

CURRENT STATE AND TENDENCIES OF PENSION FUNDS DEVELOPMENT AND INVESTMENTS IN THE WORLD

European central bank defines pension fund as “ financial intermediaries which offer social insurance by providing income to the insured persons following their retirement” [1].

CFA Institute names pension funds one of the biggest investors in many countries, which are important institutional investors together with insurance companies and investment trusts [2].

As we can see from the Figure 1, the assets of the pension funds comparing to GDP are rather high, which allows them to be important invertors on the financial markets.

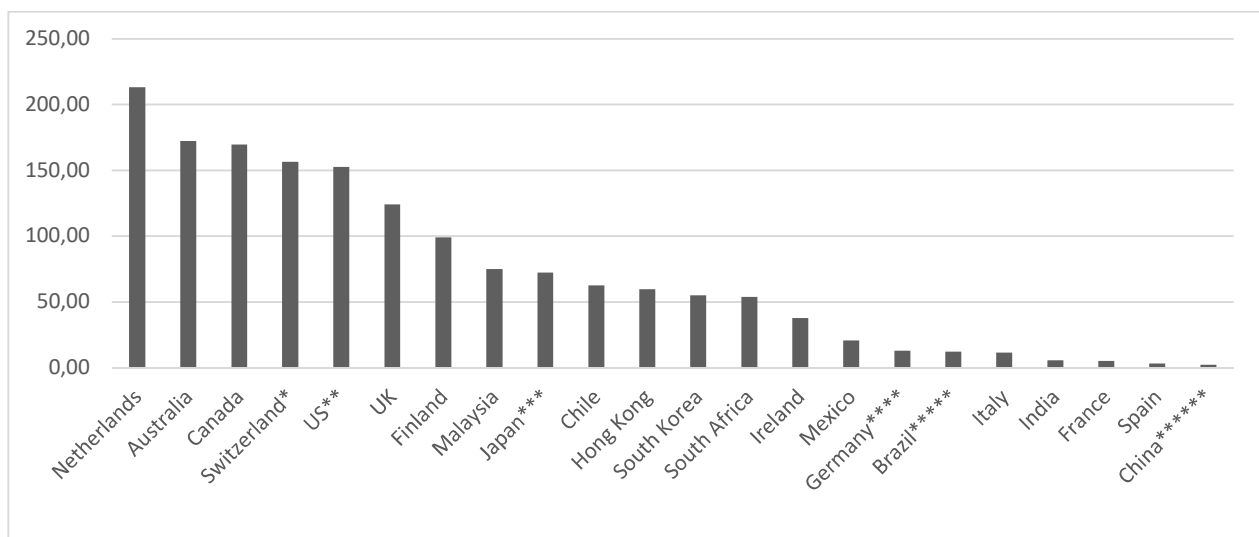


Figure 1. **Ratio of pension funds assets to GDP, 2021, %** [3]

Most of the assets under management of pension funds worldwide are presented in North America (12 567 billion US dollars), if to compare – in Asia it is 4 569 billion US dollars, and Europe – 3 249 billion US dollars. Total number of pension funds asset worldwide in 2021 amounted 21,4 trillion UD dollars and further growth in the following years is expected [4; 5].

Pension funds are active investors on the stock markets. For many years investments of pension funds were limited to government bonds, bonds with high ratings and blue chips shares. But with time they have increased the variety of assets. At the present time many pension funds transferred their investment to passive management via

index funds. The amount of investment into bonds with high-yields, hedge funds and real estate grows. In some cases, pension funds invest in the securitized assets, which are riskier, but more profitable.

To compare the total investments of pension funds in UK are measured as 3,594 billion US dollars, in Switzerland – 1,331 billion US dollars, in Germany – 338 billion US dollars [6].

