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PENSION REFORM IN UKRAINE

The pension system is an important area that ensures the stability of any society. In the conditions of a full-scale invasion of russia into Ukraine, in accordance with the essence of the solidarity pension system, there is an increase in deep disparities between the available number of persons who need pension protection and persons who have to form this protection with their contributions. The aim of the research is to evaluate the pension system of Ukraine under the conditions of martial law and to substantiate the directions for its improvement. The hypothesis was tested that the level of financial stability of the pension system affects the country's ability to maintain social justice and the effectiveness of state regulation of human potential. In this research it was used a systematic and logical approach; method of theoretical generalization, comparison, analysis and synthesis, scientific abstraction. A feature of the pension system in Ukraine is the functioning of the first and third levels of the system, while the second is in a state of reform (does not work). The foundation of pension protection is the solidarity pension system, which suffered the most negative impact from the military operations on the territory of Ukraine. It is substantiated that today the Ukrainian and European pension systems have similar problems, which allows us to generalize the acquired experience and use advanced measures to improve the pension protection of Ukrainian citizens. Given the factors of the pension fund deficit and existing disproportions between the working population and pensioners, the following main approaches to the development of pension provision in Ukraine are proposed, such as comprehensive support for the

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РЕФОРМУВАННЯ ПЕНСІЙНОГО ЗАБЕЗПЕЧЕННЯ В УКРАЇНІ

Пенсійна система є важливою сферою, що забезпечує стабільність будь-якого суспільства. В умовах повномасштабного вторгнення росії в Україну відповідно до сутності солідарної пенсійної системи простежується збільшення глибинних диспропорцій між наявною кількістю осіб, які потребують пенсійного захисту, та особами, які цей захист мають сформувати своїми внесками. Метою дослідження є оцінка системи пенсійного забезпечення України в умовах воєнного стану й обґрунтування напрямів її удосконалення. Перевірено гіпотезу, що рівень фінансової стійкості системи пенсійного забезпечення впливає на здатність країни підтримувати соціальну справедливість та ефективність державного регулювання людського потенціалу. У ході дослідження використано системний та логічний підходи; метод теоретичного узагальнення, порівняння, аналізу і синтезу, наукового абстрагування. Особливістю системи пенсійного забезпечення в Україні є функціонування першого та третього рівнів системи, тоді як другий перебуває в стані реформування (не працює). Фундаментом пенсійного захисту є солідарна пенсійна система, яка зазнала найбільш негативного впливу від воєнних дій на території України. Обґрунтовано, що сьогодні українське та європейське пенсійне забезпечення мають схожу проблематику, що дозволяє узагальнити набутий досвід і використати передові заходи для вдосконалення пенсійного захисту українських громадян. З огляду на фактори дефіцитності Пенсійного фонду та наявні диспропорції між працюючим населенням і пенсіонерами, запропоновано такі основні підходи до розвитку



development of non-state pension funds, the introduction of accumulative pension insurance; taking into account the European experience – the formation of an additional fund to the Pension Fund of Ukraine (PFU) to ensure a fair pension in the future. It is assumed that the use of European experience in the process of pension reform, taking into account the state of war in the country (which has no time frame for ending) will make it possible to harmonize the existing stratification between the working population and pensioners.

Keywords: pension provision, solidarity system, experience, Pension Fund of Ukraine, military personnel, pension.

пенсійного забезпечення в Україні, як всебічна підтримка розвитку недержавних пенсійних фондів, запровадження накопичувального пенсійного страхування; з урахуванням європейського досвіду – формування додаткового фонду до Пенсійного фонду України (ПФУ) щодо забезпечення справедливої пенсії в майбутньому. Передбачається, що використання європейського досвіду в процесі реформування пенсійного забезпечення з урахуванням воєнного стану в державі (який не має часових рамок закінчення) дасть змогу гармонізувати наявне розшарування між працюючими верствами населення та пенсіонерами.

Ключові слова: пенсійне забезпечення, солідарна система, досвід, Пенсійний фонд України, військовослужбовці, пенсія.

JEL Classification: A13, G23, H55, J32.

