

Julia TYMCHYSHYN-CHEMERYS\*

## SOCIO-ECONOMICAL PROTECTION OF THE ELDERLY PEOPLE

### Streszczenie

*W artykule przedstawiono system ochrony socjalnej z ekonomicznego punktu widzenia i główne źródło finansowania ochrony socjalnej osób starszych na Ukrainie. Jednocześnie zgrupowano różne modele świadczeń emerytalnych w byłych krajach socjalistycznych. Ponadto przedstawiono modele usług socjalnych dla osób starszych.*

**Słowa kluczowe:** *zabezpieczenia społeczne, osoby starsze, budżet, emerytury, pomoc społeczna.*

### Introduction

Particularly attention in the current Ukrainian economic conditions is paid to the formation and functioning of an effective social security system that may eliminate social risks in society. The state undertakes on itself the obligations and responsibility to act as guarantee of citizens' social rights. It is necessary in this connection to creating a balanced system of financial relations between its different entities that are regulated by using elements of the financial mechanism.

The main source of funding for the social security, including the elderly, is the state budget. The budget, as an internal government's management tool, provides a choice of optimal spending's method. According to the Budget Code of Ukraine to the expenditures, which are made from it, belong expenditures on social provision

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and social security. The main manager of the Ukraine's State Budget on the citizens' social protection is the Ukrainian Ministry of Social Policy.

The budget management mechanism in the social protection field, including the elderly, is a set of methods, instruments and tools of influence on the programs' implementation (both state and regional) from the social protection budget. It includes two subsystems, reflecting the budgetary impact methods on the social security finance– budgetary ensuring and budgetary control<sup>1</sup>.

### **Characteristics of pensions provision's models in the foreign countries and Ukraine**

The country's pension system- is an important component of the elderly's social protection. Out of stability and efficiency of the system depends welfare of the elderly, including all citizens and stability in the society as well.

The modern international experience indicates that overall there are various models of pensionsproviding. Moreover, the models built according to the "switchgear" or "cumulative" principle in its purest form are very rare, because as a social system and system of individual retirement accounts each has its advantages and disadvantages. The pension systems of most countries include variety of social protectioninstitutions: social security, private pension insurance, compulsory social insurance and others. Between themselves, these systems are distinguished by the fact which of these institutions dominates<sup>2</sup>.

In the former socialist countries has been used different pension'smodels. They can be grouped into the following types:

1. Pension reform as an example in Chile. This model was used only in Kazakhstan, where pension contributions are paid only by employees. Pensions depend on the amount of paid contributions and accrued investment income. Originally, it was planned that fees be paid to private pension funds, but at the last moment it was decided to create a pension fund managed by the state. At the initial stage of the pension reform the majority of Kazakh citizens chose this fund, but over the time more and more citizens transferred to private pension funds. During the lifetime of the new pension system, the government has expressed intentions to

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<sup>1</sup> Світовий досвід соціального захисту людей похилого віку, безробітних та інвалідів. // [Електронний ресурс]. Режим доступу:<https://www.kazedu.kz/referat/142857/3> (16.02.2016r).

<sup>2</sup> Європейська соціальна хартія, Відомості Верховної Ради України (ВВР), 2007, N 51, Страсбург, 3 травня 1996 року

- close the state fund. In Kazakhstan, a tense debate goes over whether pensions will be sufficient in the new system and how much will have to pay the vast majority of pensioners to the minimum pension promised by the government.
2. Another system that deserves attention is Hungarian, which in addition to the fees paid to the reduced solidarity system, also transferred funds to private pension schemes with defined contributions. This latest investment contribution is made on behalf of taxpayers, and ultimately out of it will be paid additional annuity payments from funds to savings accounts.
  3. We should also mention the Latvian system, which introduced conditional savings accounts. According to this model, at retirement payments must consist of the final amount of contributions and accrued accounting investment income from them. In Latvia real investment of pension funds in the economy is not carried out, but the use of cash contributors' government has a nominal rate of return. Its value can be set based on the rate of inflation or changes in the value of the average wage.
  4. In Poland was put into effect model, which is variety of the third model. According to this model contributions at the beginning of the new system are treated as conditional savings and contributions paid as of January 1, 1999, actually invested by private pension funds and out of their investment payers get a real investment income. At the time of their retirement annuity is payable, calculated on the basis of these two components.
  5. The Russian's pension system version consists of a basic pension for all citizens, and additional pension benefits that are derived from nominal and real investment contributions. The first part of the second level consists of a conditional storage fees, and the second (for those aged under 50 years) – with funds from investing contributions made as pension funds, and the only public accumulation fund, similar to the fund in Kazakhstan<sup>3</sup>.

In Ukraine, at the end of last year Verkhovna Rada of Ukraine approved the laws “On the State Budget of Ukraine for 2017” dated 21.12.2016 № 1801-VIII and “On amendments to some legislative acts of Ukraine” dated 06.12.2016 № 1774-VIII. Beginning with 2017 the pensions system will be counted according to these laws.

