



Policy Watch No 3/2010

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Highlights:

The pension reform introduced in 1999 is a long-term reform and should be completed.

Eliminating capital-based retirement plans from the pension system creates a risk that future pensions might be smaller.

Utilizing financial markets with the accompanying risks allows for larger pensions in the future.

Therefore, we recommend taking action that will secure and increase future pensions and not paralyze the current pension system.

POLISH PROPOSED CHANGES TO THE PENSION SYSTEM

In response to proposed changes from the Ministry of Labor and Social Policy, we have prepared a position paper. In the paper:

- We demonstrated our concern over the Ministry's *Premises to the proposed bill changing the bill about capital-based pensions* (eng. *Założenia do projektu ustawy zmieniającej ustawę o emeryturach kapitałowych*) and declarations to withhold for two years pension contribution transfers from ZUS to OFE.
- We commented on the bill's main proposals: voluntary participation in OFE and decreasing the contribution amount transferred to OFE.
- We called for a return to the concept of long-term pension reform from 1999, which added up current employee contributions and capital-based retirement plans with contributions invested and reinvested by OFE.
- We pointed out that the security of the pension system is ensured by diversifying risks: demographic risk and financial markets risk.
- We indicated that any changes to the pension system should concentrate on finding solutions that will improve its effectiveness and increase the amount of future pensions.

The Polish version of this position can be downloaded at:

http://amcham.pl/file/pdf/8_20100830.pdf

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