

Funded Pillars in the Pension Systems of Estonia, Latvia and Lithuania

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Abstract – This paper focuses on the comparison of legal frameworks and performance of funded pillars in the pension systems of the Baltic States. The author places main emphasis on mandatory second pillar schemes, but also touches upon voluntary third pillar characteristics. Comparative analysis of contemporary pension legislation includes eligibility rights, contribution rates, allowable investment strategies, etc. Performance of pension funds is assessed using the comparative analysis of vast amount of statistical data.

Keywords: Baltic States, funded pensions, pension systems, yield

I. INTRODUCTION

Since the early 2000s three-pillar pension systems have been launched in the three Baltic countries. Funded second pillar (mandatory) and third pillar (voluntary) pension schemes in Estonia, Latvia and Lithuania exhibit both similarities and differences. Firstly, the author will analyse the pension legislation of the three study countries [1] – [3], paying special attention to recent changes in legislation. Analysis of statistical data from different sources is presented in Section III. For Estonia these sources are as follows: the Statistical Office of Estonia, Central Depository of Estonia, Social Insurance Board of Estonia (ENSIB) and Estonian Financial Supervision Authority (EFSA). Data for Latvia are obtained from the Statistical Bureau of Latvia, Central Depository of Latvia, State Social Security Agency of Latvia (VSAA) and Financial and Capital Market Commission of Latvia (FKTK). Lithuanian data are obtained from the Ministry of Social Security and Labour of Lithuania, State Social Insurance Fund Board of Lithuania (SODRA) and Securities Commission of the Republic of Lithuania (VPK).

II. STATUTORY REGULATION OF FUNDED PILLARS

The mandatory funded pensions have been introduced in Latvia in 2001, followed by Estonia in 2002. The introduction of mandatory funded pillars was preceded by voluntary funded pension schemes that had commenced their operation in 1998 in both countries; Lithuania was the last launching pension funds in 2004.

A. Eligibility

The second pillar is mandatory in Estonia to the persons born in 1983 and later (i.e. those who were under 19 at the moment of introduction of the pillar) and was open for voluntary subscription to all older workers. Operational rules for exercising this right, nevertheless, contained some age discrimination – namely, older age-groups were provided

shorter deadlines. Voluntary joining was closed in October 2010. In Latvia, it is mandatory for everyone born on 01/07/1971 and later (that is, for those who were under 30 years of age at the moment of introduction) and voluntary for the persons born after 01/07/1951 (those between 30 and 50 years old), those who were older than 50 years in 2001 were excluded from the scheme. In Lithuania, the participation is voluntary (or, rather, quasi-mandatory) irrespective of age. The voluntary decision, however, is irreversible in all three countries: there is no option of ceasing payment of contributions or switching back to the first pillar only. After joining the system, the payment of contributions becomes a legal obligation. In Estonia, participation or non-participation in the second pillar does not affect the person's first-pillar pension benefit, while in Latvia and Lithuania the first-pillar benefit is reduced if a person has joined a second-pillar scheme (the Lithuanian formula for respective reduction of first-pillar benefit can be found in [4], while Latvian notional defined capital in the first pillar is reduced automatically).

Voluntary third pillar pension schemes function almost uniformly in all three countries.

B. Contribution Rates

“Pension tax” (social insurance contributions directed to pension insurance, as % of gross earnings) is set at different levels: the highest level can be found in Lithuania – 26.6%; inhabitants of Latvia pay 20% of their wages, Estonians (those who participate in the second pillar) – pay 22%. As emphasized by Estonian scholars Lauri Leppik and Andreas Vork in [5], Estonia has been the only country in Central and Eastern Europe to increase the total contribution rate when introducing the second pillar, using both the so-called “top-up” and “carve-out” methods simultaneously. Other Baltic countries used only the carve-out method, implementing the reform by dividing the former first-pillar contribution rate between the first and the new second pillar.

The proportion of social insurance contributions going to the second pillar varies across the three countries and was varying over time. In 2009 the governments in all Baltic States changed the initial distribution schemes and cut the share of the second pillar to the benefit of pay-as-you-go tier.