As we can see on the Figure 2, pension funds for example, in Eurozone are investing in the variety of assets (Fig.2)

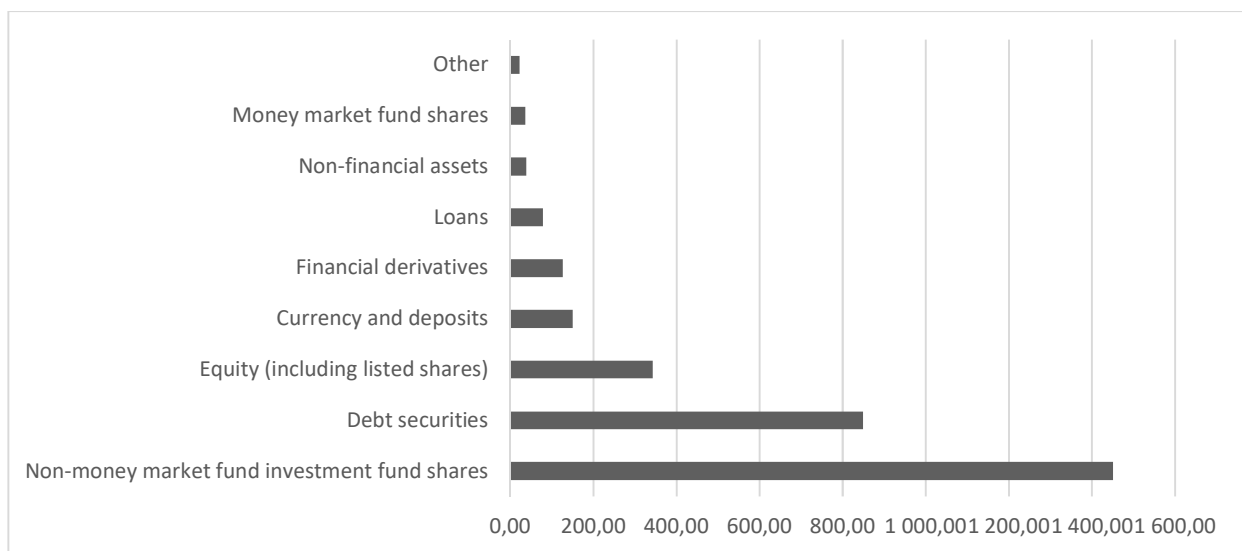


Figure 2. Assets of pension funds in Eurozone, Q1 2022, billion euros [7]

According to Figure 2 in Eurozone the main part of investment of pension funds are shares. In many countries pension funds are important players on the stock markets. They invest into shares with stable dividends and the potential to grow.

Also pension funds prefer fixed income investments. The most popular are government bonds, though nowadays, pension funds expand their investments to the bonds with high yields.

Pension funds also usually invest into deposits. It is worth mentioning that in many countries it is not the main part of investments. Among other investments it is worth mentioning also the real estate and infrastructure. Infrastructure is not a big part, but it is developing lately.

Regarding the assets of Ukrainian pension funds they invest main part of its assets into deposits. At the same time according to the Law “On Non-State Pension Provision” it is forbidden for the pension funds in Ukraine to invest into derivatives.

In 11.2021 the assets of non-state pension funds in Ukraine amounted 2 164 million UAH [8]. It is obvious, that the investing of pension funds in Ukraine is limited by the

development of the national stock market. Lack of resources of citizens and financial literacy in the country is also influencing negatively the pension funds popularity. High inflation and financial instability influences the assets of pension funds and trust of citizens to their activity.

At the same time, it is obvious, that is it important to develop pension system in Ukraine, as the burden on the state pension fund grows and the future income of pensioners is rather limited. Besides, as we can see from the international experience, the development of pension funds stimulates the investments on the financial markets.

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THE IMPACT OF PUBLIC DEBT ON THE ECONOMIC CONDITIONS OF THE COUNTRY AND ON ITS DEVELOPMENT

According to the data of Trading Economics nowadays the increase of public debt volume can be seen in many countries all over the world. Especially it gets higher with the more rapid pace in the developing countries. Since the emergence of public debt notion many scientists have been argued about an impact of this complicated phenomenon on those countries which have ones made a decision to attract some financial resources in this way and play the role of borrowers. On one side, an existence of significant public debt may jeopardize the economic development and negatively affect the financial