Introduction

Pension provision formation in old age is one of the most urgent problems in the modern world. Pension insurance directly affects the standard of living and well-being of people in any country. Pension payments provide financial support to disabled citizens when they reach retirement age. Pension provision in Ukraine during the last decade has been a cause of concern for both the pensioners themselves and the state in general. Given that the current pension system is based on the principles of solidarity and is not designed for the long term, experts predict an increase in the number of pensioners with minimum pension coverage. Also, the possibilities of the Pension Fund are limited, which was provoked by the Corona Crisis and the full-scale invasion of russia into Ukraine.

Taking into account the expert studies of the Institute of Demography and Social Research named after M. V. Ptoukha of the National Academy of Sciences (Libanova, 2024), the demographic threat is growing over the pension system of Ukraine, which significantly increases the risks of the formation of the income part of the budget of the Pension Fund of Ukraine (PFU) and, as a result, creates conditions non-fulfillment of pension obligations already in the coming years. Therefore, the solidarity pension system is not able to fully ensure a decent standard of living for the elderly and requires subsidies from the state budget on a systemic basis, which has an extremely negative impact on both the budget of the country at war and its society. Also, modern pension provision is too sensitive to the demographic situation, economic condition and military situation in the country. Therefore, the gradual reform of the pension system, the introduction of the accumulative system of mandatory state pension insurance in Ukraine and the support of non-state pension

insurance are among the priority steps that will allow in the long term to equalize the existing disparities in payments to pensioners.

Many studies have been devoted to the research of this issue. Thus, Sydor and Denisyuk (2022) note that pension insurance is one of the most important areas of social protection of the population in the system of ensuring the welfare of citizens; emphasize that providing every working person with a state pension in the future should be a symbiosis of payments from the solidarity system and mandatory savings. Bondarenko et al. (2023) analyze the pension system in Ukraine in order to assess its efficiency and stability. Their research is aimed at identifying possible shortcomings, problems and challenges faced by the pension system in the country, and justifying the reasons that lead to these problems; search for effective solutions for solving them. Poznyakova and Solyanyk (2021) in their research materials present the results of a sociological analysis of the process of institutionalization of the modern Ukrainian pension system to determine the directions of its effective reform. Scientists Prikhno et al. (2021) studied the level of efficiency of the functioning of the pension system in Ukraine and proposed the main directions for improving the current state policy regarding pension provision in Ukraine.

In the works of Ukrainian scientists Pikus and Tsyganok (2023), practices related to the formation of pension systems in economically developed countries are summarized in order to determine the key directions of their reform at the current stage and in the near future; the most successful practices of building pension systems as assessed by the Global Pension Index are determined.

For his part, Parfyonov (2023) analyzes the mechanisms of ensuring the pension system in foreign countries, in particular in those that are members of the European Union; in the materials of the publications, the specialist applies the principle of continuity to reveal the conditions for the implementation of social services in the form of group pension insurance policies for small and medium-sized businesses, which, according to the author, should ensure the creation of regulatory, legal and financial and economic mechanisms for providing the system with pension payments for disabled persons.

Foreign specialists also pay considerable attention to the development of pension provision. Agnese et al. (2024) note in their work that pension funds are faced with the difficult task of obtaining sufficient profitability to ensure adequate and sustainable retirement income for their members in the context of an aging population. The publication by Italian experts examines the relationship between the efficiency of pension funds and the impact of social management policies on asset allocation strategies; important aspects affecting the sustainable development of the Italian pension fund market are revealed.

Andersen et al. (2024) examine pension reform and material inequality around the world. In their paper, they propose a life-cycle model to reveal the underlying theoretical mechanisms linking pension systems, asset accumulation, and wealth distribution. To determine the effectiveness of the developed model, experts tested the empirical probability of the given forecasts through the study of the pension reform in Denmark, a country where a decrease in wealth inequality was observed during the last decades.

Soneryd (2024), for his part, focuses on the fact that pension funds seek to create a secure economic future for an aging population, while the funds still hold assets in oil and other fossil fuels. In the analyzed pension system of Sweden, it is shown how the mechanisms and tools of the future are embodied in the practices of pension savings.

Li et al. (2023) analyzed the impact of pension on poverty in China. The results of their research show that the pension significantly contributes to the reduction of relative poverty at the regional level; at the same time, the obtained data have a distinction between urban and rural areas. Experts note that individual health has a positive effect on improving the relative poverty situation, i.e. pensioners with good health are less likely to fall into relative poverty.

