



PRESS RELEASE

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BLUEPRINTS PREPARATION CONTINUED

From January 5 to 9, 2015, two experts from the **Ministry of Welfare of Republic of Latvia (MoW)** continued to work with the **State Social Protection Fund of Republic of Azerbaijan (SSPF)** on the development of the blueprints for funded component of pension system and for non-state pension funds within the EU funded Twinning project **“Support to the State Social Protection Fund on the introduction of funded element within the insurance – pension system, establishment of non – state pension funds and development of legal framework for regulating their activity”** (Twinning reference No AZ/13/ENP/SO/24).

The Experts have developed options (key characteristics) for the introduction of the funded scheme in Azerbaijan for both 2nd and 3rd pillars of pension reform and. For all options, there were suggested preliminary defined age cohort for participation, inheritance principles, possible return guaranties, types of possible pension plans, pay-out solutions, existence of transitional period and so on.

The Experts proposed the following 5 options for the funded component:

1. Voluntary participation with increased voluntary contributions of employees and redistribution of collected contributions.
2. Voluntary participation with increased voluntary contributions of employees and defined additional payments as motivation instrument;
3. Voluntary participation based on redistribution of collected contributions;
4. Mandatory participation based on redistribution of collected contributions;
5. Voluntary participation with increased voluntary contributions of employees.

One option is proposed for non-state pension funds - voluntary participation on the part of employee (person) and/or employer with defined amount of individual contributions, inheritance principles, types of possible pension plans, pay-out solutions, etc.

During the last week, experts had meetings with the staff of SSPF and discussed some of possible solutions for funded component and non-state pension funds. Some of these solutions were also presented in the two-day workshop in December.

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