

DEMOGRAPHIC AGING OF POLISH SOCIETY AND ITS EFFECTS FROM THE POINT OF VIEW OF PENSION FINANCE

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Abstract:

The demographic aging of Polish society adversely affects its financial stability. The pension reform of 1999 introduced the formula of defined contributions. The change was aimed at ensuring the long-term sustainability of the pension system. Although the reform may have somewhat improved the system's potential for solvency, the same also entailed a decrease in the theoretical replacement rate, a situation that could be remedied by increasing the retirement age.

The aim of the study was to assess the effects of introducing the formula of defined contribution, as analyzed from the perspective of pension adequacy. An additional goal was to analyze the increase in the universal retirement age and to assess the effects of the same on the level of future replacement rates.

The following research hypotheses were verified. H1: The Polish pension system may be closer to balancing, but at the expense of lowering the replacement rate, which under the current conditions may even fall below the poverty threshold. H2: Extending the universal retirement age may partly improve the financial situation of future pensioners, especially women.

The main research methods employed included literature studies, theoretical considerations, and an empirical analysis of statistical data.

In conclusion, it was observed that the legislators' excessive preoccupation with maintaining long-term financial sustainability is not conducive to the achievement of other important goals of the pension system, such as ensuring the adequacy of pensions and preventing elderly people from falling into poverty. In light of the above, further reforms may still be required.

Key Words: Retirement, Social insurance, Contributions, Demography, Poverty