JÓZSEF HAJDÚ*

The preliminaries and basic elements of the new Hungarian private pension system

Foreword

Pensions are a major issue across Europe and the rest of the world. How pensions should best be provided is one of the questions which dominates election campaigns as well. Today's typical pension is a basic state one financed by tax contributions to government and paid out by the government. This method of state provision is now outmoded and causing problems in the unorganised world. More and more countries around the world have more old people as a proportion of their total population. This means fewer working people paying enough taxes to finance state pensions. Reform of existing pension arrangements is therefore urgently required if the so-called "pensions time-bomb" of pension pay-outs exceeding tax contributions is to be avoided.

The real spectre haunting the world these days is the spectre of bankrupt state-run pension systems. The pay-as-you-go pension system that has reigned supreme through most of this century has a fundamental flaw, one rooted in a false conception of how human beings behave: it destroys, at the individual level, the essential link between effort and reward in other words, between personal responsibilities and personal rights. Whenever that happens on a massive scale and for a long period of time, the result is disaster. Two exogenous factors aggravate the results of that flaw: (1) the global demographic trend toward decreasing fertility rates; and, (2) medical advances that are lengthening life. As a result, fewer and fewer workers are supporting more and more retirees. Since the raising of both the retirement age and payroll taxes has an upper limit, sooner or later the system has to reduce the promised benefits, a telltale sign of a bankrupt system.

Whether this reduction of benefits is done through inflation, as in most developing countries, or through legislation, the final result for the retired worker is the same: anguish in old age created, paradoxically, by the inherent insecurity of the "social security" system.

* The author is an assistant professor of Labour Law and Social Security at "József Attila" University, Szeged, Hungary.

1. The pension reforms of Central and Eastern European Countries

1.1. What's the problem?

Pension reform is an important and sensitive issue in almost all countries, but especially so in Central and Eastern European (CEE) countries with their ageing populations. (See Table 1. [Please find every tables in the Appendix])

Established in a different economic and demographic era, most public pension programs are now very expensive. In many countries, pension spending is the largest expenditure item in government budgets, absorbing 15 percent of GDP in Poland and in Hungary roughly 10 %. (Table 2)

Meanwhile the payroll taxes required to finance these expensive systems are among the highest in world, some reaching 40–50 percent of employees' gross wages. Even so, they're not high enough to cover expenditures in Hungary, where the social insurance systems, among them mainly the health insurance, run large deficits every year. (See Tables 3–5.)

The costs are high in large part because of the large number of pensioners. Costs are also high because of generous early retirement rules and high rates of disability – with the latter, for example, doubling during the transition in Hungary. (See Table 6)

At the same time, the retirement age is relatively low – about 62 for men and women as well, compared with 65 for men and 67 for women in most OECD countries. But it was only 55 years for women and 60 years for men before the recent reform.

Demographics and the high payroll tax rates – which encourage informalization – have reduced the rates of contributions, making it hard for governments to maintain adequate replacement rates.[1] (See Table 7)

1.2. What's one possible solution?

Raising effective retirement ages, tightening disability criteria, and introducing affordable but automatic indexation mechanisms are three crucial reforms that must be considered.

Evidence from around the world is mounting that mixed multiple-pillar systems – where the public sector concentrates on providing a basic minimum pension, the first pillar, while the private sector manages a fully funded scheme (with benefits directly tied to contributions), the second pillar – are better equipped to deal with ageing populations.

Hungary has also encouraged voluntary private pensions in 1993,[2] which now covers one quarter of the labour force.

These and other reform measures to transform pay-as-you-go public pension systems into funded mixed systems will yield major benefits. a) They put the publicly-provided minimum pension on a more financially sustainable basis – helping to guarantee a basic minimum pension for all future retirees. b) They encourage the deepening of domestic capital markets, by increasing the pool of long term savings available for domestic

[1] Caio K. Koch-Weser: Pension Reform in Central and Eastern European Countries, Address to the Social Welfare Reform and New Pension Schemes Panel Central and European Economic Summit, Salzburg, Austria, July 9–11, 1997

[2] Act XCVI of 1993 on Voluntary, Mutual Supplementary Insurance Funds.

investments. c) They reduce labour market distortions, by more closely aligning benefits with contributions and reducing the tax element in the latter.

These benefits notwithstanding, the reforms have major distributional effects; they accordingly raise deep political economy issues. Those with current entitlements will lose under the reforms – assuming that those entitlements would be fully honoured without reform.[3]

1.3. The role of the World Bank in the transition of pension systems

The World Bank is working with almost all the countries in the CEE region on pension reform. In Hungary the World Bank was supporting the adoption of mixed systems under adjustment operations. The World Bank in January 27, 1998 approved a US$ 150 million Public Sector Adjustment Loan (PSAL) to Hungary in support of the government's efforts to effectively implement comprehensive pension system reforms through balance-of-payments assistance. The loan has a maturity of nine years, including a three-year grace period, at the standard LIBOR-based interest rate of single currency loans, and will be disbursed in one tranche. Since Hungary joined the World Bank in 1982, commitments total approximately US$ 4.2 billion for 39 projects.

The underlying objectives for systemic reform would be to provide income security and protection against poverty in old age; reduction in high payroll taxes with their negative effects on compliance and labour markets; reduction of the burden of pensions on public finance; and provision of mechanisms for increasing private savings.

1.4. The structure of the newly emerged Hungarian pension system

The Hungarian was the first comprehensive pension reform in Central and Eastern Europe, and it will set the standards for the other transition economies. It represents a major improvement over the previous systems and should protect pensioners while greatly improving fiscal accounts.

In Hungary the original plan was to introduce a three-pillar pension system. The first tier (of one or more publicly financed social insurance programs) would provide minimum income security and protection against poverty for the elderly (social insurance managed, pay-as-you-go type pension). The second tier would have one or more mandatory earnings-related programs, which in turn would be fully or at least partly capitalised (private pension fund). The third tier would have one or more voluntary earnings-related pension regimes (voluntary, private pension insurance fund). Plus one tier would be the social assistance pension (welfare pension). The public sector reform package includes the following main elements:

1. Reform (or modernisation) of the existing public pay-as-you-go (PAYG) pension system. The reform package adopted by the Hungarian Parliament includes the reform (or modernisation) of the PAYG system, and the introduction of a new pension system. The reforms of the PAYG include increases in the retirement age for men and women, changes in indexation rules, and several changes in the formula designed to tighten the

[3] Caio K. Koch-Weser: Pension Reform in Central and Eastern European Countries, Address to the Social Welfare Reform and New Pension Schemes Panel Central and European Economic Summit, Salzburg, Austria, July 9–11, 1997

link between contributions and benefits. (The increase in the retirement age, as well as tighter rules for early retirement, were adopted by Parliament in July 1996). The new system comprises a new first pillar, also publicly-managed and financed on a PAYG basis (a downsized version of the reformed PAYG), and a new second pillar, privately managed and fully funded. In addition, a third pillar, also privately managed and fully funded but voluntary, has been in operation since early 1994, and the government has decided to continue encouraging the growth of this voluntary pillar through tax incentives.

