

AM Partners Consulting Company  
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# BASELINE SURVEY OF GENERAL POPULATION AWARENESS OF THE GOVERNMENT PROPOSED PENSION REFORM



US Agency for International  
Development



Pension and Labor Market Reform  
Project



AM Partners Consulting Company

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## 1 INTRODUCTION

*Baseline survey of general population awareness of the Government proposed pension reforms* (henceforth Survey) has been implemented within the frames of **Pension and Labour Market Reform Project**<sup>1</sup> (henceforth PALM) funded by the **US Agency for International Development** (henceforth USAID). The client is **Deloitte Consulting LLP** which is implementing the PALM Project. The survey has been conducted by **AM Partners Consulting Company LLC**<sup>2</sup> during the period of October, 2010-March, 2011.

### 1.1 SURVEY OBJECTIVES

Within the terms of present pension system of Armenia, which is a distributive pension system based on the generations solidarity principle, current employees (those who make payments to the pension system) finance pensioners' pensions. The current pension system is financed at the expense of monthly payments (social payments) done by employees and their employers.

Although the biggest share<sup>3</sup> of social payments are addressed to the financing of pensions, however the current pension system does not ensure equal pensions. The principle of generation solidarity is intermitted. The absence of connection between the system's payments and expected amount of pension has created obstacles for social payments.

- On the one hand employees avoid doing social payments to a system, which is not able to ensure a pension higher from the poverty line. On the other hand employees realize that their future pension does not depend on the amount of their social payments.
- Employers also avoid doing social payments by taking advantages of the shortcomings of tax administration and by trying to reduce their costs. They do this by hiding the real quantity of their employees (informal employment) or by showing lower salaries for their employees.

Employees of rural enterprises are also informal from the viewpoint of doing social payments, as they are legally exempted from doing social payments.

The problem of financial stability of pension system is actual and is connected with the existence of such factors as:

- Incomplete registration of social payments;
- Incomplete registration of the quantity of those who do social payments;
- Increase of pensioners' quantity, connected with several demographic factors;
- Increase of pension amount connected with indexation of pensions<sup>4</sup>.

Thus we can conclude that the current distributive pension system faces challenges connected with demographic problems of the population, existence of informal economy and necessity of ensuring higher incomes for the population.

In order to face those challenges and increase the efficiency of pension system the RA Government has proposed pension reforms which are meant to solve the system's problems, i.e. to ensure equal

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<sup>1</sup> [www.plm.am](http://www.plm.am)

<sup>2</sup> [www.ampartners.am](http://www.ampartners.am)

<sup>3</sup> Appropriation for social payments had comprised 28.5% of state budget costs and 7.0% of GDP in 2010. Pension payments comprised 73.4% of total social payments. Sources: a) "RA socio-economic situation in January-December of 2010", NSS, 2011; and b) RA law "On 2010 state budget" (10.12.2009, number 225-N)

<sup>4</sup> High rates of inflation will make the Government from time to time implement positive indexation of pensions

pensions for pensioners and financial stability for the pension system. On December 12th, 2010 the RA Parliament adopted package of legislative amendments about pension reforms. *Multipillar pension system* will be introduced as a result of these reforms. In the case of the latter *distributive pension system* will still be in use, however *funded pension system* will be applied as well. The funded pension system will operate based on voluntary and mandatory principles. Since January of 2011 *voluntary pension system* is already in use. *Mandatory pension system* will be in use from the year of 2014.

The reforms are already in process. However, they do not have the same perception among professionals, various political forces, and among the population in general. There are opinions both favorable and against the reforms, which have certain bases.

In the result of a process, which has a public inclusion, in order to weaken possible social tension and complaints pension reforms must be accompanied with explanatory and illustrative activities, as well as with informative campaigns. That is why; all the interested parties who are in favour of reforms need to be informed *about the populations' awareness and attitude towards the current pension system and the reforms that are in process*. In order to efficiently and rationally organize the activities of public awareness the USAID PALM Project has initiated the implementation of this survey. It is planned to implement an effective informative campaign, based on the results of the survey, to raise the population awareness about the mentioned reforms, to form a positive attitude and to ensure a smooth process for reforms' implementation.

The objectives of this survey are:

- To find out the awareness level of population and their attitude about the current pension system,
- To find out the awareness of population, their positions and expectations about pension reforms,
- To collect opinions about populations' confidence in the operation of state and financial institutions,
- To find out the main sources of information for population and their confidence in them.

## **1.2 METHODOLOGY APPROACHES**

### **1.2.1 Method of survey implementation**

Massive polling method was chosen for the implementation of the survey. From the viewpoint of solving the survey problems the use of quantitative method was the most efficient, as there was a necessity to have a full understanding of general population and obtain representative data in a short period of time.

A *standartized questionnaire* has served as a tool for implementing the survey. Based on the peculiarities of the survey objectives, there have been both open and closed-end questions in the questionnaire. The latter helped to fill the lack of qualitative information and obtain content-rich material. As a result of such approach it became possible to supplement the quantitative survey results with descriptive data of population attitude, conception and awareness about the current pension system and the expected reforms.

The questionnaire consists of 47 questions, which are divided into 5 theme sections:

- population awareness, conceptions and positions towards the current pension system;
- population awareness, attitude, expectations and concerns about the pension reforms;
- population confidence in state and financial institutions;
- sources of obtaining information, public confidence and interest in them;
- demographic description of the surveyed general population.

The questionnaire has been developed by *AM Partners Consulting Company* with active and constructive participation of the PALM Project and other interested institutions. As a result of regular meetings and discussions, comments and suggestions have been made about the content of the questionnaire which are best expressed in the final version of the questionnaire. At the beginning of December, 2010 a pilot survey has been implemented among 16 respondents to find out whether the questions are clear and explicable, are logically well formed and logically precede each other. The pilot survey resulted in a necessary corrections that were made and the questionnaire was finalized.

### 1.2.2 Survey sampling

#### 1.2.2.1 Sample size

Number of the workable age (16-62 years old) population and above (the current pensionnaires above 63) comprised the general population of the sample frame. According to official data, as of January 1, 2009 the size of those groups comprised 2,198,600 and 385,500 people, i.e. 2,584,100 people in total<sup>5</sup>. Survey sampling was calculated based on that size of the general population, which comprised 992 person. The calculation of survey sampling was done by the following formula.

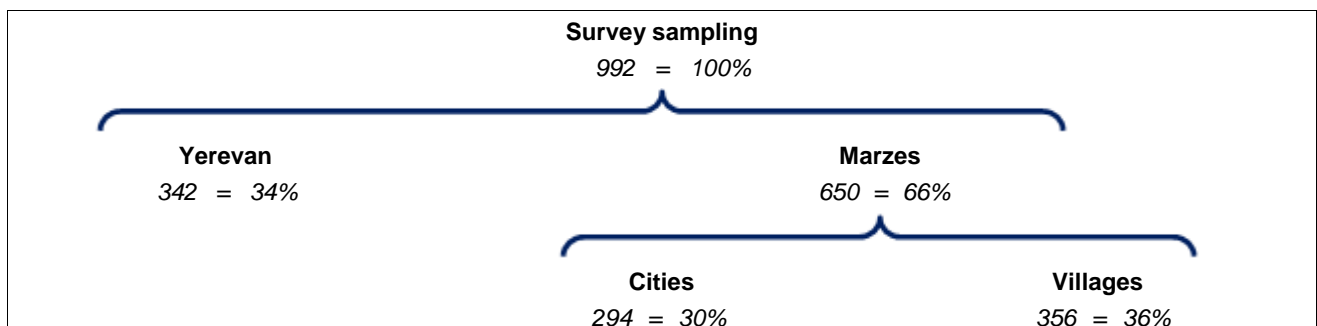
**Table 1 - Calculation formula of survey sampling**

$n = \frac{N \cdot k_{\alpha}^2 \cdot \delta^2}{N \cdot \Delta^2 + k_{\alpha}^2 \cdot \delta^2}$	where	<i>N</i> -	is the general population	<b>Size</b>
		<i>α</i> -	is the acceptable error percentage	2,584,100
		<i>k<sub>a</sub></i> -	is the trust indicator	0.035 (3.5%)
		<i>δ</i> -	is the dispersion of the surveyed feature	1.89
		<i>Δ</i> -	is the sampling error	1/4 (=δ <sup>2</sup> )
		<i>n</i> -	is the sampling	0.03 (3%)
				992

#### 1.2.2.2 Geographical distribution of the survey sample

Regional multi-degree sampling was applied for the survey implementation. By the *first step the residence types* were defined as sampling unit. Capital city Yerevan and other cities and villages of Marzes have been differentiated as such. The sample was distributed by the population proportion<sup>6</sup> among the mentioned communities, which resulted in the following distribution:

**Table 2 - Sample distribution of the survey by community types**



By the *next step* sampling units were separated in Yerevan and Marzes. The sampling of Yerevan (342 people) was distributed between the administrative areas of the city by population proportion of the

<sup>5</sup> Source: RA Statistic Yearbook, 2009, NSS, 2009

<sup>6</sup> Source: RA Statistic Yearbook, 2009, NSS, 2009

areas. The number of permanent population<sup>7</sup> of Yerevan as of April 1, 2010 was taken as basis when implementing the distribution of Yerevan sample.

**Table 3 - Sample distribution of the survey by administrative areas of Yerevan**

Administrative areas	Permanent population, person	Share in total	Sample distribution by administrative areas, person
<b>YEREVAN, including</b>	<b>1,117,800</b>	<b>100.0%</b>	<b>342</b>
Ajapnyak	108,100	9.7%	33
Avan	51,000	4.6%	16
Arabkir	130,900	11.7%	40
Davtashen	41,000	3.7%	13
Erebuni	121,700	10.9%	37
Kentron	130,500	11.7%	40
Malatia-Sebastia	141,600	12.7%	43
Nor-Nork	146,700	13.1%	45
Nork-Marash	11,300	1.0%	3
Nubarashen	9,600	0.9%	3
Shengavit	146,200	13.1%	45
Kanaker-Zeytun	79,200	7.1%	24

In order to implement the survey in other cities and villages of Armenia two cities and two villages were chosen from each Marz. Only cities with population of more than 10,000 people were considered. The selection of villages was done based on the principle of fully representing the areas. The following areas of Armenia were included in the survey.

**Table 4 - Sample distribution of the survey by communities**

Marzes			Cities			Villages		
Yerevan	342	34%	Yerevan	342	34.5%	-	-	-
Aragatsotn	43	4%	Ashtarak	10	1.0%	Oshakan	17	1.7%
						Kuchak	16	1.6%
Ararat	85	9%	Ararat	12	1.2%	Sayat-Nova	30	3.0%
			Artashat	15	1.5%	Kakhtsrashen	28	2.8%
Armavir	88	9%	Armavir	8	0.8%	Bambakashat	29	2.9%
			Echmiadzin	20	2.0%	Baghramyan	31	3.1%
Gegharkunik	71	7%	Gavar	13	1.3%	Vardenik	22	2.2%
			Sevan	13	1.3%	Nerkin Getashen	23	2.3%
Lori	87	9%	Vanadzor	45	4.5%	Shirakamut	17	1.7%
			Alaverdi	7	0.7%	Gyulagarak	18	1.8%
Kotayk	86	9%	Hrazdan	27	2.7%	Arzakan	19	1.9%
			Abovyan	21	2.1%	Nor Geghi	19	1.9%
Shirak	86	9%	Gyumri	44	4.4%	Azatan	17	1.7%

<sup>7</sup> Source: RA permanent population as of April 1, 2010, NSS, 2010



			Artik	7	0.7%	Ashotsk	18	1.8%
Syunik	47	5%	Kapan	21	2.1%	Gorayk	8	0.8%
			Goris	11	1.1%	Khndzoresk	7	0.7%
Vayots Dzor	17	2%	Yeghegnadzor	4	0.4%	Areni	5	0.5%
						Malishka	8	0.8%
Tavush	40	4%	Ijevan	16	1.6%	Achajur	13	1.3%
						Voskepar	11	1.1%
<b>Armenia</b>	<b>992</b>	<b>100%</b>	<b>Cities</b>	<b>636</b>	<b>64%</b>	<b>Villages</b>	<b>356</b>	<b>36%</b>

Thus, it can be stated that all the regions of Armenia were involved/represented in the survey sample (see Chart 1). Interviews were done in such communities that are both close and far from Yerevan. They differ from each other by their socio-economic conditions, cultural peculiarities, different perceptions of various public issues, etc. By the geographic cover of the survey we can say that it covers all the regions of Armenia, and the sampling size allowed us to obtain representative data for the whole country.

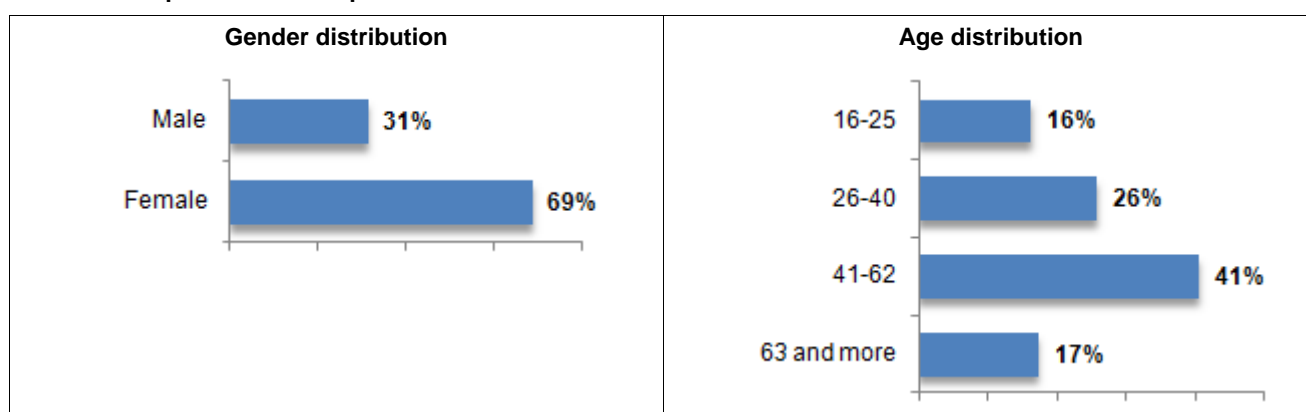
Chart 1 - Survey geography

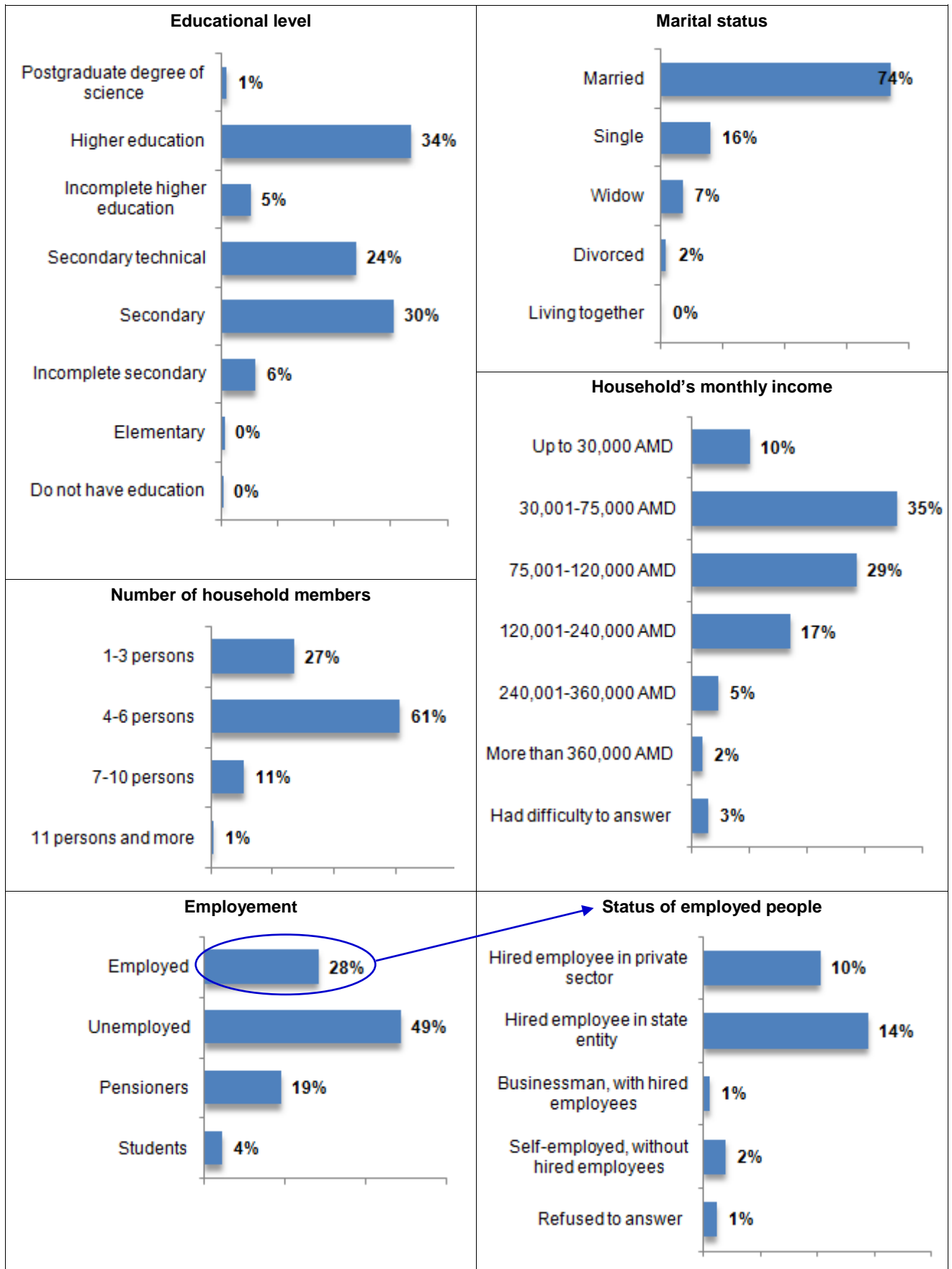


### 1.2.2.3 The method of selecting respondents and their profile

By the next step of forming the sample the units (communities) were divided into smaller units by streets. In the communities of Yerevan one main and two small streets were chosen, while in Marzes one central and two non-central ones were chosen. Then randomly the first house and building were defined. In the case of buildings each second building was chosen, while in the case of houses each 5<sup>th</sup> one was chosen. In order to ensure the randomness of the survey interviews were taken from those members of households whose birthdays were closer to the date of interviews. As a result, a group of respondents was formed consisting of 992 people, whose profile is presented in Chart 2.

Chart 2 - Respondents' main profile





From the data of Chart 2 the distribution of respondents by their gender is worth to pay attention. Predominance of women among respondents is conditioned by the fact that women were more eager to participate in the survey.

### 1.2.3 Survey implementation

Interviews were implemented in the period of December 16-28, 2010. Special attention was paid to the monitoring of the interviews' quality. In order to obtain high quality and trustworthy data the following measures were applied:

- in order to evaluate the quality of interviews the project coordinator has participated in interviews with each interviewer;
- check up-calls have been made to make sure that interviews have really been implemented;
- in order to control the sampling step the interviewers were given route sheets, where they have marked all the addresses of respondents, rejections and locked doors. Before inserting the data the questionnaires were checked and analyzed paying special attention to the answers of tricky questions.

Quantitative data of 992 filled-in questionnaires has been encoded and entered into the SPSS<sup>8</sup> platform. Before the data digitalization, the quality of filled-in questionnaires was checked, and as a result 43 questionnaires were taken out, as some questions were not completely filled in, demographic data was missing, and nonsense answers were given to open questions. In order to check the data double interviews were done via telephone calls with 28 respondents, besides interviewers visited 15 respondents for the second time. Double interviews via telephone calls were made only in the case of far regions, such as Syunik, Lori, Shirak, as double visit was impossible due to lack of time.

Data encoding and analysis of survey results was implemented in the period of January-February, 2011. Analytical report was drafted in the period of February-March of 2011.

The following solutions were given to the problems and difficulties that rose during the interviews.

Main problems	Solutions
According to the information obtained from the interviewers in Yerevan it was difficult to take interviews during the daytime of weekdays because most of households' members were out	☞ Yerevan interviews were taken on weekends, when mostly all households' members were at home
Interviewers faced problems in Yerevan because front doors of the buildings were encoded, especially in the central districts	☞ Interviewers have visited other buildings, which resulted in wasting additional time. However, they have kept the principle of randomness
In Marzes as well interviewers faced difficulties related to sampling step, as in some villages the houses were quite scattered, were not numbered, and streets were irregular	☞ In such cases the interviewers numbered the houses and streets themselves
According to the information obtained from the interviewers in villages there have been cases when besides the respondent other members of household or community were present during the interviews. As a result sometimes interviews have become group discussions because the topics were too interesting	☞ In order to avoid this interviewers have only recorded the answers of respondents who were selected by the principle of randomness
The interviewers say that they had difficulties with the gender distribution, age and educational level of respondents. The problem is that mainly women, elder citizens and those who have higher education were eager to participate in the interviews, while younger people were less interested in the	☞ In the case of refusals interviewers talked to next members of households whose birthdays was closer to the interview date

<sup>8</sup> Statistical Package for the Social Sciences

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issues connected with pensions and did not tend to answer the questions	
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While summarizing the results of the survey it became clear that in general there had been 238 cases of rejection, i.e. each fifth person refused to participate in the survey. The most cases of rejection were registered in Yerevan, i.e. 144 rejections (rejection by each third person). In the cities of Marzes each sixth person refused to participate in the survey, while in villages each tenth person did. In fact, the surveyors had registered that rural population had refused to participate in the survey mainly because of being busy at that moment, while in Yerevan people did not want to communicate, answer questions, even had refused to open their doors.

## 2 CURRENT PENSION SYSTEM: AWARENESS, CONCEPTIONS AND ATTITUDE

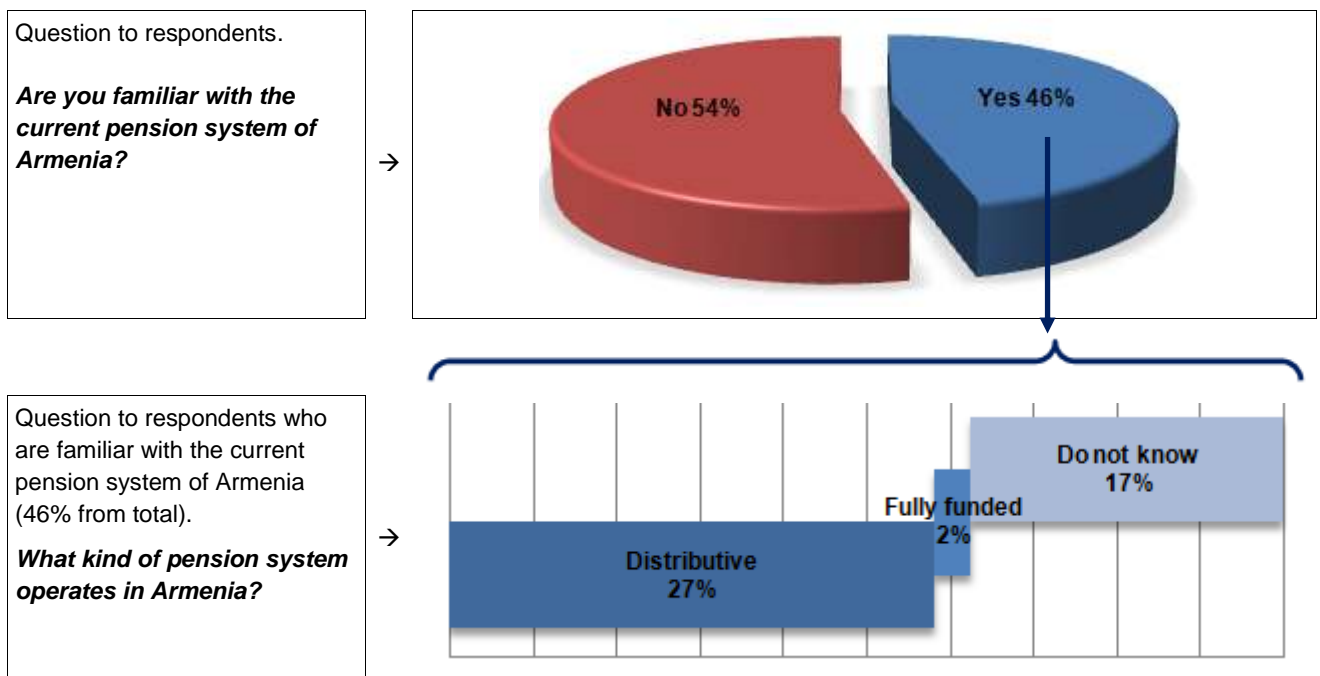
### 2.1 PUBLIC AWARENESS ABOUT THE CURRENT PENSION SYSTEM

#### 2.1.1 Pension system's characterization by the population

The survey results affirm that public awareness about the current pension system is low. 27% of respondents have fairly answered that current pension system of Armenia is *distributive*. The other 73% of respondents do not know the answer, or if they do, their answer was wrong. 2% of respondents are *unaware* of the current pension system, as they think it is a funded pension system. Here the influence of the recent press articles and TV speeches about funded pension system is notable.

In order to find out the level of population awareness about the current pension system two open questions were asked to respondents. Here are the results.

**Chart 3 - Definition of the pension system by the population**



There are at least two reasons for the low awareness of population about the current pension system:

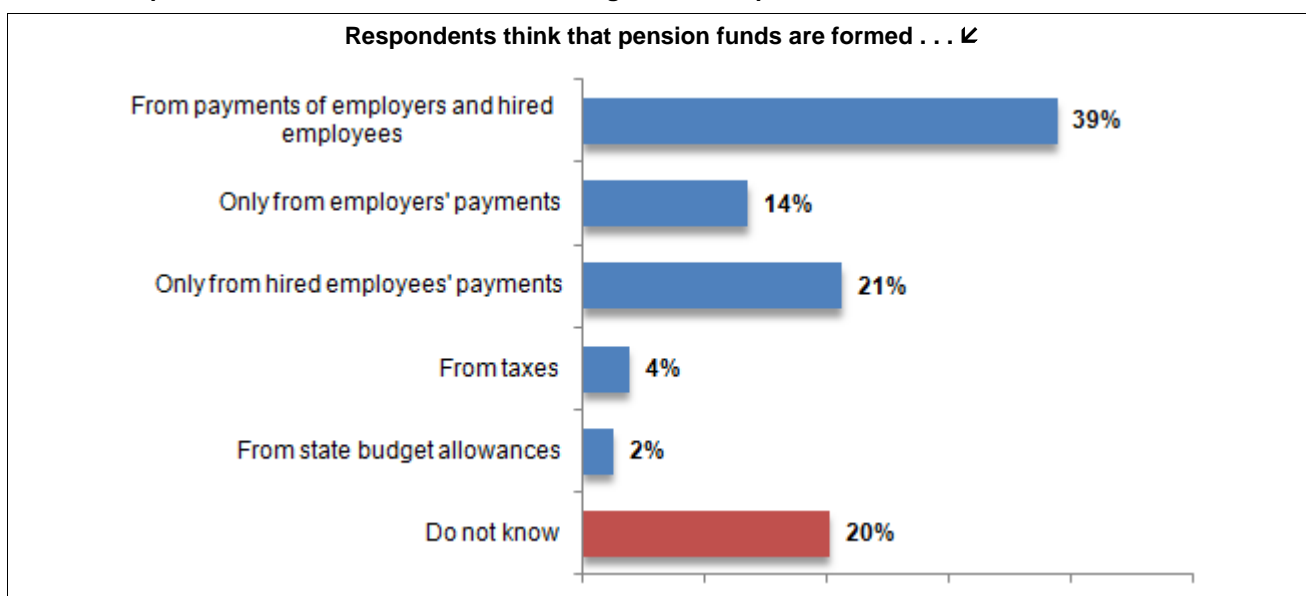
- Most of the population does not have any contacts with the pension system until the retirement age (63), which would contribute to obtaining information about the system. In daily life issues related to the pension system and the pensions are not urgent for those who are below the retirement age, which is why; they do not remember the information they have heard or obtained.
- Even hired employees, who participate in the formation of pension system's incomes by 3% of their monthly income, do not have a high level of awareness. Only 31% of hired employees (28% of total, see Chart 2) have mentioned that current pension system of Armenia is distributive. The problem lies within the fact that employer are legally responsible for doing social payments for their employees. As a result, hired employees do not have an opportunity contact to or relate with the pension system.

