

# The implications from the reformed pension system in the Republic of Macedonia

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NIŠ, APRIL, 2019

# The pension reforms in the Macedonian pension system

- ▶ One- pillar system ( pay as you go system)
- ▶ Two pillar ( mandatory fully funded pension insurance )
- ▶ Three pillar ( voluntary fully funded pension insurance )

# The main objectives of the reforms

## -individual and institutional expected effects-

- ▶ Financial Stability in the social /state system
- ▶ Social security
- ▶ Good governance of the pension system
- ▶ Short-term and long-term solvency of the Pension and Disability Insurance Fund
- ▶ Adequate pension income after retirement
- ▶ Transparency
- ▶ Risk diversification
- ▶ Possibility of additional and voluntary savings

# The effects at legal level and on institutional level

## Legal (national regulation )

- ▶ Amended the existing ones
  - The Law on Pension and Disability Insurance adopted 1994 , was significantly amended in 1995, 1996, 1997 and in 2000, 2001, 2003, 2004 and 2005.
- ▶ Adopted new Laws and by –Laws
  - Law on Mandatory Fully Funded Pension Insurance 2002
  - Law on Voluntary Fully Funded Pension Insurance, 2010
  - Law on payment of pensions and pension benefits from fully funded pension ,2012

## Institutional

- ▶ Ministry of Labor and Social policy
- ▶ Ministry of finance
- ▶ Council for monitoring the conditions in the pension system
- ▶ Council for social security
- ▶ Supervisory body (MAPAS)
- ▶ Pension and Disability Insurance Fund (Public pension fund )
- ▶ Mandatory private funds
- ▶ Voluntary private funds
- ▶ Management companies
- ▶ Deposit banks

# Agency for Supervision of Fully Funded Pension Insurance (MAPAS)

- ▶ New regulatory and supervisory body
- ▶ Established July 2002
- ▶ Collaborates with the Ministry of finance, National banks, the Securities and Exchange commission and the Insurance Supervisory Agency

# Pension management companies

- ▶ From this year (2019) there are 3 companies at the market .
- ▶ Each one conducts one mandatory and one voluntary pension fund . 6 pension funds

# Financial system

- ▶ Financial markets ( primary, secondary, OTC)
- ▶ Financial intermediaries ( investment funds)
- ▶ Financial instruments ( securities / units )



Thank you all