2. The introduction of a fully-funded and privately managed pension system for those workers who decide to join, and mandatory for new entrants in, the labour force. The new system is mandatory for all new entrants into the labour force as of July 1, 1998. Workers who have already acquired pension rights under the current system, and those who enter the labour market until July 1998, have the option to stay in the reformed PAYG, or to switch to the new system. The new system began operating on January 1, 1998. Workers are given two years to exercise their right to switch to the new system (i.e., August 1999). Workers who initially opt for the new system will be able to return to the reformed PAYG until December 2000. After that date, workers will be permanently affiliated wither with the reformed PAYG or with the new system.

The International Finance Corporation (IFC), manages more specific transactions that can help establish the second pillar. IFC works with strong technical partners to establish or invest in private pension funds. It has a successful history of participation in pension fund privatisation in Latin America. And in 1995, the Corporation was involved in the development of private pension funds in Slovenia.[4]

3. The introduction of a social assistance for the poor who do not qualify for a minimum pension. The pension reform also includes a safety net for poor pensioners, financed by the central budget. This welfare program is known as the "zero pillar." Social assistance is an important source of income for those pensioners who receive it, but their numbers are small (i.e., less than 2 percent). The figure is higher among poorer pensioners, but the bulk of recipients of a social assistance pension are not poor. In addition to pensioners, the so called Social Assistance Act[5] specifies that unemployed persons of an active age who have been unemployed for more than three years, can receive social assistance if they are no longer entitled to long-term unemployment benefits and lack other income or assets.

The supplementary (pension) system (mutual pension fund), as a third pillar of the Hungarian pension scheme. The above mentioned public reform package was forerunningly supplemented with a voluntary, mutual insurance fund system in 1993. According to the Act on Voluntary, Mutual Supplementary Insurance three type of funds can be set up. Health fund, pension fund and unemployment benefit fund.

Statistics show that the wave of founding voluntary health and pension insurance funds has ended and the market is expected to consolidate in 1997. Fierce competition is merging between individual pension funds to attract fund members. A total of 288 voluntary mutual insurance funds had been set up by the end of 1996, with total assets worth HUF 20 billion according to preliminary estimates, and a total of 500,00 fund members. Most funds are for pension. Most were employer or sectoral-based, with about

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[4] Caio K. Koch-Weser: Pension Reform in Central and Eastern European Countries, Address to the Social Welfare Reform and New Pension Schemes Panel Central and European Economic Summit, Salzburg, Austria, July 9–11, 1997.

[5] Act III of 1993 on Social Administration and Social Assistance Benefits.

60 % of total contributions coming from employers impelled by tax incentives. But it is early days yet. Uncertainties in health care issues did not favour the establishment of health funds, as currently only 35 such funds are operating with a total of 1,100 fund members.

Employers paid two-thirds of all membership fees and fund members paid one-third, according to the latest statistics: this proportion was 50–50 percent in 1995.

The stimulation of voluntary pension insurance funds is thought to be important in shaping the three-pillar pension system. The pension reform allows voluntary pension insurance funds to decide whether they wish to undertake compulsory fund duties or not. This option is only available if they can prove they have or will have more than 5,000 members. In this case, the capital coverage type pension fund can function within the organisational framework of voluntary mutual pension insurance funds. This, however, does not exclude the possibility that new funds are set up for compulsory pension insurance services.

Reforms in the financing of social security for cash and insurance benefits administered by the Pension Fund and by the Health Insurance Fund. Measures to finance social security and insurance benefits include: employer rate reductions; an increase in the ceiling on workers' contributions; and the introduction of a minimum contribution for health benefits. In addition, two budget measures were adopted: the separation of contributions for cash and health benefits in the Health Insurance Fund budget; and the elimination of cross-transfers between Pension Fund and Health Insurance Fund. These measures are positive steps aimed at reducing the distortionary effects of the present contribution system for salaried employees in the formal economy and at making public accounts more transparent.

2. Private pension schemes: A personable future!?

Private pension schemes, which were once thought of as a luxury, are now becoming reality in post-Communist Europe. Poland and Hungary showing innovative leadership.

Privately-run, fully-funded pension schemes are steadily spreading across post-Communist Europe. Having already been established in Hungary and Poland in 1998. It having been heavily discussed by the Czech Republic, Slovakia, Romania, Latvia and the Russian Federation, such reforms are now under way in Estonia, Lithuania, Slovenia and Kazakstan, with other former Communist countries being likely to follow suit in the near future.

Notably, Poland and Hungary have adopted, while others are considering, a three-pillar approach along the lines first suggested by the World Bank three years ago. The state-run pay-as-you-go pension system is flanked by a mandatory, fully-funded, privately-run pension system that is likewise financed by payroll contributions. These two mandatory schemes are in turn flanked by a voluntary structure of privately-run contributory pension funds for those seeking an even more generous retirement income.

2.1. At first, a low priority

In the early days of the transition from a command economy to a market system, the most urgent priority was to abolish subsidies and free prices so that they could reach market-clearing levels, thereby providing both a measure of efficiency and a signal of where fresh investment was needed. This meant re-creating a framework of contract and commercial law, a market-oriented taxation system, instruments to implement monetary and fiscal policies, a structure of prudential regulation and supervision of financial markets, together with the institution, management, and staff to support the new system. Given the burden of so many pressures, providing for a new, or additional, means of income security in old age could hardly command much priority, particularly as the Communist inheritance included a comprehensive state-pension system, based on a pay-as-you-go method: that is, current wage deductions, topped up when necessary by taxation receipts.

In any case, personal savings in those early days were at a low level. There were also no securities markets of a depth and transparency sufficient to allow pension funds to allocate their investment portfolios so as to match their actuarial obligations – or else such markets if they did exist were still in the embryonic stage. Long-term financial contracts were inhibited by the uncertainty of the changeover from the command economy and by the high rates of inflation generated once subsidies were removed and price controls, lifted. Only later on in the transition process, as some of the economic uncertainty abated and inflation was brought under control, was consideration given, beginning in Hungary, to authorising and nurturing privately-run, fully-funded pension schemes.