### 2.1.2 Population's awareness about the financing sources of pensions and their size

Until 2008 the State Fund of Social Insurance (SFSI) was the funding source of the pension system; funds were generated from social payments of employers and hired employees. However, the generated funds of the SFSI were not sufficient for ensuring financial stability for the system, especially after the 60% raise of pensions in 2008. As a result, the SFSI was reformed to State Social Insurance Service, and social payments were addressed to the state budget, which is currently financing the pensions.

Thus, sources of funds are employers, employees and the State. From this viewpoint respondents' answers about the sources of funds can be considered mainly or partially right (see Chart 4). 20% of respondents make an exception, as they do not have any idea about the financing sources of pensions.

Chart 4 - Population's awareness about the financing sources of pensions



Employers, hired employees and individual entrepreneurs make social payments in Armenia. We suppose that people identify entrepreneurs with employers. That is why; they do not mention them separately. If it is true, we can consider 39% of respondents came with *mainly correct* answer to the question about the sources of funds. With the same logic the answers of those respondents, who think that in Armenia only employers (14%), or only hired employees (21%) or only the State (6%) makes social payments, should be considered as *partially correct*.

If population awareness about the sources of funds can be considered satisfactory, in the case of social payments the population is quite unaware of the amounts. However, before presenting statistical data, it is necessary present the types and amounts of social payments in Armenia. It will help to better understand the below presented statistics.

According to the RA Law on "Mandatory social payments", in Armenia employers, hired employees and individual

Table 5 - The amount of employers' and hired employees' social payments

EMPLOYERS	
Objective monthly size of the calculation of social payments	The amount of social payment
< 20,000 AMD	7,000 AMD
20,000-100,000 AMD	7,000 AMD + 15% of the sum exceeding 20,000 AMD
> 100,000 AMD	19,000 AMD + 5% of the sum exceeding 100,000 AMD

HIRED EMPLOYEES	
The bases of the social payments calculation	The amount of social payment
Salary and incomes equal to it	3%

entrepreneurs should make social payments. During the survey we concentrated on the amounts of employers' and hired employees' social payments. They differ by payers and are presented in Table 5.

Respondents have mentioned only one figure (regardless of being right or wrong) for the amount of employers' social payments, even though there is a counting scale for employers' social payments. Thus, all the answers which were 7,000 AMD, 15% or 5% we have considered to be correct, supposing that respondents have mentioned the amounts of social payment which is paid for them. In the case of hired employees there is no such problem; here the answer is definitely correct (3%).

Respondents were classified into the following three groups based on their answers about the rates of payments applied in the current pension system:

1. Respondents who gave *mainly correct* answers. This group, which comprises 39% of population, thinks that pensions are financed at the expenses of **both employers' and hired employees'** social payments. The statistics of this group's answers is presented in Table 6.
2. Respondents who gave *partially correct* answers. This group, which comprises 14% of population, thinks that pensions are financed at the expense of **only employers'** social payments. The statistics of this group's answers are presented in Table 7.
3. Respondents who gave *partially correct* answers. This group, which comprises 21% of population, thinks that pensions are financed at the expense of only hired employees' social payments. The statistics of this group's answers are presented in Table 8.

**Table 6 - Population's awareness about the amount of social payments (a)**

Respondents, who think that pension budget is formed from social payments of *both employers and hired employees* (39% out of total)

		The amount of hired employees' social payments according to respondents (share in 39%)																										Total	
		0%	0.5%	1%	2%	3%	4%	5%	6%	7%	10%	14%	15%	16%	20%	30%	40%	500 AMD	2,000 AMD	3,500 AMD	4,000 AMD	5,000 AMD	6,000 AMD	7,000 AMD	7,500 AMD	12,000 AMD	Do not know		
The amount of employer's social payments according to respondents (share in 39%)	1%																										0.5%	0.5%	
	2%				0.3%										0.3%													0.5%	1.0%
	3%					1.0%																						1.0%	2.1%
	4%				0.3%	0.3%																							0.5%
	5%			0.3%	0.3%	0.5%		0.3%		0.3%																		1.0%	2.6%
	6%					0.3%																							0.3%
	7%					0.3%			0.3%																				0.5%
	8%					0.3%					0.3%																		0.5%
	10%					1.3%		0.3%			0.5%				0.3%													0.8%	3.1%
	13%	0.3%				0.5%																							0.8%
	15%					1.0%		0.3%		0.3%			0.3%															0.3%	2.1%
	18%										0.3%																		0.3%
	20%					0.3%					0.5%				0.5%								0.3%					0.5%	2.1%
	25%																											0.3%	0.3%
	28%													0.3%															0.3%
	30%					0.3%			0.3%				0.3%			0.3%												0.5%	1.6%
	35%					0.3%																							0.3%
	5,000 AMD							0.3%															0.3%					1.6%	2.1%
	6,000 AMD																											0.5%	0.5%
	7,000 AMD					0.8%																				0.3%		0.8%	1.8%
7,500 AMD					0.3%																							0.3%	
8,000 AMD									0.3%																			0.3%	
10,000 AMD																					0.3%			0.3%				0.5%	
12,000 AMD																										0.3%		0.3%	
20,000 AMD					0.3%																							0.3%	
50,000 AMD																											0.3%	0.3%	
Do not know		0.3%	0.5%	0.5%	3.1%	0.3%	2.3%		0.8%	0.8%	0.3%					0.3%	0.3%	0.3%	0.3%	0.5%	1.3%	0.8%	0.3%	0.5%		61.8%	75.1%		
<b>Total</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>1.3%</b>	<b>10.6%</b>	<b>0.3%</b>	<b>3.4%</b>	<b>0.5%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.8%</b>	<b>1.8%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>0.5%</b>	<b>0.3%</b>	<b>70.4%</b>	<b>100%</b>		



Table 6 attests that there are *fully* and *partially* aware groups among those respondents who gave *mainly correct* (39% out of total) answers about the sources of funds for pensions. Thus, 10.6% (4.1% out of total) of the mentioned respondents knows the correct amount of hired employees’ social payments, and 6.5% (2.5% out of total) knows the correct amount of employers’ social payments. However, the share of those people who know the correct amounts of both employers’ and hired employees is extremely low, only 2.3% (the figures in the crossing cells of highlighted rows and columns in Table 6). It comprises 0.9% of the total sampling, which is a very low, actually.

The awareness level about social payments is very low also among those respondents, who gave partially correct answers to the question about the pensions’ financing sources. They comprise 14% of the surveyed population, who think that only employers make social payments, and 21% of the surveyed population, who think that only hired employees make social payments. Those groups’ awareness indicators about social payments are presented below.

**Table 7 - Population’s awareness about the amount of social payments (b)**

Respondents, who think that pension budget is formed from only *employers’ social payments* (14% out of total)

Amount of social payments according to respondents	Share of respondents (in 14%)
1-4%	10%
<b>5%</b>	<b>3%</b>
6-10%	2%
<b>15%</b>	<b>2%</b>
20-28%	4%
5,000 AMD	1%
<b>7,000 AMD</b>	<b>1%</b>
10,000 AMD	2%
Do not know	76%
<b>Total</b>	<b>100%</b>

**Table 8 - Population’s awareness about the amount of social payments (c)**

Respondents, who think that pension budget is formed from only *hired employees’ social payments* (21% out of total)

Amount of social payments according to respondents	Share of respondents (in 21%)
0.5-2%	3%
<b>3%</b>	<b>4%</b>
4-30%	7%
800-13,000 AMD	4%
Do not know	82%
<b>Total</b>	<b>100.0%</b>

☞ Correct answers are highlighted

Table 7 and Table 8 show that 6% (1% out of total) of respondents, who gave *partially correct* answers about sources of funds, know the correct amount of employers’ social payments, and 4% (1% out of total) know the correct amount of hired employees’ social payments.

Thus, we may conclude that population’s awareness on the amounts of social payments is low. Only 1% of the population has full information about the amounts of social payments, and only 2% has partial information.

### 2.1.3 Population’s awareness on pension’s structure and amount

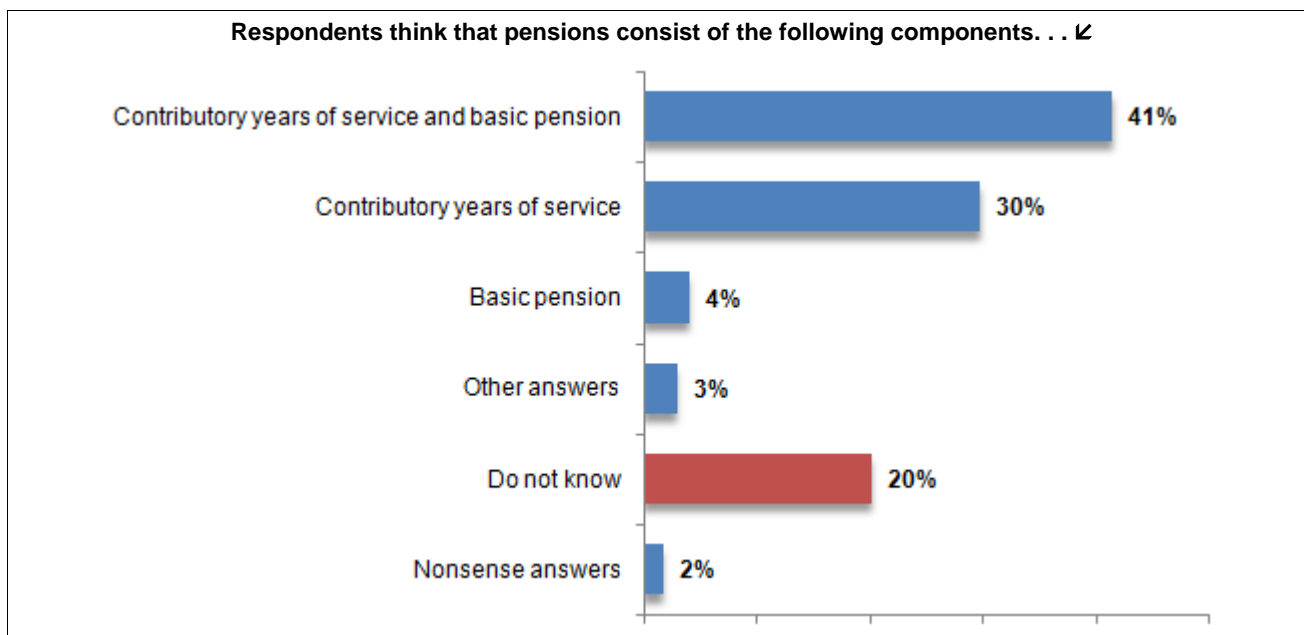
According to the RA Law on *State pensions*, the current pension system of Armenia is divided into 2 groups: a) insured and b) social. Insured pensions are of 6 types: old age pension, privileged pension, long service pension, disability pension, survival pension and partial pension. There are another 3 pension types in the group of social pensions: old age, disability and survival. The survey of population awareness about pension’s structure and amounts was implemented based on old age insurance pension, since it has general use and does not depend on pension peculiarities of separate social groups.

Before presenting the awareness of the population on the structure and components of old age insurance pension, it is necessary to address the question of how pension structure is defined by legislation (see Table 9). Two main components of pension are basic pension and the value of one year of contributory service. Those two components are the bases of population awareness survey of pension structure and components (see Chart 5).

**Table 9 - Formula of pension calculation**

$P = BP + (n \times V) \times F$		
Where:		
<i>P</i> -	monthly amount of pension	
<i>BP</i> -	basic (main) pension	10,500 AMD
<i>n</i> -	number of contributory service years	
<i>V</i> -	value of one year contributory service	450 AMD
<i>F</i> -	personal factor of pensioner	(**)
(*) -	At the moment of survey	
(**) -	in the case of more than 25 years of contributory service indicator is defined	
0.04		

**Chart 5 - Population's awareness of pension components**



Unlike the previous awareness indicators, population awareness of pension structure and components is quite high (41%). At the same time, a large number of population has incomplete information and thinks that the amount of pension depends only on work experience (covered employment) (30%) or only on basic pension (4%). 25% of the population is completely unaware of the pension structure. 20% of respondents have declared it. The other 5% think that pension amount depends on the *amount of salary* (1.8%), on the amount of *minimum consumption basket* (0.5%), or on the number of *pensioner's children* (0.2%) and on several other factors, including various nonsense answers (2%).

There is a general unawareness about the volumes of pension components. It is similar to the case of those who make social payments and the amount of social payments which was analyzed in the previous chapter. Obviously, **the population is quite aware of the qualitative information but does not know/is unaware or finds it difficult to remember the quantitative data.** Respondents' awareness indicators for the amount of basic pension and for the value of one year contributory service attest this.

Chart 6 - Population awareness of the amount and the value of one year contributory service

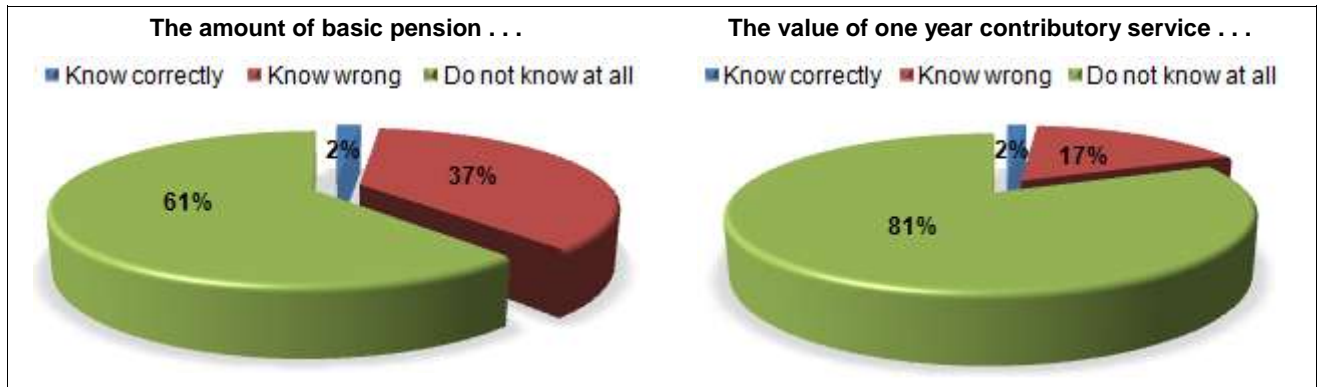


Table 10 - Population awareness of the amount of basic pension

AMD	Share of respondents
1,000-10,250	20%
<b>10,500</b>	<b>2%</b>
11,000-35,000	17%
Do not know	61%
<b>Total</b>	<b>100%</b>

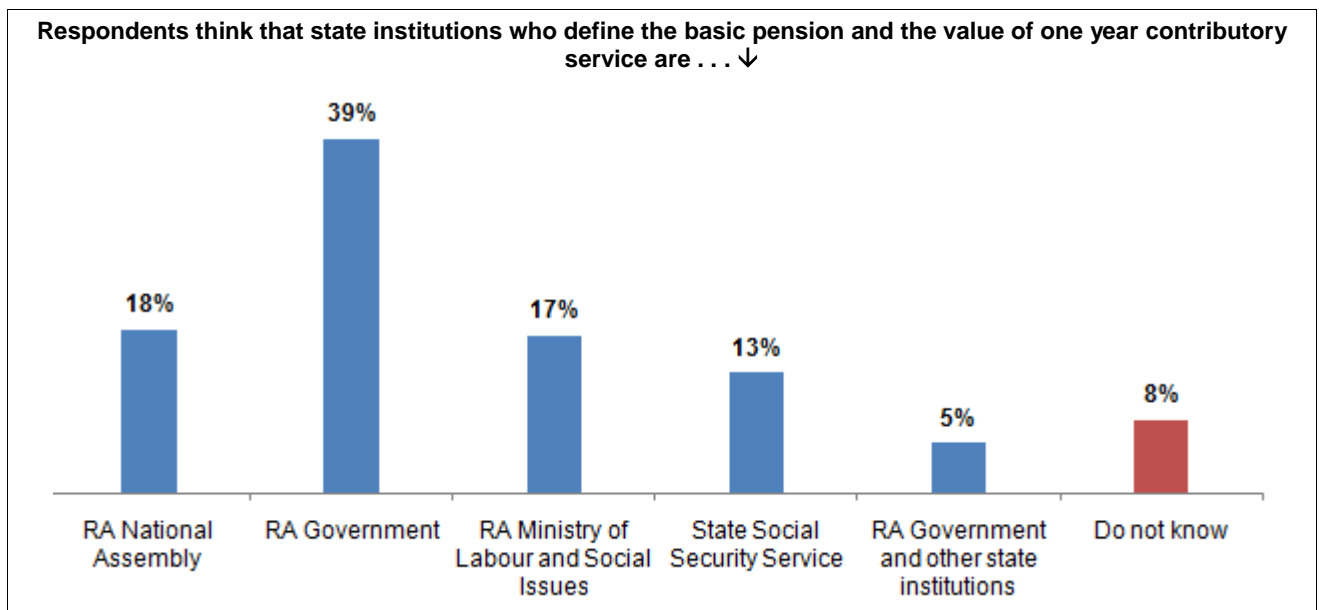
Table 11 - Population awareness of the value of one year work experience (covered employment)

AMD	Share of respondents
10-430	7%
<b>450</b>	<b>2%</b>
470-25,000	10%
Do not know	81%
<b>Total</b>	<b>100%</b>

☞ Correct answers are highlighted in yellow

According to the RA Law on State pensions the amount and the value of one year contributory service is defined by the RA Government. Only 39% of respondents are aware of it (see Chart 7).

Chart 7 - Population's awareness of the state institution which defines the basic pension and the value of one year contributory service



26% of respondents is unaware or does not know correctly which state institution defines the amount of basic pension and the value of one year contributory service. It is clear from the other answers (35%) that they are more or less aware that the RA Government or its appropriate departments define the pension components.

## 2.1.4 Population's awareness of the retirement age

The RA law on State Pensions defines different retirement ages for men and women. Thus, if the retirement age of men for old age insurance pension is 63, in the case of women a “scaled approach” is applied. In 2010 the retirement age for women was 62.5, while in 2011 it is the same age as it is for men, i.e 63 years old. As the interviews were conducted in December 2010, the correct answer for women's retirement age should have been 62.5. However, as that indicator did not significantly vary from the new retirement age of (applied from January 1, 2011) the answer 63 for women's retirement age were also considered as correct. Population awareness indicators of retirement age are presented in Table 12.

Making comparison with the previous presented indicators of the current pension system of Armenia we can record that retirement age is the indicator most known by population. 43-45% of respondents answered correctly to the question about the retirement age.

At the same time respondents expressed their opinion about the retirement age. Majority of respondents (81%) thinks that current retirement age is high. In fact 64% of respondents gave strict answers to the question, highly criticizing the defined retirement age. From this viewpoint only 16% of the population is loyal; moreover 4% of them think it can be raised a little.

**Table 12 - Population's awareness of the retirement age**

For men . . .		For women . . .	
Age	Share of respondents	Age	Share of respondents
40-62	18.4%	40-62	39.5%
<b>63</b>	<b>43.2%</b>	<b>63</b>	<b>45.3%</b>
64-70	33.8%	64-70	10.3%
Do not know	4.5%	Do not know	4.9%
<b>Total</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>

☞ Correct answers are highlighted

## 2.2 POPULATION'S CONCEPTIONS AND ATTITUDE TOWARDS THE CURRENT PENSION SYSTEM

### 2.2.1 Population's conceptions about the problems of current pension system

Population awareness of the current pension system is not high; lack of knowledge is notable. That is why; it would not be right to expect respondents to point out the serious problems of the system.

Table 13 summarizes respondents' answers<sup>9</sup> related to the problems of the pension system (we tried to keep their answers unedited). It is concluded that those who actually understand and point out the system's problems are not many. 0.1%-2.5% of respondents have mentioned such problems of the system as difficulties of the preparation of documents, existence of corruption facts, low value of one year contributory service and low basic pension amount, lack of links between salaries and pensions, etc. The system problems resulted in low pensions that are considered as the main problem of the system. Nobody has mentioned such issues as demographic problems, unemployment and large scale informal economy, ensurance of high incomes conditioned by high level of inflation. Respondents addressed these questions which directly or indirectly bother them. It is clear from their answers that they have expressed their opinion **not about the pension system problems** but about **the problems they have with the system**. The shortcoming of such approach lies within the fact that **causes and consequences got mixed** in respondents' answers.

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<sup>9</sup> Many respondents gave several answers (1.3 answers per person in average). Share of respondents is counted based on the sampling size (992).

**Table 13 - Population's conceptions about the problems of current pension system**

Problems of the pension system	Share of respondents
Pensions are low	81%
Retirement age is high	27%
There are problems connected with documents and receiving pension	3%
There are no problems in the pension system	2%
There are frauds and bribery in the pension system	1%
Pensioners do not have privileges	1%
Pensions are delayed	1%
Pensions are not equally distributed	1%
Other answers *	5%
Do not know	5%

(\*) 15 types of responses are included in the group of *Other answers*. Each of them was mentioned not more than 9 times (not more than 1%). The answers of this group included: there is no connection between the covered employment and the amount of pension (0.9%), agricultural work is not considered as service contribution (0.6%), employers make mistakes (0.6%), etc.

According to respondents two main problems of Armenian pension system are *low level of pensions* (81%) and *high retirement age* (27%). Definitely, there can be no other opinion about the low level of pensions. As far as it is less than the amount of the consumption basket the question will always be urgent and will need quick solution. Concerning the retirement age, people understand well that the Government tried to solve the problem of financial stability for the system by raising the retirement age. However, this approach was highly criticized as respondents think that human life expectancy has not been high for the past years; moreover it has decreased<sup>10</sup>: According to respondents such opinion is at least right for those vulnerable social groups who need pensions most of all, i.e. socially unstable or poor pensioners.

Thus, respondents point out two main problems, i.e. low level of pensions and high retirement age. Specific groups of respondents (gender and educational) have their own opinions about this matter (see Table 14 and Table 15).

**Table 14 - Main problems of the pension system by respondents' age, gender and educational group**

Respondents who think that *Pensions are low*

Respondents' profile by . . .	Respondents' groups	Share of respondents in the corresponding group*
Gender	Male	78%
	Female	82%
Age groups	16-25	81%
	26-40	78%
	41-62	79%
	63 +	90%
Educational level	Do not have education	100%
	Elementary	75%
	Incomplete secondary	83%

<sup>10</sup> According to statistical data life expectancy in Armenia tends to increase

	Secondary	78%
	Secondary technical	80%
	Incomplete higher education	82%
	Higher education	85%
	Postgraduate degree of science	63%

(\*) The explanation of the percentages in the columns is the following (by the example of 78% of the first row): *In the sampling 78% of **male respondents** think that **pensions are low**.*

Women (82%), pensioners (people of 63 and more years old, 90%) raise the problem of *low pensions* more often, as they suffer from its consequences most. The same refers to those groups who have lower level of education.

**Table 15 - Main problems of the pension system by respondents' gender, age and educational groups**

Respondents who think that *Retirement age is high*

Respondents' profile by . . .	Respondents' groups	Share of respondents in the corresponding group*
Gender	Male	26%
	Female	28%
Age group	16-25	24%
	26-40	26%
	41-62	30%
	63 +	28%
Educational level	Do not have education	0%
	Elementary	100%
	Incomplete secondary	34%
	Secondary	36%
	Secondary technical	33%
	Incomplete higher education	24%
	Higher education	15%
	Postgraduate degree of science	0%

(\*) The explanation of percentage in the columns is the following (by the example of 28% of the 2<sup>nd</sup> row): *In the sampling 28% of **female representatives** think that **retirement age is high**.*

Women (81%), the so called *pre-retirement age group* (41-62 years old people, 30%) and those who have lower level of education more often mentioned that *the retirement age is high*.

There is another notable fact concerning the problem. **Majority of those (81%) who think that retirement age is high in Armenia are unemployed people.** It means that unemployed people, who do not have a source of income, wish the retirement age was lower which would give them the opportunity to obtain an additional source of income.

Populations' suggestions are superficial about the solution of current pension system's problems. They are presented in Table 16. We again tried to follow the wording of respondents.

**Table 16 - Population's recommendation for solving the problems of pension system**

Recommendations for solving the problems of pension system	Share of respondents
Pensions should be raised	43%
Retirement age should be lower	20%
Business entities should be forced to operate formally (pay taxes)	12%
New jobs should be created	11%
The State should pay attention to the pensioners	6%
Pensions should correspond with the consumptions basket	4%
Corruption should be eradicated	3%
Contributions should be made from the State budget to raise the pensions	3%
Resources should be distributed evenly	3%
Taxes and prices of municipal services should be decreased	2%
Salaries should be increased	2%
Pensioners should have privileges	1%
Professional should deal with the pension system	1%
The process of receiving pension should be simplified	1%
Other answers *	5%
Do not know	11%

(\* ) 13 types of answers are included in the group of *Other answers*. They were given not mentioned more than 10 times (not more than 1%). Examples are: *Pensions should be distributed by the degree of social insurance (1.0%), equal pensions must be defined for everyone (0.7%), agricultural activity must be considered as contributory years of service (0.4%)*.

There are recommendations of practical and applied importance among the above mentioned responses that may lead to solving the problems of the pension system. In particular, 12% recommend to take actions for *reducing the volumes of informal economy and force the businesses to operate formally, i.e. pay taxes*, 11% see the solution of problems in *creating new jobs and reducing the unemployment*. However, in general, the recommendations of respondents are simple. It is not possible to call them other way, if respondents see the solutions for *low pensions* or *higher retirement age* in just raising *amounts* or *decreasing the age threshold*. On the other hand, it would be difficult to expect more from respondents, who do not have necessary information and knowledge about the pension system.

### **2.2.2 The perception of pension's importance by the population**

The survey results show that pension issues are of high importance for the population, which is not surprising, since pensions, regardless the amounts, are considered to be as the main or additional source of income for majority of the population. The survey results show that 82% of the population is more or less concerned with issues related to pensions. In fact, 61% of them have stated that they are **very concerned with those issues** (see Chart 8).



Population concerns about pension related issues differ, but main concerns come to a conclusion that people consider pension as *an important source of their income*. Here are the statistics of respondents' answers:

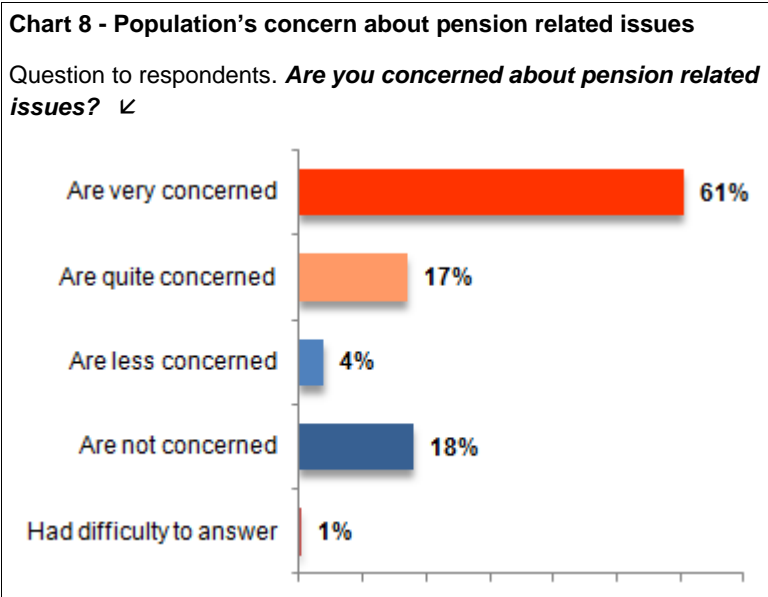
- 34% of respondents think that pensions are the *only* (21%) or *one of the additional* (13%) sources of their household income,
- 29% of respondents are concerned about their bread winner at old age,
- 23% of respondents are concerned about the small amount of pensions.

