

Russian Federation

Russian Federation: Pension system in 2008

The pension system has different components: labour pensions, state pensions, and voluntary pension savings at non-state (private) pension funds.

Key indicators

		Russian Federation	OECD
Average earnings	RUB	207 500	1 009 000
	USD	8 300	40 600
Public pension spending	% of GDP		7.0
Life expectancy	At birth	66.7	78.9
	At age 65	78.6	83.1
Population over age 65	% of working-age population	20.4	23.6

Qualifying conditions

Normal pensionable age for the labour pension is 60 for men and 55 for women and they must have at least five years of insurance coverage. In addition to work, the insurance qualifying period includes periods of military service, periods of receipt of public social insurance during temporary disability, period of care by one of the parents for each child until the age of 18 months, but not more than three years in total, period of receipt of unemployment benefit, period of participation in paid public works and period of travel if assigned by the state employment service to another locality for the purpose of employment, period of imprisonment for persons who were later declared wrongfully made criminally liable, wrongfully repressed and subsequently rehabilitated, and period of serving a sentence by these persons in confinement and exile, period of care provided by able-bodied person to a I group invalid, disabled child or a person aged over 80.

The state social pension is payable to disabled citizens or those meeting the age requirement of age 65 for men or age 60 for women.

Retirement is not necessary. There is no income test for a working pensioner.

Benefit calculation

Pensions are financed out of the contributions to mandatory pension insurance (for basic and insured parts of labour pension) in accordance with the Federal Law on Mandatory Pension Insurance and also from transfers from the federal budget to the budget of the Pension Fund of the Russian Federation, allocated for financing of the basic part of labour pensions, state pensions and social pensions. About 60% of such transfers are funded by revenue from the Unified Social Tax, as regards the amounts posted to the federal budget.

Labour pension

The benefit is calculated as the sum of three components:

- a basic flat-rate benefit (basic part of the labour pension, BPLP);
- a benefit based on the notional account (IPLP); and
- a benefit based on the value of the individual account (contributions plus interest, FPLP) to be paid in general beginning in 2013.

The old-age BPLPs in 2008 was RUB 1 794 for a pensioner aged 80 and younger with no dependant.

In accordance with the Law on Labour Pensions in the Russian Federation, IPLP is calculated based on the amount of the so-called pension capital accumulated as of the date application for pension at a notional funded account subject to annual indexation as prescribed by the RF Government. Starting from 1 April 2003, the annual coefficient for indexation of pension capital is 1.204.

The amount of a monthly pension is determined as quotient of the amount of pension capital on account divided by the expected period of pension payment in months. At present it is 228 months (19 years). The assigned IPLP is also subject to indexation in the order prescribed by the government.

As of today, there is no formula for the calculation of the FPLP yet.

There is no officially stated minimum or maximum monthly pension.

Variant careers

Early retirement

It is not possible to claim the pension before the normal eligibility.

Late retirement

The old-age labour pension can be deferred. If so, for calculation of the IPLP every full year of retirement deferral decreases the expected period of pension payment by one year (12 months). The minimum expected period of pension payment is 14 years (168 months). So it is inexpedient to defer application for labour pension for more than five years.