The Estonian law stipulated the constant rate of 6% since pension funds commenced their operation in 2001. 4% are taken from 20% pension tax paid by an employer, and 2% are paid additionally by an employee him/herself. From June 2009 until the end of 2010, all payments to the 2nd pillar were frozen, then resumed at half the rate (3%) in 2011, and brought back to 6% in 2012. The exclusion was made only for older workers (born before 1954) whose retirement was

approaching – they had an option to continue at the rate of 6% in 2010 and 2011. Younger workers could also voluntarily continue paying 2% throughout 2010 and 2011 and receive compensation in 2014–2017 by means of the increased share of employer's part of pension tax directed to the second pillar (6% instead of 4%).

Although the Latvian and Lithuanian rules prescribe a gradual growth in the 2nd pillar contributions, the schedules are revised again and again.

TABLE I
2ND PILLAR CONTRIBUTIONS IN LATVIA

2001–2006	2007	2008–Apr 2009	May 2009–2012	2013–2014	2015	2016+
2%	4%	8%	2%	4%	5%	6%

Source: the State Social Insurance Agency of Latvia

It was envisaged initially that the contributions would make 9% in 2009 and become 10% starting from 2010. However, as discussed in [6], the crisis caused a dramatic shortage of the social budget and the rates returned to 2% in 2010–2012. It is planned to raise the rate to 6% by 2016 gradually without further increase (Table I).

TABLE II
2ND PILLAR CONTRIBUTIONS IN LITHUANIA

2004	2005	2006	2007–2008	Jan–Jun 2009	July 2009–2011	2012	2013
2.5%	3.5%	4.5%	5.5%	3%	2%	1.5%	2.5%

Source: the Ministry of Social Security and Labour of Lithuania

Similarly to Latvia, the initial goal was to keep the level of contributions to the 2nd pillar at 5.5% from 2007 onwards, while the crisis resulted in reducing them to even 1.5%. Next year contribution rate is set to 2.5%, and the further proportions have not been defined yet (see Table II).

C. Miscellaneous

Payments from the Funded Pension

Upon reaching the pensionable age, the 2nd pillar pension benefit can be received in several ways. A person is entitled to receive payments from the funded pension after he/she has attained the old-age pension age. It is not possible to receive the funded pension before the state pension.

The amount of the funded pension depends, on the one hand, on the contributions (i.e., the amount of the salary and the period during which the contributions have been made). On the other hand, the amount of such pension depends on the rate of return of the chosen pension fund or on the amount of interest that the contributions have borne. In Estonia the manner of payment from the funded pension depends on the value of the units of a pension fund that the person has, as well as on his or her own choice. Normally, payments are to be made on the basis of an insurance contract – a person enters into a funded pension insurance contract with an insurer (insurance company) for payment of the amounts contributed to a pension fund, and after the conclusion of the contract the

fund transfers the amount contributed by the person to the insurer selected by such a person. Payments are then made in the form of annuities, i.e., periodically payable amounts on the basis of the insurance contract – annuities can be equal amounts or increasing amounts and one is entitled to receive payments at least once a quarter. Payments on the basis of an insurance contract are mandatory for a person whose collected amount exceeds 50 times the national pension (which today is $50 \times 134.10 \text{ EUR} = 6,705 \text{ EUR}$), the amount of national (minimum) pension is revised annually.

Otherwise, a person may receive payments directly from a pension fund without entering into an insurance contract if the collected amount is between 10 to 50 times the national pension (which today ranges from 1,341 EUR to 6,705 EUR). If the monthly annuity, i.e., the amount of monthly periodic payment is less than one-fourth of the national pension (i.e., 33.53 EUR), the person will be entitled to receive periodic payments from the pension fund to the extent of up to one-fourth of the national pension per month. If the total amount contributed to mandatory pension funds is less than 10 times the national pension (today – 1,341 EUR), the person will be entitled to withdraw the whole amount in a lump sum.

