



The ways of increasing by financial stability of pension provision in Uzbekistan.

Rustamov Davron Rustamovich

PhD, Associate professor at Tashkent financial institute (Republic of Uzbekistan)

Annotation

The article deals with financial stability of pension provision, the sources of forming extra –budget of pension fund and with realization of obligations pension provision of populations in the region.

Keywords: financial stability, pension system, social provision, pension provision, social insurance payments.

Introduction

In economic theory, the concept of "stability" is considered as one of the concepts of the concept of economic equilibrium, according to which the achievement and retention of the stationary-equilibrium state in the economy are among the most important micro- and macroeconomic problems. Stability is defined as the ability of the system to maintain its quality in a changing environment and internal transformations (accidental or intentional). Since financial relations are only part of the economic relations of an economic entity, financial stability is different from the more general concept of "sustainability", as part of the whole. At the same time, financial stability as an element of the system is influenced by its other elements: organizational, legal, managerial and other [1].

Financial stability can be defined as the state of financial resources, in which the economic entity is able to maintain its quality in a dynamic environment and internal transformations and at the same time ensure development, approaching a specific goal.

An economic entity must have financial resources not only to meet today's environmental requirements, but also to preserve the ability to adapt in the future.

On this basis, two signs of financial stability of the economic system.

- solvency and availability of financial resources for development. With regard to the financial sustainability of pension provision in the region, this means fulfilling obligations to pay pensions to current retirees, as well as to future ones.

However, here arises the question of who should fulfill these obligations. At present, they are distributed among the republican and regional bodies. Ideally, a



system built on insurance principles should be self-sustaining, i.e. obligations for pensions should equalize payments of insurance premiums that are received in the PF. In other words, pension contributions received by the branch of the PF of the subject of the Republic should ensure the payment of pensions to regional pensioners, and if the donor region is also redistributed to subsidized regions.

The financial stability of the PF is thus determined by the specifics of its income and expenditure. Obligations to recipients of state pensions and benefits are an important part of external obligations and should also be taken into account when assessing the financial sustainability of the regional pension system. In connection with this, the classification of obligations by their economic nature becomes particularly important. The liabilities associated with the accepted insurance social risk should, in theory, be fulfilled at the expense of the funds of the insurance fund, since the calculation of insurance tariffs is based on the principle of equivalence of insurance premiums and insurance coverage.

Obligations for non-insurance pension payments should be covered from the budget. However, in practice, situations may arise where additional sources can be used to finance insurance payments and, on the contrary, the resources of the insurance fund may be attracted for the performance of non-insurance liabilities.[2]

Thus, the financial sustainability of the pension system in the region depends on the financial sustainability of its components (insurance fund and monetary fund, formed from budget funds), as well as the presence of a balancing element formed at the expense of other receipts. At the same time, it is also determined by the specifics of expenses related to the nature of the use of funds, as well as by the existence of a significant time lag between the acquisition of pension rights and the implementation of pension payments.

Due to the long-term nature of the social risk, it becomes necessary to provide additional financial guarantees for ensuring the financial sustainability of the extrabudgetary pension fund, for example, in the form of grants from the federal budget, as well as a system of reserves in order to level the influence of the time factor associated with the probability of implementing associated risks (inflationary, demographic, investment, actuarial, etc.). Maintaining the ability to assume a certain social risk over a period of time demonstrates the ability of the extra-budgetary pension fund to adapt in accordance with the requirements of the environment. This, above all, means the possibility of timely and full financing of the costs associated with the material security of employees (and their family members) when social risks occur on a state guaranteed level.

On this basis, the financial sustainability of pension provision in region can be defined as a constant correspondence in the whole for the monetary fund of current incomes and reserves formed from insurance premiums, as well as

budgetary funds and other receipts, to the costs of paying pensions, the deterministic value and the structure of long-term social risk.

