transition countries, the private pension system developed as optional pillar and/or with a compulsory component (Hungary, Romania).

Characteristics and architecture of the Romanian pension system

The pension system in Romania is a multi-pillared one and, theoretically, includes the following categories of pensions:

- the public pillar PAYG, initially adopted and reformed in 2000 and 2010 introducing the calculation algorithm of the personal contribution “history”; there is a minimum and standard period of contribution for access to the pension right of the DC type. Currently the system is regulated by Law no. 263/2010 regarding the unitary public pensions system;

- the compulsory private pillar, constituted by partial and gradual transfer from total individual contribution to old-age social insurance system (to 6% in 2016) with capitalisation of the DC type, compulsory for persons up to 35 years of age in the implementation year, and optional for those aged between 35 and 45 years of age; currently the number of contributors to the system is of about 5,5 million persons, and the share of corresponding assets’ volume in GDP is of 0,5% (Hungary 10%, Poland 14%, Bulgaria 4%) – data of CSSPP (Law 411/2004, with subsequent amendments, enforced as of July 2007);

- occupational pension schemes for which the specific legislation is undergoing reviewing/amendments and the implementation of which follows to be realised in the next future, after passing new regulations; in accordance with the Law Draft regarding occupational pensions, the right to propose an occupational pensions’ scheme pertains to the employer, alone or in association with other employers, and by consulting the representatives of the employees. Also, the occupational pension schemes would follow to be supplied by managers based on a prospect. At the same time,

[11] Ebbinghaus B., Gronwald M., 2009, The Changing Public-Private Pension Mix in Europe: from the Path Dependence to Path Departure, http://www2.asanet.org/sectionchs/09conf/Ebbinghaus.pdf

the managers collect contributions, invest financial resources of the occupational pension funds, and pay occupational pensions[12];

- individual pension schemes, based on life insurances of the pension-type supplied by national and international insurance companies, regulated by Law 204/2006 applicable as of June 2006; **Pillar III** is the name given to the system of optional pensions, managed by private companies, a system based on individual accounts and optional adhesion. The contributors to this system number almost 212 thousand persons with a fund under 300 million Lei (2010, CSSPP data). As opposed to "compulsory private pensions" (Pillar II), the legislation for Pillar III does not forbid the participation to optional pensions depending on age, anyone being able to contribute to the system with up to 15% from the monthly gross achieved incomes. In order to benefit of an optional pension, the legal conditions impose for each contributor to have at least 90 monthly contributions (not necessarily consecutive) made to the fund, up to an age of at least 60 years, and a minimum accumulated sum[13].

In conclusion, the current contribution scheme for Romania to the pensions' system includes 3 sources of constituting the pension, with the involvement of the state and private national/international market operators. The system develops the voluntary savings side and was reformed for answering better to the profile of the contributor, as to be anticipative, stimulative, and allowing for correlating benefits depending on contribution.

The scheme of the pension insurance system in Romania for the year 2011

System structure	State involvement	Employer's involvement	Individual contribution	Components structure
Pillar I	YES	Compulsory	Compulsory	Employee/employer contributions
Pillar II Compulsory private pension	YES	compulsory	Compulsory up to 35 years of age Optional – 35-45 years of age (in 2007)	Contribution transfer of up to 6% from pillar I
Pillar III Optional private pension	NO	Optional	Optional	Up to maximum 15% from individual incomes

Source: based on enforced legislation for 2011

Contributions to the public pension funds increased in the last two decades from 17%[14] of the gross income bill 31,3% for normal labour conditions (41,3% for special conditions), from which is born by the employer to a share of 20,8% (25,8% – special labour conditions, 30,8% – exceptional labour conditions) and by the employee in percent of 10,5 % for normal labour conditions (10,5% – special labour conditions, 10,5% – exceptional labour conditions). From the compulsory contribution of each employee that fulfils the conditions and is affiliated to a private pensions' fund (selected individually or by automated redistribution), thus in 2011 were redistributed to the compulsory private pensions' fund 3 pp and other 3.5 pp shall be transferred in 2012.