Similarly to the Estonian rules, in Latvia the pension benefit is based on the insured's contributions plus accrued interest. At retirement, the insured can purchase an annuity or have the funds credited to his or her NDC account, adding them to the first-pillar pension capital. However, the Latvian legislation regulates payments of funded pensions to a much lesser degree than Estonian one.

The characteristic of Lithuanian legislation is the rule that for annuity calculation sex-specific life-tables are used. Like in Estonia, the participants who will accumulate less than a certain amount (equal to one required to purchase an annuity that is worth at least half of the base pension (now 76 LTL = 22.01 EUR) will have the right to receive the accumulated assets as a lump sum or as periodic benefit payments. This may happen if the accumulation starts late, when several years are left until pension or if there have been long periods when the contributions have not been paid. On the other hand, if the accumulated amount is larger than it is needed to purchase a triple size base pension annuity (i.e., more than 456 LTL = 132.06 EUR), the participant will have the right to receive the exceeding sum as a lump sum or as periodic benefit payments.

Inheritance of Funded Pensions

In Estonia, if a participant dies before reaching the pension age and starting to receive payments from the 2nd pillar fund, the units of mandatory funded pensions are inheritable. An application for inheriting units must be submitted to a relevant bank office. In case of inheritance, the inherited units may be transferred to the heir's pension account (when the heir has joined the mandatory funded pension) or cashed out. Income tax must be paid on the cashed out units.

The same rules also apply, when the pensioner has opted to receive payments from the pension fund without entering into an insurance contract and dies before “depletion” of his fund units.

As a rule, when the pensioner has opted to receive payments on the basis of an insurance contract, those annuities are not inheritable. However, there are joint insurance contracts and insurance contracts with a fixed duration of guaranty that can be, to some extent, considered inheritable.

In Latvia, neither fund units (shares) of mandatory funded pensions nor the benefits are inheritable. In case of a contributor's death, funds are returned to the first pillar and subsumed in the overall pension budget. However, should a person opt not to append the second pillar capital to the one accumulated in NDC scheme, but to buy an annuity – joint insurance contracts are possible with a fixed duration of guaranty that can be considered inheritable (a very recent change in the Latvian legislation that came into force just on 29 April 2012; earlier no inheritance of annuity contracts had been provided).

The Lithuanian legislation is similar to the Estonian one – if a participant dies before reaching the pension age and starting to receive payments from the 2nd pillar fund, the units of mandatory funded pensions are inheritable. In much the same fashion, if a participant dies after reaching the pension age whether the sum left after the person's death can be inherited will depend on the type of annuity he/she chose – with the inheritance rights or not.

Administrative Charges

The administrative costs of asset managers in Estonia are included into the net value of a share, but in Latvia and Lithuania they are deducted separately directly from the contributions.

TABLE III

ADMINISTRATIVE COSTS OF ASSET MANAGERS IN LATVIA IN 2004–2011

2004	2005	2006	2007	2008	2009	2010	2011
1.14%	1.29%	1.73%	1.29%	1.52%	1.45%	1.54%	1.54%

Source: the Financial Capital and Market Commission of Latvia

In Latvia, such costs have raised from 1.14% in 2004 to 1.54% in 2011 (see Table III). As demonstrated in [7] by leading experts in pension issues, Nicholas Barr and Peter Diamond, 1% of administrative fees may result in 20% decrease in final pension benefit after 40 years of contributions.

In the Lithuanian context, a pre-funded pension system was designed as voluntary one so that this feature makes it more expensive than those systems, which are compulsory. There are two kinds of deduction from pension assets: contribution fee and asset fee. Contribution fee, according to the legislation, may be up to 10% of contributions transferred (really on the market it accounts for about 3%); asset fee is 1% of average value of assets per year. In 2008 about 50% of all pension fund expenditure were diverted for the marketing purpose in order to attract new participants. Despite the fact that more than 70% of all insured persons had already participated by that time in pension accumulation, experts voiced concerns (an example can be found in [8]) that expenditure on marketing purposes was still remaining unreasonably high.

