William MacDougall examines the cautious pension reform that has been progressing slowly in Russia

In the midst of economic sanctions, Russia has been under pressure to liberalize the pension system and reduce its dependence on oil revenues. The current pension system is based on three pillars: a guaranteed minimum pension, a means-tested social assistance pension, and a compulsory private pension system.

The three-pillar system is designed to provide a basic level of income in old age. The minimum pension, which is based on the average wage in the previous year, provides a safety net for those who have not contributed to the pension system. The social assistance pension is means-tested and is intended to help those in extreme poverty. The private pension system is voluntary and is intended to provide additional income to those who wish to save for retirement.

However, the current pension system is facing several challenges. The minimum pension is often insufficient to cover basic living costs, and the social assistance pension is not enough to lift the most vulnerable out of poverty. The private pension system is also not large enough to provide adequate income in retirement, and many people are not contributing to it due to low wages and a lack of trust in the system.

The government has announced plans to increase the minimum pension and improve the social assistance pension, but these changes are expected to take several years to implement. In the meantime, the government is encouraging people to save for retirement by offering tax breaks and other incentives for private pension contributions.

The cautious approach to pension reform is seen as necessary to ensure that the changes are gradual and well-planned. The government is aware that any major reform could lead to social unrest, and is therefore taking a measured approach to ensure that the changes are accepted by the public.

In conclusion, while the pension system in Russia is facing several challenges, the government is taking a cautious approach to reform and is working to improve the current system in a gradual and measured way. The ultimate goal is to create a pension system that is fair, sustainable, and meets the needs of all Russian citizens.