



STATE COMMISSION
FOR REGULATION OF
FINANCIAL SERVICES
MARKETS OF
UKRAINE



MINISTRY OF
LABOUR AND
SOCIAL POLICY OF
UKRAINE



PRESS RELEASE

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State Committee for Regulation of Financial Services Markets of Ukraine, in collaboration with the Ministry of Labor and Social Policy of Ukraine and the Federation of Employers of Ukraine, and with sponsorship of the USAID Capital Markets Project, organized a Roundtable on **"Non-State Pension Funds: Economic, Tax and Social Benefits for Ukrainian enterprises from the implementation of pension programs"**.

The objective of the event was to inform interested parties of the mechanisms to implement pension programs at companies through non-State pension funds (NPFs), to point out social and economic advantages and tax benefits for employers and employees from participating in NPF activities.

Participating in the Roundtable (RT) were People's deputies, government officials, employers, representatives of State executive bodies, trade unions, professional NPF market participants and academics.

On 1 January 2004, a new, three-pillar pension system started to be introduced in Ukraine. The Government of Ukraine pays special attention to the 3rd, voluntary, pillar of the pension system implemented in keeping with the Non-State Pension Provision Law of Ukraine. NPFs provide services of non-State pension provisioning, its principal objective being for individual participants to get access to pension payouts in addition to the mandatory State pensions.

The prospective development of NPFs looks quite promising. In the previous two years, the Financial Services Regulator registered some 80 NPFs. The total NPF assets had increased by more than 250% in 2006 alone, reaching UAH 118 Mio by the end of Quarter 3, 2006. However, the total number of NPF participants was only 138,000.

According to research results, one of the main factors constraining the participation of employers and individuals in the system of non-State pension provision is lack of awareness of NPFs operations, since NPFs are new financial institutions in the eyes of a majority of the population. At the same time, these institutions are one of the most popular means of saving funds for life after retirement.

Therefore, time has arrived to improve the people's awareness of the proper and complete information on this matter, which is important for the actual and potential NPF participants and contributors. At this stage, the main target audience for this awareness campaign have been employers, since they are the principal contributors to NPFs, paying the most pension contributions in favor of their employees that account for almost 97% of total pension contributions.

According to sociological surveys, none of the chief executives of companies and enterprises has been against his enterprise participating in the non-State pension provision system in the future. This fact is a good indicator suggesting that, in the near future, non-State pension funds will become a significant resource to ensure additional social benefits for individuals and a powerful means to attract investment resources in Ukraine's economy.

This Roundtable is the first in a series of similar events for employers and local administrations planned by the organizers. The plans include staging such roundtables for employers in Donetsk, Lviv, Odesa, Kharkiv and Dnipropetrovsk during 2007.