The easiest rules for shifting to another pension plan are observed in Latvia with no redemption charges and minimum requirements. However, the Estonian legislation allows a person to participate in several funds simultaneously to diversify his/her risks.

Third Pillar – Voluntary Pension Funds

Voluntary funded pension schemes function almost uniformly in all three countries. Contributors are eligible to start receiving a pension as early as age 55. Legislations are designed to motivate people to save in the third pillar, which differs by the rates and bases for return of income tax on the contributions paid to private pension funds.

In Estonia, for contributions of up to 15% of gross earnings, income tax (21%) is returned. In Latvia, income tax (25%) is returned or contributions of up to 10% of gross earnings. In Lithuania, for contributions of up to 25% of gross earnings income tax is returned partially (15%).

III. PERFORMANCE OF FUNDED PILLARS IN THE RECENT DECADE

Since the vast majority of participants of funded pension pillars have not reached pensionable ages yet, the pay-out phase has practically not commenced. The accumulation phase is going on.

A. Asset Managers and Investment Strategies

There are 6 second-pillar private asset managers in Estonia, 9 – in Latvia and 9 – in Lithuania. Scandinavian Bankers are playing leading roles in all three Baltic States (see Figures 4.14–4.16). The two uncontestable leaders – Swedbank and SEB – absorb 60–70 percent of the market, with the strongest positions in Estonia. Scandinavia is also represented by DNB, Danske Bank and Nordea. However, the third places are occupied by local banks in Estonia and Latvia – LHV Bank and Citadele Bank respectively, and by life insurance and pension company “Aviva Lietuva” (a member of international Aviva group with headquarters in London) in Lithuania. The Latvian market demonstrates a higher rate of heterogeneity as compared to its neighbours

The asset managers offer 23 pension plans in Estonia, 27 and 30 pension plans – in Latvia and Lithuania respectively. The number of pension plans generally corresponds to the population size (and, respectively, number of contributors) in the respective countries.

The plans are divided into three or four groups in accordance with the investment strategy they use:

- conservative (not investing in stocks)
- balanced or small equity funds
- active or medium equity funds
- aggressive (investing in stocks mainly)

The borderlines among groups vary, e.g., in Estonia the proportion of stocks in fund portfolios is set in increments of 25% for the four groups (zero; < 25; 25–50; 50–75), while in Lithuania the limits are settled as follows: zero; < 30%; 30%–70%; > 70%. In Latvia up to 2007 the permitted share of stocks was defined as < 15% for the balanced plans and 15%–30% for the active plans; however, since 2008 the rules have

been the same as in Estonia: < 25% for balanced plans and < 50% for active plans. Therefore, for instance, a plan having 35% of its assets as stocks in 2007 was considered “balanced” in Lithuania, “active” – in Estonia and not-permissible at all – in Latvia.

The group of “aggressive” plans has been added in Estonia since 2010, earlier only three first groups existed (still remain in Latvia).

T. Medaiskis and I. Buskute have noted in [8] that “the most part of participants have chosen inappropriate fund to participate: young ones have chosen too conservative pension funds, older participants and participants of pre-pensionable age have chosen to invest their pension contributions too aggressively. In both cases risk exists: young participants face a risk to accumulate less means than they could, older ones face a risk to lose their savings during fluctuation on markets”. No comparable data or expert evaluations have been found in Estonian and Latvian sources, but the author of the article holds the view that financial literacy of population does not differ too much among the countries, and one may reveal similar patterns in participants’ behaviour everywhere in the Baltics.

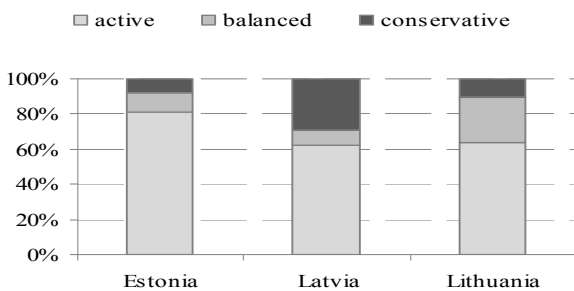


Fig. 1. Distribution of participants by investment strategies

Source: the Estonian Central Depository for Securities, Latvian Central Depository, State Social Insurance Fund Board of the Republic of Lithuania, and the author’s calculations)

Due to active advertising campaigns by fund managers, the vast majority of participants in all three countries are members of active pension plans (it is not 100% correct to compare the percentage rates given in Fig. 1 among the countries, as the grouping criteria differ as mentioned above).