In fact, there is a fairly significant amount of scientific research on the issue of pension provision both in the Ukrainian and foreign scientific space, but the issue of the functioning of pension provision in the conditions of a full-scale invasion of Russia in Ukraine requires further study, in addition, the issue of reforming the solidarity level remains particularly acute for Ukraine pension system.

The aim of the article is to substantiate the peculiarities of the pension system of Ukraine in the conditions of martial law and to develop recommendations for its improvement and increase in efficiency. Reforming the pension system will make it possible to solve a number of urgent problems, in particular, to reduce the financial burden on the state budget through a gradual transition to the accumulation system and through the improvement of the existing solidarity system.

The research presented in the article is based on the hypothesis that the level of financial support of the pension system forms the foundations of the state's ability to maintain social justice and effectively regulate the demographic situation in the country.

The research is based on a methodology that includes a review of scientific literature, analysis and systematization of existing theoretical ideas about pension provision, foreign research on the latest trends in improving the pension system. The methods of scientific abstraction, generalization, and comparison are used. In a practical aspect, the results of the study can be useful when forming a strategy for the development of

social policy, substantiating plans for reforming the pension system in the post-war period.

The structure of the main part consists of three sections, the first of which is devoted to the determination of the main components of the state pension system and it is stated that the basis of pension protection is the solidarity system, the second is the assessment of the solidarity pension system in war conditions, the third is the determination of prospects for improving pension provision in these conditions.

1. Formation features of the pension system of Ukraine: levels of pension insurance

According to the Law of Ukraine "On Mandatory State Pension Insurance" (2023, July 9), the pension system consists of three levels. The solidarity system forms the first, the largest level in terms of coverage, which is the solidarity system of mandatory state pension insurance. It functions on the principles of solidarity and subsidization.

The second level is the accumulative system of mandatory state pension insurance, which has not yet been put into effect. The system of mandatory state pension insurance must work on the basis of the accumulation of funds of insured persons in the Accumulation Fund or in the relevant non-state pension funds; subjects of the second level of the pension system and to finance the costs of payment of life pension insurance contracts and one-time payments on the terms and conditions in accordance with the procedures provided for by this law.

The system of non-state pension provision creates the third level of pension provision of Ukraine and operates on the basis of voluntary participation of citizens, employers and their associations in the formation of pension savings. The purpose of the operation of this system is to provide citizens with additional sources of pension payments in the future under the conditions and in the order provided by non-state pension funds.

The modern pension system is presented in *Figure 1*.

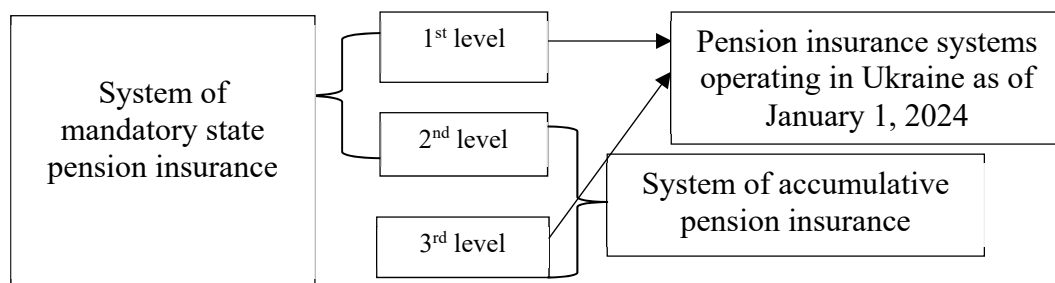


Figure 1. Pension system in Ukraine as of January 1, 2024

Source: compiled by the author on the basis of the Law of Ukraine "On Mandatory State Pension Insurance" (2003, July 9).