The problem of ensuring financial stability in this case can be considered as determining the probability of a shortage of funds at any given time. The main source of the extra-budgetary pension fund is compulsory insurance contributions from employers and / or individuals engaged in individual entrepreneurship. By its economic nature, as already noted, social insurance payments

is a converted form of wages that provides "deferred consumption." Due to the compulsory nature of such insurance (by law), part of the salary is alienated from the employee in the form of insurance payments. In other words, part of the salaries of employees and individual entrepreneurs are compulsorily, on the basis of statutory tariffs, reserved for the purpose of providing them with material security in the event of social risks of loss of labor incomes as a result of old age, disability, loss of breadwinner. The need to replace previously earned income in case of implementation of the above social risks assumes a regular long-term nature of pension payments, which, in turn, requires constant maintenance of the purchasing power of the pension throughout the entire period of its payment. At the same time, we note that the obligation to pay pensions is formed during the acquisition of pension rights, and the corresponding costs are incurred after the appointment of the pension, mainly at the expense of income coming during the payment period.

If we analyze the economic statistics in the area under consideration in relation to the Uzbekistan Territory, the level of provision of pension payments by regional funds is steadily decreasing.

Opportunities to meet pension obligations in region (and in the country as a whole) largely depend on external factors that influence the volume and dynamics of changes in financial resources extra budgetary pension fund. The most significant among them are macroeconomic (the rate of economic growth in the region, the state of the financial market, the growth of wages, etc.) and demographic (the change in the number of employed in the economy, the number pensioners, etc.) the fact.

Thus, the sustainable development of the region's economy will contribute to: an increase in the number of workers (including due to the attractiveness of the region in terms of migration flows) and, correspondingly, an increase in the number of payers of insurance premiums.

However, in addition to the growth rates of the region's economy, the growth of wages is also contributing to the financial stability of its pension system, as insurance premiums are paid from the payroll fund. Regarding the growth of prices, wages should rise at a faster pace.

Literature review

Degree of elaboration of the topic of dissertation research. At the present stage, theoretical and practical problems in the field of pension provision in the special literature are given considerable attention. In the domestic and foreign economic science, various research directions have emerged that touch upon the issues of reforming the pension system and providing financial support for the activities of pension funds, assessing the effectiveness of these reforms,

The problems of the functioning of finance and various parts of their system, including state extra-budgetary funds, are worked by such economists as S.V. Barulin, O.V. Vrublevskaya, Yu.A. Danilevsky, E.A. Ermakova, Sat. Efimova, A. GO, Kazak, N.P. Molchanov, AA, Novikov, G.B. Polyak, V, M. Rodionova, MB. Romanovsky, T.A. Saltanova, V.I., Samarukha, E.N., Sineva, E.A., Chernysh, etc. Among the representatives of the foreign economic school, engaged at different times by the studies of A Wagner, K. Weiss, J. Wynne, D. Volker, H.F. Gersdorf, E. Mishan, M. Patton, M. Rashid, M. Scriven, J. Stiglitz, L. Thompson, G. Hatry, L. Erhard and others.

Separate aspects of the problem of ensuring the financial stability of the FIU have recently been considered by a number of authors, in particular: D.G., Aleksandrov, GLZ. Belyaeva, Yu.V. Voronin, A.V. Golubev, M.E. Dmitriev, A.B.-Zhaboedov, A.P. Kolesnik, A.V. Kurtin, Yu.Z. Lublin, T.M. Malevo, M.S. Malyutina, Yu.V. Peshekhonov, B. D. Royk, A. G. Solovyov., ALS, Soloviev, L.P. Yakushev, Yu.V. Yakushev, T.V. Muravleva, E.N. Shutyak et al. In their works, the methodological foundations of the formation of the pension insurance system, the practice of the FIU functioning, the state of the pension security system during its transformation and adaptation to the market economy conditions, the features of the distribution and accumulation models of the pension system construction and other aspects of pension reform were investigated. Economic and mathematical modeling of the development of the pension system, actuarial calculations and pension schemes are presented in the works of D.K. Dobromyslova, S.S. Kabalkin, I.A. Krasnova, E.M. Chetyrkin, V.V. Shakhov.