The most bothering fact of the presented statistics is that pension is (or will be) the only source of income for 21% of respondents. In this answer many problems are reflected related to the current demographic situation, population employment and poverty level of Armenia. Only 11% of respondents have looked at the pension issues not from their own point of view but from the viewpoint of the State and population problems.

18% of respondents have mentioned they are not concerned about pension related issues. Although we can understand from their explanations that *it is not that they do not have concerns, they just find it too early to think about that* (14% of total). 3% of respondents thinks it is nonsense to think about pensions because *they are too low*, and 1% does not think they will reach the retirement age; thus there is no need to think about it.

Closer look to the concerns related to pension issues from the viewpoint of various population groups (gender, age, educational, employment), uncovers the following peculiarities (the statistics is presented in Table 17).

- By gender groups: population concerns related to pension issues are almost the same;
- By age groups: elder people are more concerned about pension related issues. Moreover, the higher is people's age, the more are their concerns;
- By educational level: concerns about pension related issues are almost the same;
- By employment status: *unemployed pensioners* are the most concerned group.



**Table 17 - Concern of various population groups about pension related issues**

	By gender		By age group			
	Male	Female	16-25	26-40	41-62	63 +
Are very concerned	61%	61%	43%	43%	68%	86%
Are quite concerned	16%	17%	19%	21%	18%	8%
Are less concerned	3%	4%	7%	7%	2%	1%
Are not concerned	20%	17%	31%	28%	12%	4%
Had difficulty to answer	-	1%	0%	1%	0%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

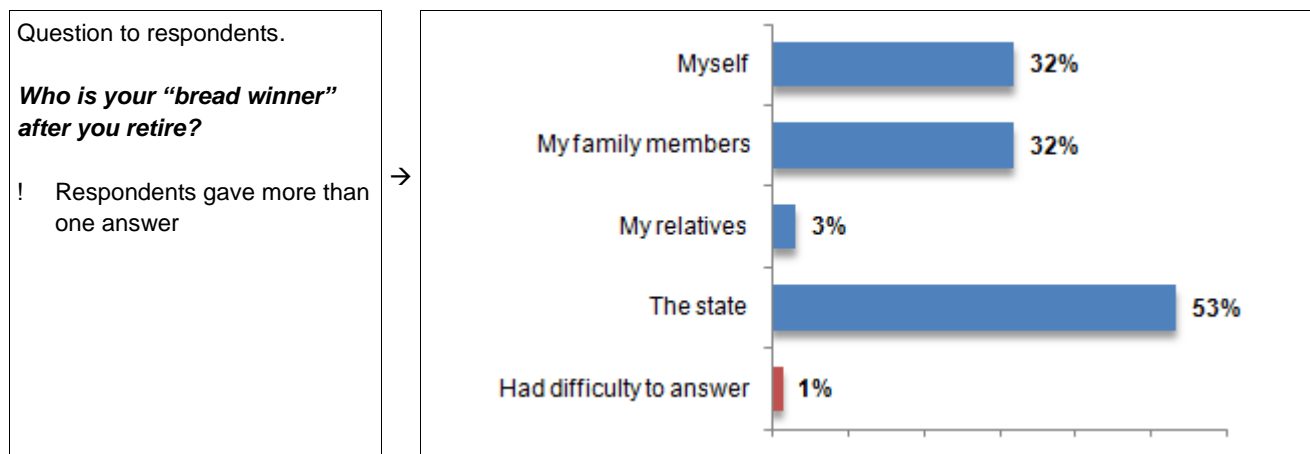
	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Are very concerned	50%	75%	66%	54%	67%	66%	59%	100%
Are quite concerned	50%	25%	14%	20%	14%	10%	18%	-
Are less concerned	-	-	2%	4%	3%	8%	4%	-
Are not concerned	-	-	19%	21%	15%	16%	18%	-
Had difficulty to answer	-	-	-	1%	-	-	1%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	By employment status			
	Employed	Unemployed	Pensioners	Students
Are very concerned	58%	53%	86%	53%
Are quite concerned	18%	19%	10%	16%
Are less concerned	4%	4%	1%	9%
Are not concerned	18%	23%	3%	21%
Had difficulty to answer	2%	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 2.2.3 Population’s conceptions about their “bread winner” at retirement age

Each of respondents has mentioned by average 1.2 answer connected with the issue of their “bread winner” (a person or entity that will be responsible to ensure financial security of the respondents) at retirement age, i.e. 20% of population see two “bread winners” at their retirement age. According to population perceptions, their main bread winner at retirement age is *the state*. 53% of respondents have definitely stated about it (see Chart 9).

Chart 9 - Conceptions of the population about their “bread winner” at their retirement age



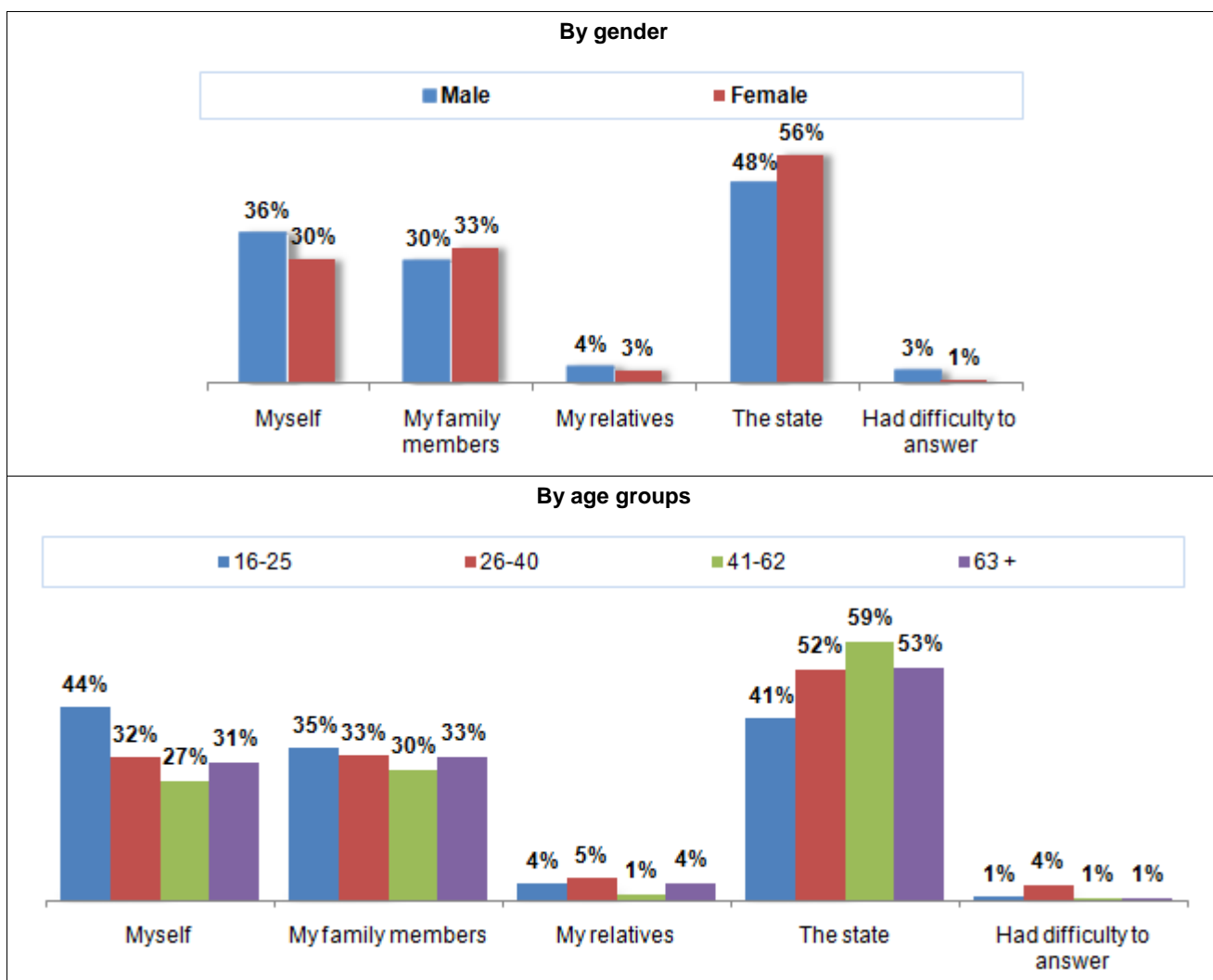
Our subjective opinion suggests that the image of the State is not very high concerning the ensuring the *well-being old population*. The current level of pensions does not ensure even the consumption basket, and the state is “*guilty*” for this. That is why 47% of the population does not really count on the state

when it comes to the matter of having *well-being old age*. One third of the population counts on himself/herself or on family members when it comes to financial security in retirement age. Generally, it is noted that people of pre-retirement age (the youth, middle age people) have difficulty with making long-term plans and express their opinion about a question which will be urgent for them years later. There is no sense of sustainable development of the country among most of the population. Such attitude may hinder the process of pension reforms.

Various groups of population have different opinions about their “bread winner” at retirement age, the statistics of which is shown in Chart 10. The main peculiarities of this question are the following:

- By gender distribution: there are more men in the group, who at their retirement age *rely on themselves*. There are more women in the group, who consider *the state* is responsible for them;
- By age distribution: the youth dominates in the group, who at their retirement age *rely on themselves*. Pre-retirement age group (41-62y years old) finds the role of *the state* more important in this case;
- By educational level: the higher is the educational level, the more *the state* is considered to be responsible. The lower is the educational level of people, the more they emphasize the role of their *family members*. It is important to note that mainly people with higher education consider *both the state and themselves* as their “bread winners” at retirement age.

Chart 10 - Conceptions of various population groups

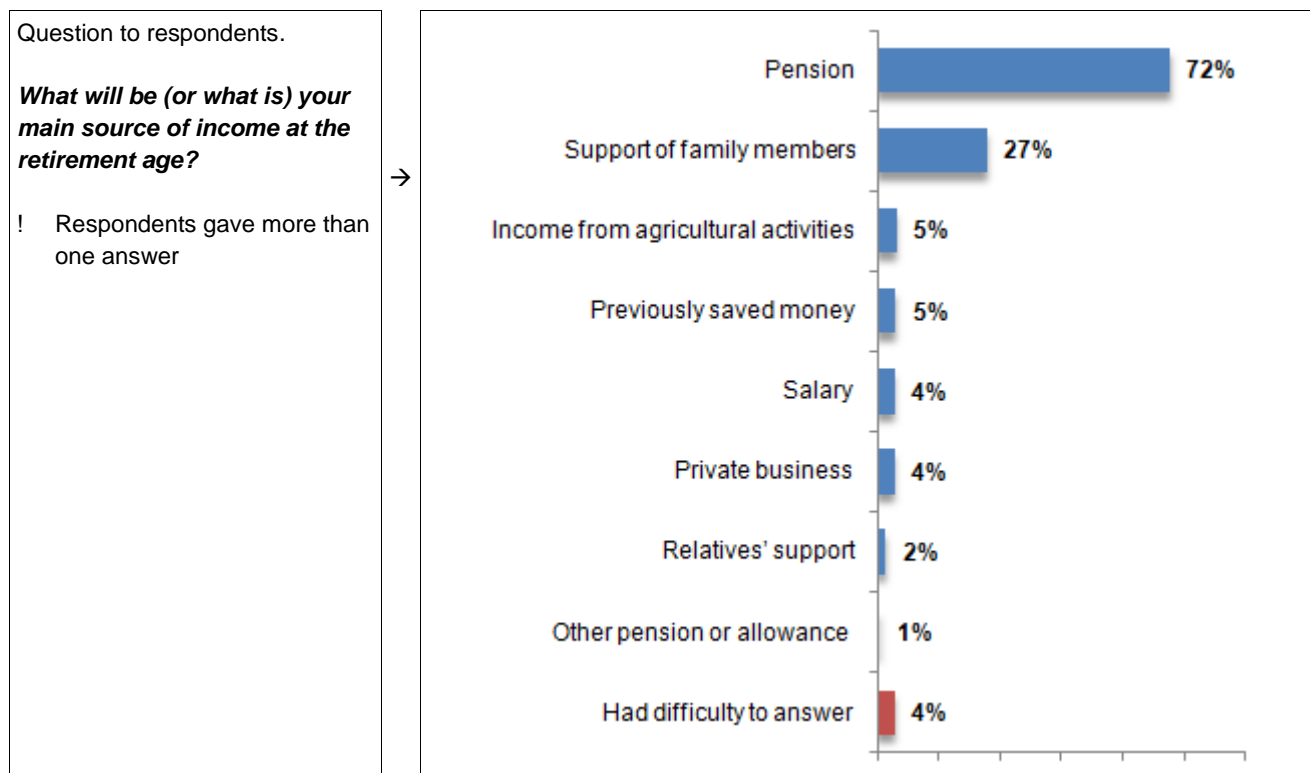


	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
I myself	50%	25%	31%	28%	26%	34%	40%	13%
My family members	50%	100%	29%	39%	33%	18%	27%	0%
My relatives	0%	0%	3%	4%	3%	4%	3%	0%
The state	50%	0%	53%	51%	58%	62%	50%	88%
Had difficulty to answer	0%	0%	2%	2%	1%	0%	2%	0%

### 2.2.4 Population’s conceptions about their income sources at the retirement age

The survey results show that for 72% of the population *pension* will be (or is) the main source of income at the retirement age. This attests the fact that the population will depend (or is depending) on pensions after they retire, which should be considered as a serious challenge for the RA Government. Just like in the previous case, the 19% of the population sees two sources of income after their retirement. That part of the population may refund the insufficient part of the pension at the expense of the *financial support received from their family members* (27%), smaller groups will spend their savings (5%), will continue working in agriculture (5%), 4% will continue working as an employer or employee (see Chart 11).

Chart 11 - Conceptions of the population about the sources of pension at retirement age



There are different peculiarities about their income at retirement age. Responses by various groups of population are presented below (see also Table 18).

- By gender distribution: women (74%) will more depend on pensions as the main source of income at their retirement age, than men (66%);
- By age distribution: elder people appreciate the role of pensions more. Young people (especially those who are 16-25 years of age) have more expectations of receiving income from other sources at retirement age;
- It is difficult to separate any group of people from the whole by their educational level. However, we may note that the lower is the educational level the more expectations they have from pensions. Among those, who have incomplete or full higher education, there are relatively many people who think that they will have income from their private business at their retirement age. In general, for all age groups the main source of income is considered the pension.

**Table 18 - Conceptions of various groups of population about their sources of income at retirement age**

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
Pension	66%	74%	69%	61%	75%	81%
Support of family members	26%	27%	24%	29%	26%	28%
Income from agricultural activities	5%	5%	6%	5%	5%	3%
Previously saved money	6%	4%	9%	5%	4%	2%
Salary	7%	3%	4%	4%	4%	5%
Private business	7%	3%	9%	7%	2%	1%
Relatives' support	1%	2%	3%	3%	2%	1%
Other pension or allowances	1%	1%	1%	0%	0%	1%
Had difficulty to answer	7%	3%	5%	4%	6%	1%

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Pension	100%	25%	75%	69%	76%	78%	70%	75%
Support of family members	-	100%	27%	32%	27%	22%	23%	-
Income from agricultural activities	-	-	3%	8%	5%	2%	2%	-
Previously saved money	-	-	5%	6%	5%	6%	3%	-
Salary	-	-	7%	2%	3%	4%	7%	13%
Private business	-	-	3%	4%	3%	8%	5%	-
Relatives' support	-	-	2%	1%	3%	2%	3%	-
Other pension or allowance	-	-	-	1%	1%	-	1%	-
Had difficulty to answer	-	-	5%	2%	2%	4%	7%	25%

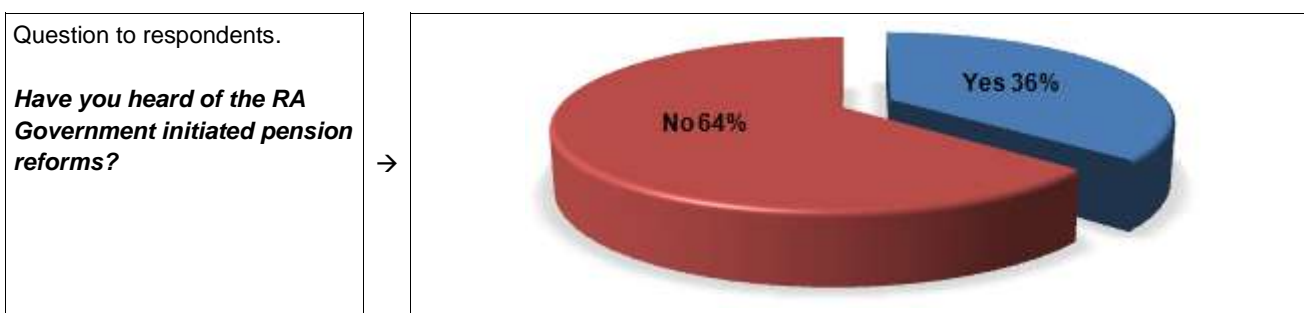
### 3 PENSION REFORMS: AWARENESS, ATTITUDE, EXPECTATIONS AND CONCERNS

#### 3.1 POPULATION'S AWARENESS ABOUT THE PENSION REFORMS

##### 3.1.1 Population general awareness about the expected pension reforms

The survey results attest that 36% of respondents have stated that they *are aware or have heard of* the RA Government initiated pension reforms (see Chart 12). It is very difficult to give a definite characterization to that indicator, i.e. to say whether it is high or low. If we look at the matter from the viewpoint that public discussions and information spread by the interested bodies about pension reforms got more intensive form from the second half of 2010 (only few months before the survey), then 36% awareness can be considered satisfactory. On the other hand, if we take into account the importance of such reforms for the country and the scale of involvement of various public levels, then 36% of awareness can be considered rather low.

Chart 12 - Population awareness about pension reforms



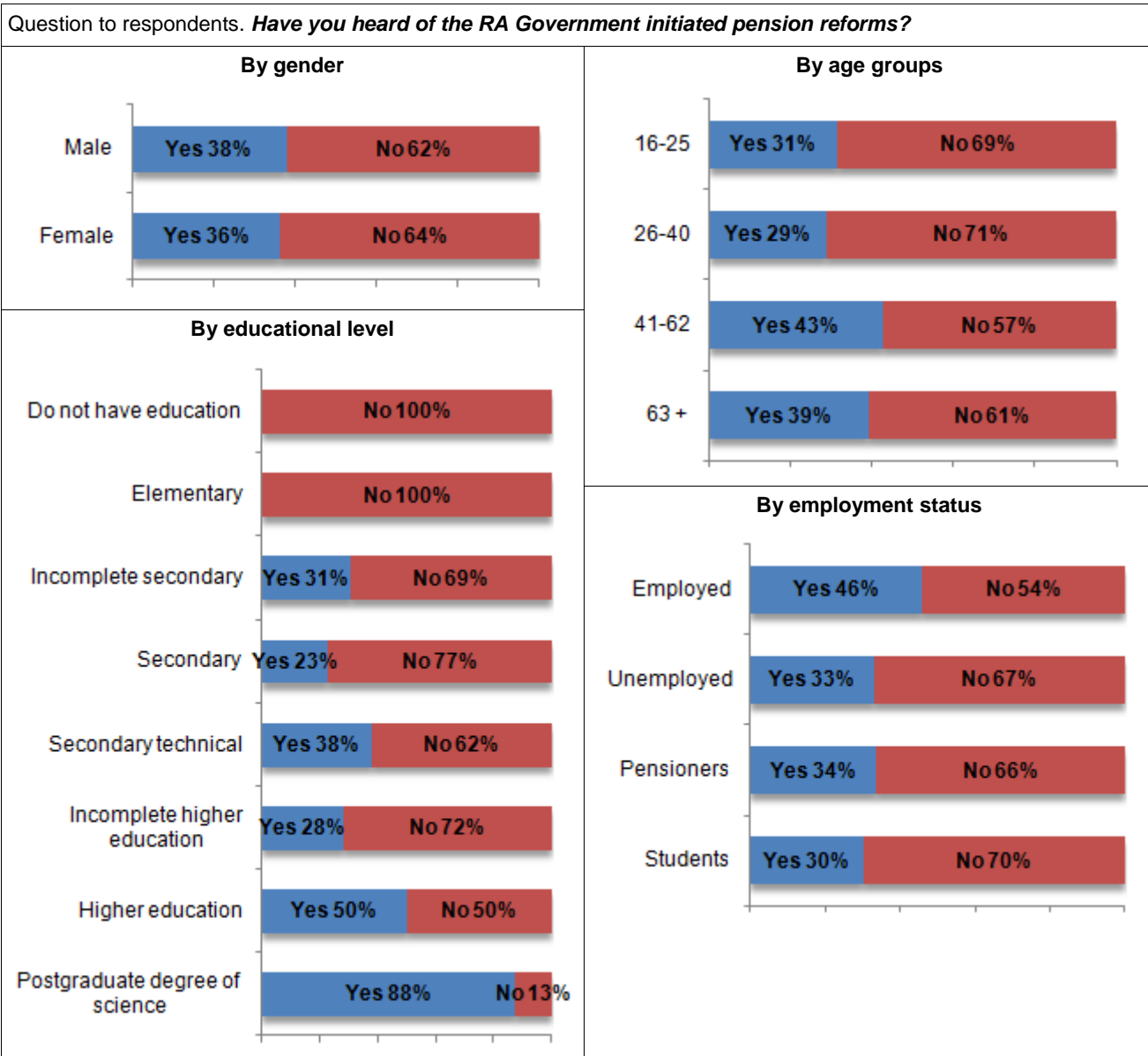
For a better perception of public awareness of pension reforms it is necessary to pay attention to a very important issue. Certainly, 36% of the population is aware or has heard about the pension reforms. However, their information about those reforms is **strictly fragmented**. Some of them are familiar with *multipillar pension system*, some are familiar with *the peculiarities by age groups*, and some are familiar with *the dates of using the new system*. **It is very difficult to meet people who have complex information about all the components of pension reforms**. It is even more difficult to meet people who have **correct** information about all those components.

Another important matter: throughout the survey there have been people who stated that *they have not heard of pension reforms, but they have heard about the fully funded pension system*. This attests that people are not aware that the fully funded pension system is connected or is a part of pension reforms. Thus, the fact that 36% of the population has just heard about pension reforms cannot be an objective basis for assessing their awareness level. That is why the assessment of public awareness about pension reforms was implemented **by separate components of the reforms**, which is presented in the next sections.

Separate groups of population have different information about the pension reforms (see Chart 13):

- By gender: men (38%) are more aware of pension reforms than women (36%);
- By age groups: perhaps, the so-called pre-retirement age group (41-62 years old people) is more interested in pension reforms. 43% of this group have stated that they have heard of the pension reforms;
- By educational level, those who have higher education are more aware of pension reforms. In fact, the higher is the level of education the more aware they are;
- *Employed people* (46%) are more aware of pension reforms. Unlike them, unemployed people, younger people and pensioners are less informed.

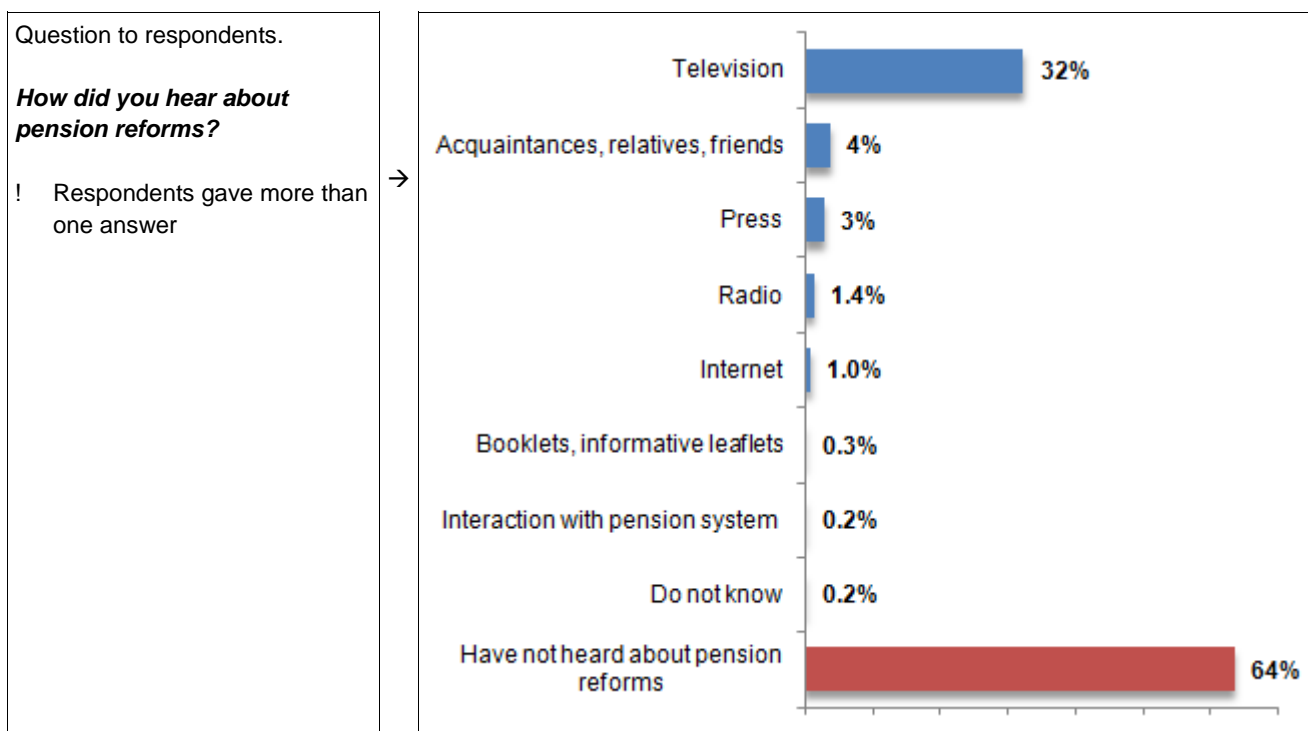
Chart 13 - Awareness of various population groups about the pension reforms



### 3.1.2 Population awareness sources about pension reforms

The sources of the population awareness about the pension reforms are almost all means of mass media. Some of respondents have heard about pension reforms from one source, others from several sources. Those, who are aware of pension reforms (36% in total) have mentioned TV (32%) as the main source of information.

Chart 14 - Sources of the population awareness about the pension reforms



In order to have correct comprehension of the presented statistics it is necessary to consider one important fact. Those numbers do not mean that people watch more TV than read newspapers or use Internet. These are just sources, through which information was spread about pension reforms and which people recalled.

The composition of awareness sources about the pension reforms differs by various groups of the population (see also Table 19):

- By gender: TV is the most mentioned awareness source about the pension reforms among women (32%). The same situation is in the case of men (33%). Although, unlike women, men obtain twice more information from newspapers (5%) and radio (2%);
- By age groups: TV, has been more mentioned by relatively elder people (41+);
- By educational level: the higher is the educational level, the more are awareness sources;
- By employment status: awareness sources are more among those who are employed.

Table 19 - Awareness sources of various population groups about pension reforms

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
TV	33%	32%	28%	23%	39%	35%
Acquaintances, relatives, friends	4%	4%	4%	4%	4%	2%
Press	5%	2%	1%	1%	4%	5%
Radio	2%	1%	1%	0%	3%	1%
Internet	1%	1%	1%	1%	1%	2%
Booklets, informative leaflets	1%	0%	-	0%	0%	1%
Interaction with pension system	-	0%	-	-	0%	1%
Do not know	-	0%	1%	0%	-	-
Have not heard about pension reforms	62%	64%	69%	71%	57%	61%



	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Television	-	-	29%	21%	34%	20%	44%	50%
Acquaintances, relatives, friends	-	-	2%	2%	4%	4%	6%	-
Press	-	-	2%	0%	2%	6%	5%	50%
Radio	-	-	-	1%	1%	2%	2%	13%
Internet	-	-	-	0%	1%	-	2%	13%
Booklets, informative leaflets	-	-	-	-	-	-	1%	-
Interaction with pension system	-	-	-	-	-	-	1%	-
Do not know	-	-	-	-	-	2%	0%	-
Have not heard about pension reforms	100%	100%	69%	78%	62%	72%	50%	13%

	By employment status			
	Employers	Unemployed	Pensioners	Students
Television	41%	29%	30%	28%
Acquaintances, relatives, friends	5%	4%	2%	7%
Press	5%	1%	4%	5%
Radio	3%	1%	1%	-
Internet	2%	0%	1%	-
Booklets, informative leaflets	1%	-	-	-
Interaction with pension system	0%	0%	-	-
Do not know	-	0%	-	-
Have not heard about pension reforms	54%	67%	66%	70%

### 3.1.3 Population awareness about the fully funded pension system

As mentioned, not everyone realizes that fully funded pension system is a part of pension reforms in Armenia. 40% of respondents have heard about the fully funded pension system (see Chart 15), while only 36% of them have stated that they have heard about pension reforms.