A more mature stage is now being reached, however, in post-Communist countries, especially in Central and Eastern Europe. Ageing populations and low levels of fertility will impose a growing burden on state pay-as-you-go pension schemes, and, as in developed countries, the argument is being made that encouraging private contributory pension funds as a substitute and/or a supplement for state pay-as-you-go schemes would help to relieve the pressure.

Private pension schemes are attractive for other reasons as well. Consumer choice is widened. The flow of long-term savings is boosted. New sources of finance are provided for investment in a country's economic growth. A fillip is given to the development of local capital and other financial markets. And corporate governance is enhanced by the presence of powerful investment institutions.

Five, six or seven years down the road since the post-Communist transition began (10 years on in the case of Hungary), governments and legislators have a little more time to draft and enact laws sanctioning the formation of privately-run, fully-funded pension schemes, as well as the regulatory and supervisory frameworks that are needed for their efficient, prudent operation and for the financial markets they operate in.

2.2. Unworkable state schemes

Meanwhile, pressures on state-run pay-as-you-go schemes are becoming critical. Demographic trends and the generous terms of state-pension provisions in relation to average incomes are mostly to blame. Male retirement ages tend to be lower – about 60 years in most of the former Communist countries[6] as compared to an average of 64–65 years for the member countries of the Organisation for Economic Co-operation and Development. The dependency ratio – that is, the ratio of people over 60 to people of

[6] As we have already mentioned before, the retirement age in Hungary reached age 62 for both sex in 1998.

working age (20–59) – is much higher in many former Communist countries than in OECD member countries. Despite high payroll contributions – 49 % of gross pay in Hungary – many state pension schemes are in chronic deficit, needing to be topped up each year through fiscal subsidies.

As a result, aggregate state spending on pensions is much higher as a percentage of gross domestic product in post-Communist countries than in economically more advanced nations. In some former Communist countries, state spending on pensions exceeds 10 % of gross domestic product. Yet the pensions paid by some state pay-as-you-go schemes in the post-communist region barely cover subsistence. Sometimes, as in many parts of the Russian Federation and in other former Soviet republics, they are not paid at all for months at a time because of the strain on the state's finances caused by the non-payment, or slow payment, of taxes.

The pressure on state budgets will become worse in the absence of suitable countermeasures. In Hungary, for example, state spending on pensions has doubled from 5 % of gross domestic product to the present 10 %. True, part of the reason lies in policies designed to facilitate early retirement and provide more liberal disability pension eligibility so as to soften the sharp rise in unemployment and the wider social impact of the transition. Nonetheless, the underlying demographic structure of the Hungarian population has been changing for the worse. The ratio of contributors to beneficiaries in the state scheme is projected to decline from 2.2 in 1990 to 1.76 in the year 2020.[7]

2.3. Innovative efforts in Hungary

Efforts to reform public pay-as-you-go schemes in most post-Communist countries were directed at raising retirement ages (as in Hungary), limiting occupational privileges, strengthening the link between contributions and benefits, and establishing clear rules of indexing, including indexing pensions already in payment to prices and not to average wages.

In some countries – Poland, Hungary, and the Baltic states – the reformers were going further. They were changing the basic nature of the mandatory state pension scheme by placing a large share of it on a fully-funded and, in some instances, privately-managed basis. This provides a direct link between an individual's contributions and his or her future benefits. Likewise, if the funds are privately managed, they could provide a stronger deterrent against finance ministers being tempted to raid pension accounts in order to balance their books.

In Hungary, from 1 January of 1998, a quarter of all pension contributions transferred to a new structure of mandatory, privately-run pension funds. To meet the initial imbalance between the funds' receipts and their current and actuarial outgoings, the new system is funded initially by issues of public bonds and by the proceeds of privatisation sales. Younger workers are able to opt out of the old state system, which is scaled down over the next four decades.

Neither mandatory pension schemes nor a third pillar of voluntary contributory pension funds can function properly in the absence both of a thriving capital market and of laws governing their prudential operation. So far, three countries – the Czech

[7] Colin *Jones*: Capital Trends –October 1997 (Volume 2, Number 12)

Republic, Hungary and Slovakia – have enacted legislation governing the World Bank's third pillar of voluntary private pension funds, and several others are about to do so. In both Russia (where more than 1,000 funds have been set up) and Bulgaria, private pension funds are operating in a legal vacuum and in consequence have failed to attract significant contributions. In Romania, where two private pension funds were created in 1993, operations have been blighted by the primitive conditions prevailing in the local securities markets.[8]

3. Some often mentioned scepticism of private pension funds

In this sub-paragraph we simply would like to touch upon some mostly criticised arguments and put some balance against the unconditional acceptation of private pension model. The strategy of the privatizers is proving quite successful. Sow doubts about the future solvency of the system. Chip away its near-universal political support by taxing benefits of "affluent" retirees, periodically lowering the definition of affluence. Encourage the "affluent" retirees of the future to provide for themselves, because of the system's wobbliness. And eventually turn the public pension system into welfare for the elderly poor –an easy target for cuts – while leaving the middle class and rich to fend for themselves. This isn't only happening in the US; it's happening around the globe.

This might be dismissed as conspiracy theorising by someone who hasn't been reading publications of international organisations like the World Bank, IMF and the Organisation for Economic Co-operation and Development.[9] There, they've been quite explicit about what they're up to, because they're writing for an elite audience.

The World Bank's report, Averting the Old Age Crisis, recommended a three-pillared system: (1) a mandatory system, financed out of taxes, to provide a minimal base pension; (2) a mandatory savings scheme, in which every worker is required to contribute a portion of his or her earnings to a kind of IRA, to be invested in the financial markets; and (3), a supplementary system of private savings, also to be invested in the financial markets. This is essentially the Chilean model that Time – and Wall Street, hungry for the boodle – adores so much.

What's wrong with this? First, the present system is mildly redistributive, with the rich slightly subsidising the poor in retirement. A private system would end that transfer. And second, a private system would be no better equipped to handle the bulge of boomer retirees beginning around 2010 than the present system. Right now Social Security is financed by a wage base that grows roughly in line with the overall economy; why should the stock market do significantly better?