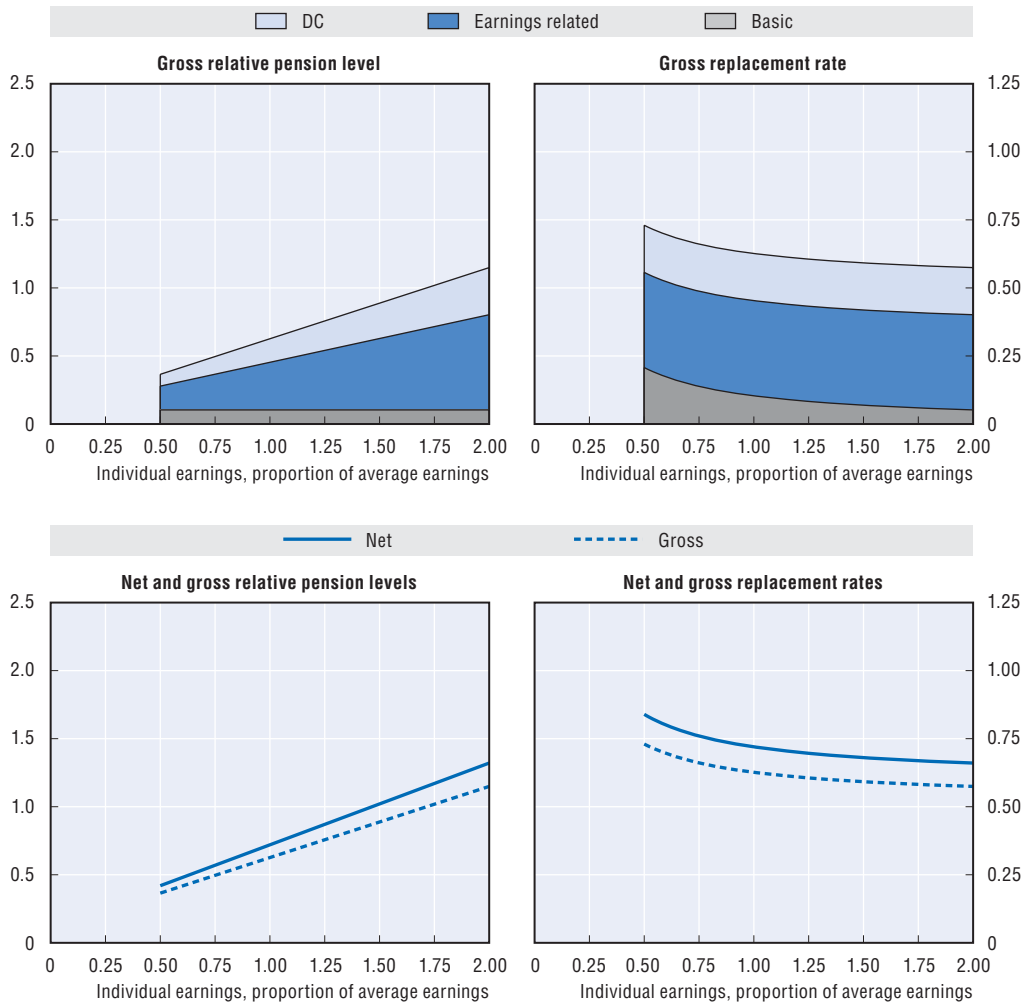
Childcare

Periods of childcare are included in the insurance coverage (qualifying period).

Unemployment

Unemployment benefits are subject to UST or mandatory pension contributions.

Pension modelling results: Russian Federation



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level	52.7	36.5	49.6	62.7	88.8	114.9
(% average gross earnings)	46.9	32.9	44.2	55.5	78.1	100.6
Net relative pension level	60.6	42.0	57.0	72.0	102.1	132.1
(% net average earnings)	53.9	37.9	50.8	63.8	89.7	115.7
Gross replacement rate	65.1	73.0	66.1	62.7	59.2	57.5
(% individual gross earnings)	57.9	65.9	59.0	55.5	52.1	50.3
Net replacement rate	74.8	83.9	76.0	72.0	68.0	66.1
(% individual net earnings)	66.6	75.7	67.8	63.8	59.8	57.8
Gross pension wealth	9.4	10.5	9.5	9.0	8.5	8.3
(multiple of individual gross earnings)	11.9	13.5	12.1	11.4	10.7	10.3
Net pension wealth	9.4	10.5	9.5	9.0	8.5	8.3
(multiple of individual gross earnings)	11.9	13.5	12.1	11.4	10.7	10.3

StatLink <http://dx.doi.org/10.1787/888932371880>



From:
Pensions at a Glance 2011
Retirement-income Systems in OECD and G20 Countries

Access the complete publication at:
https://doi.org/10.1787/pension_glance-2011-en

Please cite this chapter as:

OECD (2011), "Russian Federation", in *Pensions at a Glance 2011: Retirement-income Systems in OECD and G20 Countries*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/pension_glance-2011-85-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.