**Chart 15 - Population's awareness about the fully funded pension system**

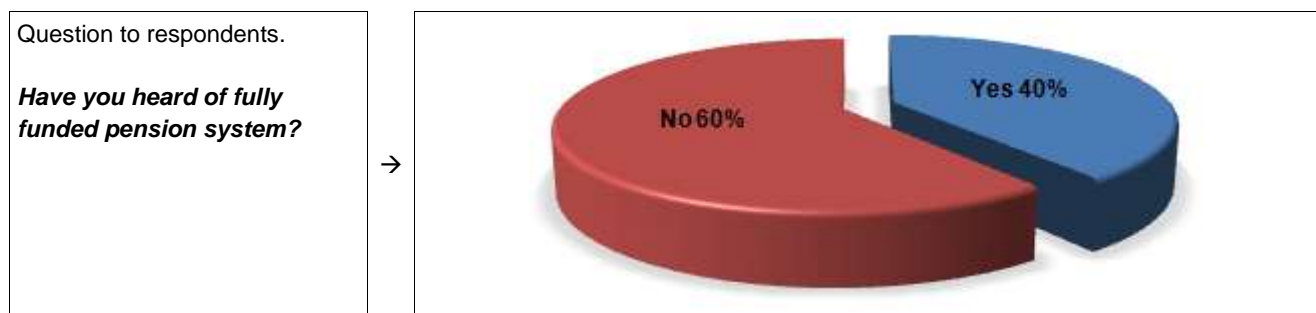
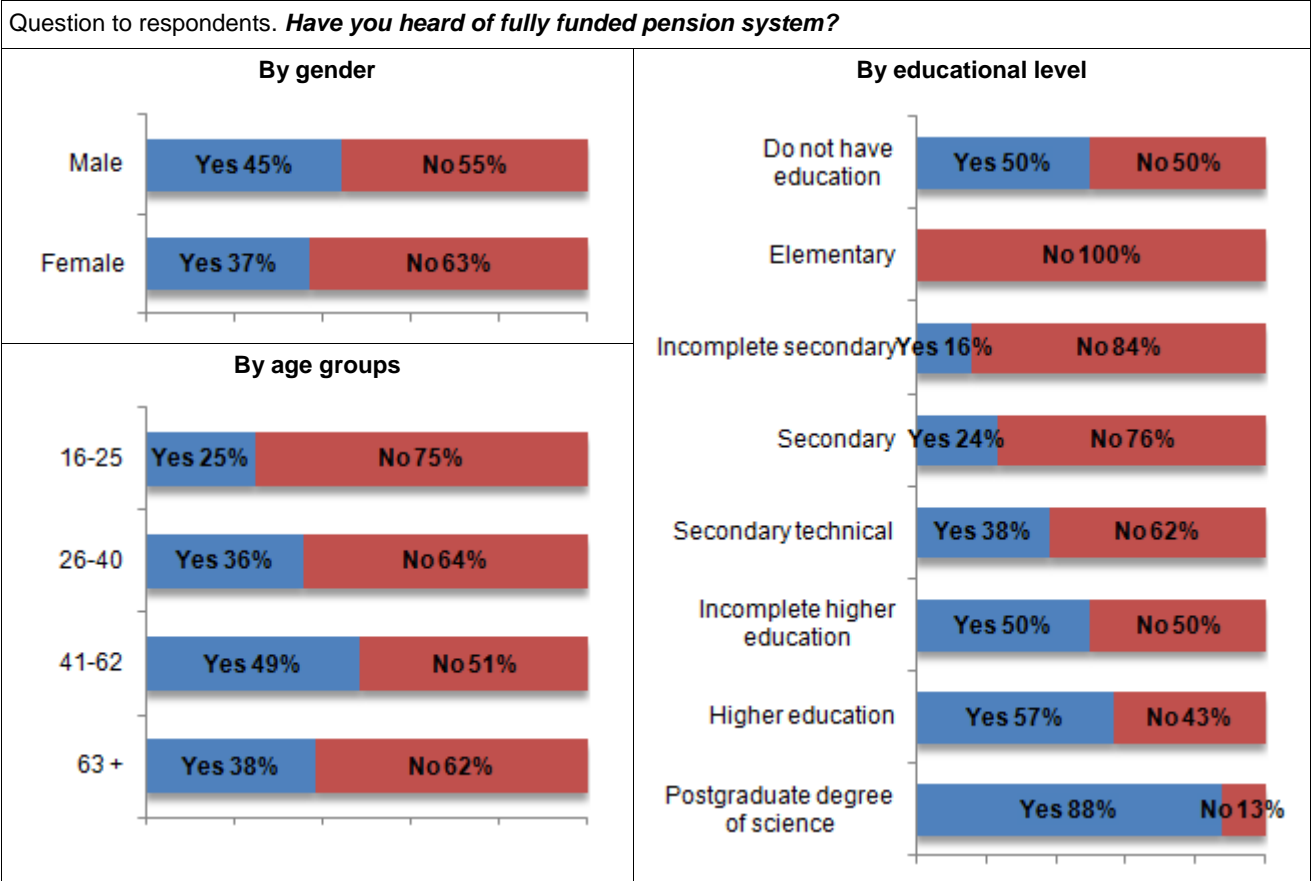


Chart 16 - Awareness of various population groups about the fully funded pension system

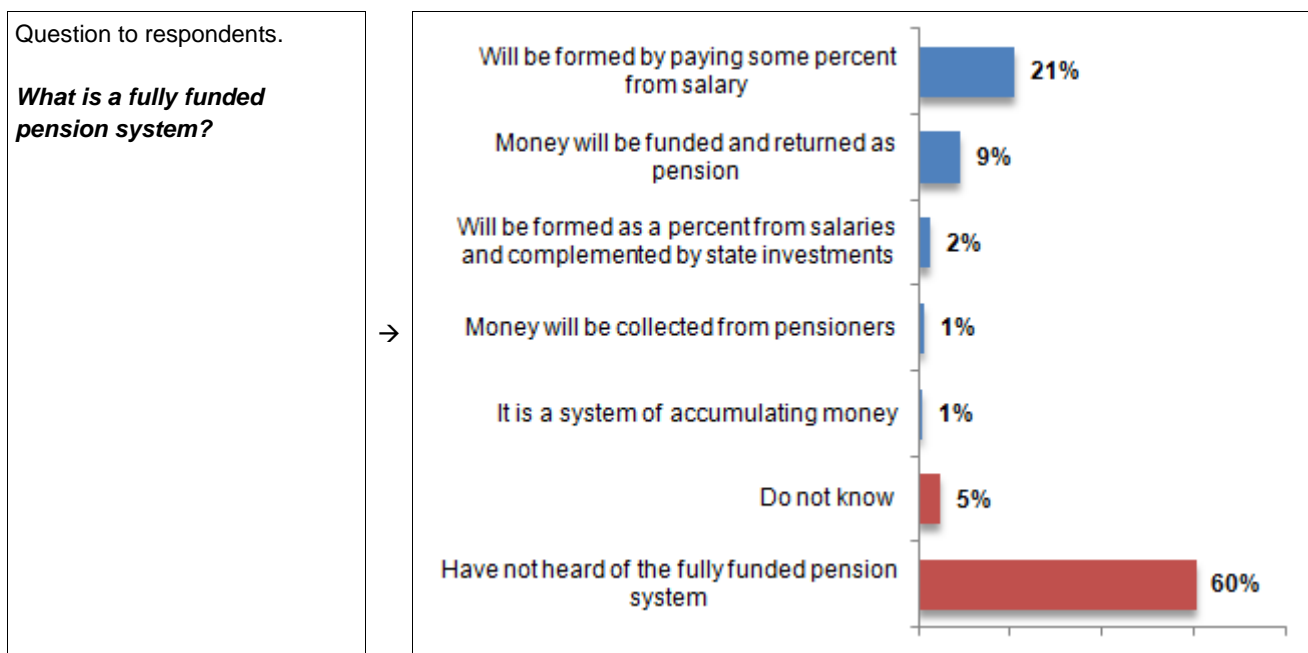


The following groups are more aware of the fully funded pension system: by gender composition - men (45%), by age groups - pre-retirement age group (41-62 years old people, 49%), by educational level - the higher is the level of education, the higher is the awareness level (see Chart 16).

The awareness about fully funded pension system by the communities of respondents is also remarkable. Thus, **53% of Yerevan population, 36% of regional cities' population and 30% of rural population have heard about the fully funded pension system.**

The survey results show that population conceptions and perceptions about the fully funded pension system are *very general, partly correct and partly wrong*. Below the statistics characterizing the answers of population perceptions about the fully funded pension system is presented.

**Chart 17 - Population perceptions about the fully funded pension system**



**Table 20 - Perceptions of various population groups about the fully funded pension system**

	By gender	
	Male	Female
Will be formed by paying some percent from salary	25%	20%
Money will be funded and returned as pension	8%	10%
Will be formed as a percent from salaries and complemented by state investments	4%	2%
Money will be collected from pensioners	1%	1%
It is a system of accumulating money	1%	1%
Do not know	5%	5%
Have not heard of the fully funded pension system	55%	63%
<b>Total</b>	<b>100%</b>	<b>100%</b>

	By age groups			
	16-25	26-40	41-62	63 +
Will be formed by paying some percent from salary	15%	16%	26%	22%
Money will be funded and returned as pension	4%	9%	11%	9%
Will be formed as a percent from salaries and complemented by state investments	1%	2%	4%	2%
Money will be collected from pensioners	1%	1%	2%	1%
It is a system of accumulating money	1%	1%	1%	1%
Do not know	2%	7%	5%	4%
Have not heard of the fully funded pension system	75%	64%	51%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Will be formed by paying some percent from salary	-	-	7%	9%	19%	24%	35%	75%
Money will be funded and returned as pension	50%	-	5%	7%	9%	12%	11%	-
Will be formed as a percent from salaries and complemented by state investments	-	-	2%	2%	3%	-	3%	-
Money will be collected from pensioners	-	-	-	1%	2%	-	1%	-
It is a system of accumulating money	-	-	2%	1%	-	4%	1%	-
Do not know	-	-	-	4%	6%	10%	5%	13%
Have not heard of the fully funded pension system	50%	100%	84%	76%	62%	50%	43%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The survey results show that “*having heard*” about the fully funded pension system does not yet mean that people know the peculiarities of that system or what system it is. The main objectives of the pension reforms of Armenia are the following:

- On what principle will the fully funded pension system operate, voluntary or mandatory?
- When it is intended to introduce the fully funded pension system?
- Who can or will be the participants of the new system?
- What sources will fund the sum of future pensions?

Correct or wrong information about those questions form positive or negative expectations and attitude among people. That is why; more objective conception of population awareness about pension reforms can be formed based on respondents' answers about those certain questions.

### 3.1.4 Population's awareness about the sources of introducing the fully funded pension system

The future pension system of Armenia, which the pension system reforms will result in will be a multipillar pension system, within the terms of which **both distributive and fully funded pension systems will operate**. The main innovation of pension reforms will be the introduction of fully funded pension system. It will operate on **voluntary and mandatory principle**. It is intended to operate the voluntary fully funded system in 2011, and mandatory one in 2014. Consequently, the correct answer for *on what principle will the fully funded pension system be introduced* would be *both voluntary and mandatory*. Chart 18 and Table 21 present the statistics of those answers given by respondents.

Chart 18 - Awareness of the population about the principles of introducing the new pension system

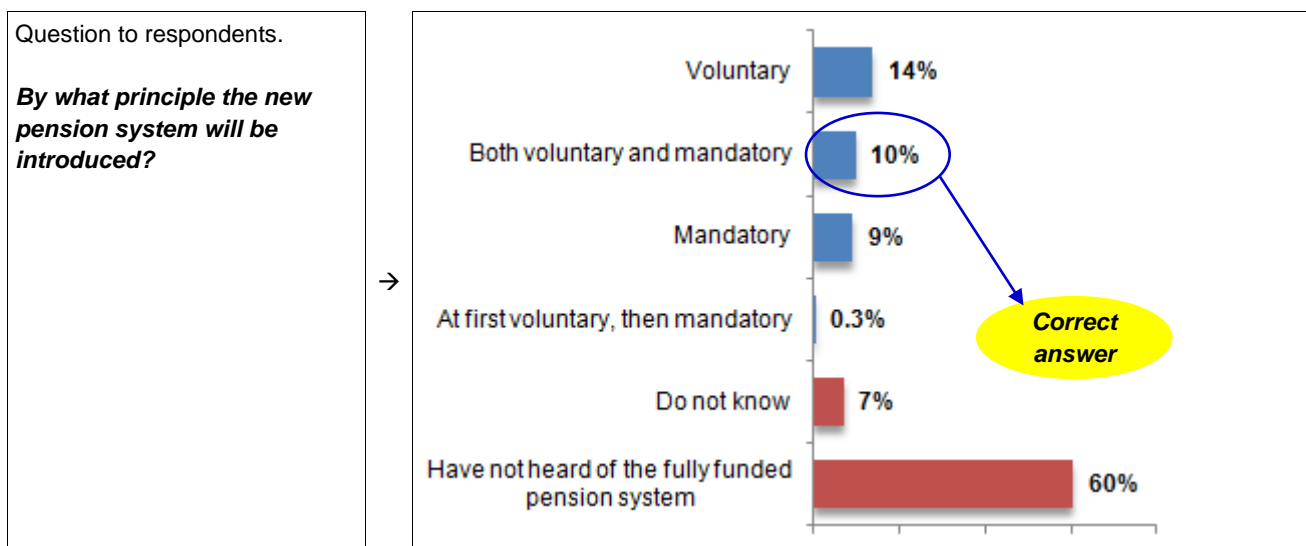


Table 21 - Awareness of various groups of population about the principles of introducing the new pension system

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
Voluntary	14%	13%	10%	15%	17%	7%
<b>Both voluntary and mandatory *</b>	<b>11%</b>	<b>9%</b>	<b>7%</b>	<b>7%</b>	<b>13%</b>	<b>9%</b>
Mandatory	13%	7%	6%	8%	10%	12%
At first voluntary, then mandatory	0%	0%	-	-	-	1%
Do not know	6%	7%	2%	6%	8%	10%
Have not heard about the fully funded pension system	55%	63%	75%	64%	51%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Voluntary	50%	-	3%	4%	8%	8%	14%	38%
<b>Both voluntary and mandatory *</b>	<b>-</b>	<b>-</b>	<b>3%</b>	<b>8%</b>	<b>17%</b>	<b>14%</b>	<b>17%</b>	<b>25%</b>
Mandatory	-	-	3%	5%	6%	18%	16%	13%
At first voluntary, then mandatory	-	-	-	-	-	-	1%	-
Do not know	-	-	5%	6%	7%	10%	8%	13%
Have not heard about the fully funded pension system	50%	100%	84%	76%	62%	50%	43%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(\* ) Correct answers are highlighted

Taking into consideration the two phases of introducing the fully funded pension system (voluntary system in 2011, and mandatory system in 2014), we may theoretically consider the answer *at first*

voluntary, and then mandatory to be correct. Although the small number of respondents (0.3%), who have answered this way, meant at first **only** voluntary, and then **only** mandatory, which is not correct.

Data in Chart 18 attests that only 10% of the population knows correctly that the fully funded pension system will operate both on voluntary and mandatory principles. 23% of the population has partly correct information (only voluntary, or only mandatory). It is the same wrong answer, since the absence of one of these principles totally changes the nature of reforms.

### 3.1.5 Population's awareness about the period of introducing the fully funded pension system

According to the RA pension reform project it is intended to introduce the fully funded pension system in 2011. In fact, in 2011 only voluntary fully funded pension system will be introduced, while the mandatory will start in 2014. The correct answer to the question: *When will the fully funded pension system be introduced?*, should have been in the case of voluntary fully funded pension system - 2011, and in the case of mandatory system - 2014.

Chart 19 and Table 22 present the statistics of respondents' answers about this question.

Chart 19 - Population awareness about the period of introducing the new pension system

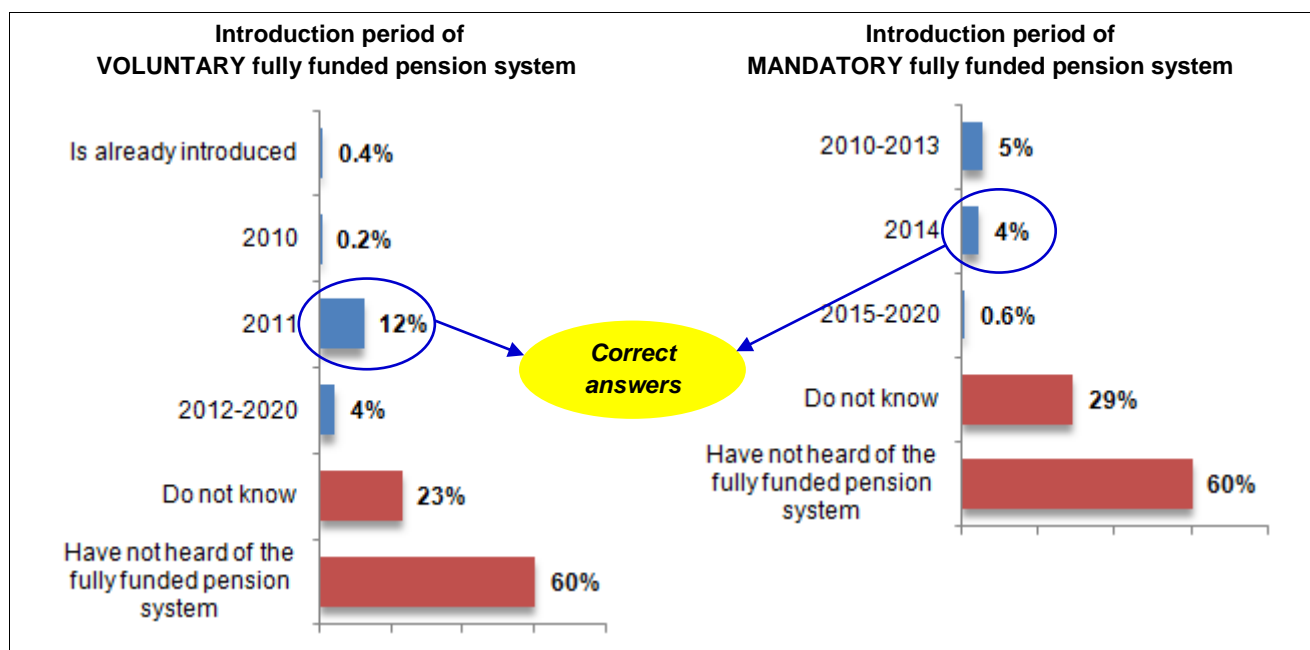


Table 22 - Awareness of various groups of population about the period of introducing the new pension system

Introduction period of VOLUNTARY fully funded pension system			Introduction period of MANDATORY fully funded pension system		
Introduction period of the system	By gender		Introduction period of the system	By gender	
	Male	Female		Male	Female
Is already introduced	1%	-	2010-2013	6%	5%
2010	1%	0%	<b>2014 *</b>	<b>6%</b>	<b>3%</b>
<b>2011 *</b>	<b>13%</b>	<b>12%</b>	2015-2020	1%	1%
2012-2020	4%	4%	Do not know	31%	28%
Do not know	26%	22%	Have not heard of the fully funded pension system	55%	63%
Have not heard of the fully funded pension system	55%	63%			

Total	100%	100%	100%	100%
Introduction period of the system	By age groups			
	16-25	26-40	41-62	63 +
Is already introduced	-	0%	0%	1%
2010	-	-	0%	-
<b>2011 *</b>	<b>6%</b>	<b>12%</b>	<b>16%</b>	<b>10%</b>
2012-2020	3%	3%	4%	5%
Do not know	15%	21%	28%	23%
Have not heard of the fully funded pension system	75%	64%	51%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Total	100%	100%	100%	100%
Introduction period of the system	By age groups			
	16-25	26-40	41-62	63 +
2010-2013	2%	5%	6%	8%
<b>2014 *</b>	<b>-</b>	<b>3%</b>	<b>5%</b>	<b>8%</b>
2015-2020	-	1%	-	1%
Do not know	21%	27%	37%	23%
Have not heard of the fully funded pension system	75%	64%	51%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Introduction period of the system	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Is already introduced	-	-	-	1%	1%	-	-	-
2010	-	-	-	0%	0%	-	-	-
<b>2011 *</b>	<b>-</b>	<b>-</b>	<b>3%</b>	<b>7%</b>	<b>13%</b>	<b>14%</b>	<b>17%</b>	<b>25%</b>
2012-2020	-	-	-	2%	4%	6%	6%	-
Do not know	50%	-	12%	15%	20%	32%	33%	63%
Have not heard of the fully funded pension system	50%	100%	84%	76%	62%	50%	43%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Introduction period of the system	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
2010-2013	-	-	-	3%	4%	10%	8%	50%
<b>2014 *</b>	<b>-</b>	<b>-</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>7%</b>	<b>-</b>
2015-2020	-	-	-	-	0%	-	2%	-
Do not know	50%	-	12%	18%	30%	36%	41%	38%
Have not heard of the fully funded pension system	50%	100%	84%	76%	62%	50%	43%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(\* ) Correct answers are highlighted

The population is more aware of the voluntary fully funded pension system than of mandatory one. Perhaps, the reason is that voluntary fully funded pension system is intended to be introduced in 2011, and it is talked about and discussed more often. Just like in all other cases men, pre-retirement age group (41-62 years old people) and those who have higher education are more aware of the period of introducing voluntary fully funded pension system. In the case of the mandatory fully funded pension system the indicator is almost the same, except the age group. In this case retirement age group (63+) is more aware.

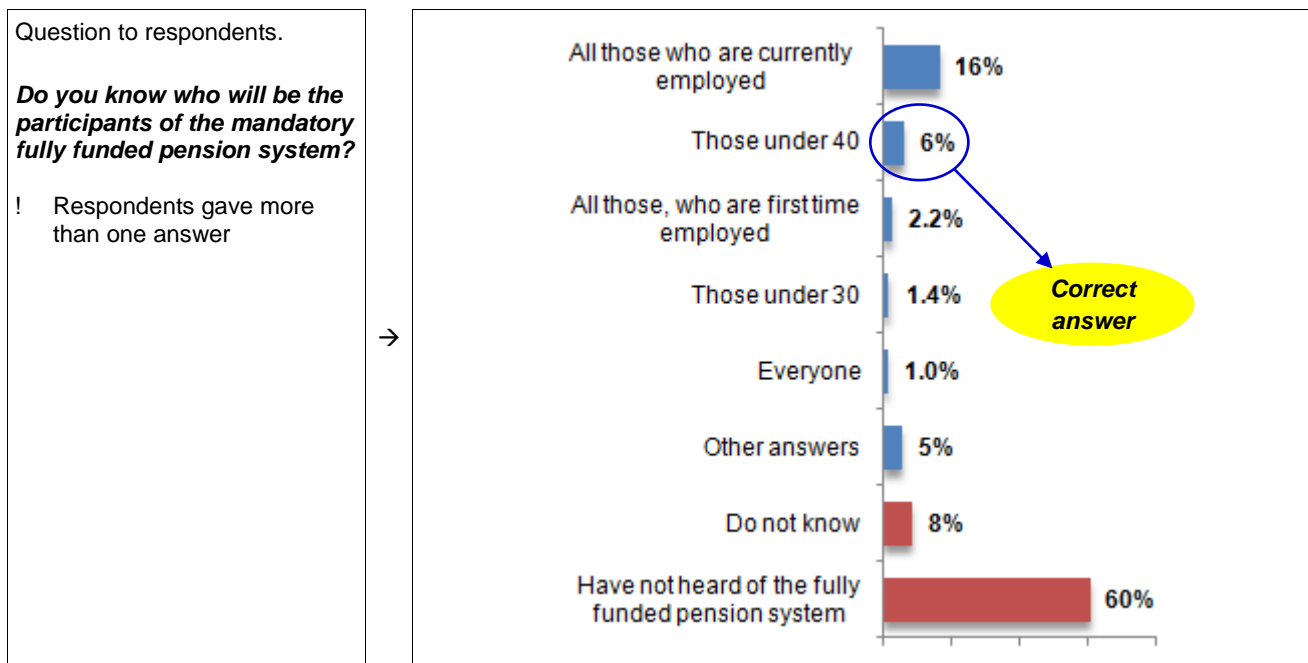
### 3.1.6 Population awareness about the participants of the mandatory fully funded pension system

It will be mandatory to join the fully funded pension system for those citizens who were born after January 1<sup>st</sup>, 1974, i.e. for people who are up to 40 years old or who are turning 40 in the first year of its introduction in 2014. It means that at the moment of the survey implementation (December, 2010) that group of the population consisted of those who were **up to 37 years old**. Consequently, the correct answer to the question *Who will be the participants of the mandatory fully funded pension system?*

should have been *those who are up to 37 years old at the moment of implementing the survey or those who are up to 41 years old in 2014.*

Chart 20 presents the statistics of respondents' answers given to this question.

**Chart 20 - Population awareness about the participants of the mandatory fully funded pension system**



(\* ) 15 types of answers are included in the group of *Other answers*. Each of those answers has been mentioned not more than 8 times (not more than 1%). Answers with wrong retirement age, state entity employees (0.8%), administrative personnel (0.6%), etc.