Analysing and methodology

In addition, it is important to economically justify and legislatively at the regional level fix the minimum wage level, establish more precise conditions and mechanisms for its indexing. In particular, it is necessary to bring the ratio of the minimum wage to 40% of its average value, to reduce wage differentiation to a ratio of not more than 1 to 10, and also to calculate the subsistence level for all categories of citizens, taking into account the growth of the cost of the consumer basket, calculated on the basis of statistical approach, taking into account the

average level of real consumption of food, as well as non-food products and services.

It can also be noted that the growth of the regional economy is not directly related to the growth of wages in the region.

Employers do not seek to raise salaries for employees, moreover, they want to use as much as possible more cheap labor. Highly qualified workforce is highly valued.

Another factor that influences the increase in financial sustainability of pensions.

-inclusion of the "shadow" and other informal economy in financing payments in the PF, which is undoubtedly one of the priority tasks for the development of the pension system.

The small business has not received proper development (its share in the structure of the regional gross regional product is negligible). This is due to the fact that virtually the entire small business is in the shadows and is not taken into account by statistics, accordingly, insurance premiums are not paid in it.

It is important to include such categories of citizens in the insurance pension system as unemployed, self-employed, who work without properly registering their labor relations (without labor books), who can only rely on a social pension. All of the above conditions are external factors that affect the volume and dynamics of changes in the financial resources of the territorial PF. However, internal factors, which can be attributed to federal and regional ones, are also significant, and which also have the most direct impact on ensuring the financial stability of the pension system of the region.

Internal internal factors can include internal factors related to the modernization of the pension system, including the improvement of existing pension mechanisms (for example, improving the collection of contributions). In this regard, it is important to improve the quality of the control work on collection of contributions. For example, it can be done with the help of a software package that allows you to monitor the timely receipt of insurance premiums for compulsory pension insurance, the performance of the revenue side of the budget by the territorial PF, as well as the calculation and adjustment of target indicators for each employer-insured.

In addition, among the internal factors that make it possible to improve the financial sustainability of the regional pension system are structurally.

-institutional changes and the formation of new pension institutions.

However, the mentioned changes concern not only regional pension systems, but, first of all, the pension system as a whole. So, as noted, there is a fairly large number of pensioners who receive early retirement pensions. Of these, a significant proportion, those who receive this pension in accordance with the lists

No1 and No2. Payment of such pensions is carried out at the expense of the PF budget.[3]

Therefore, the issue of professional pensions needs to be resolved as soon as possible. But his decision does not apply to the regional, but to the republican level. In our opinion, the economic mechanism for the formation of the system of early professional pensions should combine pension insurance in old age, in connection with accidents at work and occupational morbidity.

There is also a need to revise, first of all, at the republican level a number of significant points related to the development of the FSO system:

- determination of the owner of the funds transferred by the employer to insurance contributions to the funded part of the mandatory pension insurance system:

- they are currently the state, which constrains the development of the funded part of the pension system; in our opinion, the owner of these funds should be an employee, and the latter's relationship with the FIU must be translated into the civil law regulation (contract);

- the burden on employers to transfer 8% of payments, accrued to the employee not exceeding the limit of earnings insured in the mandatory pension insurance system to the accumulative pension fund at the employer's choice on the basis of the mandatory accumulative pension insurance contract or at the employee's choice based on the mandatory accumulative pension insurance contract, the employer's participation obligation in which as a third party is established by law;

- Creation of a guarantee fund. The creation of a guarantee fund will make it possible to secure future pensioners who transferred their pension savings to NPFs, since the latter are not insured in any way, unlike those of citizens on voluntary pension programs, which are insured by the property of pension funds. In the case of APFs, it is necessary to calculate the amount of deductions to the guarantee fund based on the aggregate amount of liabilities that a specific fund has. In this case, it is necessary to take into account the specific features of pension agreements for each fund. In fact, pension funds will have to calculate the amount of contribution for each client, and then pay the amount based on some aggregate indicator;

- introduction of a special type of civil insurance in case of loss of pension savings formed for the benefit of citizens, participation in which the accumulative pension funds and the management companies hired by them would be mandatory. The crucial point for transition to such compulsory insurance should be the fact that the payment of the corresponding insurance premiums (insurance contributions) will be made not from the funds of pension savings, but from own funds of accumulative pension funds and management companies that have expressed a desire to work in the pension savings market ;

Settlement of the issues of loss distribution in connection with a decrease in the value of the assets invested. Issues of distribution of investment income and increase of obligations of the Republic of Uzbekistan to insured persons are regulated by the current legislation.

