

# **Closing the Coverage Gap: The Role of Social Pensions**

## **Development of Contributory Pensions, Key Factors**

**Dmitry Konshin**

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# KEY FACTORS

- Confidence in the system on the part of the population
- Sound information policy
- Economic and financial incentives
- Subsidizing DC contributions by the Government



# GOVERNMENT SUBSIDIZING ARRANGEMENTS

- The Government adds 10,000 Rubles (US\$400) annually in proportion of 1 : 1, provided that an individual contributes no less than 2,000 Rubles p.a.
- Government contributions are posted to the personal account and credited to the funded part of labor pensions
- Contributions paid to the system cannot be withdrawn
- The period of “entry” into the system is restricted (5 years)



# POTENTIAL CHALLENGES

- Who indeed is motivated by this system?
- Should the employer participate in this system?
- Equal access to available opportunities?
- Are there any better solutions?