**Table 23 - Awareness of various groups about the participants of the mandatory fully funded pension system**

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
All those who are currently employed	20%	15%	12%	17%	18%	17%
<b>Those under 40 *</b>	<b>6%</b>	<b>6%</b>	<b>1%</b>	<b>4%</b>	<b>9%</b>	<b>8%</b>
All those, who are first time employed	2%	2%	3%	1%	2%	4%
Those under 30	1%	2%	1%	1%	2%	1%
Everyone	0%	1%	1%	-	2%	-
Other answers	5%	5%	3%	5%	7%	4%
Do not know	11%	7%	3%	9%	10%	6%
Have not heard of the fully funded pension system	55%	62%	75%	62%	51%	62%

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higehr education	Postgraduate degree of science
All those who are currently employed	-	-	3%	8%	14%	20%	27%	25%
<b>Those under 40 *</b>	-	-	<b>5%</b>	<b>3%</b>	<b>6%</b>	<b>2%</b>	<b>9%</b>	<b>13%</b>



All those, who are first time employed	-	-	2%	2%	1%	4%	3%	
Those under 30	-	-		1%	3%	2%	2%	
Everyone	-	-	2%	0%	0%	4%	2%	
Other answers	50%	0%	2%	3%	6%	8%	7%	13%
Do not know	-	-	3%	7%	10%	12%	8%	38%
Have not heard of the fully funded pension system	-	-	-	1%	1%	-	1%	-

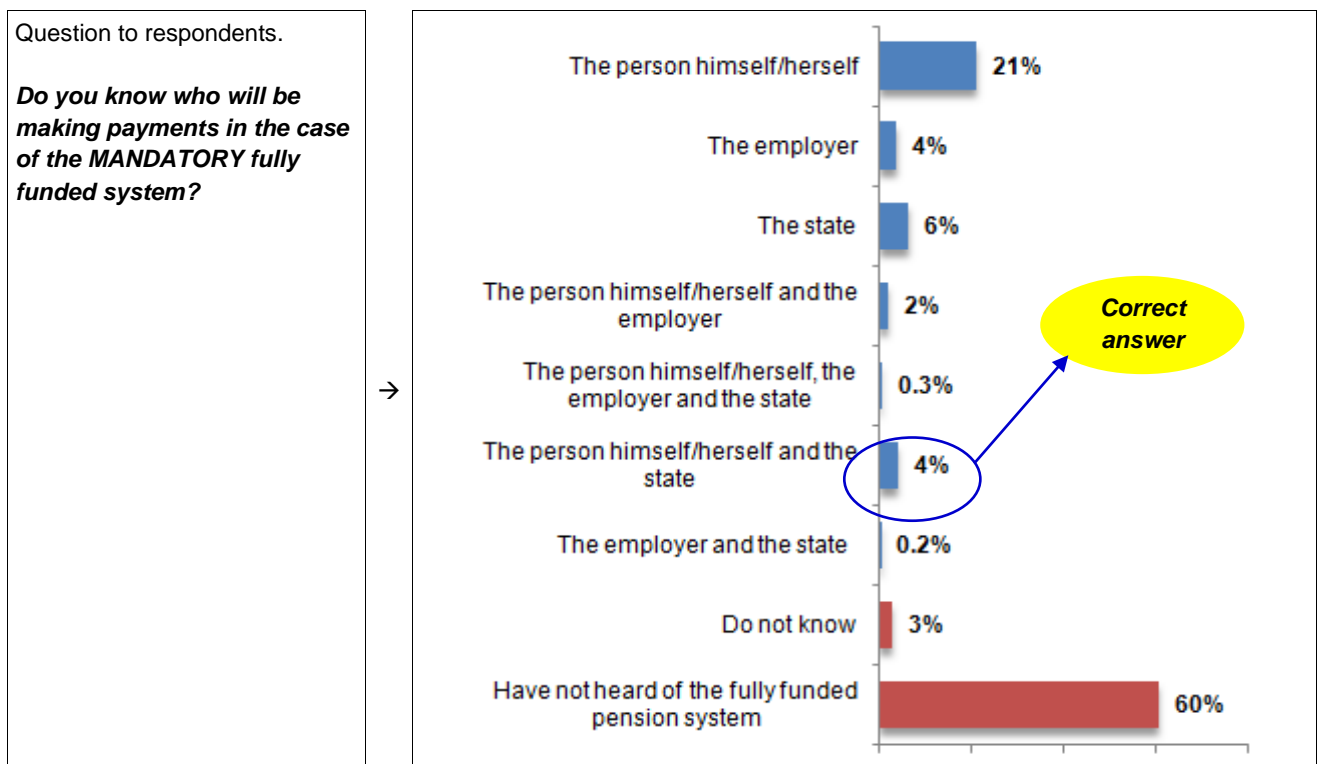
(\* ) Correct answers are highlighted

From the variety of respondents' answers presented in Chart 20 and Table 23 we may conclude that information about the mandatory fully funded pension system is incoherent among the targeted groups, sometimes even absurd (e.g. administrative personnel, socially insecure or insured people, etc). 6% of the population has stated that targeted group of the mandatory fully funded pension system comprise people up to 40 years old age. This should be considered as correct answer, despite the fact that those 6% didn't specify *at what moment* people of up to 40 years old they meant. It is obvious that even if those people do not know about introduction period of the mandatory fully funded pension system, however they are correct when they say that beneficiaries will be people who are up to 40 years old at the moment of system introduction.

### 3.1.7 Population awareness about the funding sources of the mandatory fully funded pension system

According to the RA pension reform project it is intended that in the case of the mandatory fully funded pension system each person will fund money on his own funding account by the amount of 5% from his salary, which will be doubled at the expense of the adequate payment done by the State (not more than 25,000 AMD). Consequently, the correct answer to the question *who will make payments to the mandatory fully funded pension system* should have been *the person himself and the State*. The statistics of respondents' answers is presented in Chart 21 and Table 24.

**Chart 21 - Population's awareness about the funding sources in the case of the mandatory fully funded pension system**



**Table 24 - Awareness of various groups of population about the funding sources in the case of the fully funded pension system**

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
The person himself/herself	21%	21%	15%	18%	27%	18%
The employer	5%	3%	2%	2%	5%	5%
The state	7%	6%	4%	4%	7%	8%
The person himself/herself and the employer	1%	2%	1%	2%	1%	2%
The person himself/herself, the employer and the state	1%	0%	-	0%	0%	-
<b>The person himself/herself and the state *</b>	<b>6%</b>	<b>3%</b>	<b>3%</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>
The employer and the state	-	0%	-	0%	0%	-
Do not know	4%	2%	-	3%	4%	1%
Have not heard of the fully funded pension system	55%	62%	75%	64%	51%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
The person himself/herself	-	-	3%	15%	19%	30%	31%	25%
The employer	-	-	3%	1%	5%	4%	6%	-
The state	50%	-	7%	5%	5%	10%	7%	25%
The person himself/herself and the employer	-	-	2%	-	1%	-	4%	-
The person himself/herself, the employer and the state	-	-	-	-	0%	2%	0%	-
<b>The person himself/herself and the state *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>	<b>38%</b>
The employer and the state	-	-	-	-	-	-	1%	-
Do not know	-	-	-	1%	5%	-	3%	-
Have not heard of the fully funded pension system	50%	100%	84%	76%	62%	50%	43%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

( \*) Correct answers are highlighted

Again, only a small part of the population (4%) possess correct information about this issue, and the majority of the population has partly correct, fragmented and sometimes even wrong information. The more informed groups about this matter are: a) by gender: men (6%), by age: 26-40 years old and 63+ people, c) by educational level: those who have higher educational level.

### 3.2 POPULATION ATTITUDE, EXPECTATIONS AND CONCERNS ABOUT THE PENSION REFORMS

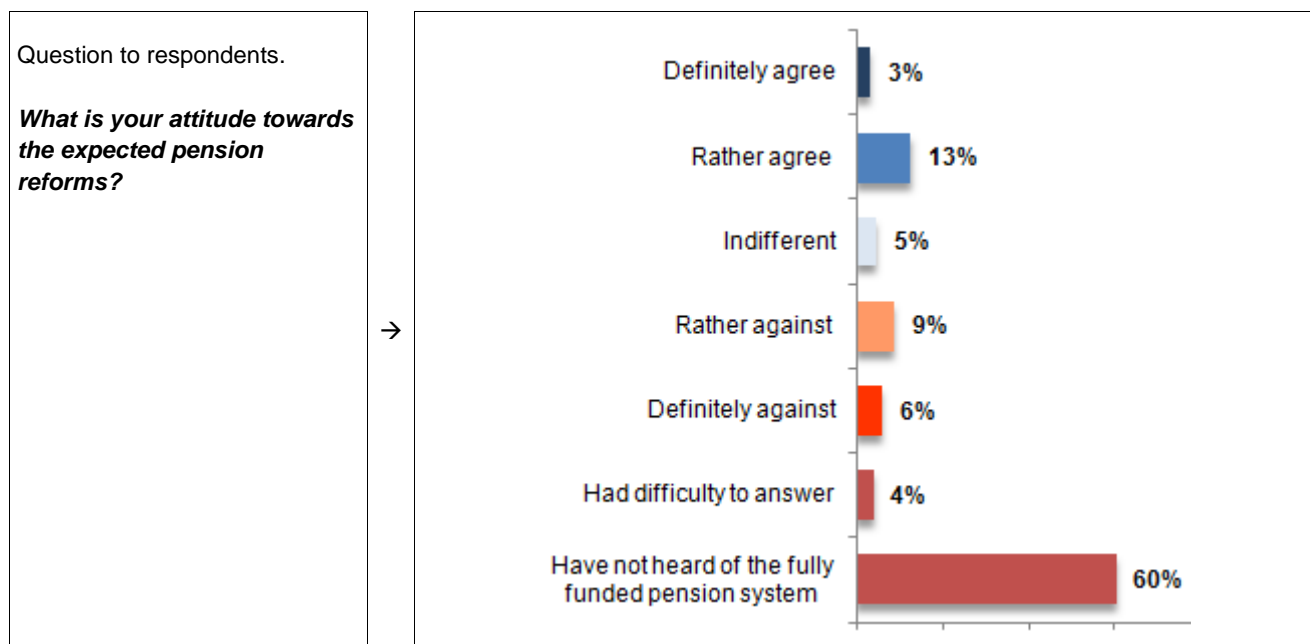
#### 3.2.1 Population's attitude towards the pension reforms

The analysis of the population awareness about pension reforms showed that the least awareness about the reforms' components comprises 4%, and the most awareness comprises 12%. Not having much information about the reforms, 16% of the population, however, expressed their positive attitude towards the implementation of reforms (see Chart 22). This phenomenon can be explained the following reasons:

- This group of population consists of people who are aware of the *main peculiarities of pension reforms* (period, conditions, beneficiaries) and *knowingly* are in favour of those reforms, and
- This group of population consists of people, who are *not aware of pension reforms*, but they are also *against the current pension system*, and are sure that it needs reforms. The majority of this group complains about the pension amount.

The statistics of respondents' answers expressing population's attitude towards the pension reforms is presented below.

Chart 22 - Population attitude towards the pension reforms



Summarizing the data of Chart 22, we may notice that:

- 16% of population is **in favour** of pension reforms,
- 5% of population is **indifferent** towards the pension reforms, and
- 15% of population is against the pension reforms, and:

The rest of the population has not heard about the pension reforms. That is why; they do not have any opinion about it (60%) or had difficulty to express any opinion (4%).

The part of the population, who supports the pension reforms (16%), explain their position the following way (respondents'a answers were not edited): *Only this way it will be possible to ensure well-being old age (11%), a link between the salary and the pension will be established (2%), it is quite safe method of saving money (1%), etc.*

The part of the population, who is indifferent towards the pension reforms (5%), explain their position the following way (respondents' answers were not edited): *Pension reforms are no concern of them (2%), they are not familiar with pension reforms (1%), do not have job (1%), do not trust the pension reforms (1%), etc.*

The part of the population, who is against the pension reforms and has negative attitude towards them (15%), explain their position the following way (respondents' answers were not edited): *Do not trust the pension reforms (7%), do not have job (4%), salary is low (2%), at current situation it is not necessary to do reforms (1%), the pension reforms will not bring any benefits (1%), etc.*

The indicators of attitude towards pension reforms are the following by gender, age and educational groups:

**Table 25 - The attitude of various population groups towards pension reforms**

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
Definitely agree	4%	3%	4%	2%	3%	4%
Rather agree	15%	12%	13%	12%	15%	8%
Indifferent	5%	4%	2%	2%	7%	6%
Rather against	11%	8%	4%	8%	10%	12%
Definitely against	5%	6%	1%	5%	8%	7%
Had difficulty to answer	4%	4%	1%	7%	5%	1%
Have not heard of the fully funded pension system	55%	62%	75%	64%	51%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Definitely agree	50%	-	-	1%	4%	4%	4%	38%
Rather agree	-	-	3%	6%	17%	16%	18%	-
Indifferent	-	-	2%	4%	1%	6%	8%	-
Rather against	-	-	5%	6%	6%	12%	13%	38%
Definitely against	-	-	5%	4%	5%	10%	8%	-
Had difficulty to answer	-	-	-	2%	6%	2%	6%	13%
Have not heard of the fully funded pension system	50%	100%	84%	76%	62%	50%	43%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

By various groups of population the attitude towards the pension reforms has the following expressions:

- By gender: the attitude of men and women is almost the same. In the case of men 19% likes, and 16% dislikes, while in the case of women 15% likes and 14% dislikes pension reforms;
- By age groups: The younger people are the more they are in favour of reforms and the opposite. The reason may be that younger people are more in favour of system reforms, as those changes do not

relate to their nowadays' benefits, since they have many years until reaching the retirement age. Besides, younger people are more open for innovations than elder people. Representatives of the latter (including pensioners) are more conservative and careful when it comes to reforms, as they have fears and concerns;

- By educational groups: the number of people who wote for and against the pension reforms is almost equal.

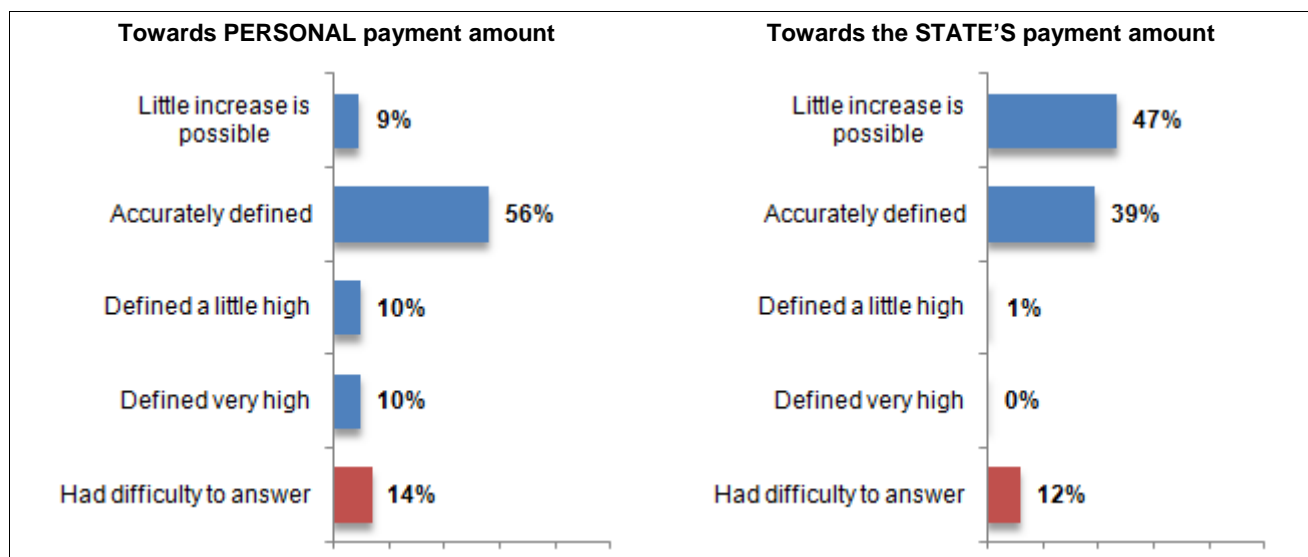
**Rural people have more positive attitude** towards pension reforms. 55% of the rural population who are aware of the fully funded pension system support them. While only 34-36% of urban population is in favour of the reforms. In fact, there are no big differences between the positions of Yerevan's population and those of the other cities.

Besides understanding the peculiarities of population attitude by their gender, age and educational groups, it is very important to comprehend the following: a) people of *what expectations are in favour or against the pension reforms*, or b) *is it possible that people may be against the pension reforms because of not understanding its essence?* The statistics of respondents' answers about the mentioned questions are presented in the analyses of APPENDIX 1 (see page 79).

### 3.2.2 Population's attitude towards the amount of payments funded on personal account

As it has been mentioned in the case of the mandatory fully funded pension system the pension fund will be formed at the expense of population's and the State's payments. In fact, the amount of population's payment comprises 5% of their monthly salary, which will be doubled (but not more than by the amount of 25,000AMD) by the State. In order to understand population's attitude towards this question first of all they were provided with necessary information, i.e. they were informed about the amounts paid by each side. Obtaining information the respondents became available for properly expressing their opinions about the amounts of population's and state's payments (see Chart 23).

**Chart 23 - Population attitude towards the amounts of payments funding on individual pension account**



Respondents' majority (65%) has positive attitude towards the amount of their own payment. However, expectations from the State are more than suggested. 47% of the population wishes that the payment amount of the State was higher. The overall impression of respondents' answers is that in the case of the mandatory fully funded pension system the terms related to the population's and the state's payment amounts will not meet big counteraction.

### **3.2.3 Population expectations and concerns related to the pension reforms**

The population attitude towards the pension reforms is not connected only with the terms according to which the fully funded pension system will operate (dates, principles, payment amount, age groups of beneficiaries). Population's positive or negative attitude is also formed based on their psychological approach and confidence in state institutions implementing the reforms. From psychological point of view some tensivity is noted among the population conditioned by the high level of unemployment or low incomes. The existence of social problems and limited chances of solving those problems do ensure a lot of hope towards the future. A significant part of the population thinks that the authorities are in charge of the situation. That is why; such an important activity as pension reforms, initiated by them are not trustworthy for the population as one of the ways of raising the pensions. This is the most problematic issue the population is concerned about.

Thus, only 34% of the population hopes that pension reforms will lead to raise of pensions. Whereas 40% of the population thinks that *the reforms will not have any result*. 4% thinks that *by introducing the fully funded pension system they will be able to save money*. 2% thinks that *by the reforms the state will solve its own problems and not those of the pensioners*. It is noteworthy that majority of those people who have negative attitude towards the pension reforms have heard neither about the pension reforms nor about the fully funded pension reform. It turns out that **not small number of people express their opinion about something they are not aware of**. It is obvious that social tensivity has a negative influence on the population, forming negative expectations from the pension reforms and towards the future.

More objective figure of the population expectations from the pension reforms can be obtained based on those respondents' answers who are aware of the pension reforms and comprise 36% of the sampling. The latter is presented in Section 3.1.1 (*Population general awareness about the expected pension reforms, page 32*). Below is presented the analysis of their expectations and concerns.

#### *3.2.3.1 Population expectations from the pension reforms*

Expectations of the population from the pension reforms are not unambiguous. Majority of respondents who are aware of the reforms have *positive expectations*. 14% of them are optimistic about the reforms and think that as a result of the reforms *the pensions will be raised* and only 3% does not believe in any positive change (see Chart 24).

Chart 24 - Population expectations from the pension reforms

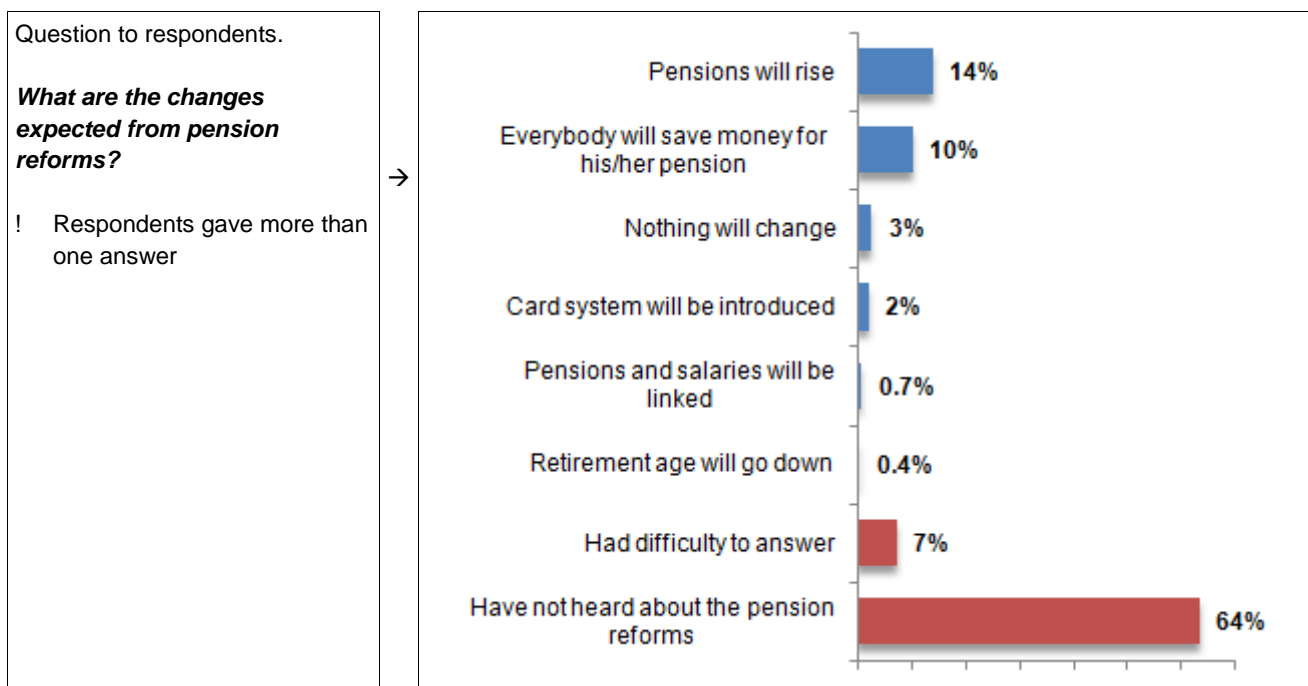


Table 26 - The expectations of various population groups from the pension reforms

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
Pensions will rise	12%	15%	15%	11%	15%	16%
Everybody will save money for his/her pension	14%	9%	3%	7%	14%	13%
Nothing will change	3%	2%	2%	2%	4%	1%
Card system will be introduced	1%	3%	4%	2%	1%	3%
Pensions and salaries will be linked	0%	1%	1%	2%	0%	-
Retirement age will go down	1%	0%	1%	1%	0%	-
Had difficulty to answer	7%	7%	2%	6%	8%	10%
Have not heard about the pension reforms	62%	64%	69%	71%	57%	61%

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Pensions will rise	-	-	14%	12%	18%	12%	14%	13%
Everybody will save money for his/her pension	-	-	8%	4%	10%	8%	17%	25%
Nothing will change	-	-	2%	1%	1%	-	5%	13%
Card system will be introduced	-	-	2%	3%	1%	2%	2%	-
Pensions and salaries will be linked	-	-	-	1%	0%	-	1%	-
Retirement age will go down	-	-	-	-	1%	-	1%	-
Had difficulty to answer	-	-	7%	3%	8%	4%	11%	38%
Have not heard about the pension reforms	100%	100%	69%	78%	62%	72%	50%	13%

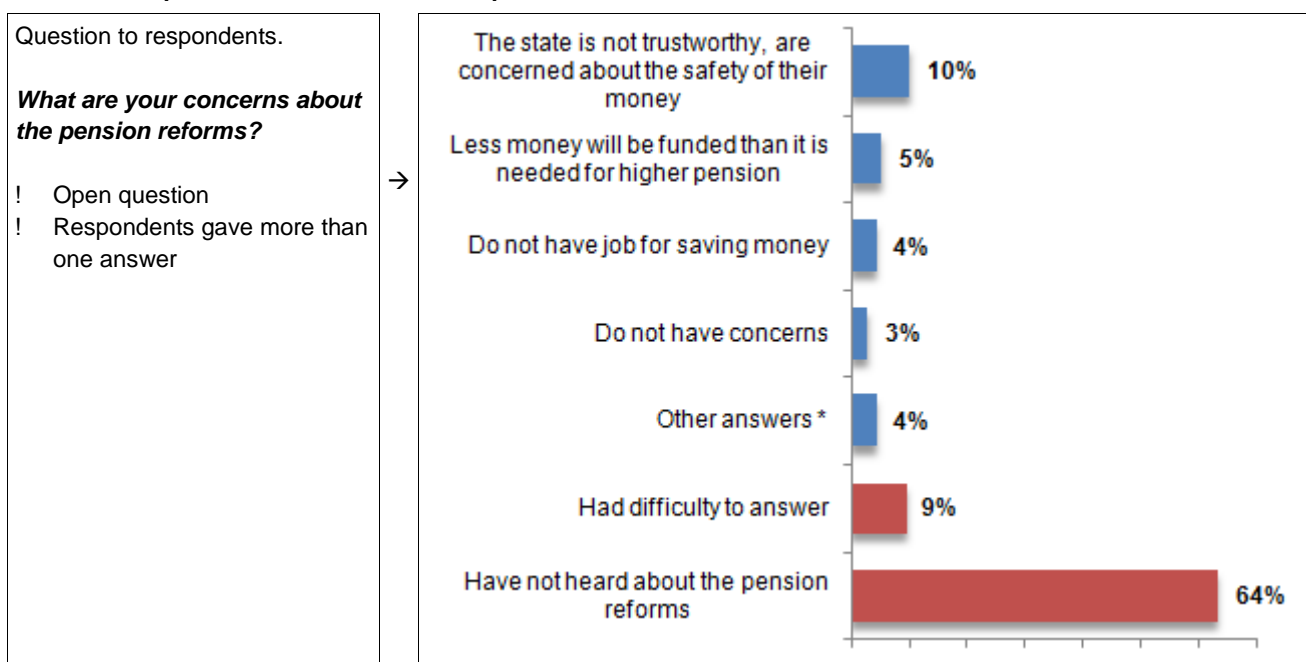
The presented data attest that it is a must to raise the awareness level of population about the pension reforms. Comparison of the following indicators confirmed that statement. Among the whole population, which includes those, who are both aware and unaware of pension reforms, 34% expect positive results from the reforms, and 40% do not think there will be any changes. While among those who are **aware** of the pension reforms (36% of the total population) 67% (24% of the total population) expect positive or at least not negative results from the reforms, and only 8% (3% of the total population) do not think there will be any changes.

### 3.2.3.2 Population concerns about the pension reforms

The population has some concerns about the pension reforms. Moreover, concerns have not only those who do not have positive expectations from the reforms, but also those, who despite their concerns are in favour of those reforms.

The main concern about the pension reforms is connected with *the low level of trust towards the State* and with *the fear connected with safety of funded money* (10%). The second largest group of the population thinks that *pension reforms and introduction of the fully funded pension system cannot lead to raise of pensions, because they either do not have jobs (income) or if they do, salaries are very low* (9%). It should be taken into consideration that 64% of the population (not being aware of the pension reforms) were not able to objectively express their concerns about the reforms.

**Chart 25 - Population concerns about the pension reforms**



(\* ) 12 types of answers given by respondents are included in the group of *Other answers*. Each of them was mentioned not more than 8 times (not more than 1%). Such answers included: *The amount of funded money is large* (0.8%), *technical problems will occur connected with receiving pensions* (0.7%), *do not hope to reach the retirement age* (0.6%), *the problem of unemployed people is uncertain* (0.5%), etc.



**Table 27 - Concerns of various population groups connected with the pension reforms**

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
The state is not trustworthy, are concerned about the safety of their money	12%	10%	6%	9%	14%	9%
Less money will be funded than it is needed for higher pension	5%	5%	6%	3%	6%	6%
Do not have job for saving money	4%	5%	-	4%	6%	6%
Do not have concerns	3%	3%	5%	2%	2%	5%
Other answers	5%	4%	7%	2%	4%	5%
Had difficulty to answer	8%	10%	10%	10%	10%	8%
Have not heard about the pension reforms	62%	64%	69%	71%	57%	61%

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
The state is not trustworthy, are concerned about the safety of their money	-	-	3%	4%	9%	6%	18%	50%
Less money will be funded than it is needed for higher pension	-	-	12%	5%	7%	2%	4%	13%
Do not have job for saving money	-	-	3%	3%	6%	2%	5%	13%
Do not have concerns	-	-	2%	1%	3%	6%	5%	-
Other answers	-	-	-	0%	-	-	2%	-
Had difficulty to answer	-	-	8%	7%	12%	8%	11%	-
Have not heard about the pension reforms	100%	100%	69%	78%	62%	72%	50%	13%

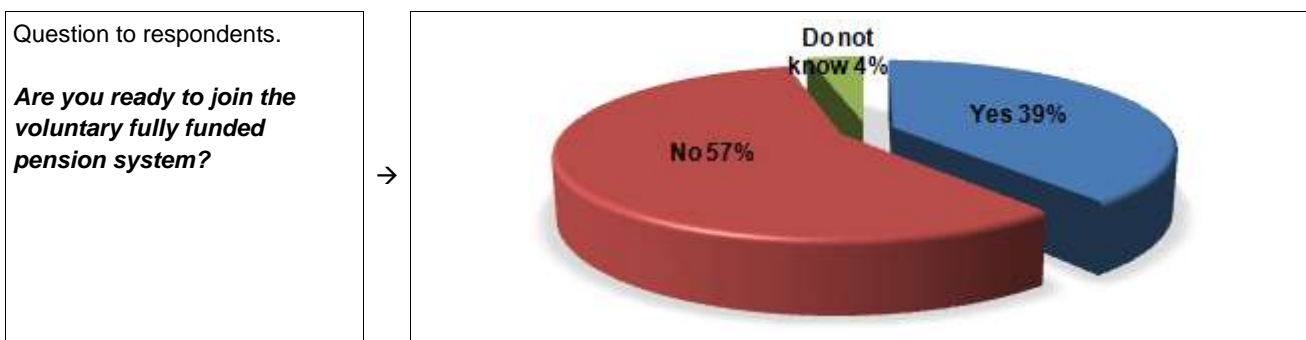
Based on the data of

Table 27 it is concluded that trust level towards the State is low especially among higher educated groups of people. If experienced and knowledgeable groups think like this then perhaps there are some real bases for that. This is a serious challenge for the State, which is planning to overcome the financial crisis and difficulties caused by high inflation and implement structural reforms.

