

ABSTRACT

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ABSTRACT

**of the doctoral dissertation entitled „REFORM OF PENSIONS SYSTEM. CHALLENGES
OF INTEGRATION IN THE E.U.”**

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B. KEY WORDS: pension system, active aging, social policy, pensions, work force migration, demographic change, sustainability of the pension system, pension adequacy, time effects model, fixed effects model and least squares dummy variable, the two-way fixed effects model, pension system reform, private pensions, private pension funds.

C. ARGUMENTS FOR THE APPROACH OF THE THEME

In order to achieve basic scientific research goal, from many arguments in favor of the study on pension reform, I believe that these arguments have a very important significance:

- by the end of 2060 the EU population will reach a level of 517 million people, while being much older, about 160 million people will be aged over 65. At the same time, the number of active persons in the total population will experience a downward trend reaching 290 million people, decrease translated into a ratio of two people active for a retired person.

-until 2060 in the European Union expenses arising from the payment of pensions, medical care and providing long-term care of the elderly will increase by four percentage points of GDP, thus, pension expenditures will represent about 13% of GDP of EU.

- for Romania, the World Bank predicts that by 2060, the population will reach 16.9 million inhabitants, of which approximately nine million will have working age. Under these conditions, the elderly dependency ratio will reach 54% in 2060. As a result of the above statements, pension provision in a continuously aging society will be an ongoing challenge for all Member States of the European Union.

-- the decrease in investments made by pension funds entails an increase in contribution rates to pension funds, a reduction of the pension level to be received, which requires ongoing reform policies undertaken in the field of pensions in order to face demographic, economic, social and political challenges, which are constantly dynamic and make our research theme a topic that is permanently on the agenda of governments of all EU Member States.

- another factor which highlights the importance of the research topic is gender dimension. Because women tend to be more numerous, it is determined that pensions for them tend to be increasingly smaller, leading to an increased risk of poverty among them. Career break is more common in women and the new capitalization funded pension systems disregard these periods devoted to family responsibilities as in the case of pension systems based on redistribution, making it necessary to implement further reforms in pension fields.

D. SUMMARY OF CHAPTERS OF DOCTORAL THESIS

In the first chapter entitled "General considerations, construction and diversity of pension systems", I have focused attention on the concept of social policy, pension conceptual approach, focusing on individual interest reporting social policy to their needs. I tried to highlight the fact that social protection facilitates and guarantees access to a large number of citizens to services necessary to preserve human dignity, and also contribute to a balance between personal life and family life. I have also highlighted the developments in social policy since 1957, when the foundations of Community social policy were laid by highlighting the process of redistribution of population income resulted in the welfare state concept.

In the social policies, I have approached the most important form of social insurance, which is represented by the pension. Thus, we appealed to the specialty literature of the country and abroad trying to address the complexity of this form of social insurance.

In the field of social solidarity and of universality of the social protection system in which all employees contribute to the system, I have emphasized the effects, that the gradual withdrawal process of the state in the pension insurance process and the consequences that the revenue management of pensioners produce by private pension funds.

In the second chapter of the "Evolution of the pension system in Romania" I analysed the reforms in the pension system in Romania from Organic Regulations from 1868 until present.

Due to demographic changes affecting pension system in Romania, I have highlighted the need for private pension systems by a statistical approach of private pension market (Pillar II) and of market of voluntary pensions (pillar III) focusing my attention on the evolution of the number of participants in the system, market share of II. pillar pension funds and of voluntary pension funds pillar III, the number of participants, the structure of the investment portfolio, the contributions paid and return of public private pension funds and voluntary pension funds managed within approximately 5 years.

At present, at European level, the reform of pension systems, both public and private, is influenced by economic and social integration and by globalization of financial markets. This goal is contrary to the national implementation of social policy because economic and social integration, meaning European integration limitates social reform at the national level. However, social measures are at discretion of Member States and follow their own political and electoral logic.

Implementation of private pension systems is an important part of the overall reform of pension systems with a major impact on future sustainability and adequacy of pensions.

In Chapter III, *"The impact of demographic changes on pensions systems"*, I have detailed demographic phenomena evolution at European level phenomena that affect the balance between the number of young and older people in terms of the aging population and work force migration.

In this I have tried to emphasize the need to ensure a balance between working life and retirement period by social policy, fiscal and economic measures, in each EU Member State. In order to reach a decision base regarding required measures for that pension systems to meet evolving demographic phenomena, I used statistical indicators relating to population, life expectancy, fertility rates, demographic dependency and work force migration.

The aging of the population has major consequences for both work force and social, fiscal and economic policies undertaken by Member States in order to ensure the balance between working life and retirement period. Europe is facing a demographic revolution and in order to win it is necessary that civil society together with the governments of the Member States to work together in order to find solutions mitigating the effects of demographic changes on pension systems on economic growth, living standards and not only.

In Chapter IV, "Study on the adequacy and sustainability of pension systems" I highlighted how reforms of pension systems in Europe offer a solution on individual income growth with aging. We also analyzed the factors influencing the risk of poverty for people aged over 65 years through a study that will include the analysis of about 32 countries, of which 28 EU Member States, to which we added indicators for Iceland, Norway, Switzerland and Turkey but also EU15 and EU27, for a period of fourteen years.

Therefore, an adequate and sustainable pension system should provide a solution to protect pensioners from poverty and to enable them to maintain the same standard of living. The main way by which we can assess the effectiveness of measures adopted at European level is to compare the living standard of a person at a time when that person is employed with its living standard after retirement from the market of work force.

Therefore, with this next study, I sought to identify factors that influence the risk of poverty for people aged over 65 years and the aggregate replacement rate and the quantification of this influence by means of econometric modelling.

The paper ends with final conclusions and several ideas on the future of pension systems.