

State Duma Backs Cut in Pension Savings

By [The Moscow Times](#)

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The State Duma approved pension reform that will cut mandatory savings without raising retirement ages, thereby ducking a tough decision on financing the budget burden of an aging population.

The parliament made one concession to Russia's nascent asset-management industry, retaining a higher levy for workers who opt to keep their retirement account with a private asset manager.

But critics, including business leaders, economists and pension fund managers, say the new rules will store up trouble for future budgets and slash future funds available for investment in financial markets.

Population has declined sharply since the collapse of the Soviet Union, and pensioners have formed an important part of the voting base of President Vladimir Putin.

The law, approved Friday, will reduce the contributions employers pay into mandatory retirement saving accounts on behalf of employees, from 6 percent of salary to 2 percent, beginning in 2014.

Under pressure to plug a huge hole in the budget of the State Pension Fund, Putin has backed the change.

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