### 3.2.4 Population readiness to join the voluntary fully funded pension system

39% of the population expressed their readiness to join the voluntary fully funded pension system. This is an important indicator because of the following reason. Only 40% of the population stated that they are aware of the fully funded pension system. At the same time, only 4-12% of the population had **correct information** about the terms of the fully funded pension system. Significant part of the population is ready to join the system, without knowing for sure its essence. This, in its turn, means that this part of the population, having no hope with the current pension system, is ready to use any opportunity which at least theoretically might cause pension raise.

**Chart 26 - Population readiness to join the voluntary fully funded pension system**



39% of the population has expressed their readiness to join the voluntary fully funded pension system. This group of the population is divided into two sub-groups by their position: a) people, who **will definitely join** (19%) the voluntary fully funded pension system, and b) people who will join the voluntary fully funded pension system **on a condition** (20%).

The position of those (19%), who **definitely want to join** the voluntary fully funded pension system, is the following: they think that the voluntary fully funded pension system will *ensure higher pension in the future, it is a more efficient system and it is a good option of funding money for themselves or for their children.*

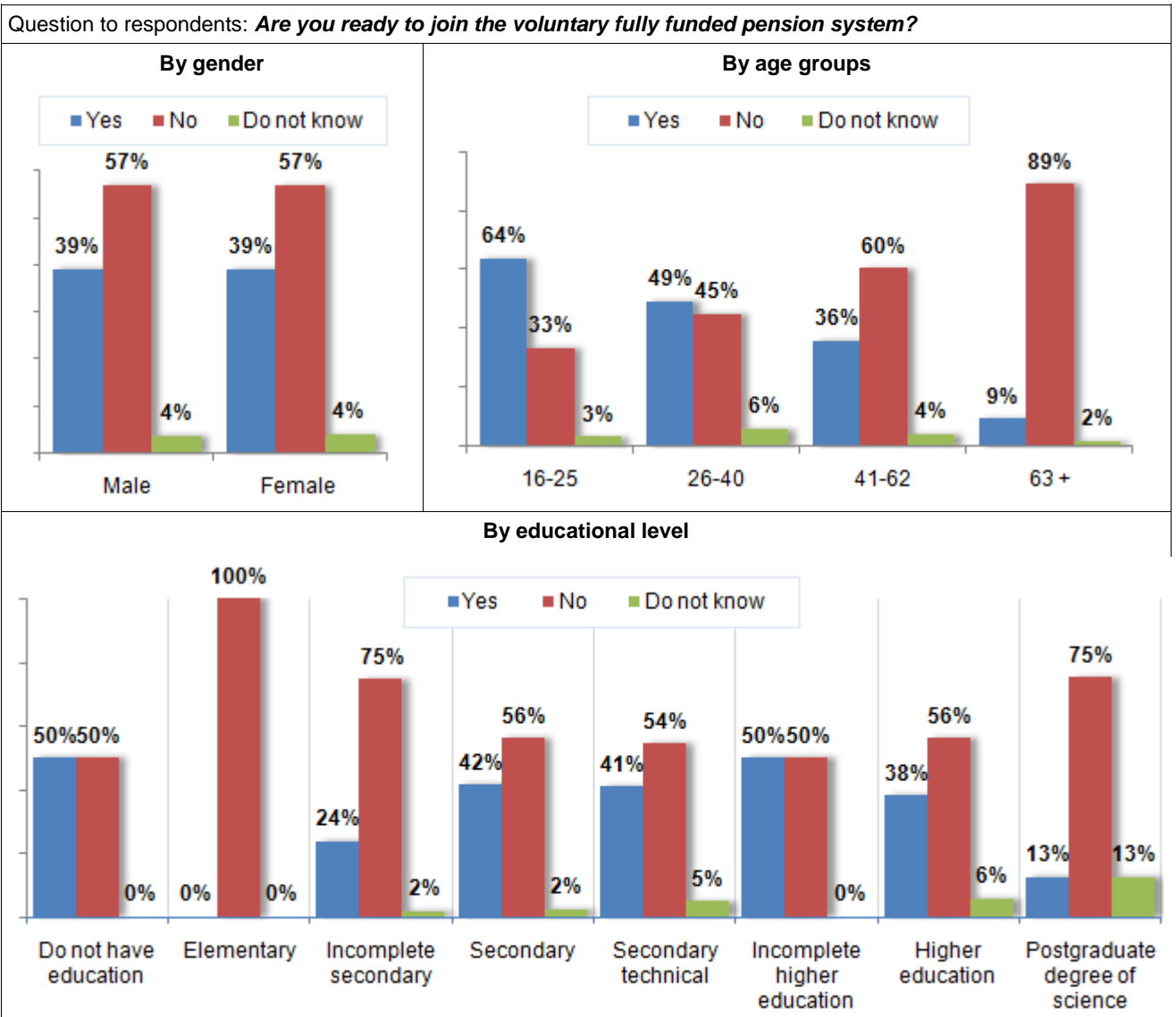
The second group (20%), who expressed their readiness to join the system, thinks that a number of **preconditions** must be ensured for it. Only after that it will make sense to join the system. In other words, in order to join the system people *should have jobs or have stable (permanent) and sufficient incomes.* Thus, people do not mind funding money on their personal pension account, but they do not have sources (job or sufficient income) at the moment. 3% of the population will join the voluntary fully funded pension system only after they make sure it operates normally, does not cheat and pension payments are made properly.

Other groups of the population have different views on joining the voluntary fully funded pension system (see Chart 29).

- By gender: men and women are of the same opinion regarding the joining the voluntary fully funded pension system;
- By age groups: young people (16-25 years old people) are more ready to join the voluntary fully funded pension system. In fact, the older the people are the less they want to join the system;

- By educational level: there is no group which dominates by readiness to join the voluntary fully funded pension system. It is noteworthy that there are also quite many higher educated people among those who do not want to join the system.

Chart 27 - Readiness of various groups of population to join the voluntary fully funded pension system



From the viewpoint of joining the voluntary fully funded pension system again a remarkable statistics was registered from urban and rural population. Thus, 35-37% of Yerevan's and other cities' population are ready to join the voluntary fully funded pension system. This indicator comprises 45% among the rural population. This can be explained by the fact that rural people are more flexible, even if they do not

have complete information about the fully funded pension system. On the other hand, it is very difficult to estimate whether their attitude may change if they become more aware of the system.

The implementation and development of the system will highly depend on the readiness of various population groups. Taking into consideration the importance of the question, it is necessary to continue the assessment of the population that has expressed readiness to join the voluntary fully funded pension system, by their following characteristics.

*To what extent people are ready to join the voluntary fully funded pension system?*

- 1) Among the representatives households with different levels of income generation;
- 2) Among the people who are concerned about the pensions;
- 3) Among the people who have expressed their opinion about their "bread winner" at retirement age;
- 4) Among the people who are in favour or against the pension reforms.

The statistics of respondents' answers is presented in Appendix 2 (see page 73).

The main challenge that will hinder the development of the voluntary fully funded pension system is that **majority of population is not able to make savings**. Thus, only 23% of respondents have stated that they save money. 77% is not able to save for only one reason, i.e. they do not have enough income or job for that.

There are no big differences by gender distribution among those who make savings. However, it is obvious that younger people and those who have higher educational level are dominant. In order to be sure of this the data presented below is brought.

**Table 28 - Savings made by various groups of population**

	Gender distribution		Age distribution			
	Male	Female	16-25	26-40	41-62	63 +
Make savings	22%	24%	44%	33%	16%	6%
Do not make savings	78%	76%	56%	67%	84%	94%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

	Educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Make savings	-	-	10%	22%	20%	30%	27%	50%
Do not make savings	100%	100%	90%	78%	79%	70%	73%	50%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Another problem for join the voluntary fully funded system is where/how people keep their savings. 60% of the population who saves (23% of the population) have stated that they keep their savings at their homes and only 19% are keeping their savings in the banks. The rest of the population keeps their savings in the form of gold or real estate. The results of the survey show that in any case 36% (23% of the population) of those who make savings will not join the voluntary fully funded pension system.

## 4 POPULATION'S CONFIDENCE IN STATE AND FINANCIAL INSTITUTIONS

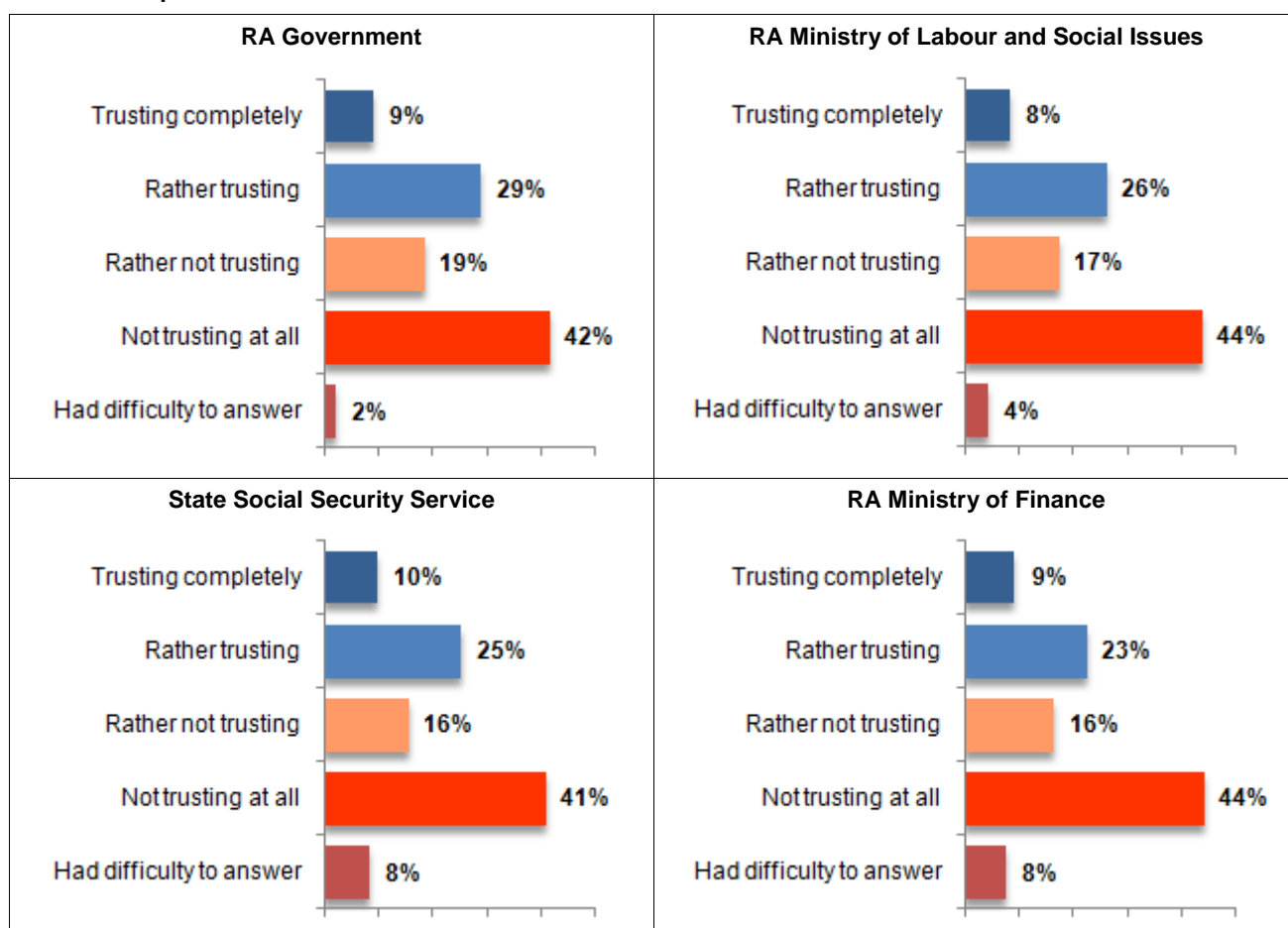
The RA Government proposed pension reform is a nationwide event which will have its influence on all segments of the population. The reform is implemented in the post crisis period, when the country needs to immediately solve numerous socio-economic problems. Large scale of poverty and unemployment become a source of some social tension, for which according to the population the authorities are responsible; mainly the RA Government or other respective State institutions. Whereas, it is the RA Government who is implementing the pension reform, and in order to do this smoothly and without any obstacles it is necessary to have the support, trust and loyalty of people.

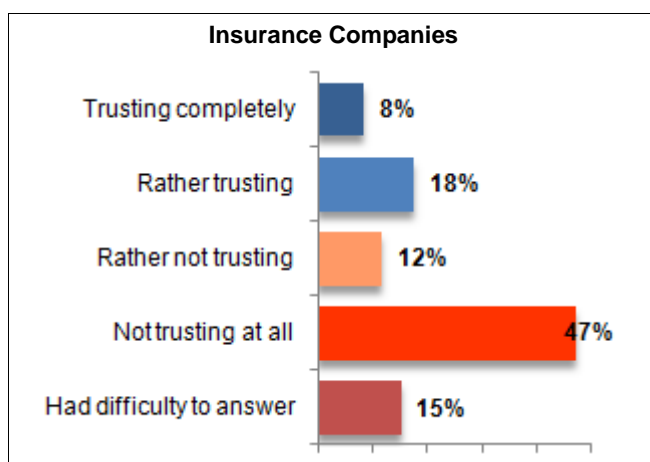
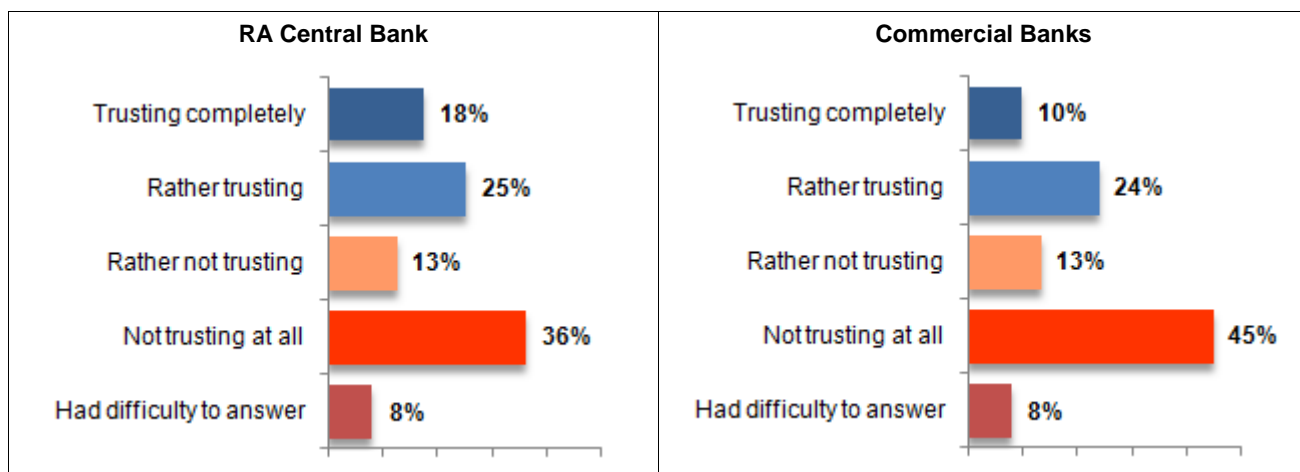
Pension reform as a nationwide event of the financial system, relates to the country's financial institutions' operation as well (banks, investment funds, insurance companies). From the viewpoint of the population, one of the main questions that they are concerned about is the safety of funded means. By population's perception the RA Government, as an implementor of reforms, and financial institutions, as recipient of population's savings, are responsible for this. Thus, population's confidence in financial institutions is also a very important factor for smooth implementation of the pension reforms.

The RA Government, RA Ministry of Labour and Social Issues, State Social Security Service, RA Central Bank, commercial banks and insurance companies were targeted in order to evaluate the confidence in state and financial institutions. The evaluation of confidence was implemented by using a 4 scale ranking, where 4 stands for *Trusting completely*, and 1 stands for *Not trusting at all*.

Indicators describing population's confidence in State and financial institutions are presented below.

**Chart 28 - Population's confidence in State and financial institutions**





The presented data attests that state and financial institutions are not highly trusted by the population. The highest rate of confidence belongs to the RA Central Bank (43%<sup>11</sup>), and the least rate of confidence belongs to insurance companies (26%). The main implementor of pension reforms, i.e. the RA Government, has 38% of confidence, which is not very high for smooth implementation of such initiatives. Confidence level of 32-38% given to the RA Government and its agencies reflect socio-economic problems, which currently exist in our reality. The main problem which the population is

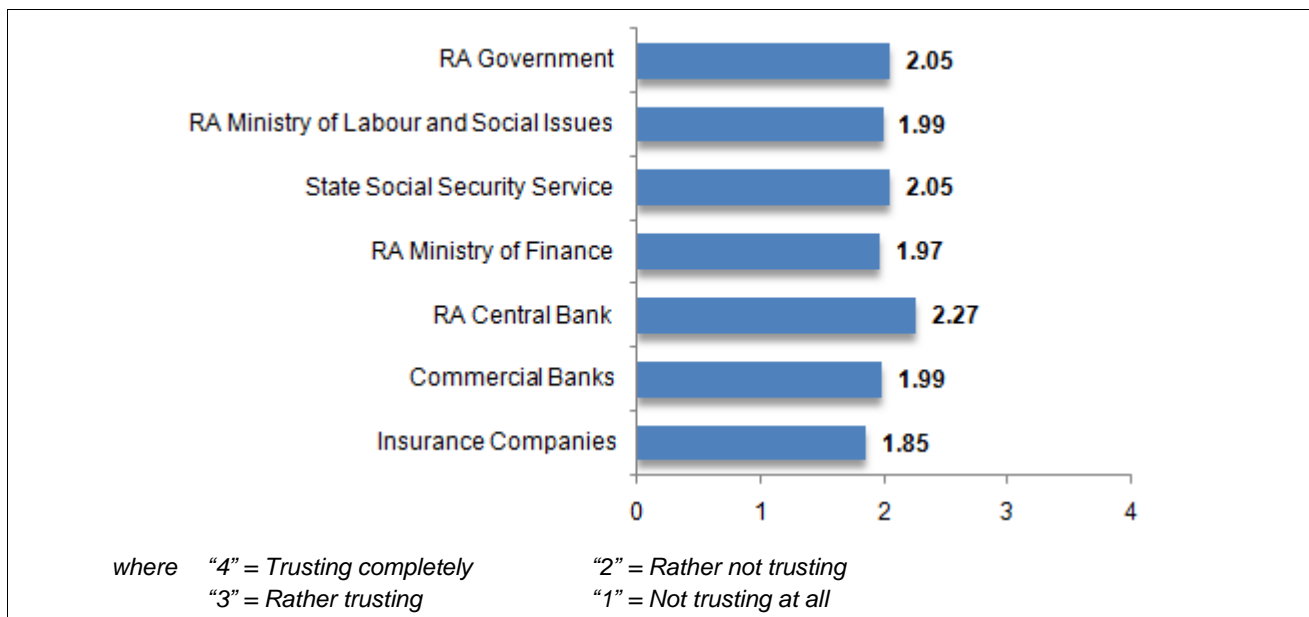
concerned about is the *high level of poverty*, which has increased during the last few years, reaching from 27.6% (in 2009) to 34.1%<sup>12</sup> (in 2010). Informal unemployment level comprises 28.6%, which is a very high indicator<sup>13</sup>. Financial institutions also do not have high rates of confidence. Confidence rate of commercial banks comprises 34%, which can be considered as a serious challenge on the way of piping the unused financial means of the wider public to the banks. Below are presented the average comparative ratings of population confidence in state and financial institutions, where almost all ratings of confidence are corresponding the range of *Rather do not trust*.

<sup>11</sup> Computed based on the total sum of respondents' answers *Trusting completely* and *Rather trusting*

<sup>12</sup> Source: *RA social debts and poverty, 2010*, NSS, 2010

<sup>13</sup> Source: International Labour Organization

Chart 29 - Comparative ratings of population confidence in state and financial institutions



The analysis of the confidence in state and financial institutions by population gender and age distribution and by their educational level (see Table 29), uncovers the following peculiarities.

Almost all the institutions have more confidence among women than among men. But if in this case there is a slight deviation, then in the case of age groups it is quite obvious. Among age groups young people (16-25 years old) have more confidence in state and financial institutions. Young people's confidence ratings for the RA Central Bank and commercial banks are between the ranges of *Rather trusting*. Young people's relatively high confidence in state and financial institutions can be explained by the fact that this group does not completely feel the strong impact of socio-economic problems. Instead, the age group of their parents (41-62 years old people) feels this impact, whose confidence in state and financial institutions is on the lowest level among all age groups. Besides, elder people still remember their well-being years and their conceptions about credible state are different. For younger people there is no base for making comparison that is why they accept the state as it is.

Among the educational groups it is noteworthy that the higher is the educational level of people the lower is their confidence in state and financial institutions. From this point of view commercial banks and insurance companies make some exception, as in this case confidence in them is above the average among people of higher education.

Table 29 - Comparative confidence ratings of various population groups in state and financial institutions

		State and financial institutions						
		RA Government	RA Ministry of Labour and Social Issues	State Social Security Service	RA Ministry of Finance	RA Central Bank	Commercial Banks	Insurance companies
		↓	↓	↓	↓	↓	↓	↓
By gender	Male	1.99	1.90	1.93	1.91	2.03	1.90	1.72
	Female	2.08	2.03	2.10	1.99	2.38	2.03	1.91
		↓	↓	↓	↓	↓	↓	↓
By age groups	16-25	2.24	2.17	2.28	2.19	2.76	2.46	2.25
	21-40	2.03	1.99	2.03	1.95	2.39	2.14	2.00
	41-62	1.99	1.90	1.97	1.91	2.07	1.83	1.67
	63 +	2.05	2.04	2.03	1.92	2.04	1.63	1.68
		↓	↓	↓	↓	↓	↓	↓
By educational level	Do not have education	3.00	3.00	3.00	3.00	2.50	1.50	1.00
	Elementary	2.50	2.50	2.50	2.50	2.50	1.50	1.50
	Incomplete secondary	2.14	2.35	2.24	2.11	2.22	1.84	1.80
	Secondary	2.12	2.05	2.19	2.06	2.35	2.02	1.89
	Secondary technical	2.04	1.99	2.04	2.00	2.24	1.90	1.84
	Incomplete higher education	2.15	2.00	1.98	1.91	2.11	2.00	2.03
	Higher education	1.98	1.86	1.90	1.84	2.24	2.07	1.81
	Postgraduate degree of science	1.50	1.50	1.50	1.50	1.83	1.57	2.00

where "4" = Trusting completely  
 "3" = Rather trusting  
 "2" = Rather not trusting  
 "1" = Not trusting at all



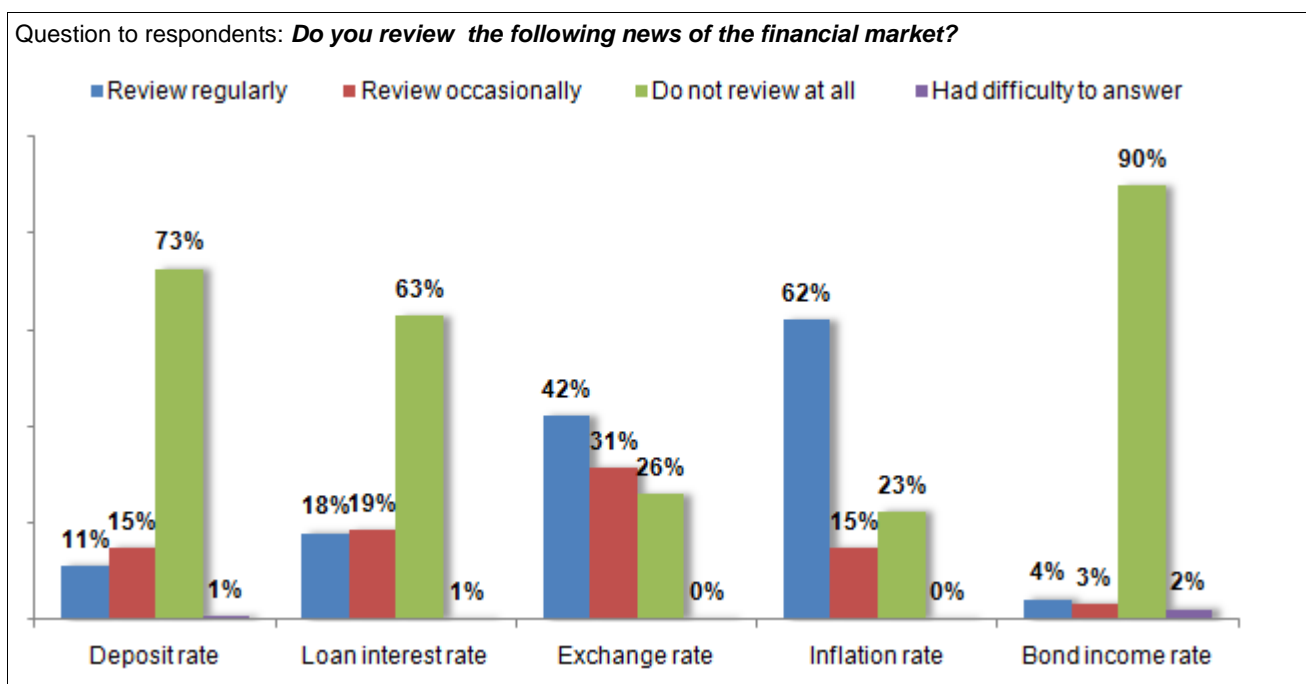
## 5 POPULATION INFORMATION SOURCES

### 5.1 REVIEW OF THE FINANCIAL MARKET

By the introduction of new fully funded pension system there will be a new situation in the financial market of Armenia and new possibilities for the market development. In the case of the new system any decision about the use of pension funds is made by the person who is making the pension payment. He chooses the manager of the funded assets of his personal account. He decides where and at what risk to invest his funds, and he makes the decision of changing the bad manager. In order to do this the customer has the opportunity to follow his monthly account statements, control the financial situation of his funds, compare his dividends with the market average and make a decision about his personal pension funds according to his abilities.

In order to be able to use such opportunities, the person who is making pension payments must have at least some knowledge and experience of managing financial funds. In order to evaluate it respondents were given the following question: *Do you review the news of financial market?* In fact the question was given taking into consideration such financial news which are widely common and known, for instance, deposit rate and loan interest rate, exchange rate, inflation rate and bond income rate. We suppose that the more practical and important financial news is for people the more often they review that news. The statistics of respondents' answers about this question are presented below.

**Chart 30 - Review of financial news by the population**



The presented data shows that majority of the population review the currency exchange rate and changes of the inflation level. It is explained by the fact that these two indicators are directly connected with households' incomes. The large interest in currency exchange rate (42%) is explained by the volume of the currency flows (USD, Euro or Russian Ruble) people receive from abroad, which is the only or additional source of income for many households. Receiving those funds by certain regularity, the households automatically become aware of the information connected with the currency exchange rate.

The larger interest in the inflation level (62%) is explained by the last year's (2010) high level of this indicator (8.2% in 2010), which conditioned significant increase of prices for essential goods. The decline of population's purchasing power is also connected with the increase of consumption goods'

prices and increase of the poverty volumes. That is why, currently the inflation indicator is considered to be a subject of concern and alarm for the population. However, for the sake of honesty we must note that for a significant part of the population the *inflation indicator* is not an indicator which is computed by the state (by the National Statistics Service) and then presented to the population, but it is a conception *which is formed in the result of observing the goods' prices*. That is why this group of the population can not be considered as a group which *reviews the indicator of inflation level*.

A very small part of the population reviews other financial news, such as deposit rates and loan interest rates (11% and 18%). They are mainly experts of financial system or people who have (or had) deposits and loans. The bond income rate indicator is lower among the population.

