The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

B2B: Shoes for the Cobbler's Son

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April 22, 2013



The MT Conferences section did not involve the reporting or the editorial staff of The Moscow Times.



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As the proverb goes, the cobbler's children go the worst shod. I had worked in the pension industry for some time before an opportunity cropped up to sign up for a corporate pension program — none was available previously for some weighty reasons, both regulatory and financial.

Before, I was preaching corporate pension plans urbi et orbi without reservations or a guilty conscience because I believed — as I still do — in what I was saying. Sometimes, however, I felt some pangs within. Don't you look a bit ... pathetic, the small voice inside asked. You train swimming from ashore, you theoritize about love lying in a chaste single bed, you talk yachts and Aston-Martins while counting pennies in your pocket! I paid no attention to that voice, I am not schizophrenic after all, but I did think I could do with a corporate pension plan in my benefits' basket.

The great day came and the pension plan was announced for us, too. I was double glad: first, to have the benefit, and also to have the opportunity to step into our customers' shoes and to test my best propaganda.

The funny thing is, when it got down to business and I had to make a formal application to join, I faltered. I was not altogether 100% sure I was ready! So I started reasoning with myself. I knew my stuff well and went through the usual routine, point by point.

In life, everything is different from reality

Yes, I knew I would not have to be pushing my financial planning horizon forcefully back to peep over the pension age — corporate pension plans in today's Russia have a mixed nature and are to a large extent long-term bonus programs, fitted out with an early vesting feature. They have to cater for the financial behavior patterns of the general public with uncertainty

still a major factor hanging over any vehicle or instrument with the term exceeding a five-year frame. Hopefully, they will ultimately transform into a full-fledged component of the country's pension system.

Loyalty is such a lonely word, everyone is so untrue

Yes, the very first question was if I was going to stick around long enough for the corporate pension plan to make sense for me. As I was asking myself, there was no one about and I could afford to be honest. I dismissed the non-committal "you never know" and voted "aye."

I am lucky as my plan has outrageously favorable vesting conditions —after a year I will be entitled to the full amount of my employer's contributions. There is, however, a serious risk I run of forming an addiction to this milk of corporate kindness — but that is exactly the point, isn't it? . Oh well, I can manage that. I think.

Savers keepers, spenders weepers

The shortest leg of everyone's financial planning is usually the saving part. It takes a man to tear away a chunk of the monthly earnings and stash them away — even more often, it takes a man's wife. I am no exception, and I welcome some external financial discipline effort — the more efficient, as it gets pulled out of my paycheck before I lay hands on it. It's much easier that way, you know.

Safe bind, safe find

Another good point is that the money is more or less locked in the pension plan, you cannot pull it out without defeating its purpose (even the one of a delayed bonus payment). In my case, the employer's contribution is paid annually at the end of the year, so that alone keeps the money out of harm's way for most of the time. Also, I have every reason to believe my money's safer in a pension fund — as compared to any place my deposit might have been put into –, knowing from inside the overseeing and regulatory framework. (In a pension fund, for Chrissake! In the pension fund!)

Practice what you preach

When I recounted the key points, I felt ashamed for my minute of weakness, so obvious was the decision in front of me. It took me a quarter of an hour to complete the formalities and there I was, a new pensioner-to-be fresh out of the mint. I am not sure if and how I will build up a pension for my old age (I am hopeful of reaching it), but there is a nice solid cornerstone planted.

Ironically, before joining the corporate pension plan, I was trying to estimate the effect the monthly deductions would have on my family budget, benchmarked the amount against the average monthly spending, doubting if I really could afford making it ... several months afterward I can testify: I (my pocket, purse or whatever you call it) haven't felt anything. I would not call my monthly contribution negligible, you know, but there you go: I have it put aside on my account and I am not struggling to make ends meet! I bet there are plenty more family budgets, my friends, that could, with a little optimization perhaps, channel some money into pension savings.

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Original url: https://www.themoscowtimes.com/2013/04/22/b2b-shoes-for-the-cobblers-son-a23495