



STATE COMMISSION FOR REGULATION OF FINANCIAL SERVICES MARKETS OF UKRAINE
MINISTRY OF LABOUR AND SOCIAL POLICY OF UKRAINE
SECURITIES AND STOCK MARKET STATE COMMISSION
KHARKIV OBLAST STATE ADMINISTRATION

PRESS RELEASE

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State Commission for Regulation of Financial Services Markets of Ukraine in collaboration with the Ministry of Labour and Social Policy of Ukraine, Kharkiv Oblast Rada and the Federation of Employers of Ukraine, and with sponsorship of the USAID Capital Markets Project, held a Roundtable **"Non-State Pension Funds: Economic, Tax and Social Benefits for Ukrainian Enterprises from the Implementation of Pension Programs"** in Kharkiv.

The objective of the event was to inform employers of Kharkiv, Sumy and Poltava oblasts and other 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 NPFs.

Participating in the Roundtable (RT) were 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 provision, its principal objective being for individual participants to get access to supplementary pension payments on top of pension benefits from the mandatory state pension insurance system.

The prospect of NPFs development looks quite promising. According to the Financial Services Regulator preliminary data as of March 31, 2007, the number of NPFs meeting legislative requirements reached 80 and the total NPF assets exceeded UAH 140 Mio. However, despite of this promising growth of NPFs, the total number of NPF participants was only 208,000.

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, which 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 the old age.

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, employers have been the main target audience for this awareness campaign, 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.