The solidarity system provides the basic needs of citizens of retirement age, and programs offering non-state pension insurance are tools for acquiring an additional pension. The accumulative system of mandatory state pension insurance was launched in 2003 with the adoption of the Laws of Ukraine "On mandatory state pension insurance" (2023, July 9) and "On non-state pension insurance" (2023, July 9). The start of this system was announced in 2012, when up to 7% of the salary was to be directed to the personal accounts of citizens. However, the process of implementing the accumulative system of mandatory state pension insurance slowed down, as no real mechanism for its launch was developed. The second start was supposed to take place in 2017, when the pension system was being reformed to increase the length of insurance for retirement. Also, in 2019, it was planned to deploy the accumulative system of mandatory state pension insurance. In recent years, steps have been repeatedly taken to start the functioning of the second level of the pension system, but the state of war in the country has shifted the emphasis in the socio-economic development of the country.

2. The influence of martial law on the solidarity pension system of Ukraine

The first level of the pension system operates according to the principle of solidarity, that is, those who work today, with their financial contributions, form pensions for current retirees. This means that future pensioners do not provide for themselves in the future, but rely on today's youth.

This type of pension provision is effective when the birth rate of the population significantly exceeds the death rate. However, the joint pension system failed several years ago. That is, the demographic factor is decisive in such a pension system. Today in Ukraine there is 1 pensioner for 1 working person. According to the Pension Fund of Ukraine, before the full-scale invasion, there was 1 pensioner for every 1.3 officially working people. At the beginning of 2024, there were approximately 9 million working citizens in Ukraine, while there were more than 10 million pensioners. According to the expert, the disparities will only grow further (Libanova, 2024).

As of January 1, 2024, the number of pensioners in Ukraine amounted to 10,516 million people, while at the beginning of each following year, a decrease in the number of people of retirement age is observed (*Figure 2*). One of the main factors that caused a sharp decrease in the number of pensioners (over the last 10 years – by 3,016,771 people) was the increase in the retirement age and, accordingly, the insurance length of service, which, in turn, deepened the existing imbalance in the pension system and artificially reduced the number elderly people. The second factor that affected the reduction in the number of pensioners is the corona crisis and the full-scale invasion, which further provokes existing inequalities and negatively affects people's quality of life. Therefore, during the studied period of 2014–2024, the number of pensioners decreased by almost half a million people.

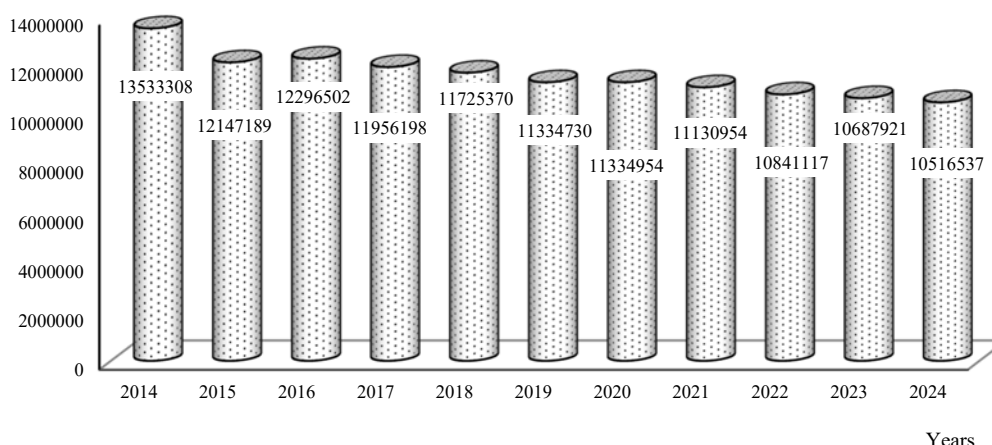


Figure 2. Dynamics of the number of pensioners, persons

Source: compiled by the author based on data from the PFU (n. d.).

Taking care of its citizens is the main task of the state, it is especially important for those who cannot take care of themselves, such as people of retirement age. A pension is support that provides the basic needs of people who, due to age, health or loss of a breadwinner, are unable to support themselves. Thus, for the majority of Ukrainian pensioners, the main source of income is a pension (Head Office of the Pension Fund of Ukraine in the Sumy region, 2021, February 24).

Ensuring the necessary level of material well-being of persons of retirement age is implemented through the establishment of the pension amount, which is affected by insurance experience and health status.

