

NEED FOR A SECOND PILLAR IN THE ALBANIAN PENSION SYSTEM

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ABSTRACT

The pension system is an important element of social protection in Albania. Although recently reformed, the Albanian pension scheme faces unsolved challenges resulting from this reform. Pressures from the current and expected demographic changes, high emigration rates of the most vital part of population during the last years, constitute a serious problem that the Albanian pension scheme is facing. The above factors and the high deficit of the scheme urge a debate about the way how the pension scheme reform should be viewed. Alternatives of the reforms are many, but if we consider the current functioning of the scheme and its specifics, one of the reforming options might be to equip it with the second pillar as based on the model used by many developed countries. This paper refers to the discussion about introducing three necessary pillars of the pension systems in the Albanian scheme, so that it is able to face the challenges and provide safety, thus to be financially sustainable and adoptable to future social-economic developments.

Keywords: Reform, pension system, pillar, Albania.