Most people think that money invested in the stock market finds its way into real investment in buildings and machines. In fact, almost none of it does; most firms finance real investment through their own profits.[10] The stock market is mainly an arena for the buying and selling of existing shares and, through take-overs and spin-offs, of entire

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[8] Colin Jones: Capital Trends –October 1997 (Volume 2, Number 12)

[9] See, for example, the OECD's 1988 report, Reforming Public Pensions, which is full of advice on "incremental" reforms to "what was only a couple of decades ago considered as a central achievement of the welfare state [but which] is now being evaluated differently."

[10] Between 1901 and 1994, US non-financial corporations financed less than 5 percent of their capital expenditures through the stock market.

corporations. Investing in the stock market will no more create the wealth necessary to take care of elderly Boomers than Social Security taxes do.

In Chile, according to Joseph Collins and John Lear's excellent new book, Chile's Free-Market Miracle (Food First Books), the public system's minimum benefit was $1.25 a day in 1988. Less than a quarter of all workers make enough money to qualify them for more than this risible minimum public benefit. Tellingly, the army and national police kept their own generous public systems; while the new plan may have been good enough for the masses, it wasn't good enough for the forces in charge. Of course, many publications were silent on all this.[11]

4. The basic features of the Hungarian private pension scheme, as a newcomer in the national pension system

4.1. Basic regulations of the Act LXXXII of 1997 on Private Pension and Private Pension Funds

In accordance with the principles set forth in the Constitution of the Republic of Hungary, the State ensures the safety of elderly and disabled citizens by means of the mandatory social security system and the associated private pension system. The objective of the Private Pension Act is to provide uniform regulation for the private pensions of citizens and the system of private pension funds based on membership contributions and individual accounts.[12]

4.2. The scope of persons of the Act

The fund member could be: any natural person who, on a *mandatory* or *voluntary* basis, becomes a fund member, pays membership contributions pursuant to the provisions of the Private Pension Act, and receives pension plan benefits[13] from the fund.

The *mandatory membership* means: Those natural persons, by law, become fund members who prior to reaching the age of 42 become insured for the first time pursuant to the Act LXXX of 1997 on the Beneficiaries of Social Security and Private Pension Benefits (hereinafter: PESSPB) after 30 June 1998 (hereinafter referred to as "new employees").

The *Voluntary membership* means: Any natural person who, pursuant to PESSPB, became insured prior to 30 June 1998, and entered into agreement to obtain service time

[11] Doug Henwood: The Myth of Social Security's Imminent Collapse, Extra July/August 1995

[12] Article 1 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds

[13] The pension plan benefit is a pension payment or a payment received by a surviving relative or beneficiary (hereinafter referred to as "beneficiary") and lump-sum cash payment as regulated in this Act, disbursed from the benefit reserves of the benefit chosen by the fund member, and which is calculated on the basis of the balance, as funding, of the individual account of the fund member at the time of retirement or, at the fund member's request, after attaining retirement age, or to the benefit of a surviving relative in the case of the fund member's death.

entitlement for pension benefits pursuant to PESSPB may become a fund member at his/her own discretion.[14]

4.3. Basic Principles of Operation

The fundamental principles determine the entire operation of the newly emerged private pension system. These principles are as following:

a) *Self-administration.* In accordance with the principle of self-administration, fundamental decisions related to the fund are made exclusively by fund members.

b) The *right to choose a fund* may be exercised by joining a fund or switching to a fund the Fund Regulations[15] of which do not restrict such action. No religious, racial, ethnic, political, age or sex discrimination can be exercised against fund members.

c) The *principle of mutuality and self-support.* Based on the principle of mutuality and self-support, fund members jointly accumulate the reserves required to operate the fund and provide pension benefits, while the funds ensure the performance of their obligations by establishing and maintaining the Guarantee Fund in accordance with the provisions of the Private Pension Act. During the accumulation period[16] fund members shall form an investment risk community and, in the benefit period,[17] an investment and insurance risk community.

d) The *principle of ownership.* In accordance with the principle of ownership, the claim of the fund member is the fund member's property and may be inherited in compliance with the provisions of the Private Pension Act, or a beneficiary may be designated.

e) *Guarantees of the benefits.* The fund, as well as the Guarantee Fund and the central budget under the conditions specified in the Act, guarantees the claim of the fund member.

f) The principle of *closed-end financial management* means the concurrent implementation of the following rules: a) the activity of the pension fund aims exclusively at organising and providing pension plan benefits set out in the law; b) the fund covers its expenses and meet the requirement to establish reserves from its revenues and reserves created from the revenues; c) the funding reserves consists of the individual accounts[18] and the benefit reserves.[19] In the accumulation period the fund keeps individual accounts for the fund members, and disburse pension benefits and lump-sum payments from the benefit reserves. The funding of benefits shall be generated from the deposits in the individual accounts and kept in the benefit reserves accounts for pension payments and lump-sum payments specified by the benefit

[14]Article 2 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds

[15] This is the fund document which, pursuant to the provisions of the Private Pension Act and other legal regulations, contains the key regulations governing organisation and operation of the fund.

[16] That is the period starting at the time of joining the pension fund until the time the amount of the pension plan benefit is determined.

[17] The period starting when the pension plan benefit is determined and lasting until the end of the utilisation of such benefit.

[18] The individual account is a record of contributions, on the basis of which the fund member's claim during the accumulation period and the fund member's pension plan benefits at the time of retirement shall be calculated.

[19] The benefit reserves is a funding for types of benefits being rendered to fund members and records regarding such.

regulations;[20] d) pension plan benefits offered by the fund are exclusively available to natural persons specified in the Private Pension Act; e) after the termination of membership or liquidation or voluntary dissolution of the fund, members can claim their share in accordance with the provisions of the Private Pension Act and the order of procedure set out in the Fund Regulations of the fund; f) the individual accounts and benefit reserves, as well as the related secondary reserves[21] are used exclusively to satisfy the claims of fund members; they neither be confiscated in exchange for other liabilities of the fund or the fund members nor frozen; g) in order to secure the funding of pension plan benefits, the fund may assume liabilities for up to a percentage of its operational revenues and reserves and its own activity reserves, as specified in the financial plan,[22] within the framework of the Private Pension Act and in accordance with the Fund Regulations and h) the fund may employ an organisation with proper authorisation to fulfil registration and administrative tasks, economic and investment activities related to the fund's operation, as well as to conduct asset management on behalf of the fund.[23]