In accordance with the peculiarities of the solidarity pension system in Ukraine, the minimum pension level is established annually. As of January 1, 2024, the minimum pension amount in Ukraine is UAH 2,361 and is equal to the subsistence minimum (Pension Fund of Ukraine, n. d.). In more detail, the distribution of pensioners by types and amounts of pensions, except for pensioners from among military personnel, is presented in the *Table 1*.

Table 1

Distribution of pensioners by types and amounts of assigned pensions (except pensioners from among military personnel) as of January 1

Type of pensions	Number, persons				The average amount of pension, UAH			
	2021	2022	2023	2024	2021	2022	2023	2024
By age	8 330 485	8 051 951	7 916 113	7 705 735	3538.97	3944.81	4522.98	5247.94
By disability	1 426 553	1 436 847	1 439 783	1 474 997	2679.45	3033.7	3495.31	4030.92
In connection with the loss of breadwinner	53 184	529 553	517 891	510 177	3012.50	3384.39	3966.43	4507.42
For years of service	214 304	205 973	196 481	183 466	3205.53	3682.29	4205.79	4769.33
Social	72 843	68 284	63 921	59 269	1786.06	1955.65	2140.03	2451.45

Source: compiled by the author based on data from the Pension Fund of Ukraine (n. d.).

Analysis of *Table 1* shows an increase in the number of pensioners for disability (from 2021 to 2024 by 48.444 persons), in relation to all other categories, we see a steady downward trend, which is observed against the background of a decrease in the number of pensioners. The significant increase in people with disabilities in 2023–2024 is due to a full-scale invasion. In the conditions of new challenges associated with martial law, which increases the number of military personnel and their family members exponentially every year, it is advisable to consider the pension protection of military personnel (*Table 2*).

Table 2

Distribution of retired military personnel by types and amounts of pensions as of January 1

Type of pensions	Number, persons				The average amount of pension, UAH			
	2021	2022	2023	2024	2021	2022	2023	2024
For disability	52 329	54 266	55 078	63 193	7767.44	9520.76	11 512.77	13 197.87
In connection with the loss of the breadwinner	109 525	108 116	119 269	148 234	4406.56	5427.02	6372.74	7626.10
For length of service	389 869	382 497	375 797	367 702	5619.56	7929.40	10 143.5	12 480.75
Total in Ukraine	551 382	544 879	550 144	579 129	583.21	7591.36	9463.10	11 316.40

Source: compiled by the author on the basis of data from the PFU (n. d.).

The existing pension provision in Ukraine for retired servicemen and their family members is based on the standards of social protection of the Armed Forces of Ukraine. During the years of hostilities (2022–2024), according to the data of the PFU, a significant increase in the number of pensions issued from the category "in connection with the loss of a breadwinner" can be observed. Also, according to forecasts of international experts, Ukraine has great chances to become a country of young disabled people (TSN, 2024, June 4). Among military personnel, the number of persons with disabilities increased by 18% from 2021 to 2024.

The conducted analysis of the impact of martial law on the solidarity pension system of Ukraine makes it possible to single out differences in pension provision as of 2024, namely: an increase in the number of citizens with disabilities; deterioration of the demographic situation; increasing disparity between working citizens and senior citizens.

Therefore, the solidarity pension system in the conditions of martial law is not able to provide decent payments to people in need of pension protection in the long term. Such a situation requires either systemic subsidies from the state budget or reform, in particular, the introduction of the accumulative system of mandatory state pension insurance.

3. Prospective directions of the pension system functioning in Ukraine

In recent decades, European experts have made extraordinary efforts on reforms aimed at curbing pension costs. The financial crisis and the COVID-19 crisis have dramatically changed economic conditions, and the review of the role of the social protection system has become critically important. The growth of public debt, including the debt related to the deficit of the pension system and the cancellation of pension reforms, affects the stability of the pension system and public finances. These conditions also led to profound generational imbalances, as the crisis disproportionately affected the youth and working-age population. The changing economic environment requires a clear diagnosis of the stability of pensions under the current policy and puts forward greater demands for a review of the reform of the pension system and the social security system (Martinez & Soto, 2021, September 10).

Common challenges regarding domestic and European pension provision can be noted:

demographic: the low birth rate and the aging of the population provoke uneven distribution between the working population and those dependent on the state by age. Also, in Ukraine, the demographic factor is accompanied by population migration, which is caused by the full-scale invasion of the Russian Federation;

financial crises, including the corona crisis: this causes a weakening of the financial potential of pension funds and negatively affects the formation of pension assets, which, in aggregate, weakens the pension provision of citizens.