## 5.2 USE OF THE INFORMATION

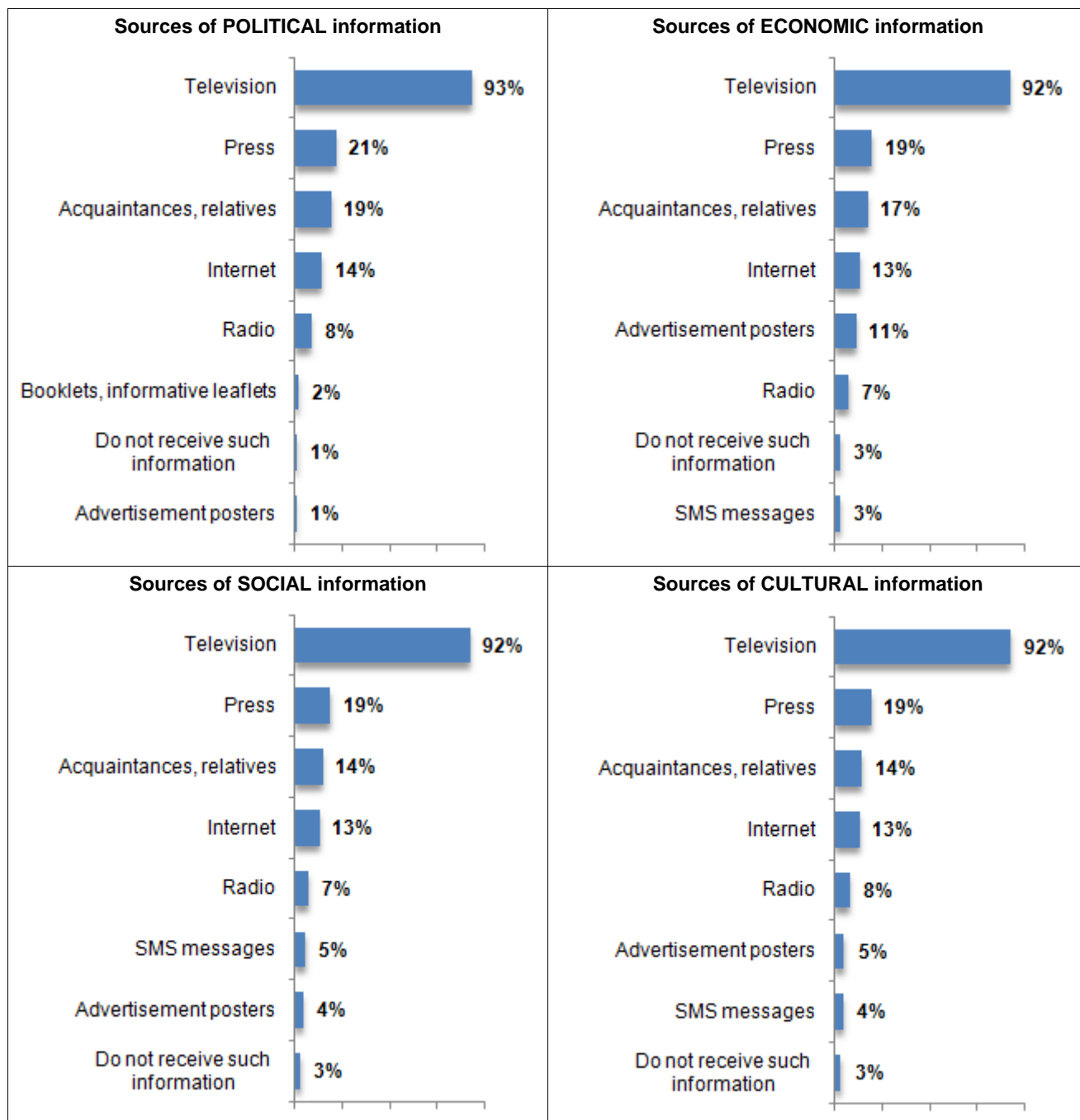
Based on data on the following of the financial market, it may be concluded that not large part of the population follows the news of pension reforms. If we take into account the same logic of reviewing financial news then more people may be reviewing the news concerning the pension reforms, i.e. those who have direct connection with pensions, mainly current pensioners, as well as people who are close to the retirement age. Meantime, younger people (16-25 and 26-40) may not be reviewing the pension reform news, thinking that they do not relate to them or it is too early to think about them. Although, the biggest changes are expected to be especially for those who are up to 40 years old. Thus, regardless of the population's wish the RA Government will have to spread information about pension reforms and their terms to all the segments of the population. In order to do this, first of all, it is necessary to have an idea of what are the information sources of the population and their confidence level in them.

### 5.2.1 Population's information sources

The population uses various information sources. According to the initial assumption, various thematic sources of information should have been used. Initially, political, economic, social and cultural theme course information was differentiated. However the results of the survey attest that there are no peculiarities connected with the theme courses of information, as in all cases the composition of information sources is almost the same.

TV has an exclusive role among sources of information. It is a source of receiving all kinds of information for 92-93% of the population. The next most used sources of information are newspapers, acquaintances/relatives, the Internet (see Chart 31).

Chart 31 - Sources of receiving information by their theme courses



The Internet, as a modern source of information dissemination and receiving, yet is not very common among the population. 36% of the population has stated that they have computers at home, 32% surfs the Internet, but only for 13-14% of the population it serves as a source of information. For the other 18-19% the Internet is applied for visiting social networks, as well as a mean of communicating with far living relatives, acquaintances and friends.

### 5.2.2 Preferred mass media, frequency of use and confidence

For any institution, which intends to implement a wide information campaign, it is necessary to know the most used information sources and how trustworthy they are. In our reality, the level of using information source and confidence towards them should be treated as different phenomena. In many areas of Armenia only a few sources of information are available. In such cases the population has no alternative

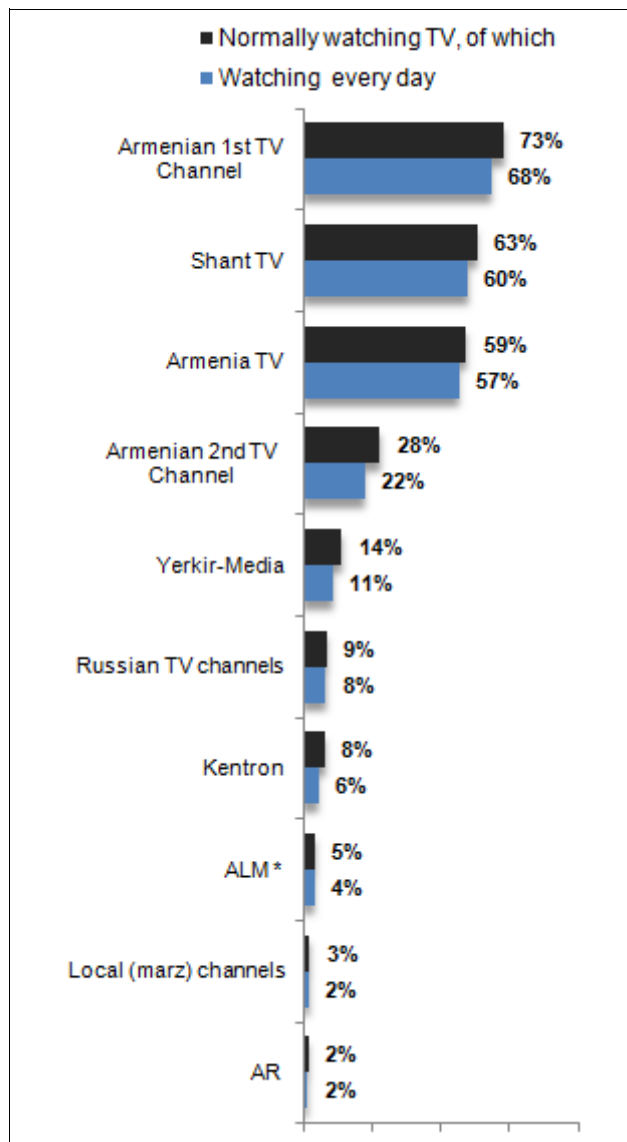
and uses available information sources. Meantime, they may not trust the received information, which means that a certain source of information is widely used but has a low level of confidence. That is why; taking these peculiarities into consideration, we have also treated the level of using the information sources and trust as different phenomena and have analyzed them separately.

Chart 31 shows that the most common information sources among mass media are TV, newspapers, the Internet and radio. The list of information sources classified by the regularity of their use by the population is addressed below.

### 5.2.2.1 TV

Respondents have mentioned 18 TV channels, which they watch and receive information from. 8 of the mentioned TV channels have very low level of use, not more than 1% of the population. To this list belong such Armenian TV channels as TV5, Yerevan, Dar 21, ATV, Ararat, Hayrenik, ArmNews and European EuroNews channel. The list of 10 channels that have more than 1% level of use is presented in Chart 32. The Armenian 1<sup>st</sup> TV Channel (Public channel) is the most watched channel among the population. Among all Armenian channels the Armenian 1<sup>st</sup> TV Channel has the largest broadcasting area. Unlike all the other TV channels, it is available in all the regions of Armenia, and its audience is objectively the largest one. Second and third most watched TV channels are Shant TV and Armenia TV, which are sources of information correspondingly for 63% and 59% of the population. The level of use of other TV channels is quite low and sometimes it is limited to watching the specific programs.

Chart 32 - The most watched TV channels by the population and the frequency of their use

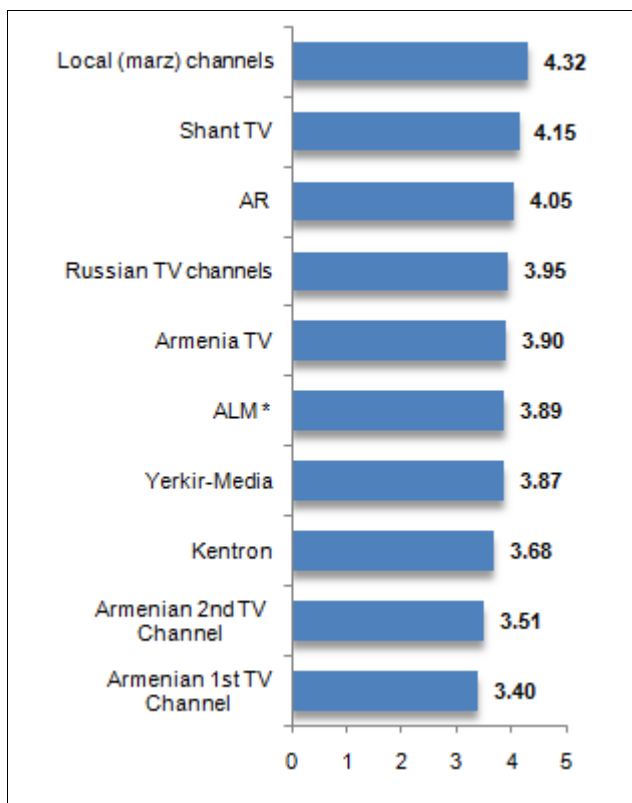


(\* ) - That TV channel is no longer available

In comparison to other sources of information, *television is a source of information for almost everyday use. Frequency indicators* of watching TV channels attest it (see Chart 32). Five TV channels, including Armenian 1<sup>st</sup> TV Channel, Shant TV, Armenia TV, Russian channels (mainly the first and second channels) and local (marz) channels *are watched every day* by the 92-95% of their audience. Armenian 2<sup>nd</sup> TV Channel, AR and ALM (which is not available since January, 2011) are watched every day by 80-89% of their audience, while Yerkir-Media and Kentron are watched every day correspondingly by 77% and 68% of their audience.

The survey results attest that population's *confidence* level in those channels has nothing to do with the degree of watching them. It is enough to mention that **the lowest level of confidence** belongs to Armenian 1<sup>st</sup> TV Channel - the one which has the largest audience. The indicators of confidence in TV channels by 5-digit ranking scale are presented below (see Chart 33 and Table 30).

**Chart 33 - Population confidence level in most watched TV channels**



**Table 30 - The most watched TV channels' intensity of use compared to confidence level**

TV channels	Ranking . . .	
	By intensity of use	By confidence level
Armenian 1 <sup>st</sup> TV Channel	1	10
Shant TV	2	2
Armenia TV	3	5
Armenian 2 <sup>nd</sup> TV Channel	4	9
Yerkir-Media	5	7
Russian channels	6	4
Kentron	7	8
ALM *	8	6
Local (marz) channels	9	1
AR	10	3

(\* ) - That TV channel is no longer available

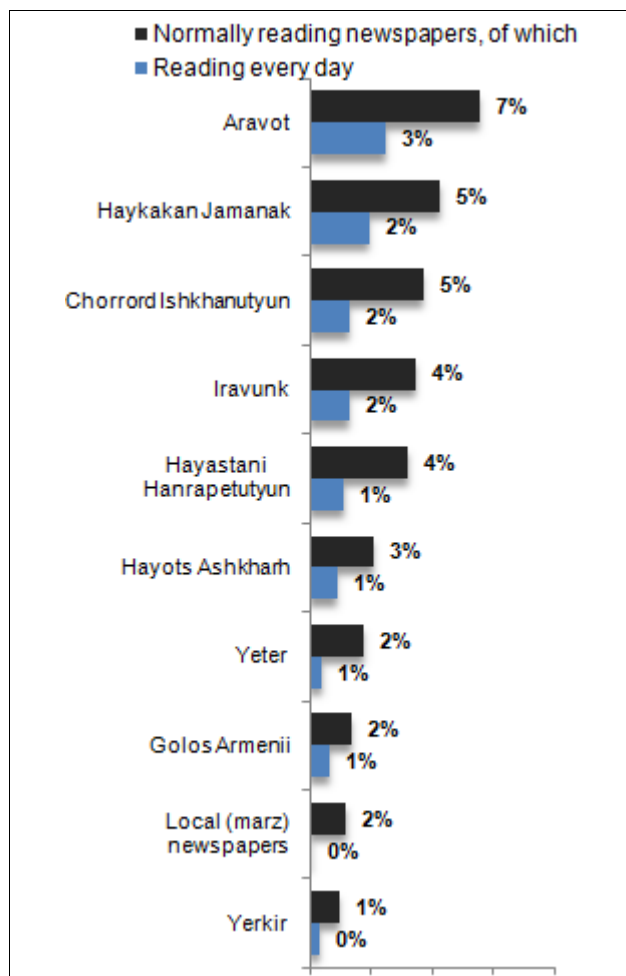
→ Where: "5" = Trusting absolutely  
 "4" = Rather trusting  
 "3" = . . .  
 "2" = Rather not trusting  
 "1" = Not trusting at all

Generally the majority of population thinks that pro-government TV channels, such as Armenian 1<sup>st</sup> and 2<sup>nd</sup> TV Channels and Kentron, do not illustrate the country's socio-economic situation correctly and unbiased. According to respondents they rather serve for praising the authorities and strengthening their image, than presenting the reality. A lot of people tried to express their complaints about some programs of those channels (especially of Armenian 1<sup>st</sup> TV Channel) by expressing their low confidence in them. Shant is the leading TV channel by *mostly watched+high confidence* option. It has the second largest audience and the highest indicator of confidence (not taking into consideration local channels).

**5.2.2.2 Newspapers**

According to our evaluation, with which many other experts agree, currently in Armenia television is fully controlled by the authorities or by political forces or related institutions that are loyal to the authorities. Oppositional political forces state that there are no TV channels that would serve as an auditorium for them. That is why; in order to spread information they concentrate on the publication of newspapers.

**Chart 34 - The most read newspapers by the population and the frequency of their use**

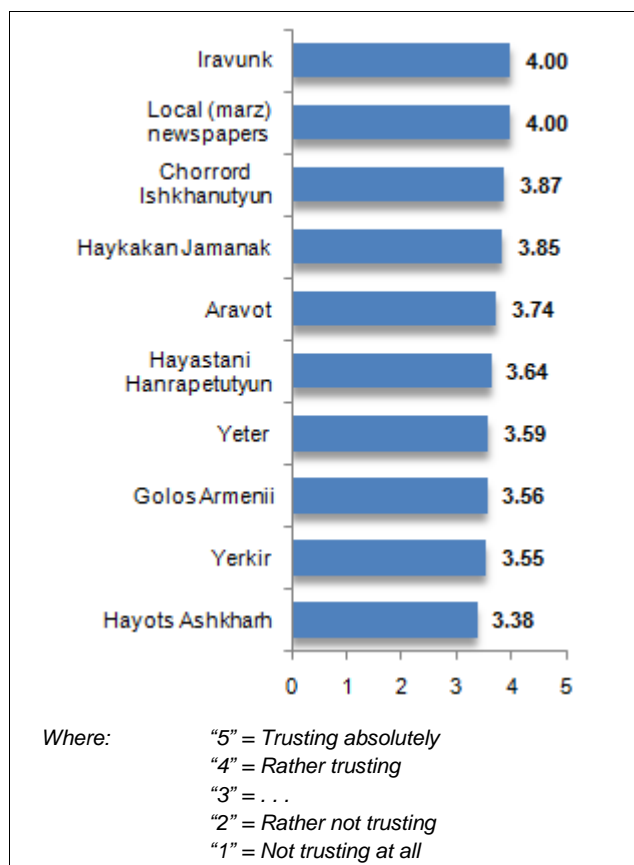


Similarly, those people who are not in favour of the authorities and can not find the information they need from television, tries to receive it from newspapers. Thus, half of top 10 most read newspapers are published by the oppositional political forces, including the first 4 most read newspapers (see Chart 34).

Survey results show that respondents have mentioned 16 newspapers as sources of information. 6 of them (entertainment newspapers, Azg, Hraparak, Jamanak, Capital, and 168 Jam) are used by not more than 1% of the population. Other newspapers also do not have high level of use. Particularly, the most read newspaper is Aravot, which is read only by 7% of the population, in fact only half of respondents read it *daily*. In general, the use of newspapers as a source of information is quite limited. According to our evaluation, during the next 1-2 years the use of newspapers will be more limited conditioned by the intensive use of Internet, and people will pay more attention to Internet web pages.

From the viewpoint of the trust top 5 newspapers are the same as they were from the viewpoint of degree of their use (see Chart 35 and Table 31).

**Chart 35 - Confidence level in the most read newspapers by the population**



**Table 31 - The most read newspapers' intensity of use compared to the level of confidence**

Newspapers	Ranking . . .	
	By intensity of use	By confidence level
Aravot	1	5
Haykakan Jamanak	2	4
Chorrord Ishkhanutyun	3	3
Iravunk	4	1
Hayastani Hanrapetutyun	5	6
Hayots Ashkharh	6	10
Yeter	7	7
Golos Armenii	8	8
Local (marz) newspapers	9	2
Yerkir	10	9

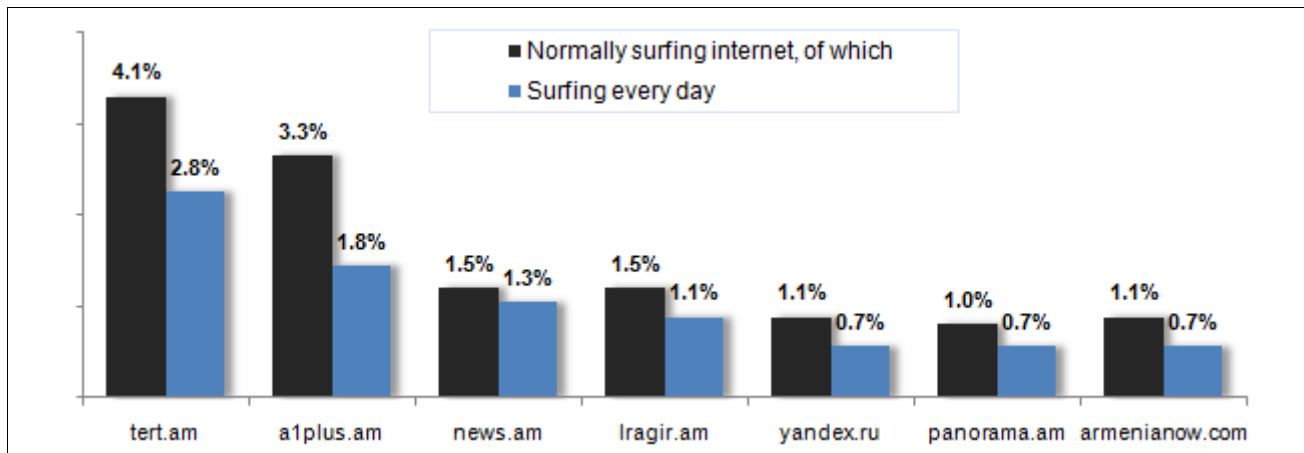
From the viewpoint of trust regional newspapers have notably high ranking (4 points, comparing to the other newspapers they are the 2<sup>nd</sup>). This is more noteworthy because of the fact that regional TV channels also have higher trustworthiness. It is obvious that regional TV channels, which have limited broadcast area, are more trusted among the rural population, which should be taken into consideration while organizing informative campaigns about the pension reforms.

### 5.2.2.3 Internet web pages

The population has mentioned only 12 web pages, which serve as source of information. 5 of them (social web pages: *slaq.am*, *armtoday.info*, *asecose.am*, *hraparak.am*) are used by not more than 1% of the population. The indicators of other 7 informative web pages are presented in Chart 36. The use of

Internet as a source of information is still on a low level. It can be noted from the study of informative web pages that most of them are not independent informative agencies, i.e. they reproduce the news of other informative sources. Only *a1plus.am* makes an exception, where the A1+ TV channel was housed after the closure.

Chart 36 - The most surfed Internet pages by the population and their frequency of surfing



The most often visited website is the news.am informative web page. 87% of respondents have stated that they visit this web page every day. Other web pages are visited by respondents like follows (in descending order): *Iragir.am* (73%), *panorama.am* (70%), *tert.am* (68%), *armenianow.com* (64%), *yandex.ru* (64%), *a1plus.am* (55%).

The indicators of the trust towards Internet informative web pages are presented below (see Chart 37 and Table 32).

Chart 37 - The level of confidence in most surfed Internet web pages by the population

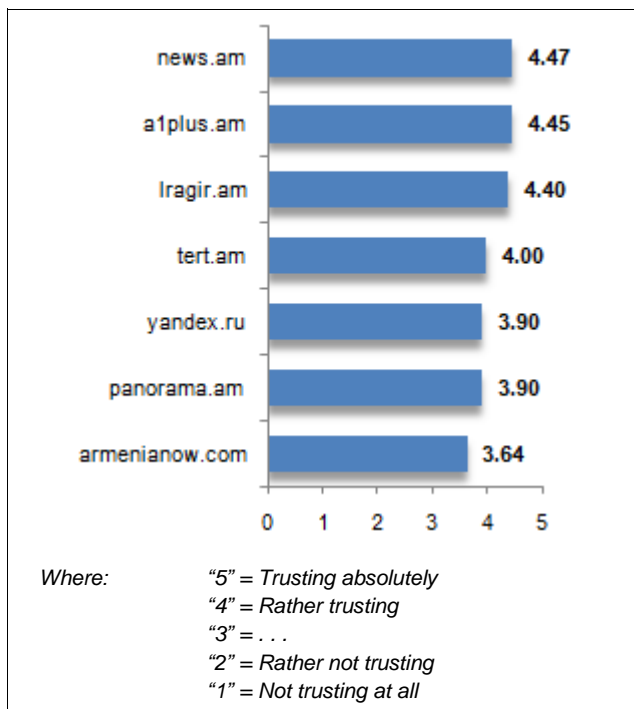


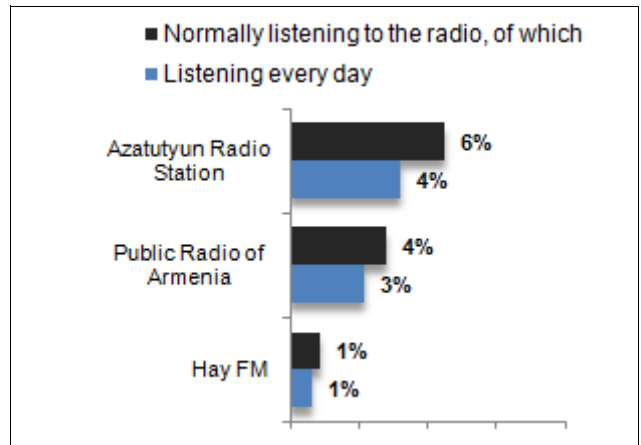
Table 32 - The most surfed Internet web pages' intensity of use compared to the level of confidence

Internet web pages	Ranking . . .	
	By intensity of use	By confidence level
tert.am	1	4
a1plus.am	2	2
news.am	3	1
Iragir.am	4	3
yandex.ru	5	5
armenianow.com	6	7
panorama.am	7	6

5.2.2.4 Radio channels

According to our evaluation in Armenian reality the radio step by step loses its importance as a mean of obtaining information. Radio channels, which more than 1% of the population listen to, are only 3 (see Chart 38). The reason is the following. Currently, only FM radio channels are popular among the population, and most of them are not accessible outside of Yerevan and in suburbs of the capital. Besides, they are mainly music and entertainment oriented, thus their role as a mean of obtaining information is rather low. This is the reason why only Public Radio of Armenia and Azatutyun Radio Station were mentioned as source of information. By its degree of use Azatutyun Radio Station is the obvious leader. It was mentioned it is not controlled by the authorities and spreads objective information. That is why; its audience highly trust it, which attest the data of Chart 39 and Table 33.

Chart 38- The most listened radio channels by the population and the frequency of listening to them



That is why; its audience highly trust it, which attest the data of Chart 39 and Table 33.