As shown, Latvians are the most conservative-minded participants, presumably because the active plans brought the most negative interest rates during the crisis (see further below), and the procedure of changing the asset manager is simpler than in Estonia.

B. Real Yields

There are no guarantees on absolute or relative rate of return in any of the Baltic States, leaving the investment risk on participants. The main argument of the second pillar proponents was the high rates of return that private pension funds would, in their aspirations, produce. However, the rates demonstrated until now by the Estonian and, especially, Latvian funds are very far from desirable indices. Surely, a

fair share of the outcome owes to a high inflation rate in the so-called “fat years” and recent crisis (when a number of countries lost much more in their pension funds than the Baltic States did).

It should be noted that Estonians have elaborated a spectacular and clearly calculable Estonian Pension Index (EPI) showing growth in average weighted value of one share (there is, indeed, a set of indices – main aggregate EPI is calculated for all pension plans in total, and EPI-00, EPI-25, EPI-50 and EPI-75 are calculated additionally for the four groups of plans based on the investment strategy – conservative, balanced, active and aggressive, respectively). These indices are updated daily and anyone having interest may find them at the web-site of the Pension Center (www.pensionikeskus.ee) and study their dynamics over any given time period with easy-to-see visualization effects and relevant data in Estonian, English or Russian.

Latvian statistics (at least, the data the author was able to find in official publications) is missing such an aggregate clear-cut indicator. Annual rates of return based on the same raw data but given in the reports of the State Social Security Agency (VSAA) and Financial Capital and Market Commission (FKTK) differ from each other (see Table IV).

TABLE IV
ANNUAL YIELDS OF MANDATORY FUNDED PENSION PLANS IN LATVIA IN 2004–2011 (%)

	2004	2005	2006	2007	2008	2009	2010	2011
VSAA	5.25	7.88	3.50	3.45	-9.83	13.31	8.28	-2.31
FKTK	3.76	6.74	2.82	2.50	-11.5	12.33	7.59	-1.96

Source: the State Social Insurance Agency, Financial Capital and Market Commission

The analysis of the raw data in publicly available sources has enabled the author of the article to reconstruct the formulae applied by VSAA and FKTK specialists to produce the forequoted yields, but not the factors influenced their adherence to the chosen methodology.

In the author’s opinion, the logic of FKTK formula is more explicable, easier for extrapolation for periods over one year, and the approach is similar to the one of Estonian EPI-index.

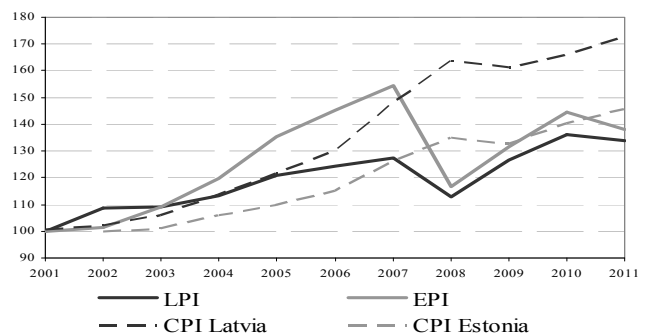


Fig. 2. Pension indices compared to inflation rates in Estonia and Latvia, 2001–2011 (%)

Sources: the Estonian Central Depository for Securities, State Social Insurance Agency of Latvia, Estonian Statistical Office, Central Statistical Bureau of Latvia, and the author’s calculations

Therefore, the analogous LPI (Latvian Pension Indices) have been calculated by the author for key time points, namely December 31st of each year, in order to compare the performance of asset managers in Estonia and Latvia, and effectiveness of their efforts to secure the assets from devaluation due to rise in consumer price indices (CPI). The results of the computations are presented in Fig. 2.

