

Official Denies Pension Funds Being Spent on Crimea

By [The Moscow Times](#)

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A group of pensioners lining up to trade in their savings books for new plastic cards in central Moscow in 2011.

Russia's pension funds will not go to finance expenditures on the Crimea region, according to an official involved in the government's welfare and labor policy, a news report said.

"This question was not discussed in relation to Crimea, or in any other context," the official told Interfax, responding to an earlier report that part of the money contributed on behalf of workers to the federal pension system would go to offset costs of incorporating the peninsula into the Russian federation.

An unidentified official in the Finance Ministry said earlier that the minimum financial support Crimea will need from the federal budget will be between 100 billion and 130 billion rubles (\$2.7 billion-\$3.6 billion), but that in reality the peninsula will receive much more from the anti-crisis fund formed from pension savings, Vedomosti reported Thursday.

That official added that Russian authorities were working out a road map for raising pensions and services in Crimea to Russian levels. An estimate on how much money the territory will require — perhaps upwards of 243 billion rubles — will be ready in mid-April, he said. The financial needs of Crimea were previously estimated at 91 billion rubles.

Following pension reforms that took place last year, about 240 billion rubles in employer contributions based on workers' salaries are slated to go to the federal Pension Fund during the course of 2014. This money will in part be used to make payouts to current retirees. Under the previous incarnation of the pension system, these funds would have gone into individual accounts for pensioners after they retire.

Last year's pension system changes led to an increase in the anti-crisis reserve fund, from 100 billion to 343 billion rubles. The government has already spent 100 billion rubles of the money to establish an anti-crisis fund for small businesses and the support of single-industry towns, and the rest of the money could go to Crimea without affecting the federal budget, the unidentified ministry official told Vedomosti.

Pension reforms met with sharp criticism last year, with some observers saying the diversion of pension savings amounted to robbery. Opposition leader Alexei Navalny said that for a worker who makes 40,000 rubles a month, 33,000 rubles each year "will be seized and channeled to plug holes in the budget stemming from the government's ineptitude and thievery."

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