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### THE SYSTEM OF NON-STATE PENSION PROVISION IN UKRAINE: CURRENT STATE, ACCOUNTING, TAXATION, AND DEVELOPMENT PROSPECTS

### СИСТЕМА НЕДЕРЖАВНОГО ПЕНСІЙНОГО ЗАБЕЗПЕЧЕННЯ В УКРАЇНІ: СУЧАСНИЙ СТАН, ОБЛІК, ОПОДАТКУВАННЯ ТА ПЕРСПЕКТИВИ РОЗВИТКУ

*The system of non-state pension provision in Ukraine plays a crucial role in forming additional sources of income for citizens in old age. This paper examines the current state of non-state pension funds, their legislative regulation, operational mechanisms, and financial stability. The key issues identified include low public trust, insufficient investment levels, and legislative restrictions. Prospective directions for development have been proposed, including stimulating public participation, improving state control mechanisms, and expanding investment opportunities. Special attention is given to analyzing international experience in pension fund operations and the possibilities of its adaptation in Ukraine. The main pathways for improving the system are outlined, aiming to enhance its efficiency and reliability in the long term.*

**Keywords:** non-state pension funds, pension provision, investment, financial stability, accounting, taxation of pension payments.

Система недержавного пенсійного забезпечення в Україні відіграє важливу роль у створенні додаткових джерел доходу для громадян на пенсії. Однак, попри потенційні переваги, розвиток приватних пенсійних фондів у країні відбувається повільно та стикається з численними викликами. У цьому дослідженні аналізується сучасний стан недержавних пенсійних фондів, їх законодавче регулювання, механізми функціонування та фінансова стійкість. Визначено ключові проблеми, серед яких низька довіра населення, недостатній рівень інвестування, регуляторні обмеження та відсутність ефективних державних стимулів для участі. Виявлено структурні слабкі місця системи, зокрема обмеженість інвестиційних інструментів, низьку дохідність пенсійних активів та нерозвиненість вторинного фінансового ринку, що ускладнює диверсифікацію фондів та підвищення їхньої прибутковості. Крім того, у дослідженні розглядається роль фінансової грамотності та обізнаності населення у формуванні ставлення до добровільних пенсійних внесків. Порівняльний аналіз пенсійних систем європейських країн показує, що вищий рівень залученості та інвестиційної безпеки сприяє стабільності та привабливості приватних пенсійних схем. Також досліджено вплив макроекономічних факторів, таких як інфляція та коливання валютного курсу, на стійкість недержавних пенсійних фондів в Україні. Ці зовнішні ризики суттєво впливають на довгострокову життєздатність пенсійних заощаджень, що вимагає впровадження захисних заходів як на законодавчому, так і на інституційному рівнях. У дослідженні запропоновано комплекс стратегічних заходів для підвищення ефективності та надійності системи недержавного пенсійного забезпечення. Зокрема,

*ідеться про вдосконалення правової бази з метою підвищення прозорості та підзвітності, розширення інвестиційних можливостей шляхом диверсифікації фінансових інструментів, а також зміцнення довіри громадськості через освітні кампанії та податкові стимули. Додатково наголошено на ролі цифровізації в оптимізації діяльності пенсійних фондів, оскільки інтеграція сучасних фінансових технологій може покращити управління фондами, зменшити адміністративні витрати та підвищити якість обслуговування користувачів. Особливу увагу приділено потенційним перевагам міжнародного співробітництва у сфері управління пенсійними фондами та адаптації найкращих світових практик. Отримані результати підкреслюють необхідність комплексних реформ, спрямованих на забезпечення довгострокової стійкості, підвищення рівня участі у пенсійних фондах та зміцнення загальної фінансової безпеки пенсіонерів. Вирішення цих проблем сприятиме не лише стабільності пенсійної системи України, а й загальному розвитку національного фінансового сектору, стимулюючи економічне зростання та інвестиційні можливості.*

**Ключові слова:** *недержавні пенсійні фонди, пенсійне забезпечення, інвестування, фінансова стійкість, законодавче регулювання, облік, оподаткування пенсійних виплат.*

**Formulation of the problem.** The system of non-state pension provision (NSPP) in Ukraine is an essential element of the multi-level pension system aimed at ensuring the financial stability of citizens after retirement. However, its development is accompanied by several challenges, including insufficient public trust, limited investment opportunities, low efficiency in the use of pension assets, and the absence of effective state incentive mechanisms. Additional challenges arise from macroeconomic instability, inflationary risks, and uncertainty in legislative regulation. In this regard, a comprehensive study of the current state of the NSPP, its problems, and development prospects in the context of ensuring the financial security of future retirees is highly relevant.