According to the Article 28 of the Law of Ukraine “On Compulsory State Pension Insurance” minimum pension stipend according to age is set at subsistence

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<sup>3</sup> Світовий досвід соціального захисту людей похилого віку, безробітних та інвалідів. // [Електронний ресурс]. Режим доступу:<https://www.kazedu.kz/referat/142857/3>. (16.02.2016r).

level, as for those who unable to work. According to the Law of Ukraine “On the State Budget of Ukraine for 2017” living wage for this category of people is:

- from January 1, 2017 – 1247 UAH. (From January 1, the minimum pension age does not change, since this amount was established on December 1, 2016);
- from May 1, 2017 – 1312 UAH;
- from 1 December 2017 – 1373 UAH.

In this regard, on May 1, and December 1, 2017 the minimum pension be increased (except for working pensioners) calculated in accordance with Article 28 of the Law of Ukraine “On Compulsory State Pension Insurance” (including raising pensions for overtime, seniority).

Pensioners who work (conducting activities related to the receipt of income, which is the basis of charging a single fee for obligatory state social insurance), after the dismissal or suspension of such activities pension will be recounted based on living minimum for those unable to work as defined by the law of the dismissal date or termination of such activities.

For other pensions, allowances and increases to pensions, which are set as a percentage of the subsistence level, they will also be transferred with the increase of living wage. In particular: minimal disability pensions liquidators of the Chernobyl disaster; minimum pensions for miners; minimum pensions for persons with disabilities – the liquidators of the Chernobyl accident for which a causal link with disability Chernobyl disaster, and war invalids and combatants; pensions increases for war veterans and victims of Nazi persecution; allowance to persons who have the status of Honorary donor of Ukraine; allowance for dependents under the Law of Ukraine “On pensions for persons discharged from military service and certain other persons”; pension benefits under the Law of Ukraine “On pensions for special merits before Ukraine”<sup>4</sup>.

It should be noted that the adopted Law of Ukraine “On the State Budget of Ukraine for 2017” cost of living for disabled persons does not match the actual size of a living wage for the disabled, which is almost twice as high (November 2016 – 2389 UAH). Therefore, final and transitional provisions of the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine” dated 12.06.2016 p. №1774-VIII, the Cabinet of Ministers of Ukraine asked within three months from the date of enactment of this Act to study the question of raising social standards in pensions.

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<sup>4</sup> Пенсійне забезпечення у 2017р. // [Електронний ресурс]. Режим доступу: <http://www.fpsu.org.ua/napryamki-diyalnosti/sotsialne-strakhuvannya-i-pensijne-zabezpechennya/11584-pensijne-zabezpechennya-u-2017-rotsi> (19.02.2016r).

Establishing pensions during the year 2017 the maximum wage of pension (including bonuses, promotions, additional pension, the target cash benefits, pensions for special merits before Ukraine, indexation and other additional payments to pensions, the legislation, except for additions to allowances to certain categories of persons who are special merit) kept at level 2016 – 10740 USD. This amount will not be reviewed due to the increased living wage on May 1, and December 1, 2017.<sup>5</sup>

### **Social security and services for the elderly**

Social work with elderly people is a priority in the system of social protection. Late adulthood rightly occupies an important place in human life. According to American researchers, if we assume that this period begins after 60 years, for some people it can last another 40 years. In some societies men during their late adulthood occupy an official position “elders.” In different societies, old people are often seen through the prism of stereotypes. According to the results of public opinion around the world, it appears that there are both positive and negative representations of elderly, which affects the attitudes of society<sup>6</sup>.

Negative stereotypes: 1. Most of elderly are poor. 2. Most of elderly people are disabling to deal with inflation. 3. Most elderly have housekeeping problems. 4. Elderly people, as a rule, mostly weak and sick. 5. Elderly are not a political force and need protection. 6. Most of the elderly badly deal with job; efficiency, productivity, motivation, ability to perceive the novelty of creative activity is lower than those of younger workers. Possibility of getting into accidents by the elderly is higher than in younger ages. 7. Elderly people are reduced intellectual ability, memory deteriorating; they have a lower ability to learn. 8. Elderly people often intellectually dogmatic. Most of them have got used to their habits and cannot change them. 9. The majority of the elderly people lives in social isolation and suffers from loneliness, held in nursing homes.

Positive stereotypes: 1. Elderly people belonging to a wealthy population, working members of society generously providing elderly pensions and allowances. 2. Elderly are a potential political force, they vote and participate in political life, they

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<sup>5</sup> Пенсійне забезпечення у 2017р. // [Електронний ресурс]. Режим доступу: <http://www.fpsu.org.ua/napryamki-diyalnosti/sotsialne-strakhuvannya-i-pensijne-zabezpechennya/11584-pensijne-zabezpechennya-u-2017-rotsi>. (16.02.2016r).