The optional pension has as basis the individual choice and presupposes additional payment. The eligible individuals may contribute to several optional pension funds provided that the maximum

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[12] http://www.romanialibera.ro/bani-afaceri/economie/legea-pensiilor-ocupationale-in-dezbatere-publica-16077.html

[13] http://www.csspp.ro/pilonul-3

[14] http://www.mmuncii.ro/pub/imagemanager/images/file/Statistica/Statistici%20lunare/Evolutia%20valorii%20cotelor%20de%20CAS%202011.pdf

contribution limit imposed by law is not exceeded (Law 204/2006 regarding optional pensions, with subsequent changes and amendments). Moreover, to pillar III may contribute also employers, providing thus for actual benefits for their employees. The contribution to this pillar (pillar III) is stimulated by assuring through the Fiscal Code the facility of fiscal deductions of employee's and employer's contributions. In 2011, for contributions born by employers on behalf of their employees, these benefit from the exclusion from the calculation basis of the taxes of the contributions of social insurances (including the insurance contribution for work accidents and professional diseases), to the deductibility limit established by law, respectively the equivalent in Lei of the amount of 400 Euro yearly, for each participant. The own contribution of the employee to Pillar Iii is considered deductible on calculating the tax on wage earnings to the same limit.

The expenditures with pensions in Romania are lower as share in GDP than in the majority of EU member countries. For instance, according to the Eurostat statistics, in 2009 the expenditures on pensions[15] (last available data) represented 9,4% in GDP, close to the ones in Luxemburg, yet lower by 3,6 pp than the EU-27 average and by 6,6 pp lower than in Italy which recorded the highest value for this indicator.

Share of expenditures on pensions in GDP, for the years 2005, 2008 and 2009 (%)

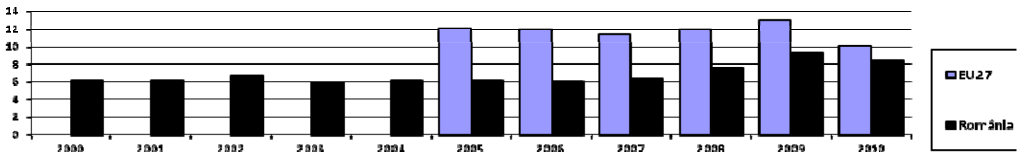
	2005	**2008**	**2009**
EU (27 countries)	12.15	12.05	13.07
Norway	7.97	7.64	8.79
Bulgaria	7.57	7.02	8.80
Romania	6.19	7.61	9.41
Luxembourg	9.57	8.30	9.45
Spain	:	9.26	10.10
Slovenia	10.33	9.63	10.89
Denmark	10.99	11.08	12.06
Belgium	11.16	11.32	12.14
Sweden (2004)	12.15	12.15	12.15
Switzerland (2008)	:	12.15	12.15
United Kingdom	10.76	11.35	12.53
Finland	11.18	10.80	12.57
Netherlands	12.54	12.01	12.83
Germany	13.37	12.32	13.14
Portugal	12.34	13.20	14.12
France	13.30	13.67	14.51
Austria	14.17	14.02	15.06
Italy	14.71	14.96	16.03

Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/social_protection/data/main_tables

[15] The 'Pensions' aggregate comprises part of periodic cash benefits under the disability, old-age, survivors and unemployment functions. It is defined as the sum of the following social benefits: disability pension, early-retirement due to reduced capacity to work, old-age pension, anticipated old-age pension, partial pension, survivors' pension, early-retirement benefit for labour market reasons.

Under the aspect of their evolution in time, as of 2000 when the reform was initiated, the share of expenditures with pensions in GDP increased about 1,5 times from 6,11% to 9,41%, and more considerable in 2007.

Share of expenditures with pension in GDP (%)



Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/social_protection/data/main_tables

The old-age social benefits as share in total social benefits[16] represent for Romania 47,4%, being exceeded only by Poland and Italy which denotes a **social insurance system centred on pensions.** Against the EU-27 average, the share of pension benefits is by about 8 pp higher, and against Ireland with the lowest share, it is over 26 pp. Due to this structure, **any imbalance in the public pensions system has a higher magnitude on the social insurance budget and the risk associated to individuals with social vulnerabilities increases.**

