

Lawmaker Wants Funded Part of Pensions Scrapped

By [The Moscow Times](#)

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The funded part of pension contributions should either be maintained at 6 percent or scrapped entirely, a senior United Russia Duma deputy said, Vedomosti reported Monday.

Funded pension contributions, the so-called “cumulative part,” are channeled to individual retirement accounts, which are used to invest in securities, providing a growing part of Russia’s long-term investment capital.

In an unsatisfactory hybrid compromise arrangement, they are taking 4 percent from those who do not make a decision on where to put their retirement savings, and 6 percent remains for those who do make such a decision, said Andrei Isayev, a member of United Russia and head of the Duma’s Labor and Social Policy Committee, Interfax reported.

President Vladimir Putin last year lent his support to legislation that cuts the funded part of pension contributions to 2 percent by 2014, unless individuals express a wish for their

payments to remain at 6 percent.

In the face of Russia's spiraling pension fund deficit, officials have looked for a way of cutting the amount that has to be transferred from the budget every year to cover pension payments.

Though the move is opposed by the Finance Ministry and the Economic Development Ministry, the Labor and Social Service Ministry has consistently advocated the abolition of the funded part.

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