4.4. The establishment of a private pension fund

The private pension funds can be established by: A. an employers or employees or their certain designated organisations; For example, a) *employers* (separately or jointly), b) *chambers of trade* [hereinafter: "chambers"] (separately or jointly), c) *professional associations* (separately or jointly, or together with a chamber), as well as d) *employees'* and/or *employers' interest representation organisations* (separately or jointly), or together with the aforementioned entities; B. the *Pension Insurance Administration* if such parties project that the number of fund members shall reach 2,000 persons and C. The *local governments* in Budapest or in the counties (hereinafter: "local governments") may establish territorial funds as open-end funds,[24] or participate in the establishment of the regional fund.[25]

The foundation of a fund requires the license of the State Private Fund Supervisory Board (hereinafter: „Private Fund Supervisory Board"). Voluntary pension funds obtain an operational license from the Private Fund Supervisory Board if they intend to provide fund services in which case the requirements for granting the operational license is identical with the provisions governing the foundation license.[26]

[20] The benefit regulations is the regulations of the fund which contain the rules pertaining to the determination and disbursement of pension payments and lump-sum payments to fund members, as well as the related rules of calculation and reserve accumulation rules for each type of benefit.

[21] The secondary reserves intended to offset risks related to individual accounts and benefit reserves.

[22] The financial plan can be a short-term (annual) and a long-term (10 year) plans intended to project the expected changes in the fund's financial management and reserves.

[23] Article 5 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds

[24] The open-end fund is a fund which does not restrict the scope of potential fund members, with the exception of determining the territorial scope of territorial funds.

[25] Article 7 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[26] Article 13 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

4.5. The membership of the private pension funds

4.5.1. Establishment of Membership

The starting date of the membership is: a) the date specified by PESSPB as the date of establishing the legal relationship, for mandatory membership, or b) the date of acceptance of the application for membership by the fund, for voluntary membership.

Any insured person may apply for membership in a chosen fund by submitting a written application for membership.[27]

A fund member may switch funds upon giving notice to this effect and after paying any membership contributions in arrears.[28]

4.5.2. Rights and Responsibilities of Fund Members

The private pension fund members have the *right* to: a) participate in electing the bodies of the fund, b) be elected as members or officers of the fund's bodies, c) be regularly informed regarding the operation and financial management of the fund, as well as the balance of their accounts and d) receive fund pension plan benefits in accordance with the Fund Regulations, as well as to be informed regarding the related activities of the fund.

The *responsibilities* of fund members are as follows: a) continuously maintain membership, in a fund chosen by the fund member, during the period of insurance relation pursuant to PESSPB, b) fulfil their data reporting obligations, c) pay membership contributions,[29] d) completely return to the fund all benefits and the interest thereon received without legal grounds by the given deadline and e) observe the provisions of the Fund Regulations.

With the exceptions listed in the Private Pension Act, fund members have the equal rights and responsibilities.

Unless the law stipulates otherwise, any natural person may become a member of one fund only.[30]

4.5.3. Membership Contributions

The membership contributions base is the taxable income specified by PESSPB as the pension contribution base. The rate of membership contributions set by the PESSPB. Similarly, the rules governing the method of payment of membership contributions are specified by PESSPB. Fund membership covers only periods for which membership contributions are paid to the fund.

By undertaking a unilateral commitment, employers may supplement their employees' membership contributions (6 %), or fund members may supplement their

[27] Article 22 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[28] Article 24 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[29] The membership contributions is the amount payable to the fund by the fund member, including the sum paid by the fund member or by any other person or organisation for the benefit of the fund member to supplement the mandatory amount specified by PESSPB.

[30] Article 21 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

own membership contributions by up to 10 % of the membership contributions base. The employers' commitment covers each employee to the same extent and under the same conditions.[31]

Neither the creditors of the fund member, nor the creditors of the fund may bring forth claims against the amount deposited in the fund member's individual account.[32]

4.5.4. Termination of Membership

The fund membership will cease if, a) the member switches to another fund; b) the member dies, c) the condition for membership set out in the Fund Regulations ceases to exist in a closed-end fund,[33] or d) the fund member becomes eligible for disability pension specified by SSPB, in accordance with the decision of the member, or e) if the member withdraws his/her membership. However, the failure to pay membership contributions will not result in termination of membership.[34]

4.6. The type of the private pension fund benefits

The fund provides the fund member with pension plan benefits in the form of a *pension payment benefit* of the type chosen by the fund member, or as a *lump-sum payment.*

1. The *pension payment benefits* (benefit types) can be as following:

a) a pension payment (life annuity) disbursed to the fund member in advance in monthly instalments until the end of his life;

b) a life annuity which the fund pays to the fund member or his beneficiary[35] (heir) for a specified period of time (period certain) from the beginning of the pension plan benefit, and following expiration of the set period, until the end of the fund member's life (life annuity with a fixed beginning period);

c) a life annuity which the fund pays to the fund member until his death, and afterwards to the fund member's beneficiary for a period of time (period certain) determined in advance in the benefit regulations of the fund (life annuity with a fixed end period) and

d) a joint survivorship life annuity: a pension plan benefit paid to the fund member and his beneficiary (or beneficiaries) as long as at least one of them is alive.

2. *The type of lump-sum payment.* The fund effects lump-sum payment:

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[31] Article 26 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[32] Article 25 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[33] The closed-end fund is a fund which restricts the scope of potential fund members on the basis of professional or other organisational principles.

[34] Article 23 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[35] The fund member may designate a beneficiary who is eligible for his/her individual account and pension plan benefit in the event of the death of the member. If the fund member fails to designate a beneficiary, the member's legal heir, a natural person, has to be regarded as the beneficiary. In the absence of such an heir, the amount of the member's individual account will transfer to the Guarantee Fund. If the fund member dies during the accumulation period, the beneficiary may choose whether he/her wishes: a) to withdraw his/her share of the individual account in a lump sum; b) to continue membership and leave such share in the fund; c) transfer it to another fund.

a) as a benefit to the beneficiary after the fund member's death. In lieu of a lump-sum payment, the beneficiary may decide to continue membership and leave the amount in the fund, or roll it over into another fund,

b) if the balance of the individual account is more than twice the size of the normative funding,[36] and if, upon commencement of the disbursement of the pension payment, the person eligible for the benefit requests lump-sum payment above the pension payment. The amount in excess of twice the size of the normative funding is, in accordance with the member's instructions, paid to the fund member, or his/her beneficiary,

c) at the request of any fund member who, even if the membership periods in various funds are combined, has not paid membership contributions for at least 180 months upon attaining retirement age. If the fund member does not request lump-sum payment, a pension payment benefit will be calculated[37] for such person.[38]

The basic requirements of the benefit is that any person eligible for pension payment benefits may apply for disbursement of the pension plan benefit at the time of or after applying for a social security pension.