Let's consider the experience of European countries for the possible implementation of the experience of pension reform. According to Reuters (2024, March 5), the German government plans to introduce a supplementary pension scheme by investing in capital markets. This will ensure that pensions remain linked to wage trends. Germany's pension system is under great pressure from a widening gap between wages and pensions due to demographic changes, as millions of baby boomers born in the 1950s to mid-1960s retire in the coming years.

"The system must remain fair for future generations, both for those who benefit as pensioners and for those who finance the system," said German Finance Minister Christian Lindner (Serenelli, 2024, April 29). The goal of the reform is to guarantee a pension level of at least 48% of the average wage until the end of the 2030s, which will allow pensioners to maintain their standard of living after retirement. To ease the long-term burden on depositors, a permanent sovereign wealth fund will be created with the purchase of capital shares, using also loans from the federal budget and transfers of state funds. The government's first step will be to borrow 12.5 billion euros in 2024 for so-called Generation Capital to invest in the capital markets. This amount will increase by 3% annually in line with the projected wage growth, until 2028 the amount is planned to be

15 billion euros. By 2036, capital in the amount of 200 billion euros should be accumulated at the expense of federal debts. The resulting profits will make it possible to distribute 10 billion euros annually to the pension insurance scheme by investing in shares and funds. The reform conditions will not affect contributions to the pension system and will remain stable at the level of 18.6% until 2027, as it was from 2018. Contributions are planned to increase to 20% starting from 2028, and to 22.3% from 2035, remaining at this level until 2045 (Reuters, 2024, March 5).

Today, France ranks second in terms of public spending on old-age pensions in the EU after Greece. In 2020, expenditure on old-age pensions was 13% of GDP compared to 10.3% on average in the EU and 9.6% in Germany. Without changing the retirement age, according to EU estimates, the share of state pensions will increase to 15.5% by 2050. In order to ease the financial burden on the pension system, the French government plans to raise the statutory minimum retirement age by two years, from 62 to 64 years by 2030, as well as ensure an already agreed increase in the number of years of contributions required to receive (a full pension: from 41.5 to 43 years from 2035 to 2037). The retirement age at which a full pension can be received regardless of the number of years of contributions remains unchanged at 67. Therefore, rising the retirement age will help mitigate the impact of demographic changes on the labor market (Subran et al., 2023).

In 2024, the Government of Ukraine announced a new pension reform, the purpose of which is to ensure a decent standard of living for persons of retirement age: a joint pension of not less than 30% of the average salary during life and an accumulation part of not less than 50%. A points system will be introduced in the calculation of pensions, which will allow equalizing the disparities between pensioners who retired a long time ago and those who did so recently (Public News, 2023, September 22). Accordingly, payments to pensioners who retired earlier will be brought up to the current level. Every month, employed citizens pay a contribution to the Pension Fund. The contribution will be converted into points according to the ratio between the person's salary and the average salary in Ukraine at that time. The government hopes that such a reform will make the joint pension system immune to inflation and devaluation.

The experience of the operation of European pension systems emphasizes the key aspects that should be paid special attention to when building a stable financial potential of pension provision in Ukraine.

The importance of non-state pension funds. Funds are the basis for providing additional financial protection for retired citizens, contributing to the stability of their income in old age. Non-state pension funds (NPF) are an additional element of state pension provision, providing an opportunity for individual accumulation of pension savings. This allows people at a working age to start forming their additional pension, saving part of their earnings in advance, and to receive a higher income after the end of work, which is a source of support for high social standards and at the same time a factor in the growth of internal investment resources for the accelerated development

of the national economy. According to the legislation, the NPF has the status of a non-profit organization, which functions and acts exclusively for the purpose of accumulating pension contributions for the benefit of participants with further management of pension assets, and also makes pension payments to participants in the manner specified by law (Law of Ukraine "On Non-State Pension Provision", 2003, July 9).