Chart 39 - Confidence level in most listened radio channels by the population

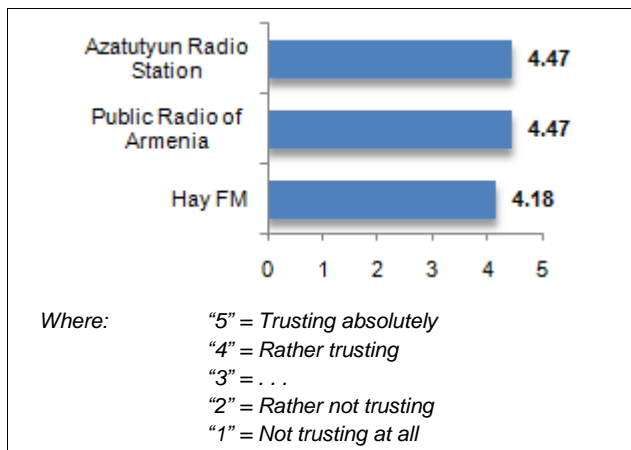


Table 33 - The most listened radio channels' intensity of use compared to the level of confidence

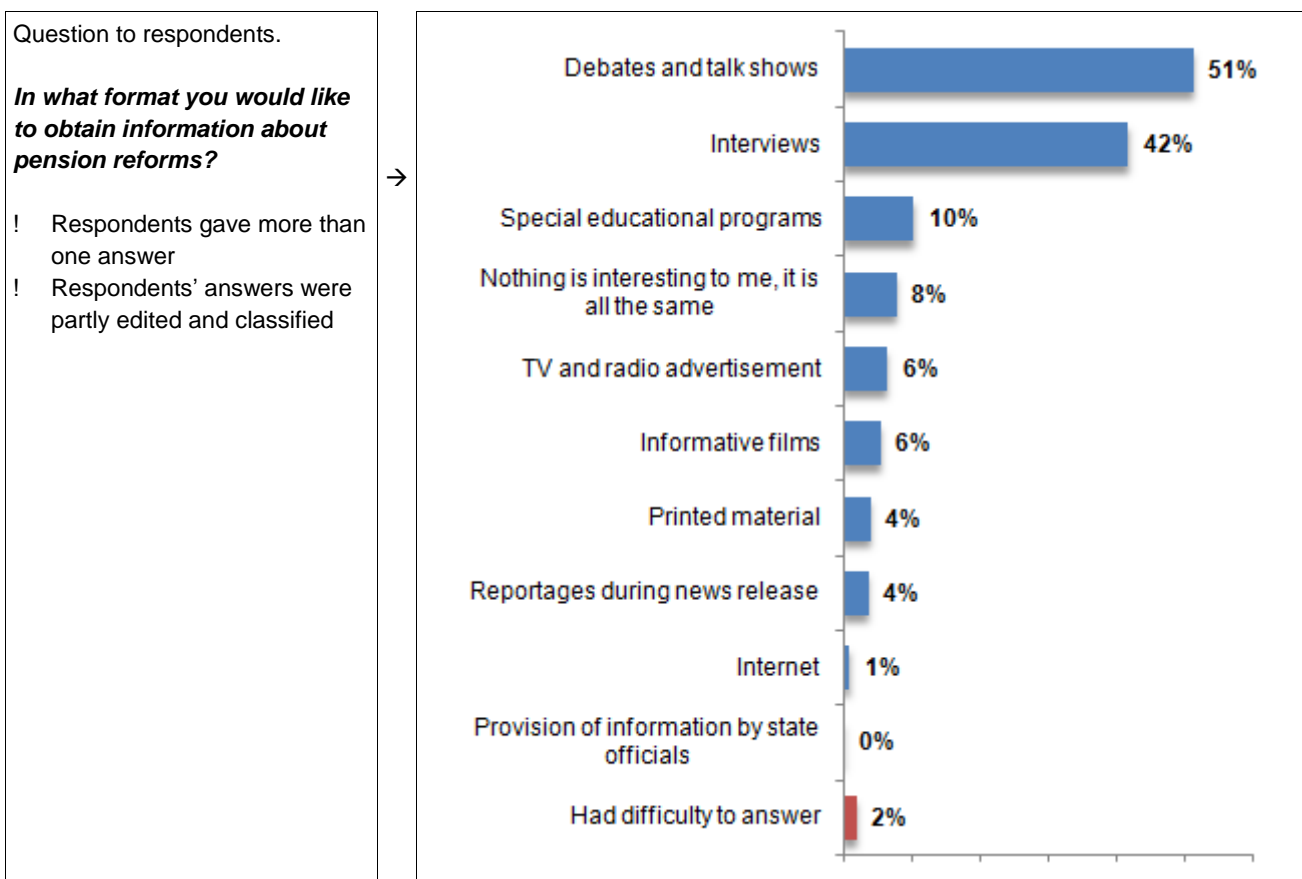
Radio channels	Ranking . . .	
	By intensity of use	By confidence level
Azatutyun Radio Station	1	1
Public Radio of Armenia	2	2
Hay FM	3	3

5.2.3 Preferred formats of obtaining information about the pension reforms

Television has the largest degree of use among information sources. It offers the largest diversity of programs and their formats. To the question *in what format they would like to receive information about pension reforms*, respondents have given tens of answers. In fact, because of the diversity of preferences each of respondents has given several answers (1.37 in average). Based on the similarity of answers the following classification was applied:



Chart 40 - Population preferred formats of obtaining information about the pension reforms



As it may be seen from the data of Chart 40, the most preferred formats of receiving information about pension reforms coincide with the formats of TV programs. Receiving information by newspapers and booklets is not demanded. We may certainly state that information consumers prefer rather to watch and listen than to read. The most preferred formats of receiving information are debates and interviews. According to respondents, it is more preferable to receive information through debates, as during debates they not only receive information but also justifications. According to respondents, during interviews information may be presented in a standard way and one-sided. Responses of various groups of population are classified in Chart 40 is presented above.

Table 34 - Preferred formats of receiving information about pension reforms by various groups of population

	By gender		By age groups			
	Male	Female	16-25	26-40	41-62	63 +
Debates and talk shows	59%	48%	60%	46%	51%	51%
Interviews	35%	45%	36%	42%	42%	46%
Special educational programs	11%	10%	13%	9%	9%	13%
Nothing is interesting to me, it is all the same	10%	7%	2%	7%	9%	12%
TV and radio advertisement	6%	7%	10%	8%	5%	4%
Informative films	4%	6%	6%	6%	6%	2%
Printed material	2%	5%	6%	4%	4%	2%
Reportages during news release	3%	4%	2%	3%	4%	6%
Internet	1%	1%	2%	2%	0%	-
Provision of information by state officials	0%	0%	-	0%	0%	-
Had difficulty to answer	2%	2%	1%	2%	2%	1%

	By educational level							
	Do not have education	Elementary	Incomplete secondary	Secondary	Secondary technical	Incomplete higher education	Higher education	Postgraduate degree of science
Debates and talk shows	-	75%	41%	50%	53%	60%	51%	63%
Interviews	100%	100%	42%	50%	49%	34%	29%	38%
Special educational programs	-	-	19%	9%	10%	2%	12%	13%
Nothing is interesting to me, it is all the same	-	-	10%	7%	6%	10%	10%	13%
TV and radio advertisement	-	-	5%	9%	6%	4%	5%	-
Informative films	-	-	5%	4%	7%	-	7%	-
Printed material	-	-	-	2%	5%	10%	6%	-
Reportages during news release	-	-	7%	2%	2%	8%	5%	-
Internet	-	-	-	0%	0%	-	2%	13%
Provision of information by state officials	-	-	-	-	-	-	1%	-
Had difficulty to answer	-	-	2%	3%	1%	2%	2%	-

Various groups of population have different preferences when it comes to the formats of receiving information about pension reforms. Particularly, *men, younger people (16-25 years old people) and people of higher education prefer to receive information through debates*. In the case of interviews it is the opposite: *women, elder people and those who have lower educational level are more in favour of interviews*.

## 6 SUMMARY

### 6.1 CONCLUSIONS

Summarizing the survey results, we may conclude that population has different awareness about the current pension system and the ongoing pension reforms. The population is satisfactory informed about some aspects of the system, and has almost no information on other issues. This statement is confirmed by the list of summarized indicators of population awareness about the main components of the pension system.

Awareness indicators	Awareness level
1. Current pension system of Armenia is <b>distributive</b> pension system	<b>27%</b>
2. Pensions are financed <b>from the social payments of employers and hired employees</b>	<b>39%</b>
3. Employers' social payments comprise <b>7,000AMD / 15% / 5%</b> of salaries, while social payments of hired employees comprise <b>3%</b> of salaries	<b>1%</b>
4. Employers' social payments comprise <b>7,000AMD / 15% / 5%</b> of salaries	<b>3%</b>
5. Social payments of hired employees comprise <b>3%</b> of salaries	<b>5%</b>
6. Pension consists of <b>the amount of basic pension and the value of one year of contributory service</b>	<b>41%</b>
7. The amount of basic pension comprises <b>10,500 AMD</b>	<b>2%</b>
8. The value of one year of contributory service comprises <b>450 AMD</b>	<b>2%</b>
9. <b>The RA Government</b> defines the amount of basic pension and the value of one year of contributory service	<b>39%</b>
10. <b>63</b> is the retirement age for <b>men</b> in Armenia	<b>43%</b>
11. <b>63</b> is the retirement age for <b>women</b> in Armenia	<b>45%</b>
12. <b>Pension reforms are being implemented</b> in Armenia	<b>36%</b>
13. The core of the pension reforms is <b>the introduction of the fully funded pension system</b>	<b>40%</b>
14. The fully funded pension system will operate on <b>voluntary and mandatory principles</b>	<b>10%</b>
15. The voluntary fully funded pension system <b>will be introduced in 2011</b>	<b>12%</b>
16. The mandatory fully funded pension system <b>will be introduced in 2014</b>	<b>4%</b>
17. The fully funded pension system <b>will be mandatory for those who at the year of introducing the system (2014) will be 40 years old and younger</b>	<b>6%</b>
18. The mandatory fully funded pension system <b>will be formed from the payments done by the population and the state</b>	<b>4%</b>

The comparison between the collected quantitative and qualitative information resulted in the following main conclusions:

1. Population awareness of the current pension system of Armenia is not high. Probable reason for this situation can be the fact that employers are legally responsible for their employees' social payments. As a result hired employees do not have a chance to interrogate with the pension system.
2. The population is aware of the qualitative information about the current pension system, such as about the funding sources of the pension fund, pension's structure and components, but they are

- not familiar or do not remember such specific information as the amount of social payments, the amount of basic pension and the value of one year of contributory service.
3. The retirement age is the most known information about the current pension system of Armenia. It can be explained by the fact that the majority of population is concerned about questions related to the pension, and almost third of them think that it is too high.
  4. The population does not know well the problems of the current pension system of Armenia. According to them two main problems are low pensions and high retirement age. Whereas, people did not speak about the demographic problems of the system, about unemployment and large scales of informal economy, assured increase of incomes linked to increasing rate of inflation. It is obvious that the reasons of pension system's problems and their causes are mixed in the population's conceptions.
  5. For the majority of the population the State is considered to be the main "bread winner" at retirement age. On the other hand, according to our subjective evaluation, from the viewpoint of ensuring well-being old age the state's popularity is not very high. The current level of pensions does not allow meeting the requirements of the consuming basket, which is considered to be the State's *fault*. It is noteworthy that people of pre-retirement age group (young people, middle-aged people) have difficulty to make long term plans or express their opinion about such question which will be urgent for them years later. Majority of the population does not think there are much sustainable development pre-requisites for the country. Such attitude may hinder the process of pension reforms, for which it is necessary to have population's long-term positive expectations.
  6. The population awareness level on pension reforms is quite low and incomplete. It is still difficult to meet people who have complete, comprehensive and correct information about all the components of the new pension system.
  7. The population has very superficial and incomplete information about the principles of introducing the pension system, i.e. about voluntary and mandatory fully funded pension systems, dates, sources of forming the pension fund. In a comparison the population is more informed about the voluntary fully funded pension system than about the essence and details of the mandatory fully funded pension system.
  8. The attitude of the population towards the sources of forming the pension fund is generally positive. The majority of population thinks that the amount of individual payment is defined correctly. Concerning the state's payment amount, the majority of population thinks that it should be increased. Of course, it should be taken into consideration that the number of such people who approach the matter from the viewpoint of *the more, the better* is not small.
  9. The attitude and positions of the population about the pension reforms are divided into two groups. Some of them have positive attitude about the reforms and think that introducing the new system will lead to the increase of pension amounts, while those who have negative attitude think that the reforms will not have any results. It is noteworthy, that majority of those people who have negative attitude towards the pension reforms have not heard about the ongoing pension reforms and neither about the fully funded pension system. It turns out that quite a big number of people express their opinion about something of which they have no information. It is obvious that some social tension negatively affects population's attitude, forming negative expectations about the future and pension reforms. It is also noteworthy, that a significant part of the population, not knowing for sure the nature of fully funded pension system, is nevertheless ready to join it. This can mean that this part of the population, not having any hope with the current pension system, is ready to use any opportunity which even theoretically might lead to increase of pensions.

10. The main concern of the population about the pension reforms is connected with mistrust towards the State and security of funded money, as well as with the pension amount of unemployed people. In fact, those who are uncertain about the State are mostly people of higher education. The younger people are the more they are in favour of reforms and the opposite. The reason can be the fact that younger people, who have many years to reach the retirement age, are in favour of those changes, as they do not concern their everyday benefits. Besides, younger people are more open for innovations, than elder people. Representatives of the latter (including pensioners) are more conservative and careful about the reforms, as they have number of apprehensions.
11. Those who are definitely ready to join the voluntary fully funded pension system comprise 19% of the population. They expect that this system will be more efficient, will help to save money for generations and finally will ensure higher pension. Almost the same number of people is ready to join the voluntary fully funded pension system only in the case of having enough income or salary. The main obstacle, which will hinder the development of voluntary fully funded pension system, is that majority of population is not able save money.
12. State and financial institutions do not have high rating of confidence among the population. People are not able to clearly explain the reasons of their position. From this point of view it is very difficult to understand why people trust insurance companies the least and based on what they gave their highest points of trust to the RA Central Bank? Socially and materially more active groups, who are 41-62 years old and have higher educational level trust the state and financial institutions the least.
13. From the news of financial market currency exchange rate and inflation level changes have the widest dissemination among population. The interest in these two indicators is connected with the large flow of currency from abroad and high rates of inflation, which directly and immediately relates to population's financial incomes. Population's tendency to follow other news of the financial market is very small. In fact, it may also reflect negatively on perceiving the news about pension reforms.
14. Television is the main mean of the provision of political, economic, cultural, social information. The next more popular sources of information are acquaintances, relatives, newspapers and Internet. The latter mainly serves as a mean for connecting with social networks. The survey results also attest that until now the most influential and memorable mean of spreading information about the new pension system is television.
15. The most watched TV channels are Armenian 1<sup>st</sup> TV Channel, Shant TV, Armenia TV, Russian and local (marz) TV channels. However, the use of these channels has nothing to do with the degree of the trust towards them. For instance, Armenian 1<sup>st</sup> TV Channel, which has the largest audience, has the lowest level of trust, while local (marz) channels have the highest. Shant is the only TV channel that has the high level of trust and use. According to the experts, currently in Armenia television is completely controlled by the authorities or by political forces that are loyal to them or by subjects related to them. The positions and opinions of oppositional political forces are spread among the population through newspapers and Internet. For this reason those, who are not in favour of the authorities and cannot find the information they need from the television, try to obtain it from the newspapers. This is the reason, why more than half of the top 10 most read newspapers are those which are published by the oppositional political forces.
16. The situation is the same in the case of radio channels. Azatutyun Radio Station is the leader by the degree of its use. The population considers it not to be controlled by the authorities and spreads objective information. That is why; its listeners highly trust it.
17. The population's most preferred TV formats about pension reforms are debates and interviews. In fact, debates are more preferred format, as during debates people not only receive information but

also justifications. According to respondents, during interviews information may be presented in a standard way and one-sided.

## 6.2 RECOMMENDATIONS

1. While forming the main messages of the informative campaign a comparison should be made between the current pension system and the new one. If the current pension system is identified with low pension, violations by employers, then high pension and opportunity for funded money for generations are expected from the new system. The lack of trust among the population must be filled concentrating on the feasibility of their expectations in the case of the new pension system.
2. While justifying the necessity of implementing pension reforms it should be clearly presented that it is done in order to ensure high level of pensions, in fact not only high level of pensions but also in relation with salaries, since majority of the population have mentioned low level of pensions as a problem. All kinds of justifications should be presented to the public in the light of impossibility to increase the pension amounts currently, also clearly mentioning that pension expenses are not the only priority for the state budget.
3. During the informative campaigns about the pension reforms the following message has been used many times that the person himself is responsible for the amount of his pension. Perhaps that is the reason why more than half of those people who are aware of the fully funded pension system (40% of the total) think that in the case of this system the person himself will make payments for his pension (see Chart 21, page 45). It would be right to differentiate this question during the informative campaign about pension reforms and present it the following way:
  - Present separately the question of individuals' responsibility about pension amount,
  - Present separately the question of the State's participation in the scheme of financing the funded payments.
4. As the role of the State is considered as primary from the viewpoint of pension security then it should be clearly mentioned in the messages that the state "*does not wash its hands*" of this function, but changes the way of its participation in the system, particularly by making payments for people, as well as managing and controlling those means.
5. The main reason of population's negative perception about the new pension system is the security of funded money. It is a result of widespread mistrust towards the State. The wider public is justifying today's situation with the negative experience of losing deposits and accrued money at banks in previous periods. The informative campaign needs to emphasize the safety of the system; in fact it is rational to implement it by involving *neutral* individuals, as widely used TV channels have very low trust level among the population. From this point of view it is efficient to use local (Marz) channels, as the survey results attest that the latter are highly trusted and widely used by the population. It is necessary to make comparison between the soviet time deposits and mandatory funded investments, particularly emphasizing the mechanisms of deterring risks, the importance of diversification, etc. It is important to present all these differences in a comprehensive way, by all accessible means of information.
6. In order to raise population's confidence in the pension reforms and the fully funded pension system the State will/should initiate activities, which will ensure the safety of means funded at personal pension accounts of the population. It is similar to the example of Armenian Deposit Guarantee Fund, the operation of which served as a great stimulus for increasing physical individuals' deposits

in banks, as it created sense of security among the population. Much attention should be paid to this problem, as a major mean of gaining the trust of the population.

7. The survey results attest that in order to raise the awareness level it is preferable to pay more attention to the television format, i.e. to debates, talk-shows and interviews. However, in order to fulfill the awareness gap it is rational to use special training/awareness raising programs, in fact not only by mass media, but also by organizing *face-to-face* dialogues (seminars, discussions, courses) between the beneficiaries and initiators of the reforms.

## 7 APPENDICES

### 7.1 APPENDIX 1

#### Analysis 1.

What is the attitude of those people **who are concerned about the pension related issues** towards the pension reforms?

The number of these respondents and the reasons of their concern are presented in Section 2.2.2 (*The perception of pension's importance by the population, page 26*), in Chart 8 (page 26) and in Table 17 (page 27). People who are concerned about pension related issues comprise 82% of the population. 40% of respondents have expressed their attitude towards the pension reforms. People who have **both expressed their concern about pension related issues and their attitude towards the pension reforms** comprise 35% of the population. The indicators of this group's attitude towards the pension reforms are presented below.

! Here is presented the distribution of people (35% of the total) who have answered this question and who have both expressed their concern about pension related issues and their attitude towards the pension reforms.

**Table 35 - The attitude towards the pension reforms of those people who are concerned about pension related issues**

		What is your attitude towards the expected pension reforms?						Total
		Definitel y in favour	Rather in favour	Do not care / are indiffere nt	Rather against	Definitel y against	Had difficulty to answer	
What are the reasons of your concerns? *	Pension is (will be) the only source of household's income	0.4%	2.7%	1.2%	2.4%	1.1%	0.8%	9%
	Pension is (will be) an additional source of household's income	0.5%	1.1%	0.8%	0.6%	0.9%	0.3%	4%
	Are concerned about their bread winner at retirement age	1.1%	5.3%	1.7%	3.5%	1.4%	1.5%	15%
	Are concerned about low amount of pension	1.3%	3.1%	1.1%	1.9%	2.0%	1.0%	10%
	Pension is an important problem for the state and the population	0.3%	1.3%	0.4%	1.1%	0.7%	0.4%	4%
	Had difficulty to answer	-	0.5%	0.1%	0.1%	-	0.1%	1%
	<b>Total</b>	<b>3%</b>	<b>11%</b>	<b>4%</b>	<b>8%</b>	<b>5%</b>	<b>4%</b>	<b>35%</b>

(\* ) 35% of respondents have mentioned several (in average 1.22) reasons for their concerns about pension related issues. That is why when adding the share of those respondents who are *definitely in favour* (or gave other answers) of pension reforms we get 43% and not 35%. This extra share of 35% is the quantity of those respondents, who have mentioned more than one reasons of concern about pension related issues.



**Analysis 2.**

What is the attitude of people **who have different opinions about their “bread winner” at retirement age** towards the pension reforms?

Population’s opinions about their “bread winner” at retirement age was analyzed in Section 2.2.3 (*Population’s conceptions about their bread winner at retirement age, page 28*), in Chart 9 (page 28), and in Chart 10 (page 29). People **who have answered the question about their “bread winner” at retirement age and at the same time have expressed their attitude towards the pension reforms** comprise 40% of the population. The indicators of this group’s attitude towards the pension reforms are presented below.

! Here is presented the distribution of those people (40% of the total) who have answered this question, have heard about the fully funded pension system (see Chart 15, page 36) and have expressed their attitude towards the pension reforms.

**Table 36 - The attitude towards the pension reforms of those people who have different opinions about their “bread winner” at retirement age**

		What is your attitude towards the expected pension reforms?						Total
		Definitel y in favour	Rather in favour	Do not care/ are indiffere nt	Rather against	Definitel y against	Had difficulty to answer	
<b>Who will be your bread winner at retirement age? *</b>	I myself	0.9%	4.3%	1.7%	2.4%	1.2%	1.1%	<b>12%</b>
	Family members	0.5%	3.0%	1.9%	2.2%	1.5%	0.9%	<b>10%</b>
	Relatives	0.1%	0.6%	0.3%	0.2%	0.1%	0.1%	<b>1%</b>
	The state	2.4%	7.8%	1.8%	5.8%	4.0%	2.1%	<b>24%</b>
	Had difficulty to answer	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	<b>1%</b>
	<b>Total</b>	<b>3%</b>	<b>13%</b>	<b>5%</b>	<b>9%</b>	<b>6%</b>	<b>4%</b>	<b>40%</b>

( \*) 40% of respondents have mentioned several (in average 1.21) “bread winners” at retirement age. That is why; when adding the share of those respondents who are *definitely in favour* (or gave other answers) of pension reforms we get 48% and not 40%. This extra share of 40% is the quantity of those people who have mentioned several “bread winners” for their retirement age.

**Analysis 3.**

What is the attitude of people **who are aware of the fully funded pension system** towards the pension reforms?

The awareness of population about the fully funded pension system was analyzed in Section 3.1.3 (*Population's awareness about the fully funded pension system, page 36*), in Chart 17 (page 37) and in Table 20 (page 37). People who are aware of the fully funded pension system comprise 40% of total. The other 60% of the population did not express their attitude towards the pension reforms as they have not heard at all about the process.

**! Here is presented the distribution of those people (40% of the total) who have answered this question and heard about the fully funded pension system (see Chart 15, page 36).**

**Table 37 - The attitude towards the pension reforms of those people who are aware of the fully funded pension system**

		What is your attitude towards the expected pension reforms?						Total
		Definitely in favour	Rather in favour	Do not care/ are indifferent	Rather against	Definitely against	Had difficulty to answer	
<b>What is a fully funded pension system? *</b>	Pension fund will be formed at the expense of paying percent from salaries	2%	6%	3%	5%	3%	2%	<b>21%</b>
	Money will be funded and returned in form of pension	-	0%	-	0%	0%	0%	<b>1%</b>
	Pension fund will be formed at the expense of paying percent from salaries and from state's investments	0%	1%	0%	0%	0%	0%	<b>2%</b>
	Money will be charged from pensioners	1%	3%	1%	2%	2%	1%	<b>9%</b>
	Pension fund is a system of funding money	0%	0%	0%	0%	0%	0%	<b>1%</b>
	Do not know what is a fully funded pension system	0%	2%	1%	1%	0%	1%	<b>5%</b>
<b>Total</b>		<b>3%</b>	<b>13%</b>	<b>5%</b>	<b>9%</b>	<b>6%</b>	<b>4%</b>	<b>40%</b>

## 7.2 APPENDIX 2

### Analysis 1.

The readiness to join the voluntary fully funded pension system **among the representatives of households that have different levels of income**

The distribution of respondents' households by the level of their income is presented in Section 1.2.2.3 (*The method of selecting respondents and their profile, page 10*).

! Here is presented the distribution of those people (40% of the total) who have answered this question and heard about the fully funded pension system (see Chart 15, page 36).

**Table 38 - The readiness to join the voluntary fully funded pension system among the representatives of households that have different levels of income**

		Will you join the voluntary fully funded pension system?			
		Yes	No	Do not know	Total
How much is the monthly income of your household?	Up to 30,000 AMD	1%	2%	-	3%
	30,001 - 75,000 AMD	4%	7%	0%	12%
	75,001 - 120,000 AMD	4%	7%	1%	11%
	120,001 - 240,000 AMD	4%	4%	0%	8%
	240,001 - 360,000 AMD	1%	1%	0%	3%
	More than 360,000 AMD	1%	0%	0%	1%
	Had difficulty to answer	0%	1%	0%	2%
	<b>Total</b>	<b>15%</b>	<b>23%</b>	<b>1%</b>	<b>40%</b>

**Analysis 2.**

The readiness to join the voluntary fully funded pension system among those people **who have expressed their concerns about pension related issues**

The analysis of the latter is presented in Section 2.2.2 (*The perception of pension's importance by the population, page 26*), in Chart 8 (page 26) and in Chart 17 (page 27).

! The statistics of this question is presented based on the answers of all the population (100%).

**Table 39 - The readiness to join the voluntary fully funded pension system among those people who have expressed their concerns about pension related issues**

		Will you join the voluntary fully funded pension system?			
		Yes	No	Do not know	Total
<b>Are you concerned about pension related issues?</b>	Are very concerned	21%	37%	2%	<b>61%</b>
	Are rather concerned	8%	8%	1%	<b>17%</b>
	Are less concerned	2%	2%	0%	<b>4%</b>
	Are not concerned	8%	9%	1%	<b>18%</b>
	Had difficulty to answer	0%	0%	0%	<b>1%</b>
<b>Total</b>		<b>39%</b>	<b>57%</b>	<b>4%</b>	<b>100%</b>

**Analysis 3.**

The readiness to join the voluntary fully funded pension system among those people **who are concerned about pension related issues**

The analysis of this respondents is presented in Section 2.2.2 (*The perception of pension's importance by the population, page 26*), in Chart 8 (page 26) and in Chart 17 (page 27). People who are concerned about pension related issues comprise 82%.

! Here is presented the distribution of those people (82% of the total) who have answered this question and have expressed their concern about pension related issues.

**Table 40 - The readiness to join the voluntary fully funded pension system among those people who are concerned about pension related issues**

		Will you join the voluntary fully funded pension system?			
		Yes	No	Do not know	Total
<b>What are the reasons of your concern? *</b>	Pension is (will be) the only source of household's income	5%	15%	1%	<b>21%</b>
	Pension is (will be) an additional source of household's income	5%	7%	1%	<b>13%</b>
	Are concerned about their bread winner at retirement age	14%	14%	1%	<b>29%</b>
	Are concerned about low amount of pension	8%	15%	1%	<b>23%</b>
	Pension is an important problem for the state and the population	5%	5%	0%	<b>11%</b>
	Had difficulty to answer	1%	1%	0%	<b>1%</b>
	<b>Total</b>	<b>31%</b>	<b>47%</b>	<b>3%</b>	<b>82%</b>

(\*) - 82% of respondents have mentioned several (in average 1.21) reasons of concern about pension related issues. That is why; when adding the share of those respondents who gave *Yes, No or Do not know* answers we get 98% and not 82%. This extra share of 82% is the quantity of those people who have mentioned more than one reason of concern about pension related issues.

**Analysis 4.**

The readiness to join the voluntary fully funded pension system among those people **who have expressed their opinion about their “bread winner” at their retirement age**

Population's opinion about their “bread winner” at their retirement age is analysed in Section 2.2.3 (*Population's conceptions about their bread winner at retirement age, page 28*), in Chart 9 (page 28), and in Chart 10 (page 29).

**! The statistics of this question is presented based on the answers of all population (100%).**

		Will you join the voluntary fully funded pension system?			
		Yes	No	Do not know	Total
<b>Who will be your bread winner at retirement age? *</b>	I myself	12%	18%	1%	31%
	Family members	13%	17%	2%	32%
	Relatives	1%	2%	0%	3%
	The state	21%	31%	2%	53%
	Had difficulty to answer	1%	1%	0%	2%
	<b>Total</b>	<b>39%</b>	<b>57%</b>	<b>4%</b>	<b>100%</b>

(\* ) - All the respondents together (100%) have mentioned several (in average 1.22) bread winners for their retirement age. That is why when adding the share of those respondents who gave *Yes, No or Do not know* to the question whether they will join the voluntary fully funded pension system we get 122% and not 100%. This extra share of 100% is the quantity of those people who have mentioned several bread winners for their retirement age.

**Analysis 5.**

The readiness to join the voluntary fully funded pension system among people **who are in favour or against the pension reforms**

The quantity of latter is presented in Section 3.2.1 (*Population's attitude towards the pension reforms, page 41*), in Chart 22 (page 41) and in Table 25 (page 42). People who are in favour or against the pension reforms and introducing the fully funded pension system comprise 40% of the total population. The rest (60%) did not express their opinion about the question, as they have not heard at all about the fully funded pension system.

! Here is presented the distribution of those people (40% of the total) who have answered this question and heard about the fully funded pension system (see Chart 15, page 36).

**Table 42 - The readiness to join the voluntary fully funded pension system among those people who are in favour or against the pension reforms**

		Will you join the voluntary fully funded pension system?			
		Yes	No	Do not know	Total
<b>What is your attitude towards the expected pension reforms?</b>	Definitely in favour	2%	1%	0%	3%
	Rather in favour	8%	5%	1%	13%
	Do not care/are indifferent	1%	3%	0%	5%
	Rather against	2%	7%	0%	9%
	Definitely against	1%	5%	0%	6%
	Had difficulty to answer	1%	3%	0%	4%
	<b>Total</b>	<b>15%</b>	<b>23%</b>	<b>1%</b>	<b>40%</b>