**Serbia has avoided the trap of introducing mandatory private pensions, as almost all Eastern European countries have unsuccessfully done, Fiscal Council member Nikola Altiparmakov told Tanjug, noting that mandatory private pensions have proven to be less than state pensions and should be used only as additional savings. for income in old age.**

In a recently published analysis, the Fiscal Council assessed that private pension funds, which have existed in Serbia for 15 years, have not met reform expectations.

Altiparmakov points out that from South America to Eastern Europe, it has been shown that mandatory private pensions are not a good solution, and that the state system should remain the main source of pension income.

"As far as Serbia is concerned, we did not make the biggest mistake of introducing mandatory private pension funds, so we did not violate the integrity of the state pension system, which is very good," Altiparmakov emphasized.

According to him, in Serbia, about three percent of workers save in private pension funds, and in 2021, about 70,000 workers actively paid into them.

**No reason to worry**

When asked what is the fate of state pension systems and how he sees the fact that young people often say today that it will be difficult to receive a pension and that pensions as they are today will not even exist when they are old, Altiparmakov said that state pensions will continue to exist in Serbia and Europe. and America.

"The good news for young people is that there will be state pensions in Serbia, Europe and America, although young people have some uncertainties and fears regarding state pension systems. "What we have seen in Serbia and Eastern Europe has shown that state pension systems are the least bad solution," he said.

As he said, with the pension reform from 2014, Serbia managed to largely stabilize our pension system.

"And today we can say that we have a stable pension system and a stable budget, because pension systems were the ones that created problems with budgets, from Greece, Italy, Spain to Serbia. We managed to stabilize the pension system, just as the budget was stabilized ", stated the expert of the Fiscal Council.

He told Tanjug that based on the Swiss formula, due to the acceleration of inflation, the increase in pensions according to that formula will be close to 10% in January 2023.

"So to compensate for this increase in inflation that we currently have," he added.

Speaking about the main reasons why private pension systems did not meet expectations in Serbia, he said that there were some unrealistic expectations in the whole of Eastern Europe about 20 years ago, as opposed to Western Europe, where it was recognized that state pension systems are a pillar of old age. to replace only additions.

On the other hand, in Eastern Europe there were unrealistic expectations that private pensions could replace state pension systems, which proved very bad in countries in the region, such as Hungary, Croatia, Poland, Bulgaria and almost all Eastern European countries, except Serbia and Slovenia.

In the end, it turns out, he adds, that the pensioners who participated in them have lower pensions than from the state system, so most countries have abolished or reduced mandatory private pension funds.

Altiparmakov states that one of the problems when it comes to private pension funds is the excessive fees charged by our funds.

He stated that the second problem is that due to some bylaws, our private pension funds cannot invest more than 10% of their assets abroad, which is not rational. Altiparmakov emphasizes that, for example, the American stock exchange had a return of almost 30 percent last year, while our private pension funds had negative real returns in the last two years. The third problem, Altiparmakov adds, is that our private pension funds do not provide any security to depositors in terms of guaranteed returns, unlike Slovenia, the Czech Republic and Slovakia, which provide guarantees that these invested funds cannot be lost. Also, our private pension funds predominantly, almost exclusively, invest in government bonds and for which the state grants, Dnevnik reports.