

Putin Exhorts Pension Fund to Excel

By [Anatoly Medetsky](#)

April 11, 2011



The average monthly pension is above the target at 8,865 rubles (\$317). **Igor Tabakov**

Prime Minister Vladimir Putin on Monday urged the Pension Fund to be a showcase of the government's efficiency as national elections loom.

"Almost one-third of our country's citizens judge the quality of the work of government agencies by the quality with which you operate," Putin said on a conference call with the fund's regional chiefs to discuss last year's performance.

Russian retirees number more than 40 million — a substantial portion of voters in a country whose total population is 140 million people.

Pension Fund officials on the call indicated — in language that was sometimes reminiscent of Soviet-era celebratory speeches — that they have already made every effort to comply with the prime minister's exhortations.

"Our work is based on the principle of being closer to the people," said the fund's Khabarovsk

regional chief, Irina Zverzheyeva.

The Pension Fund will spend at least an additional 20 billion rubles (\$715 million) to pay higher social pensions this year, Putin said.

The federal government raised social pensions, paid to the handicapped and other disadvantaged groups, by 10 percent as of April 1, following an 8.8 percent raise in retirement pensions in February, and it could further increase the payments in August should inflation grow more than 6 percent in the year's first half.

Retirement pensions went up a record 45 percent last year.

Another, longer-term target set by the government for pensions is that they should reach 40 percent of a person's wage. According to the Economic Development Ministry, the average wage now amounts to 20,000 rubles, which makes the current average pension of 8,865 rubles even higher than the desired proportion.

To raise more money for pensions and other social payments, the government had to increase its payroll tax to 34 percent from 26 percent starting this year. Officials are now looking for ways to reverse that decision because of fears that many businesses would try to evade the higher levy.

Still, the government will tap the federal budget to replenish the Pension Fund with 876 billion rubles this year, said Pension Fund chief Anton Drozdov. That would represent almost a fifth of the fund's 5 trillion rubles in planned spending, but will be less than last year's 1.3 trillion ruble federal subsidy.

Health and Social Development Minister Tatyana Golikova, who was also on the line with Putin, said the tentative results of the first quarter showed the authorities collected the higher tax "sufficiently well."

Golikova urged the removal of discounts on the payroll tax for some payers. Only about 50 percent of companies pay the full rate, she said, while certain industries, such as software developers, enjoy lower rates.

"It's not important to the citizen what field his employer operates in," she said. "It's important for him to have his pension rights guaranteed."

Putin didn't respond to the proposal immediately during the call.

Drozdov said the Pension Fund, which as of this year is collecting the pension portion of the payroll tax instead of the Federal Tax Service, works with 4 million companies and 3 million self-employed people.

Original url: <https://www.themoscowtimes.com/2011/04/11/putin-exhorts-pension-fund-to-excel-a6258>