The Private Pension Act regulates the *minimum benefits*. According to the Act, the fund member's normative pension payment,[39] which at the time of calculation will be the minimum pension payment, may not be less than 25 % of the pension benefits of the fund member, pursuant to the rules of calculating social security pensions, with consideration of a maximum of five service years recognised without contribution payment.[40]

4.7. The merger and demerger of the funds

Funds of the same organisational structure may *merge* if the General Meetings of the funds concerned so decide. The merger may be carried out through acquisition or consolidation. Funds of different organisational structures may also merge into territorial funds.[41]

The funds may establish an alliance (alliances) to represent their interests and implement their common objectives. The alliance may issue professional recommendations concerning the operation of the funds.[42]

A fund may *demerge* into several funds if the General Meeting so decides, and if the new funds approve their respective deeds of foundation. The resolution on the demerger shall also regulate the question of legal succession.[43]

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[36] Normative funding means the capital funding needed to calculate the normative pension payment.

[37] We remark that the guarantee offered by the Guarantee Fund and the central budget shall not cover such pension payment benefits.

[38] Articles 27–28 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[39] The normative pension payment is the minimum pension payment to be disbursed to any fund member, the funding of which shall, at the time of the pension calculation, be guaranteed by the Pension Guarantee Fund of the funds and the central budget in the manner specified in the Private Pension Act.

[40] Articles 31 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[41] Articles 80 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[42] Articles 85 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[43] Articles 81 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

4.8. *The function of the guarantee fund of the funds*

Funds which have an operational license must join the Guarantee Fund and pay a guarantee fee to there.[44] The rate of the guarantee fee, determined on the basis of the same principles for each fund, is determined by the Board of Directors of the Guarantee Fund.[45] The guarantee fee is transferred to the bank account of the Guarantee Fund on a quarterly basis, at the latest by the 30th of the month which follows the quarter under review. The guarantee fee is equal 0.3 % to 0.5 % of the revenues from membership contributions of the quarter under review.[46]

The *responsibility of the Guarantee Fund* is as follows: a) to effect the payments; b) to analyse the investment performance of funds in connection with the required rate of return and the availability of provisions to cover pension payment benefits, and to make recommendations to the Private Fund Supervisory Board and the Private Fund Council; c) to represent injured parties in arbitration or liquidation proceedings on commission by fund members eligible for damages; d) to collect membership contributions and, if a fund ceases to exist without a legal successor, to manage the assets deposited in the Guarantee Fund by the fund members after liquidation proceedings are initiated; e) upon the request of a fund member or account holder, the Guarantee Fund takes over and temporarily, for a maximum of six months, manage the member's individual account and takes over his pension payment benefit funding and disburse his pension payment.[47]

Disbursements from the Guarantee Fund. The financial assets of the Guarantee Fund may be disbursed if: a) the claims of a fund member or a beneficiary of a member of the Guarantee Fund have been frozen in the case of a switch of funds, a return to the social security pension system, or the provision of pension payment benefits, or in the case of the death of the fund member; b) if a member's claim[48] at the time of retirement is smaller than the normative funding; c) if the level of the benefit reserves hampers fulfilment of service obligations in the period of payment of pension benefits.[49]

The fund, whose payment obligations have been assumed by the Guarantee Fund, reimburses the Guarantee Fund for the amount and other related costs incurred in a manner determined by the Board of Directors of the Guarantee Fund. The Guarantee Fund initiates, in the line of duty, a proceeding at the Private Fund Supervisory Board to determine personal responsibility.[50]

4.9. *State guarantees and the state supervision of the funds*

Basically, but not entirely the State secures the operation of the private pension system by enforcing the rules of institutional protection, by maintaining state supervision

[44] Articles 86 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[45] Articles 91 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[46] Articles 92 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[47] Articles 88 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[48] The member's claim means the balance of the member's individual account in the accumulation period; or, in the benefit period, the value of benefits payable to the member from the reserves of the benefit chosen by the member.

[49] Articles 89 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

[50] Articles 90 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds.

and by assuming financial guarantees from the central budget for the solvency of the Guarantee Fund, which guarantee the payment of the fund members' claims.[51]

Legal supervision of the funds is carried out by the General Prosecutor's office in compliance with the relevant governing rules, and state supervision is carried out by the Minister of Finance through the Private Fund Supervisory Board.[52] In this context we must pay attention to the private fund council as well. The Private Fund Council is the consulting body of the Private Fund Supervisory Board. Members of the Private Fund Council are as follows: a) the representatives of the Ministry of Finance, the Ministry of Welfare and the Ministry of Labour (one representative each); b) the representative(s) of the Alliance(s) of Funds; c) four independent experts invited by the Minister of Finance upon the recommendation of the president of the Private Fund Supervisory Board; d) the representatives of the State Insurance Supervisory Board, the State Supervisory Board of Money and Capital Markets, the National Bank of Hungary and the Budapest Stock Exchange (one representative each); e) the representative of the Guarantee Fund; f) a representative delegated by the Pension Insurance Fund Administration, g) the representative of chambers in which fund service providers are members and h) interest representation bodies in which fund service providers are members.

The Private Fund Council: a) make recommendations concerning the activities of the funds and the Guarantee Fund, as well as concerning changes in their operational conditions, their roles in the money and capital markets, concerning experience with regard to the implementation of legal regulations related to the funds, concerning the bills and drafts of legal regulations related to the scope of responsibilities of the funds, the practice of consistent asset evaluation and performance assessment techniques of the funds, the regulations on investment diversification and concerning the minimum return requirements of the funds; b) put forward proposals in the given field and in terms of ethical conduct, and shall publish these proposals in co-operation with the Private Fund Supervisory Board and c) prepare, have others prepare, and publish professional publications related to the funds.[53]

Conclusion

Pension reform is a central transition issue, bringing together labour market, financial sector, and social equity issues. It offers an important opportunity to countries in the region to increase economic growth rates and better meet their social objectives.

The general solution lies in mixed public/private systems.[54]

Improvements in the administration of social security in expenditure control, financial management and in budget management of the social insurance funds. Improvements in three major administrative areas will be necessary for successful implementation of pension reform: taxpayer identification, contribution collection, pension records, and current account management. Non of them have been successfully implemented yet.