It clearly demonstrates that the real rates of return produced by now, especially by Latvian funds, are very far from desirable. Almost all plans (with a humble exception for some active plans in Estonia) have demonstrated negative ratios. A fair share of such poor outcome owes to a high inflation rate in the so-called “fat years” and recent crisis.

Estonian asset managers have demonstrated significantly better efficiency in the “fat years” than their Latvian colleagues. The growth of an average weighted value of one share amounted to 54% compared to the twice lower 27% in Latvia by the end of 2007, even though Estonians started one year later. On the other hand, the financial crisis in 2008 hit them stronger, practically equating the positions. Enormously high rate of inflation in Latvia brought to naught the efforts of Latvian pension fund managers to protect the mandatory savings from devaluation, and the last year trend showed that the gap between LPI and CPI was still widening.

2008 was also the worst year with the highest proportion of contributions directed to the 2nd pillar in Latvia – 8%, and this accelerated the losses suffered by participants.

It is worth mentioning that the calculations above do not take into account the administrative costs of asset managers, which in Estonia are included into the net value of a share (and, therefore, are not affecting the above calculations), but in Latvia are deducted separately directly from the contributions.

Due to a lack of consistent information for Lithuania, the shorter “track record” and significantly milder investment restrictions, the author has not included this country into the above comparison. According to the quite scant available data, it can be concluded that average weighted Lithuanian pension fund yields lag behind the inflation rate, as well.

C. Third-Pillar Voluntary Funds

As voluntary funded pension schemes play a minor role in the Baltic States, the statistics available is much more laconic.

While the Estonian Financial Supervision Authority (EFSA) publishes the statistics in annual reviews (yearbooks) in both English and Estonian, their colleagues in Latvia (the Financial Capital and Market Commission, FKTK) and Lithuania (the Securities Commission of the Republic of Lithuania, VPK) provide this information in the Latvian / Lithuanian language only.

In Estonia, in 2011 there were 50,200 employees participating in voluntary pension funds (compared to 627,100 mandatory fund participants – more than 12 times lower). Latvian voluntary pension funds included 198,600 members (compared to 1,163,900 members of second-pillar funds – almost sixfold difference), but only half of them were active, making payments at least once a year (compared to 1,163,900

members of second-pillar funds). For Lithuania there is no information available for 2011, but in 2010 the number of third-pillar pension fund shareholders equaled to 23,900 (which is less than 40 times the second-pillar members).

Thus, the Latvians subscribe to voluntary pensions more enthusiastically than their neighbours. A very modest involvement of the Lithuanians may be explained by the fact, that second-pillar funds are called “voluntary” in this country (being, in fact, quasi-mandatory), and people may find it superfluous to join another voluntary pension programme. Furthermore, second-pillar funds in Lithuania are much less restricted by legislation both in relation to investment strategies and administrative charges, and banks are not so interested in promoting third-pillar plans. Meanwhile, the Estonian and Latvian strict regulation of the second pillar motivates banks to attract clients to (generally) more risky voluntary pension plans.

Rates of return, produced by third-pillar pension funds, generally follow the same trends as those in the second pillar.

D. Investments into Home Economy

Both mandatory and voluntary pension funds mainly invest the accumulated assets outside their home countries and the share of the investments made abroad increases constantly.

Aspirations of funded pillar propagators that introduction of three-pillar pension systems would lead to an increase in investments into domestic economy did not materialize at the expected degree. It, however, turned out to become a “mission impossible” for the author to confront the respective indicators in all three countries, as the data in the official publications is incomplete and inconsistent.

Annual reports of the Lithuanian Securities Commission are the most incommunicative in this respect and do not provide relevant figures each year; in 2008–2010 this rate was decreasing slightly from 29.9% in 2008, to 29.72% in 2009 and 28.04% in 2010.

Estonian sources are more explicit, but the earliest available data are provided for 2006 only (see Table V).