Share of old-age benefits in total social benefits, 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EU27	:	:	:	:	:	38.97	39.02	38.89	39.69	38.97
Ireland	19.50	19.09	22.58	23.03	22.57	22.25	22.53	22.39	21.84	21.11
Iceland	28.55	27.66	28.07	27.74	28.02	28.60	28.63	22.62	22.33	21.22
Luxemburg	36.85	26.20	26.28	26.11	25.87	26.32	26.75	27.38	26.79	27.27
Norway	29.41	29.23	28.83	28.20	28.52	29.44	29.87	30.34	30.58	30.08
Spain	34.85	34.41	33.96	33.11	32.71	32.35	32.35	32.47	32.04	31.28
Belgium	33.33	33.70	33.42	32.60	32.43	32.36	32.99	32.23	32.72	32.68
Germany	32.95	33.38	33.30	33.61	34.30	34.46	34.78	34.87	34.65	33.11
Netherlands	37.05	36.35	35.98	35.42	36.54	37.37	35.20	36.12	35.82	35.18
Finland	31.85	32.64	33.00	33.22	33.25	33.65	34.26	34.96	34.61	35.34
Slovakia	32.17	33.21	33.37	35.45	36.99	39.08	38.48	38.27	37.14	36.78
Denmark	38.05	37.95	37.64	37.20	37.17	37.51	37.87	38.10	38.38	37.13
Cyprus	41.27	39.62	41.53	39.98	41.40	39.99	39.61	40.22	38.97	38.48
Slovenia	43.24	43.63	44.68	43.28	43.31	42.36	38.09	39.48	38.53	38.83
France	38.41	38.47	37.07	36.94	37.03	37.36	38.06	38.67	39.39	39.20
Hungary	35.76	36.67	37.63	35.90	36.64	36.50	36.35	37.80	39.38	39.63
Sweden	37.08	36.89	36.64	37.18	37.25	37.78	37.41	38.62	39.95	40.23
Lithuania	43.70	43.14	42.98	43.18	42.68	42.13	40.49	42.82	40.97	40.57

[16] Social benefits consist of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of a defined set of risks or needs. The functions (or risks) are: sickness/healthcare, disability, old age, survivors, family/children, unemployment, housing, social exclusion not elsewhere classified.

Greece	46.39	48.10	47.15	47.44	47.38	47.76	43.24	43.57	42.43	41.35
Estonia	43.38	42.50	43.61	44.01	42.86	43.14	44.36	42.97	42.29	41.89
Czech R.	38.84	38.30	37.87	36.72	36.92	38.36	38.97	39.76	41.88	41.94
Austria	39.67	40.02	40.08	40.09	40.22	40.61	41.26	41.84	42.18	42.35
United Kingdom	44.43	42.44	41.69	41.26	41.21	41.74	41.20	38.17	42.79	42.62
Malta	39.76	41.76	40.70	39.95	39.51	41.05	42.08	42.35	42.49	42.92
Portugal	37.60	38.65	38.55	39.28	40.09	41.24	42.15	42.93	44.24	43.54
Latvia	55.82	53.75	53.90	50.66	48.37	46.32	44.58	43.78	43.67	45.21
Switzerland	47.31	47.03	45.03	44.01	44.46	44.13	44.55	45.64	45.98	:
Bulgaria	:	:	:	:	:	46.53	47.81	46.84	45.03	46.76
Romania	41.43	42.79	43.18	40.56	42.77	39.93	41.50	41.72	46.24	47.39
Poland	44.47	45.33	45.95	46.73	48.48	48.27	49.48	49.04	48.73	50.71
Italy	52.48	51.56	51.66	51.85	51.00	50.67	50.79	51.55	51.46	50.81

Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/social_protection/data/main_tables

It should be noted that the share of old-age benefits increased from under 40% in 2005, to more than 47% in 2009 and more heightened during the crisis.

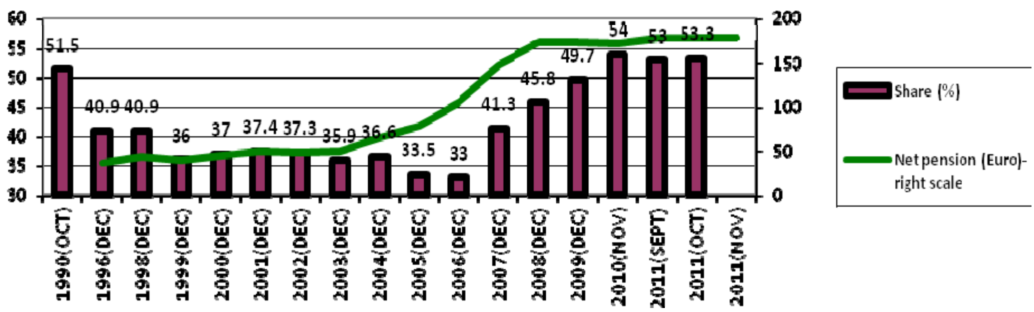
If we refer to absolute values per person in PPS, then we can nuance our previous findings with the following:

Romania allots for old-age benefits 27.66% from the EU-27 level in 2009, against only 17.72% in 2000

the highest growth within the EU was recorded, of over 3 times of the value per capita expressed in PPS, more marked after 2005

The public pension pillar ensures currently a net average level of the pension of less than 50% from the net wage at national level and the average pension is of about 178 Euros.

