

A MILLIMAN GLOBAL FIRM



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*Consultants and Actuaries*

Administrative and I.T.  
Challenges for Russian Authorities

Reflection on the Russian Case  
(Room Document N°13, Session 8)

# Agenda

- Expectations of Workers
- Responsibility of Enterprises
- Systems and Administration
- Duties of Governmental Agencies



# Expectations of Workers



# Contributions

- Standard procedures to elect voluntary contributions
- Enterprise calculates required contributions correctly
- Enterprise submits all contributions in a timely manner
- Oversight by Treasury to detect late funding and take action
- Ability to file claims against enterprise without fear of retribution



# Pension Fund of Russia

- Reasonable rates of return
- Plan/account information
  - Initiate transactions
  - Transaction confirmations
  - Request account information
  - Answer worker questions
  - Research worker inquiries
- Timely annual statement - easy to understand
- Documented claims procedures



# Pension Fund of Russia

- Easy process for annual election for transfer to private fund
- Timely transfer of account balance to private fund
- Confirmation and explanation of transferred amount
- Transparency of fees



# Private Funds

- Reasonable rates of return
- Access to information
- Timely periodic statements
- Documented claims procedures
- Transparency of fees
- Government oversight



# Responsibility of Enterprise

- Communication Program
- Standard procedures - no discrimination
- Timely eligibility calculations and contribution submission
- Accurate participant data
  - Standard ID
  - Address
  - Dates of hire
  - Wages





# Systems and Administration

- Contribution Reconciliation
  - Identify the contributions
  - Reconcile control totals to report
  - Verify the breakdown by worker
  - Post the contributions to worker accounts
  - Update worker's data
- Allocation of earnings
  - posting of income and expenses
  - processing of payments
  - processing of transfers to private funds



# Systems and Administration

- Transfer Processing
  - Election process
  - Calculation of transfer
  - Posting of transfer
  - Confirmation to worker and Private fund
  - Update worker's data
- Distribution Processing
  - Claim procedure
  - Calculation of pension payment
  - Transfer of funds



# Systems and Administration

- System Requirements
  - centralized database or decentralized database with telecommunication ability
  - ability to share data
  - powerful processing speed
  - significant storage capabilities
  - back-up and disaster recovery



# Systems and Administration

- Data:
  - standard data format
  - data submitted through the Internet
  - pre-screening of data before entry and automated error checking
  - reconciliation of data before entered into central database
  - ability to share data with different agencies



# Recordkeeping and Administration

- System Protocol
  - date and time stamp for contribution posting
  - storage and retrieval of contribution history
  - fee allocation routine
  - income allocation routine
  - transfer functionality
  - distribution requests and calculations
  - easy error correction
  - merging of duplicate records
  - report writing features



# Duties of Government Agencies

- Build trust in the system by:
  - Creating dependable systems
  - Establishment and enforcement of procedures
  - Providing access to information
  - Allowing public oversight



# Determinants of Success

- Efficient collection of contributions
- Robust clearinghouse infrastructure
- Accurate Administration and Recordkeeping
- Effective oversight by governing bodies
- Competitive Private fund market



# Questions





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**Thank You**

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