

Abstract: This work deals with pensions from the perspective of utility theory. We list several basic principles, characteristics of pensions and their classification. Part of the work is also the utility theory from the ordinal point of view of utility theory as well as in terms of cardinal utility functions. Afterwards, we formulate the tasks for the selected utility functions, which we will try to optimize by using utility functions. We transfer the task of maximizing objective function to the task with extreme bound corresponding to various annuity markets which we will solve by theory of Lagrange multipliers. Final result of the work should be calculation of annuity equivalent wealth per common utility function Constant relative risk aversion (CRRA) using different relative risk aversions and showing the optimum consumption strategy for pensioners calculated based on mortality tables for Czech republic from 2012.