Net pension from public pillar (Euro) and share of pension of net average wage (%)



Source: http://www.cnpas.org/portal/media-type/html/language/ro/user/anon/page/default.psml/template/ generic?url=%2Fcontent%2Fcnpas%2Fstatistics.html&title=Indicatori+statistici+pilon+I

Taking into account the cost of living, in particular housing expenditures in the urban area to which are added the specific costs for the third age (health and specific services) it can be appreciated that the minimum pension (about 81 Euros/month) is insufficient for ensuring decent

In the last years Romania pursued the reform of the public pension system, unifying funds for different professional categories and building-up the compulsory private system and the optional one. The factors that triggered the shaping of the multi-tiered system were similar to the ones in other countries, respectively: life-span increase, respectively the pensioners live longer and benefit for a longer period from the public pension, the PAYG system being incapable of ensuring the obligations assumed towards the beneficiaries, with an economic dependency ratio in marked deterioration, the number of contributors to the public systems of social insurances decreasing and the public pensions no longer being able to ensure decent replacement rates, adequate for the pensioners.

Even though initiated in 2000, the reform of the pensions' system for developing pillar II – compulsory and private – was started 8 years later by feeding from initially paid contributions to the public pillar. The legal framework was also created for the occupational pensions. In parallel operated also the system of life insurances under the form of private pensions, until the implementation of compulsory private pensions, constituting the only form of insurance with capitalisation and payments (integrally or gradually) after fulfilment of the retirement age. **To the compulsory private system in the month of October 2011 contributed** within the system 5516038 individuals, with a fund of over 40,2 million Euros. Among contributors, 51,7% were men and the distribution on age groups indicated: 28,7% for up to 25 years of age, 41,5% with ages between 25and 35 years of age and 39,8% for those over 35 de years of age (CNPAS data)[17].

The increase of the economic dependency ratio of elderly persons due to demographic ageing and diminishment of the number of contributors to the system (lower entries on labour market and exits due to labour mobility and definitive migration) generated **deficits in fund's growth**. In order to ensure long-term sustainability the shift was made to a new restructuring stage of the system, first by recalculating pensions by introducing the system of determining the history of individual contributions and then by rethinking its build-up for the purpose of ensuring long-term sustainability. **The strategy in the field of pensions** provides for: balancing and strengthening the public pensions' system; diversifying the insurance resources of old-age incomes; creating insurance resources for labour accidents and professional diseases. The reform is still underway, and in parallel changes were brought to the law of pensions, the objectives for the period 2009-2012 established by CNPAS being: assuring the financial sustainability of the public pensions' system based on the principle of contribution and social solidarity; eliminating inequities and anomalies still existing in the public pension system; reaching a target of 45% from the gross average wage on economy of the pension point (in October 2011 it was of 36.5%) under the conditions of public pensions' system sustainability; ensuring a minimum guaranteed social pension that would add the pension of up to 350 Lei monthly for all pensioners with a pension quantum under this stipulated amount, financed from the state budget; eliminating inequities with respect to pensions for persons employed in the former labour categories I and II, as well as for special and exceptional labour conditions, in accordance with the provisions of Law no. 218/2000; enforcing the provisions of the new legislation regarding the public pensions' system for farmers[18].

The reform aims to key parameters of the pensions' system construction, respectively indexing pensions by inflation and not depending on the development of the average wage on economy, limiting discretionary increases of some pension categories, extending the taxation basis by including also some public officer employees who were excepted by the old system. The scheme of increasing the retirement age is continued, also the one of closing the gap and then equalizing the standard age between men and women, and relating the standard retirement age to the life expectancy at birth. In parallel, support programmes shall be developed

[17]http://www.cnpas.org/portal/media-type/html/language/ro/user/anon/page/contributions.psml/template/generic?url=%2Fcontent%2Fcnpas%2Fstatistics2.html&title=Indicatori+statistici+pilon+II

[18] http://www.cnpas.org/portal/media-type/html/language/ro/user/anon/page/ integration.psml/template /generic?url=%2Fcontent%2Fcnpas%2Fobjectives.html&title=Obiective

for sustaining poor elderly. ***The building-up of the compulsory private pillar is continued by the annual increase of the contribution to the fund.*** The target of the reform is to ensure a transfer rate pension-wage at the time of retirement of 45% on the background of ensuring (gradually) the sustainability of each pillar[19]. In the new memorandum signed with IMF are included as reform measures of the pension system: freezing for 2011 the value of the pension point and enforcing the reformed legislative framework in the field for ensuring the sustainability of the private pensions' pillar[20].