The issues of the loss distribution due to the decrease in the value of the invested assets and the determination of the sources of its coverage are not settled. At the same time, on the one hand, public law does not allow for diminishing the rights of insured persons, on the other hand, the issue of covering the received loss with the funds of the Republic of Uzbekistan has no prospects. The Ministry of Health and Social Development of the Republic of Uzbekistan has proposed a new concept of pension reform [4].

In the Republic of Uzbekistan, the index of the physical volume of paid services is calculated for the reporting year compared to the previous year. In the development of monthly data - for the reporting month (quarter) compared with the previous month (quarter) and the corresponding month (quarter) of the previous year, as well as for the period from the beginning of this year compared with the corresponding period of the previous year.

The index of the physical volume of services is calculated by dividing the growth rate of the volume of paid services to the population for this type of services in actual prices for the corresponding consumer price index (CPI). The mathematical description of this situation in the form of a formula has the following form:

$$I_q = \frac{\sum p_1 q_1}{\sum p_0 q_0} : I_p \quad (1)$$

Where,

I_q - index of the physical volume of services;

$\sum p_1 q_1$ - the volume of paid services to the population for this type of services in actual prices;

$\sum p_0 q_0$ - the volume of paid services to the population for this type of services at basic prices;

I_p - consumer price index (CPI) for the reporting period.

The consumer price index for the reporting period is calculated by the following formula:

$$I_p = \frac{\sum p_1 q_0}{\sum p_0 q_0} \quad (2)$$

Where,

$P_{0,1}$ - price / tariff for a separate type of services in the basic and accounting periods;

$Q_{0,1}$ - the number of services in physical terms in the basic and accounting periods.

Consolidated CPI for paid services to the public and a consolidated CPI on household services for the population to calculate the corresponding indices of physical volumes are not used due to their structural differences with the volume of paid (and, respectively, household) services to the population by species.

In accordance with it, the accumulative part of the pension should be withdrawn from mandatory pension insurance and transferred responsibility for its formation to citizens. Management companies from the management of pension funds, the Ministry proposes to remove and entrust it to non-state pension funds.

Thus, the state will form the basic and insurance part of the pension (they are now united), at the expense of which it will be able to ensure the ratio of the average pension and the average salary at the level of 40%. Due to the accumulative part of the pension, the replacement rate, according to the plans of the Ministry, should grow to 70% by 2023. At the same time, citizens independently determine the period during which they want to receive, in addition to the basic and insurance, a funded pension-for five, ten years or for life. As the calculations show, the monthly contribution to the funded part must be at least 15-20% of the salary. Applicants in Uzbekistan who are able to make such contributions are no more than 6.5-8%. The grounds for such a conclusion are the following: a low level of wages in the republic, a weak confidence in the APF, etc.

On the whole, one must proceed from the fact that there are three social groups in the republic that are differently oriented in the matter of pensions. Those who have a low level of income are guided only by social guarantees of the state. Such in the region 60-65%. Another 20-25% are guided by a mixed system, they need both state pensions and non-state pension provision.[5]

As mentioned earlier, if the FIU existed as a commercial organization, rather than integrated into the public finance system, it would have long since gone bankrupt. But while the FIU is an integral part of Uzbekistan budget system, it can cover its deficit at the expense of the budget, and index the pensions on time.

The calculation procedure and the recommended normative values of the above indicators for the Pension Fund are presented in Table 1.