TABLE V
MANDATORY PENSION FUND INVESTMENTS INTO DOMESTIC INSTRUMENTS IN ESTONIA (%)

2006	2007	2008	2009	2010	2011
22	24	28	23	19	24

Source: the Estonian Financial Supervision Authority

However, these figures should be dealt with caution, as the Estonian Financial Supervision Authority comments in [9]: “Investments into instruments registered in Estonia accounted for 24% of the portfolio of mandatory pension funds. Still, this number includes term deposits and bank accounts that have been opened in credit institutions registered in Estonia. Direct investments into securities registered in Estonia accounted for only 4% of the whole portfolio [emphasis ours – O.R.] at the end of 2011, deposits and bank accounts accounted for 16% and investments into other investment funds (that were mostly focused on Eastern Europe or Russia) accounted for 3%”. In

2009 and 2010 such direct investments accounted for 1.4% and 3% respectively.

Latvian authorities have been publishing the information on the geographical distribution of pension fund investments since 2002 (when the share of assets invested in Latvia was 100% since the only second-pillar fund was managed by the State Treasury); however, they do not provide any comments akin to the forequoted one, neither we can be sure that they use the same methodology as their Lithuanian and Estonian counterparts. Moreover, the figures provided in the VSAA and FKTK reports differ from each other (see Table VI).

TABLE VI

MANDATORY PENSION FUND INVESTMENTS INTO DOMESTIC INSTRUMENTS IN LATVIA (%)

	2004	2005	2006	2007	2008	2009	2010	2011
FKTK	85.1	71.6	69.4	59.4	65.2	65.6	61.1	52.4
VSAA	84.9	71.3	69.6	55.5	62.2	64.2	57.5	44.2

Source: the State Social Insurance Agency, Financial Capital and Market Commission

Compared to the Estonian and Lithuanian figures, the Latvian rates seem over-optimistic, but even according to them half of the collected money left the country in 2011.

A share of domestic investments in voluntary third-pillar pension fund portfolios is even lower.

IV. CONCLUSION

The importance of funded pillars in pension systems is increasing in all three Baltic States due to demographic changes. Following the mainstream trends propagated by the World Bank in mid and late 1990s, Estonia, Latvia and Lithuania complemented their first-pillar public pension schemes with mandated (or quasi-mandated, as in Lithuania) funded second pillars and voluntary funded third pillars. These schemes are defined-contribution schemes that rely on privately managed pension funds for administration and asset management. They should provide mechanisms for supplementing the benefits paid by the public tier. The three countries exhibit wide commonalities in both achievements and difficulties in this sphere. The Estonian legislation is the most developed and equitable legislation in many subtopics compared to the rest two countries.

For funded pension systems, the recent crisis impacts benefits due to decreasing asset values for the financial instruments, in which the pension funds are invested. The decline in asset values has a direct impact on those just reaching the retirement age. Fortunately, in the Baltic States, very few individuals are currently retiring with benefits in the funded system because the schemes are relatively new. Even prior to the financial crisis, rates of return earned by funded pillars in the region have been modest in relation to income growth, the drastic fall in asset values in 2008 accentuates the

already low replacement rates being generated by these second pillar funds.

The sharp contraction in the value of equities in industrialized countries and a dramatic policy-induced fall in interest rates have increased the financial insecurity of current and future retirees, who expect to rely heavily on private pension plans for much of their retirement incomes. The International Labour Organisation in [10] stresses that this has raised concerns about the degree of risk borne by individuals in private schemes and “a fundamental review is needed of social security pension systems; some of the pension reforms undertaken during the last two decades need to be revisited to see if corrections are required to decisions taken in the past, and if so, what they should be. And corrections are needed. The degree of vulnerability of future pension levels to the performance of capital markets and other economic fluctuations, introduced in so many pension systems during the last three decades, was clearly a mistake that stands to be corrected”. Underperformance of funded pillars and insufficient financial literacy of population cast doubt on the ability of pension systems to provide adequate and sustainable pension benefits for future generations of pensioners in the Baltic States.

