

Non-state pension funds: quo vadis?

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Long Term Strategy for Pension System Development

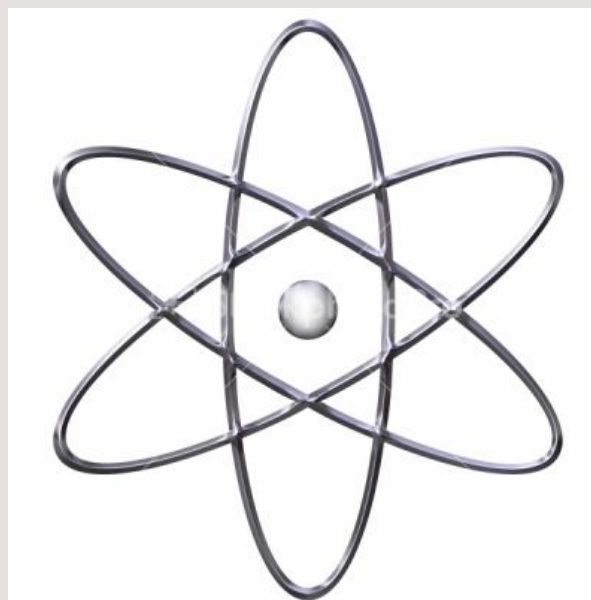
- What does it say about private pensions?
 - Increasing risk of financial instability of NPFs
 - Middle class pensions to be supported by corporate and private pension schemes
 - Development of three pillar system for different classes of population (with the emphasis on voluntary pension insurance and private pensions for middle and higher paid classes)
 - Three pillar system:
 - Labour pension funded by obligatory contributions
 - Corporate pension funded by the employer with possible participation of the employee
 - Private pension funded by an individual

What will happen to non-state pension funds?

- NPFs to participate in the first pillar system
- NPFs to take active role in corporate pension programmes together with insurance companies and employers
- Organisational (corporate) form of NPFs to be “improved”

Organisational forms of private pensions

- Currently NPFs are non-for-profit entities
 - No straight ways to make profit so cannot be a business
 - Management issues
 - M&As are headache



Experience of other countries

– Main ideas:

- Creation of a separate pool of money
- Management of this pool by a professional licensed entity separate from the owner of the pool
- Strict regulatory supervision and control over the use of this money



Fund managers: experience of other countries
(look up <http://eguides.cmslegal.com/pensions>)

- Insurance companies and/or special pension fund companies (fund managers):
 - Belgium
 - Spain
 - Ukraine (as well as banks, licensed administrators and asset managers)
- Insurance companies:
 - France
 - Germany
 - Slovakia
- Special pension fund management companies:
 - Bosnia and Herzegovina, Serbia, Poland, Bulgaria, Croatia

Fund managers: experience of other countries (ctd.)

<http://eguides.cmslegal.com/pensions>

- Public/quasi-government entities:
 - China (Insurance Administration Centres and life insurance companies)
- Pension funds:
 - Romania – partnerships
 - Hungary – self-governing non-for-profit entities
 - Italy – self-governing entities and corporations established by employers, stock brokers or insurance companies
 - Switzerland – foundation or cooperative
- Other
 - UK (trustees)

Thank you for your attention!



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