Table-1

Indicators of long-term financial sustainability of the Pension Fund RUz

Indicator name	Calculation formula	Standard
Coefficient of total solvency	Own Fund Funds / All fund liabilities	Not less than 1,5
Total liquidity ratio	Current assets of the Fund / (Short-term fund liabilities + Reserves)	From 1,0 to 1,3
Coefficient of investment activity	Income from investing the funded part of the labor pension / Average for the period of the funded part of the labor pension	At least 2/3 of the refinancing rate for the reporting period
Coefficient of share administrative and management costs in the total expenditure of the fund	Administrative and management costs / Total expenditure of the pension fund	Not more than 0,02

The indicators of short-term financial sustainability of pension funds are calculated on the basis of the Fund's budget execution performance data (they will be discussed below). Methodologically important for the analysis of financial soundness is the rationale for a new approach to dividing the financial resources of the RUz Pension Fund into own and attracted funds. The attracted income of the FIU in the author's interpretation includes all funds that come from outside, including from the budget, apart from allocations from the budget for the fulfillment of the state's obligations for the provision of pensions that are not of an insurance nature (until the pension provision is transformed into pension insurance). In the current legislation there is no such classification of incomes, which makes it difficult to assess its financial stability. Therefore, the author suggests the following procedure for dividing the income of the FIU into its own and attracted.

Formally, the FIU deficit has appeared since 2005, when the ECU rate was reduced simultaneously and the pension benefits were raised. The budget of the FIU began to boil down to a deficit, covering it from the budget through a specially allocated subsidy. Although, the budget of the FIU was always scarce, only earlier, if the Fund did not have the funds, it simply delayed the payment of pensions, and their increase in general was a currency. In the conditions of inflation, a constant

increase in pension payments was required, the funds for which began to flow more and arrive now not from the fixed income of the FIU, but from general budgetary resources. This not only undermines the very idea of an "off-budget fund," that is, a financial structure that does not depend on the total budgetary resources, but also places serious restrictions on the development of the entire fiscal system.[6]

According to the forecasted estimates, the imbalance of the budget of the FIU will reach its maximum - about 1.2% of GDP in the early 2020s. At the same time, if in 2010, its imbalance amounts to about 18% of the total amount allocated for the payment of the insurance part of labor pensions, then by 2050, this figure will increase by almost 5 times and exceed 85%. The source of coverage of the FIU deficit under the current legislation is budget funds, which allows us to speak not of the pension budget deficit, but only of the financial insecurity of the state's insurance pension liabilities. At the same time, from the point of view of budgetary relations, it should be noted that the growth rate of the budget's spending obligations to cover the deficit of the pension system until the mid-2020s. will outstrip the growth rate of wages in the country, and in the future - the rate of growth in prices. There are many reasons for this negative trend, and they are caused by the factors described. However, the most significant contribution to the increase in the imbalance of the FIU is made by the factor of decreasing the share of insurance deductions for pension purposes determined by the current legislation. In this regard, the question arises that insurance premiums need to be periodically increased to the required level. In this case, there are pros and cons, based on the theory that insurance contributions are part of unpaid wages, that is, part of the monetary valuation (price) of labor, and in market conditions, the price should be complete (reflect the full costs of its reproduction) with taking into account supply and demand, competition. Labor is a commodity, and insurance premiums are part of the price of this labor force, so the price of labor power is brought into line with its market price by raising insurance premiums to the required level.

Conclusion

A set of measures can be proposed for the preparation and implementation of a regional pension program, namely:

-conducting analytical work related to monitoring the situation in the field of pensions (demographic situation, composition and structure of pensioners and employed population, pensions of various category and groups of pensioners, wages);

On this basis, the allocation of categories of pensioners and insured, in most in need of additional regional pension programs;

- Evaluation of opportunities for participation in the financing of regional pension programs by employers and employees, the nature and forms of this participation;
- determination of the method and sources of financing, including for various categories of insured;
- identification of factors that should be taken into account when determining the size of a regional pension and developing a pension formula;
- determination of the nature and forms of pension payments;
- calculation and forecasting of the required volume of regional funds budget for the financing of supplementary pensions, the amount of pension contributions to the benefit of public sector employees;
- if there is counter financing by employers and employees, calculation of the insurance rate. In order for such regional programs to be implemented, it is important at the legislative level to develop a procedure for encouraging regions that provide pensioners with the largest amount of social support as a percentage of the regional budget expenditures or on average per retiree, taking into account the need to increase the level of social protection, those pensioners whose pensions are below the subsistence minimum.

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