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Trīs līmeņu pensiju sistēmas darbojas Baltijas valstīs kopš XX1 gadsimta sākuma: otrais (obligātais) uzkrāšanas līmenis tika ieviests Latvijā 2001. gada vasarā, Igaunijā – 2002. gada vasarā un Lietuvā – 2004. gadā. Visās trīs valstīs darbojas, lai arī mazākā apjomā, arī trešais (brīvprātīgais) uzkrāšanas līmenis. Uzkrāšanas līmeņu darbības pamatprincipi ir līdzīgi, tāpēc autore fokusējās uz tām atšķirībām Igaunijas, Latvijas un Lietuvas pensiju likumdošanā, kas regulē brīvprātīgo pievienošanas otrajam līmenim, iemaksu līmeni, investīciju stratēģijas, administratīvas iemaksas, otra pensiju līmeņa izmaksu noteikumus un mantošanas tiesības. Igaunijā likumdošana ir izstrādāta visrūpīgāk, tā ir „visdraudzīgākā” pensionāram salīdzinājumā ar Latvijas un Lietuvas likumdošanu. Balstoties uz statistikas datiem un pašas autore veiktiem aprēķiniem, darbā tiek analizēti pensiju fondu darbības kopējie rezultāti: dalībnieku aktivitāte, ienesīgums, investīciju līmenis pašu valstī. Dalībnieku finansiālās izglītības trūkums noveda pie viņu kļūdām pensiju plānu izvēlē: visās trīs valstīs iedzīvotāju vairākums izvēlējās aktīvos un agresīvos pensiju plānus, kuri ir pārāk atkarīgi no finanšu tirgus svārstībām. Ienesīguma analīzei autore aprēķināja Latvijas pensiju indeksu (LPI), ņemot vērā inflācijas rādītājus. Visās Baltijas valstīs (Latvijā it īpaši) vidēji svērtais pensiju kapitāla pieaugums atpaliek no inflācijas līmeņa. Tās savukārt padara dalībnieku uzkrājumus mazvērtīgākus un rada neadekvāti zemo pensiju saņemšanas risku nākotnē. Pensiju fondu aktīvu lielāka daļa ir investēti ārpus savu valstu robežām un pakļauti globālajiem finanšu riskiem, kas it īpaši aktīvi izpaužas krīzes laikā.

Ольга Раевска. Накопительные составляющие пенсионных систем в Эстонии, Латвии и Литве

Трёхуровневые пенсионные системы действуют в странах Балтии с начала 2000-х годов: второй (обязательный) накопительный уровень был введен в Латвии с 2001 года, в Эстонии – с лета 2002 года, в Литве – с 2004 года. Хотя и в меньших объемах, но работает и третий (добровольный) накопительный уровень. Основные принципы работы накопительных уровней схожи, поэтому автор фокусируется на различиях в пенсионном законодательстве Эстонии, Латвии и Литвы, касающихся прав добровольного присоединения ко второму уровню, уровней взносов, допустимых инвестиционных стратегий, административных сборов, правил выплат из второго пенсионного уровня и прав наследования. Эстонское законодательство наиболее проработано и более «дружественно» к пенсионеру, чем законы Латвии и Литвы. На основании статистических данных и собственных расчетов автор анализирует совокупные результаты деятельности пенсионных фондов: активность участников, доходность, уровень инвестиций внутри страны. Недостаточная финансовая грамотность участников привела к ошибочному выбору ими пенсионных планов – большинство жителей во всех трех странах присоединились к «активным» и «агрессивным» пенсионным планам, слишком зависимым от рыночных колебаний. Для анализа доходности был рассчитан латвийский пенсионный индекс (LPI) и приняты во внимание показатели инфляции. Во всех трех странах Балтии (особенно в Латвии) средневзвешенный рост пенсионного капитала отстает от уровня инфляции, что ведет к обесцениванию накоплений участников и создает риск получения ими в будущем неадекватно низких пенсий. Большинство активов пенсионных фондов инвестированы за рубежом и подвержены глобальным финансовым рискам, что очень отчетливо проявилось во время кризиса.