

Business Group Pushes Its Own Pension Reform

By [Rachel Nielsen](#)

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The proposed two-tiered system would see current pensioners funded by government windfalls and taxes. **Igor Tabakov**

As the government looks to announce another proposal next month to change the country's pension system, business lobbying group Delovaya Rossia is stepping up its campaign against the currently proposed reforms and promoting its own.

In a one-page position paper, the group flatly states that it doesn't support the latest government concept, saying the plan "doesn't address the main challenges facing the pension system, namely the over-the-limit fiscal commitments to the fund from earned wages and the constantly growing deficit of the pension fund."

The paper, which was handed out at a round table with Delovaya Rossia officials, State Pension Fund director Anton Drozdov and Deputy Labor and Social Welfare Minister Andrei Pudov on Friday, also says the current wave of pension reform discussions has included

"unproductive" reconsiderations of the funded part of the program.

Instead, the government's reform should include an overhaul that creates a two-tier system, with one tier consisting of people born before 1967 and the other consisting of those born that year or later.

Furthermore, each tier should be financed by a separate government fund, the Delovaya Rossia document states.

The funding for the older tier, which Delovaya Rossia dubs "Soviet retirees," should come from large-scale government privatizations and tax collections, including higher excise taxes on cigarettes and hard liquor and levies on oil, gas and mineral extraction. Those commodity-related levies should be created specifically to fill the coffers of this part of the pension fund, the group says.

In addition, Delovaya Rossia says salaries of people currently in the workforce should not be used to pay pensions for the older tier.

The government's pension system is reaching a tipping point, running an annual deficit of more than 1 trillion rubles (\$32 billion) a year, RIA-Novosti reported. Meanwhile, the percentage of the population at or approaching retirement age is increasing.

Pension reform has been heavily debated over the past year. Deputy Prime Minister Olga Golodets said earlier this month that a new vision of how the revised system will function will be prepared by Nov. 15, RIA-Novosti reported.

As part of its pension reform proposals, Delovaya Rossia also is recommending lowering the taxes that businesses must pay to the pension fund for their employees. Delovaya Rossia co-chairman Alexander Galushka complained at the round table that customs union partner and fellow CIS nation Kazakhstan has lower employer taxes for its pension system.

The lobby said the two-tiered system would make it possible to decrease employer contributions to 24 percent while keeping the pension system funded.

In June 2011, Delovaya Rossia sent a letter outlining its proposal to create a two-tiered system to then-Prime Minister Vladimir Putin.

Boris Titov, who became the country's business ombudsman earlier this year, was chairman of Delovaya Rossia and signed the cover letter for the suggestions sent to Putin.

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