In conclusion, the reform of the pensions' system by leaving aside consideration about consistent participation to the private system is of less performance for the majority of future pensioners. If we refer to the fiscal deductibility for supplementary pension insurances provided for by law, we can appreciate that the minimum conditions are met for stimulating the additional insurance, yet the quantum of the additional contribution benefiting of fiscal deductibility is much too low as compared with the savings need for ensuring a financially comfortable wage-pension conversion. Moreover, the insurance risk is double: on one hand the risk of receiving a diminished pension or cessation of payments to pillar I, under conditions of chronic deficits of the PAYG fund; on the other hand, the market risks for private funds. Finally, the risk that the final aggregated pension is insufficient at the level of maximal contributions under the conditions of integrally making use of the fiscal facilities. Recent studies (AVIVA, 2011[21]) have shown that the savings need for a decent pension is proportional with the age, respectively the total period of contribution. The average yearly deficit of pension savings is of 3700 Euros/year for the persons from Romania who retire between 2011 and 2051(in Poland is of 3400, in the Czech Republic of 4600 and Hungary 1900), which is equivalent with about 300 Euros/month and a total amount of 40,2 billion Euros, the equivalent of 35% from GDP in 2009 If we consider the age of persons in 2010, the average deficit of savings/person is of 4800 Euros/year for those of 50 years of age, 2900 for individuals of 40 years of age, 1700 for those of 30 years and of only 1300 for the ones aged 20 years, respectively almost 120 Euros/month (for 11 months of savings per year). If we consider the deductibility limit of 15% at total monthly earnings it is obvious that the gross monthly income should be at least 800 Euros/month, an amount that is hardly accessible to a young graduate and not only, particularly that the average gross wage in October 2011 was of about 467 Euros.

In fact, any actuarial calculation taking into account DC or DB for contributors from Romania, by using the input data of the analysis based on: the maximum level of fiscal deductibility (400 Euros), the contribution limit to the private optional pension (15% from monthly earnings) leads us either to required amounts to be saved by the systems of public pensions that are hardly accessible for those with low and average incomes, or to insignificant complementary sums. Currently, such official estimates are inexistent and cannot be made in a systematic manner[22]. Such determinations were made by the experts already in the year 2005[23], and more recently by companies operating on

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[19] IMF, Romania: Letter of intent and technical memorandum of understanding, 24 April 2009

[20] IMF, Romania: Letter of intent and technical memorandum of understanding, 10 March 2011

[21] Document-2011-09-22-7812507-0-raport-deficitul-pensii.pdf The study quantifies for the first time the savings deficit at Pan-European level. The analysis realised by Deloitte on Aviva commission quantifies the savings deficit for pensions in Europe and separately in the countries where Aviva operates, such as Romania. The savings deficit for pensions refers to the gap between the income individuals retiring in the period 2011 to 2051 will require for an adequate living standard on retirement and the estimated level of the pension.

[22] CSSPP opinion: Currently there is no law has been passed for pensions' payment, nor the secondary law applicable to it that contains provisions about the payment manner, including here also types of pensions, mortality tables, computation formula, etc. Thus, at present, we cannot realize any estimate about the yearly saved amount that could lead to a private pension of one unit. After the emergence of the applicable legislation to the payment of private pension we shall be able to make first scenarios that shall be made available to the large public.

[23] http://hermes-ir.lib.hit-u.ac.jp/rs/bitstream/10086/14248/1/pie_dp268.pdf Vasile. V, Zaman. Gh., Romania's pension system between present restrictions and future exigencies, p 19 "..Additionally, the 200 Euros/year deduction from personal incomes taxation for participating to the system could not be considered as an incentive because it

the private pensions' market (the AVIVA study)[24]. The future development of the private pensions' pillar and its value is determined by several factors among which the most important are the yield obtained in investing the assets and the level of cashed contributions.