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[51] Articles 100 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds

[52] Articles 101 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds

[53] Articles121 of the Act LXXXII of 1997 on Private Pensions and Private Pension Funds

[54] Caio K. Koch-Weser: Pension Reform in Central and Eastern European Countries, Address to the Social Welfare Reform and New Pension Schemes Panel Central and European Economic Summit, Salzburg, Austria, July 9–11, 1997

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Appendix

Table 1

Demographic environment of pension schemes in CEE

Countries	% of population over 60, 1994	Demographic dependency ratio, 1990
Albania	9.0	16.7
Belarus	17.5	33.3
Bulgaria	20.9	37.2
Croatia	17.8	32.3
Czech Republic	18.0	32.3
Estonia	18.4	32.3
Hungary	**19.3**	**35.9**
Latvia	18.8	33.3
Lithuania	16.9	30.3
Moldova	13.1	26.3
Poland	15.6	27.8
Romania	17.2	29.4
Russian Federation	16.6	31.3
Slovakia	15.1	28.4
Slovania	17.3	29.4
Ukraine	18.5	35.7
CEFTA	**16.6**	**29.9**
South-eastern Europe	**17.4**	**30.4**
Baltic republics	**17.8**	**31.7**
FSU	**17.0**	**32.4**
Average	**17.0**	**31.6**
OECD average	18.2	32.9

Source: Regional Monitoring Report, No. 3, Florence: UNICEF, 1995. *Averting the Old-Age Crisis*, World Bank: 1994

Table 2

Pension expenditure as percentage of GDP

Countries	Source	1989	1990	1991	1992	1993	1994	1995
Albania	UNICEF/ ILO	5.7	6.8	10.1	6.2	6.2	.	5.7
Belarus	UNICEF	.	6.2	6.4	5.7	6.0	.	.
Bulgaria	UNICEF/ ILO	8.7	8.7	9.4	10.2	10.9	9.7	8.0
Croatia	WB	.	13.6	10.6	6.0	6.2	.	.
Czech Republic	CRMLSP	8.3	8.0	7.8	8.4	8.4	8.4	9.0
Estonia	WB(1)	.	.	.	5.3	6.6	6.4	7.0
Hungary	**ILO(1)**	**9.0**	**9.7**	**10.2**	**10.4**	**10.3**	**10.8**	**9.9**
Latvia	UNICEF	6.3	5.8	7.8	6.2	9.9	11.8	.
Lithuania	UNICEF	4.9	5.5	6.1	5.8	5.1	6.3	6.7
FYR Macedonia	WB	.	10.4	11.4	11.4	15.6	.	.
Poland (x)	ILO(2)	6.7	8.1	12.4	14.6	14.9	15.8	15.6
Romania	WB	5.7	6.9	7.0	6.8	6.2	.	.
Russian Federation	UNICEF	5.9	6.0	6.6	7.3	6.4	5.9	.
Slovakia	ILO(3)	7.8	7.9	8.6	9.9	9.1	8.7	8.6
Ukraine	UNICEF	4.4	4.9	6.9	7.1	7.7	.	.
CEFTA		7.6	8.4	10.7	12.1	12.2	12.7	12.5
South-eastern Europe		.	9.0	8.5	7.3	7.1	.	.
Baltic republics		5.6	5.7	7.0	5.8	7.3	9.5	
FSU		.	5.8	6.6	7.2	6.6	.	.
Average		.	6.7	7.1	8.4	8.0	.	.

Key to sources: "UNICEF": *Regional Monitoring Report* No.3, Florence, UNICEF, 1995. "World Bank": E. Andrews, M. Rashid, *The Financing of Pensions Systems in CEE*, Washington: World Bank, 1996. "WB(1)": *Estonia – Poverty Assessment*, Washington: World Bank, 1996. "ILO (1)": *Hungary – Country Review*, Budapest: ILO-CEET, 1997. "ILO (2)": ILO calculations based on Polish statistical data. "ILO (3)": *Social Protection in the Visegrád Countries*, Budapest: ILO-CEET, 1995 (updated). "CRMLSP": *Pensions – Basic Information*, Prague: Ministry of Labour, 1996.

(x) Data for Poland for 1989–1991 and 1992–1995 are not comparable, since 1992 gross pension expenditure included personal income tax deducted from paid pensions. In most other countries, pension benefits are not subject to taxation. Our estimates show that "net" pension expenditure were 12.6 % of GDP in 1992 and 1993.

Table 3

Rates of social security contributions (system dependency rates in selected countries)

Countries	Employers	Employees	Total
Albania	34.8	11.7	46.5
Belarus	36.0	1.0	37.0
Bulgaria	43.0	2.0	45.0
Croatia	19.8	23.9	43.6
Czech Republic	36.9	12.5	49.4
Hungary*	**47.5**	**11.5**	**59.0**
Latvia	33.0	5.0	38.0
Lithuania	29.9	1.0	30.9
Poland	48.0	0.0	48.0
Slovakia	38.0	12.0	50.0
Russia	40.0	1.0	41.0
Ukraine	40.0	1.0	41.0

Source: Social Protection in Europe: Outline of Social Security Programmes, 1996. Geneva: ISSA, 1996.

* Unemployment insurance included.

Table 4

Social expenditure in proportion of GDP

Countries	Year	% of GDP
Albania	1995	9.6
Belarus	1993	12.5
Bulgaria	1993	17.7
Czech Republic	1994	21.3
Estonia	1993	16.7
Hungary	**1995**	**28.6**
Latvia	1994	22.9
Lithuania	1995	14.2
Poland	1995	26.7
Romania	1993	12.9
Russian Federation	1994	12.5
Slovakia	1995	21.4
Ukraine	1994	21.4
CEFTA		**25.7**
South-eastern Europe		**14.2**
Baltic republics		**18.2**
FSU		**14.2**
Average		**17.1**

Sources: UNICEF, *Regional Monitoring Report* No. 3, Florence: ILO estimates (for Albania, Bulgaria, Hungary, Lithuania, Poland and Slovakia). World Bank, *Poverty in Russia: An Assessment*, Washington: World Bank, 1995.