It is important to emphasize that, unlike other institutions that provide services in the system of non-state pension provision (insurers and banking institutions), the main activity of the NPF is the pension provision of citizens. Support and development of non-state pension provision in Ukraine is important for several reasons – additional income for pensions, relief of the state budget and investment in the Ukrainian economy, and these are only some of the advantages of the NPF. Therefore, non-state pension provision is a key element for ensuring the financial stability and well-being of retired citizens of Ukraine.

Implementation of the long-announced second level of accumulative pension insurance. The accumulative pension system is based on the principles of the distributional and accumulative pension system. That is, citizens of working age on a voluntary basis accumulate savings in their own pension accounts, which in the future, upon reaching retirement age or in cases provided for by law, will serve as additional support to the national pension. At the same time, these funds are additional investments in the economy of Ukraine. An important advantage of this system is the possibility of inheriting accumulated pension savings. Also, the funds of the accumulative pension system will help restore the economy faster as a source of investment in the country's development.

Formation of an additional welfare fund by the state for future pensioners. This is a new approach to stabilizing the pension provision of citizens who will retire in the future. To date, there is the experience of several European countries that have formed additional support funds for the existing pension fund in the country. This approach allows you to follow the principle of fairness for tomorrow's pensioners. The source of the formation of such a fund can be funds borrowed from the state and invested in the capital market, the economy; the received income will make it possible to reduce the imbalance between working citizens and persons who need pension protection.

However, in the conditions of martial law and uncertainty, it is quite difficult to implement any approaches to pension provision. It is necessary to take into account a large number of factors affecting the reform of pension provision and the feasibility of the obtained results.

Conclusions

The pension system of Ukraine is experiencing serious challenges that have been and will be the subject of research. The results of this research show that over the past 10 years, there has been a significant decrease in the number of people of retirement age – by almost three million. The conducted analysis of the distribution of pensioners by types and amounts of pensions

(except military pensioners) allows us to state that there was an increase in the number of pensioners due to disability (from 2021 to 2024 – by 50 thousand people), but according to other categories (by age, in connection with the loss of a breadwinner, for years of service and social) the indicator of the number of pensioners shows a tendency to decrease. The main challenges that formed the results of the research are the demographic component of Ukrainian society, the serious deficit of the Pension Fund and, as a result, the low level of pension payments, the lack of an accumulation element of the pension system.

In pension provision in Ukraine, there is a deepening imbalance between the burden on working people and the number of pensioners supported by them. One of the main factors that negatively affected the pension system was the full-scale invasion of the Russian Federation into Ukraine, which caused a significant outflow of labor, as well as an increase in the number of people with disabilities or deaths of our citizens. The number of able-bodied Ukrainians who could make contributions and support the pension system decreased faster than the number of pensioners. The analysis of pension payments showed that the number of servicemen with disabilities has increased significantly in recent years (by 18% from 2021 to 2024). Therefore, the solidarity pension system of Ukraine needs real reform, which will ensure a fair redistribution of financial resources among all generations of pensioners.

In recent decades, the European community has had similar problems in the pension system, and currently European countries are introducing reforms aimed at raising the retirement age of citizens and forming additional financial funds to support people of retirement age. The pension system in Ukraine has a number of challenges that are not characteristic of EU countries, and therefore it is forming its own path of reform, which is based on a point system. However, it is expedient to implement certain elements of the European practice of pension provision into the Ukrainian pension system. Today, a comprehensive approach to the reform of pension protection is considered appropriate; in particular, it should take into account the following components: the development of the NPF, the start of the second level of the pension system and the formation of the welfare fund. As evidenced by the experience of European countries, they have made positive gains in all of the above-mentioned components. A new direction of support for future pensioners – the welfare fund will enable, without increasing the amount of social deductions, to ensure the principle of justice for future pensioners.

Developed approaches will help Ukraine to overcome the existing imbalance in the formation of the income part of the pension system for the elderly and people with disabilities, which will make it possible to reduce the impact of the demographic factor on the social system in general.

Therefore, reforming pension provision in the conditions of martial law is an extremely important condition for guaranteeing the stability of the future society. Reconstruction of the pension system using international experience requires adaptation to Ukrainian realities and comprehensive

measures from the state. A properly developed strategic plan for pension reform and optimization of income to the Pension Fund will help to ensure a high-quality post-war recovery of Ukraine.

Further research on this issue requires justification of the demographic development strategy of Ukraine.

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