

## Pension Fund of the Russian Federation today:

42.7 million pensioners receive pensions

16.1 million aided persons receive social payments

6.1 million families obtained a certificate for maternity (family) capital

148 million of individual accounts under the Individual Accounts Register

9.3 million of employers and self-employed interact with PFR

2.5 million of the Russian citizens earn their funded pension on the basis of the State Co-financing Program for Pensions

7.126 billion rubles PFR will allocate in 2015 for social and pension security

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- Open data
- Appointments and online consultations
- Personal Retirement Calculator
- "Life situations" – the most relevant issues for users of the issues presented in the form of step-by-step recommendations
- Personal account of the insured person, which allows citizens to get real-time information about their pension rights already formed
- Employer account, which helps insurers to generate and check reporting, issue a payment order, a receipt and many more



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119991, Moscow, Shabolovka Str., 4

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PENSION FUND OF THE RUSSIAN FEDERATION

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Pension Fund of the Russian Federation is the largest federal social security system in Russia with daily activities of 120,000 PFR staff. More than 2,500 regional offices in the frame of 84 PFR regional branches communicate with the population and employers throughout Russia.



1990/1998

## Background

Pension Fund of the Russian Federation was established on December 22, 1990. Since that time according to the national legislation the pension system has a separate budget from the Federal one. All funds can not be withdrawn to other purposes. For the first time the employers' insurance contributions became the main source to finance the pension benefits.

In 1992 a unified pension service was established under the PFR Moscow Regional Branch. Thus, it was the very first time when the main functions of pension provision were integrated: contributions collection, awarding and payment of pensions, financing of pensions and benefits. Afterwards this experience extended to the whole country. All subjects of the Russian Federation gradually transferred their functions on state pension awarding and payments to the PFR.

In 1995 PFR launched 5 pilot projects on individual data registration of the pension entitlements of the citizens. By 2000 all the working population of the country had been covered by PFR individual accounts system. The system enables to record the personal data for pension entitlements of the citizen during their career and not just in time of applying for pension.

The individual accounts' system for pension entitlements of the citizens under the PFR includes more than **148** million of individual accounts

1999/2007

## New objectives and functions

After the pension reform for the first time the Russian pension system has been based on the insurance principles. The existing pay-as-you-go system was supplemented by the funded component of the pension and individual accounts system of the state liabilities to the citizens. PFR became the single state insurer for the mandatory pension insurance scheme. Concurrently, PFR initiated the process on the front-offices' network in order to improve significantly the quality and speed of the client services. By 2005 PFR the front-offices' network was formed almost in all regions of Russia.

The effective implementation of all processes and services for the pension provision of the citizens made by the Fund transformed the PFR into the largest and most effective federal social institution. It is able to give new functions to PFR in terms of social benefits such as the calculation and payment of monthly cash benefits, monthly supplementary allowance to disabled persons, veterans of the Great Patriotic War and others. The Fund is responsible for the Federal Individuals' Register for state social assistance. Since 2007 PFR has been implementing and supervising the state maternity (family) capital program in order to support the families with two or more children.

PFR system includes **2,500** front offices interacting with the citizens and employers in all regions of Russia

2008/2015

## Development and Challenges

In October 2008 the State Co-financing Program was launched; PFR was chosen to be its operator. Since 2009 the program members have been earning their pension savings with the state financial support. Now 2.5 million members are registered in the program.

In 2010 Unified Social Tax was replaced by insurance contributions to the state non-budget funds. PFR was authorised to administer the insurance contributions for mandatory pension insurance as well as for health insurance. In short time PFR started to co-operate with employers, implemented new software, applications, statements and reporting regulations. Improving its services annually, implementing modern e-services, by 2014 PFR reduced the number of reporting statements to one document. At the same time over 90% of employers interact with the Fund by e-services.

In 2012 the Government adopted the Strategy for Long-Term Pension System Development in Russia, under which PFR obtained a key position in its implementation. The major elements of the reform are the following: transition to the new rules of earning and calculation of pensions as well as reforming the funded component. During 2014 PFR conducted hard work on the adjustment of pension entitlements according to the new pension formula for all members of the state mandatory pension insurance scheme.

According to All-Russia Public Opinion Research Center research, **95%** employers are satisfied with the quality of PFR services