Conclusions

One of the priorities of each modern state is to create a legal framework that would allow for organising a pension system as sustainable as possible and realistic which is capable of assuring for the citizens reaching the retirement age a decent and careless living standard as much as possible, even under the conditions of the existence of some performance pension systems both public and private, at the time of retirement a dramatic diminishment of income takes place yet without an according diminishment of the level of expenditures. As result, the living standard to which each citizen was accustomed is difficult, if not impossible, to maintain.

Elderly persons represent a human capital that is under-used at present from the perspective of active involvement/participation to community life and to sustaining the economic and social development at local level. The extension of the period of financial independence for elderly against public social assistance services can be realised both by ensuring comfortable incomes on exiting the labour market through diversified pension-type benefits, and by providing for the possibility of continuing the activity and completing pension incomes with ones achieved on the labour market.

The developments of the last years have highlighted the issues of the current system of old-age insurances and the vulnerability, in particular of the public pensions' system against conjectural developments of the economy.

The crisis has proved that: a) the present operational pension systems must be rethought, reanalysed, and improved in particular from the perspective of ensuring the financial sustainability; b) more efforts should be made in order to improve the efficiency and safety of the pension schemes that would provide elderly with means for decent living. The pension systems are faced with hard difficulties in fulfilling their "pension promises" due to increased unemployment, to recession and to the volatility of the financial market. EU Member-States are in various stages of (re)forming the insurance and social assistance systems, in particular the pensions' system. In Central and Eastern Europe, Romania was the most delayed country in the process of pensions' reform and shifting to the system of private pensions. The reform of the pensions' system in Romania began, practically, only in 2000 when the new pension law was passed (Law 19/2000) and enforced as of 2001. Up to the current year repeated revisions took place of the old pension law, the financial issues of the system were partially improved/solved by sequential measures, without a long-term strategy which deepened and created even (new) inequities within the system.

The demographic developments of the last decade, labour force mobility and informal employment sizes as well as the dynamics of the economic dependency rate impose a series of measures in the field of pensions' system reform and of ensuring old-age specific social assistance such as: increasing the pensioning age (65 years of age for both men and women); eliminating early-retirement age within the public system or, at least, limiting access and avoiding the facile issuing of

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assures a very small (completion) pension (a simple calculation shows us that under the conditions of a contribution within the limits of deductible sums until the fulfillment of the legal retirement age, the obtained additional pension is of 80 Euros/month for a person up to 35 years, 35 Euros/month for a person up to 45 years and of about 11 Euros if the age of entering into the occupational scheme is of 55 years). If we consider a decent additional pension of approximately 400 Euros per year, a beneficiary of 35 years should contribute about 800 Euros/year for 30 years, one of 45 years with 1800 Euros in 20 years, amounts that cannot be directed to these destinations just from work incomes!)"

[24] Document-2011-09-22-7812507-0-raport-deficitul-pensii.pdf and http://www.evz.ro/detalii/stiri/studiu-aviva-romanii-trebuie-sa-economiseasca-3700-de-euroan-pensie-decenta-906676.html#ixzz1bPvWENSI " In average, each Polish citizen must save yearly the amount of 3.400 Euros, respectively 4.600 Euros for each employee in the Czech Republic. The best placed are the employees from Hungary, who must save 1.900 Euros yearly", stated the chairmen of Aviva Life Insurances..

necessary approvals; attracting youth for registration with the optional pension funds next to compulsory private pensions for benefiting at old age from higher and more diversified incomes than the ones due according to the public pension system; the development of some retirement delaying programmes for elderly who show they are still apt of performance on the job, including by partial/flexible employment programmes, associated fiscal facilities, etc.; vocational re-training or improvement, and extending active life period as well as encouraging significant participation of elderly to society life, including by means of another vocational path, or in the system of social and/or community activities, etc.

Also for the future the policy in the matter of pensions shall remain a common concern for public authorities, social partners, the pensions' sector and the civil society at national and EU-level. A common platform for monitoring all aspects related to the policy and regulation in the matter of pensions in an integrated manner and for joining together all interested parties might contribute to obtaining and maintaining adequate, sustainable and safe pensions.

The crisis has shown the importance of the European approach of the pension systems, questioned the long-term sustainability of the PAYG-type public system, and proved the interdependency of the different pillars of the pension systems within each member state, but especially, the importance of common approaches at EU-level in the matter of solvency and social adequacy.

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