<sup>6</sup> Світовий досвід соціального захисту людей похилого віку, безробітних та інвалідів. // [Електронний ресурс]. Режим доступу: <https://www.kazedu.kz/referat/142857/3>. (5.01.2017).

are united in their beliefs and there are many of them.<sup>3</sup> Elderly easy to agree with other people, they are kind and friendly. 4. Most of them distinguished by maturity, life experience and wisdom; they are interesting people. 5. Most of the elderly know how to listen and especially they are patient with children.<sup>6</sup> Most old people are characterized by kindness and sincerity on their children and grandchildren<sup>7</sup>.

The elderly Social Security coverage is system of measures aimed to protect the financial position, providing monetary and material assistance to strengthen the customer's social service (old and infirm). Social service includes a set of social services provided to the elderly people or the disabled at home and in specialized institutions and state structures that are supported by local governments. The basic social services for people of gerontology groups: welfare, socio-medical, socio-economic, social, legal, moral and psychological support.

Social protection of this social special and age groups must be carried out in three areas: 1) prevention—preservation elderly welfare by reducing or eliminating risk factors, to prevent its subsequent transfer to social care institutions stationary type; 2) support as a necessary form of assistance to elderly (to preserve the highest possible level of independence); 3) interests representation and protection of elderly, declared incompetent (to give them the necessary assistance).

The main principles of activities in the field of services for the elderly are: state guarantees; ensuring equal opportunities for social services and their accessibility; continuity of all types of social services; targeting social services to the individual needs of citizens; priority of measures for social adaptation.

Models of social services for the elderly:

1. social services at home;
2. semi service in day (night) care stations social care institutions;
3. stationary social services in nursing homes;
4. social and advisory services;
5. providing living space in special homes for the elderly as lonely people and couples;
6. emergency (immediate) social assistance;
7. addressed social protection;
8. social care centers and rehabilitation of disabled and elderly; residence rooms for medical and social assistance, etc.

The state provides the right to obtain guaranteed by law established pensions, benefits, certain types of natural support, as well as services and benefits (according

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<sup>7</sup> Соціальна робота з людьми похилого віку // [Електронний ресурс]. Режим доступу: [http://pidruchniki.com/16400221/sotsiologiya/sotsialna\\_robota\\_lyudmi\\_pohilogo\\_viku](http://pidruchniki.com/16400221/sotsiologiya/sotsialna_robota_lyudmi_pohilogo_viku). (5.01.2017).

to the law on social services). The question in further service improving and services empower is decided locally, based on the prospects and conditions in the region. Therefore, such forms of social work organization as a home social service, semi day (night) stay stationary, social services in stationary social care institutions (orphanages, nursing home, etc.), social services for immediate emergency care that provides a single care or social advisory services (aimed at adapting the elderly, develop their own strength orientation) – may be more or less be in use in various regional and district centers or other locations of Ukraine<sup>8</sup>.

The social protection of elderly in Ukraine is provide by the network of institutions: Ministry of Labor and Social Policy; Pension fund; management committee, social protection committees of local councils and administrations; territorial centers of social service for pensioners and single disabled people, social home assistance; institutions, the Ministry of Labor organizations and businesses, which provide social protection of elderly, disabled, war veterans and labor (nursing homes, health centers, enterprises Ukrainian prosthetic group “Ukrprotez” research institutions that studying aging, service, medical and labor examination, various private foundations, companies, organizations).

Means of social policy on key areas of social work with elderly people: selection-search and variety of the most important elements of elderly person life that were lost by them over years, which is coordination between individual human needs and real needs for satisfaction and control everyday life; optimization – identification (with the assistance of qualified social workers) elderly reserves and new opportunities to optimize their life; compensation – creating additional sources of replacement age limit to adapt with new modern mnemonic techniques and technologies that improve memory, compensate hearing loss and so on.

### Conclusion

In conclusion I would like to say that problems solving, related to the functioning of social protection, is the prerogative of the State as in steel, so in economy. The term “social security” in Ukraine is in used just a few years. It replaced the term “social providing”, which reserves the right to exist, but describes a somewhat narrower concept than social security.

Social security – a set of organizational, legal and economic measures aimed to protect the welfare of every society’s member in specific economic conditions or other situations. The organizational measures include the creation of social

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<sup>8</sup> Соціальний захист і обслуговування людей похилого віку // [Електронний ресурс]. Режим доступу: <http://mylektsii.ru/6-67288.html>. (5.01.2017).

security institutions and laws that have to manage their activities, economic – the formation of redistribution mechanisms of income, which is taking care of taxes and other payments and transfers<sup>9</sup>. Thus, from the standpoint of economy, social security – a rule of redistribution of wealth in favor of people who temporarily or permanently need special support from the society: as from rich and poor, as from healthy and sick, as from young and elderly.

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### Julia Tymchyshyn-Chemeryys: Socio-economical protection of the elderly people

#### Summary

*The article presents the social protection system from the economic standpoint and the main financing source of the elderly people's social protection in Ukraine. At the same time were grouped different kinds of pension provision models in the former socialist countries. It presents models of social services for the elderly.*

**Keywords:** *social security, elderly, budget, pension, social work.*

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<sup>9</sup> Соціальний захист і обслуговування людей похилого віку // [Електронний ресурс]. Режим доступу: <http://mylektsii.ru/6-67288.html>.