

PENSION SYSTEM REFORM IN THE CZECH REPUBLIC

RESUMÉ

Pension systems in the majority of EU countries are heavily struggling with the long-term funding policy problem. Czech republic, as one of the countries, which is in the process of reformation its pension systems, has to truly face these problematic issues. One of the subjects of this work is to describe and characterize, the present state and outgoing modifications of the Czech pension model. Next, the work tries to point out the factors, which caused the pressure under which the need for pension reform has evolved. Demographic changes, tight fiscal pressures, importance and “impossibility” to make right political, sometimes very unpopular decisions, are just few of the elements which lead to the necessity to make proper and sustainable pension reform. With this in mind, author describes models and alternatives, which could be possible used in the Czech case, thus highlighting its positives and negatives. Very important are also the opinions of the domestic political representation, summarized afterwards. This work also offers a summary of the proposed and currently adapted governmental measures for system’s reshaping, together with critical comments. Another important notions have been discussed on the WB, OECD or EU level. Use of these recommendations is another way how to prepare and propose suitable pension model. As a result of all these above mentioned issues, author illustrates its own model of pension reform, calling it as the best suitable model for the present state.

The author’s model consists out of three independent pillars. The first pillar has been modified from the previous PAYG model. Its structure has been changed in the way which transforms the original pension scheme (NDC system with DB financing) into the equal flat rate pension system. This structure fully supports social cohesion and financial redistribution among the society. Second pillar is based on individual savings accounts (fund accounts) with a wide set of design options such as choice parameters for selecting investments and investment managers, and options for the different ways of withdrawal process. Last, the third pillar has been transformed from the previous “voluntary” second pillar, possibly adapted to the employer sponsored scheme.

As a outcome of this work, author connects successfulness of its model only with the

accomplishment of the public financing system as a whole.

The work describes actual and the legal state as of April 15th, 2009.

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dôchodok, dôchodkový systém, PAYG systém, fondový systém, dôchodková reforma, penzijné pripoistenie, penzijný fond

KEYWORDS

Pension, pension system, PAYG system, fund system, pension reform, pension supplementary insurance, pension fund