Table 5

Revenues and expenditures of the Hungarian Pension Insurance Fund, 1996

Revenues	Million HUF	Expenditures	Million HUF
Revenues from contributions, of which:	499 566	Retirement benefits, of which:	504 866
employer's contribution	411 828	pensions by own right over the retirement age	435 211
individual contributions to retirement funds	75 499	benefits paid to dependents of the retired person	69 655
contributions to retirement funds for unemployment benefit	7 843	Other expenses and payments	2 405
Other revenues connected with social security , of which:	15 992	Operational expenditures, of which:	9 851
interest on overdue payment and penalty	10 976	regular operational expenditures	8 027
interests and other gains	4 456	Investment from budgetary allocations for operation	754
Principal repayment of dwelling coverage state bond	1 160	Expenditures connected with interests, revenues and real estate management	103
Revenues used for operation	1 550		
Accounting between the Funds, of which:	37 198	Accounting between the Funds, of which:	66 055
contribution for health insurance benefits in cash received from the Health insurance Fund	37 198	Contributions given to Health Insurance Fund on account of pension expenditures	64 623
Sales of assets to reduce deficit	41	interest connected with the treasury account	769
Revenues, total	**559 963**	**Expenditures, total**	**584 803**

Source: KSH Statistical Yearbook, 1997 p. 322

Table 6

Number of new pensionsers by own right in Hungary

Year	Early retirement	Pre-retirement	Miners'	Old-age*	Disability and accident disability	Pensioners by own right, total
	Pension					
Number						
1990	27 008	-	-	84 038	61 326	172 372
1994	11 648	29 430	550	48 224	62 418	152 270
1995	11 151	22 914	339	47 292	61 009	142 705
1996	15 026	28 975	319	43 550	61 957	149 827
Percentage distribution (%)						
1990	15.7	-	-	48.8	35.5	100.0
1994	7.6	19.3	0.4	31.7	41.0	100.0
1995	7.8	16.1	0.2	33.1	42.8	100.0
1996	10.0	19.3	0.2	29.1	41.4	100.0

Source: KSH Statistical Yearbook, 1997, p. 323
* Including exemption by age pension.

Table 7

Average replacement rates of old-age pensions (to net wages)

Countries	1989	1990	1991	1992	1993	1994
Albania	76.9	74.2	74.6	45.5	44.0	54.2
Belarus	n.a.	25.7	38.8	21.8	37.2	34.7
Bulgaria	57.3	48.2	53.5	43.5	44.1	46.8
Croatia	n.a.	73.0	62.8	56.6	62.0	n.a.
Czech Republic	47.9	49.8	51.8	46.3	45.8	46.8
Estonia	38.5	33.2	n.a.	46.3	35.0	38.9
Hungary	**63.1**	**62.6**	**64.3**	**60.9**	**59.6**	**56.9**
Latvia	37.6	29.8	26.0	34.6	30.7	33.5
Lithuania	40.7	43.9	44.3	52.5	49.4	45.9
FYR Macedonia	n.a.	78.5	67.3	75.8	82.3	n.a.
Moldova	41.5	43.5	35.9	63.6	64.1	53.5
Poland	44.6	65.0	76.2	72.5	72.8	74.8
Romania	54.9	46.5	44.6	43.1	49.2	49.2
Russian Federation	35.5	33.7	33.8	25.8	33.6	35.0
Slovakia	49.2	51.0	53.6	49.1	48.1	45.0
Slovania	75.2	89.2	73.6	77.8	73.9	75.4
Ukraine	n.a.	31.6	23.2	19.5	39.1	n.a.
CEFTA	**56.0**	**63.5**	**63.9**	**61.3**	**60.0**	**59.8**
South-eastern Europe	**63.0**	**64.1**	**60.6**	**52.9**	**56.3**	**50.1**
Baltic republics	**39.2**	**35.6**	**35.2**	**44.5**	**38.4**	**39.4**
FSU	**38.5**	**33.6**	**32.9**	**32.7**	**43.5**	**41.1**
Average	**51.0**	**51.7**	**51.5**	**49.1**	**51.2**	**50.5**

Source: *Regional Monitoring Report* No.3 Florence: UNICEF For Croatia and Macedonia: *The Financing of Pension Systems in CEE*, Washington: World Bank. For Poland: ILO calculations based on Polish statistical data.

HAJDÚ JÓZSEF

AZ ÚJ MAGYAR MAGÁNNYUGDÍJ-RENDSZER ELŐZMÉNYEI ÉS ALAPVETŐ SAJÁTOSSÁGAI

(Összefoglalás)

Jelen tanulmány a Magyarországon 1998-ban bevezetésre került új nyugdíjrendszeren belül a kötelező magánnyugdíj előzményeit és működésének alapvető sajátosságait tárgyalja. A munka két jól elkülöníthető részre osztható. Az elsőben a Közép- és Kelet-Európa országaiban jelentkező nyugdíjreformok mögött álló fontosabb pro- és kontra tényezőket mutatjuk be röviden. A tanulmány második részében a magyar nyugdíjrendszer legújabb elemének a magánnyugdíj-biztosítás működésének legfontosabb sajátosságait tekintjük át.

A jelenlegi magyar nyugdíjrendszer alapvető vonása, hogy ötvözi a társadalombiztosítási és magánnyugdíj-rendszert. Az 1998-ban hatályba lépő új nyugellátási intézményrendszer a következő három pillérből áll: a) kötelező társadalombiztosítási nyugdíj, b) kötelező magánnyugdíj és a c) önkéntes biztosítás alapján szerezhető nyugdíj (önkéntes, kölcsönös pénztárak keretében). A nyugdíjrendszer átalakítása azonban nem volt teljeskörű, ugyanis a rokkantsági és a korkedvezményes nyugdíjrendszer átalakítására nem került sor.

A magánnyugdíj-rendszer keretében gyűjtött befizetések (tagdíjak) kezelésére magánnyugdíj-pénztárak alakultak. Ilyen pénztárakat hozhatnak létre a munkáltatók, szakmai kamarák, a munkavállalói és a munkáltatói érdekképviseletek, a Nyugdíjbiztosítási Önkormányzat, továbbá az önkéntes nyugdíjpénztárak, valamint a fővárosi, megyei önkormányzatok. A magánnyugdíj-pénztárak tőkefedezeti alapon működnek. A magánpénztárak gondoskodnak az egyéni számlák vezetéséről és a befizetett összegek hasznosításáról.

A tanulmány alapvető fontosságú célja, hogy az új magyar nyugellátási rendszer – ezen belül is elsősorban a kötelező magánnyugdíj-rendszer – sajátosságainak bemutatásán túlmenően ráirányítsa a figyelmet a tőkefedezeti alapon működő magánnyugdíj-rendszerek alapvető működési hiányosságaira.