**Analysis of recent research and publications.** The issues of economic and accounting operations of non-state pension funds have been highlighted in the works of domestic scholars, including N. Hura, V. Shvets [1], Yu.V. Tsybulnyk [2], I.S. Haiduk [3], D.A. Leonov [4], O.V. Meleshko [5], N.I. Tsenkler [6], N.B. Tataryn, K.K. Zakorko, and S.O. Kozar [7]. However, the conducted studies are mostly fragmented, focusing on specific economic, financial aspects, or accounting objects. Nevertheless, the development of a comprehensive methodological approach to the financial accounting of non-state pension funds' activities (service provision) remains relevant and requires deeper examination.

**Formulation of the purpose of the article.** The purpose of this article is to analyze the current state of the non-state pension provision system in Ukraine, identify key issues in its functioning, and develop recommendations for its improvement. To achieve this goal, the following tasks have been set: to assess the level of development and efficiency of non-state pension funds (NPFs), examine legislative regulation and state policy in the field of accounting and taxation of NPFs, and determine promising directions for the development of the NSPP system, taking into account international experience and Ukraine's economic realities. The research findings may be useful for legislators, financial analysts, pension fund managers, as well as citizens interested in ensuring their financial stability after retirement.

**Presentation of the main material.** The system of non-state pension provision (NSPP) represents the third level of Ukraine's pension system. Its formation began in 2004 following the enactment of the Law of Ukraine "On Non-State Pension Provision" [8]. The foundation of this system is non-state pension funds. The primary goal of investing pension assets is to provide NSPP participants with additional payments to the mandatory state pension. At the same time, an important objective is to achieve a return on pension assets that exceeds the inflation rate, as well as to attract long-term investment resources necessary for the development and modernization of the economy. As of September 30, 2024, the Register of Non-State Pension Funds included data on 60 non-state pension funds (NSPFs) and 18 administrators, whose information is also contained in the Register of Professional Participants in Capital Markets and Organized Commodity Markets. For comparison, on the same date in 2023, the State Register listed 63 NSPFs and 19 administrators. The

analytical information report was prepared based on data received from 15 administrators who manage the activities of 53 active non-state pension funds. The register also contains information about one founder who decided to independently administer the corporate NSPF he established. He obtained the relevant license for administration, allowing him to operate without mandatory inclusion in the State Register of Financial Institutions, in accordance with current legislation. According to the data provided by administrators in compliance with the Regulation on the Procedure for Compiling, Submitting, and Disclosing Administrative Data by the Administrator of a Non-State Pension Fund, including Reporting on Non-State Pension Provision, approved by the decision of the National Securities and Stock Market Commission on July 23, 2020, No. 379, and registered with the Ministry of Justice of Ukraine on September 4, 2020, under No. 847/3513, non-state pension funds operate in seven regions of the country. The largest share of NSPFs is concentrated in the capital-Kyiv, where 39 funds are registered, accounting for 73.6% of the total number of functioning non-state pension funds. The key performance indicators of NSPFs as of September 30, 2024, along with their growth rates, are presented in Table 1.

As of September 30, 2024, administrators of non-state pension funds had concluded 98.6 thousand pension contracts. The distribution of pension contracts by categories of contributors is as follows: with individuals – 91.9 thousand contracts (93.2%); with

Table 1

#### Dynamics of key performance indicators of non-state pension funds

Parameters	As of 30 th September 2022	As of 30 th September 2023	As of 30 th September 2024	Growth rates, %	
				as of 30th September 2023/ as of 30th September 2022	as of 30th September 2024/ as of 30th September 2023
Number of pension contracts concluded, thous. units	96,1	96,6	98,6	0,5	2,1
Total number of participants in the non-state pension fund, thous. persons	888,7	886,8	887,4	-0,2	0,1
Total value of non-state pension fund assets, million UAH	4024,7	4684,0	5492,6	16,4	17,3
Pension contributions, total, million UAH	2773,1	2979,9	3261,1	7,5	9,4
Including:					
– from individuals	487,0	584,4	732,4	20,0	25,3
– from individuals	0,3	0,3	0,4	0,0	33,3
– from sole proprietors	2273,3	2382,7	2515,8	4,8	5,6
Pension payments, million UAH	1416,9	1608,3	1836,9	13,5	14,2
Number of participants who have received/are receiving pension payments, thous. persons	91,5	93,3	94,6	2,0	1,4
Amount of investment income, million UAH	3149,5	3871,0	4713,8	22,9	21,8
Profit from investing the non-state pension fund assets, million UAH	2565,3	3208,1	3961,8	25,1	23,5
Amount of expenses reimbursed from pension assets, million UAH	584,2	662,9	752,0	13,5	13,4

*\*The calculation is based on data rounded to one decimal place [9].*

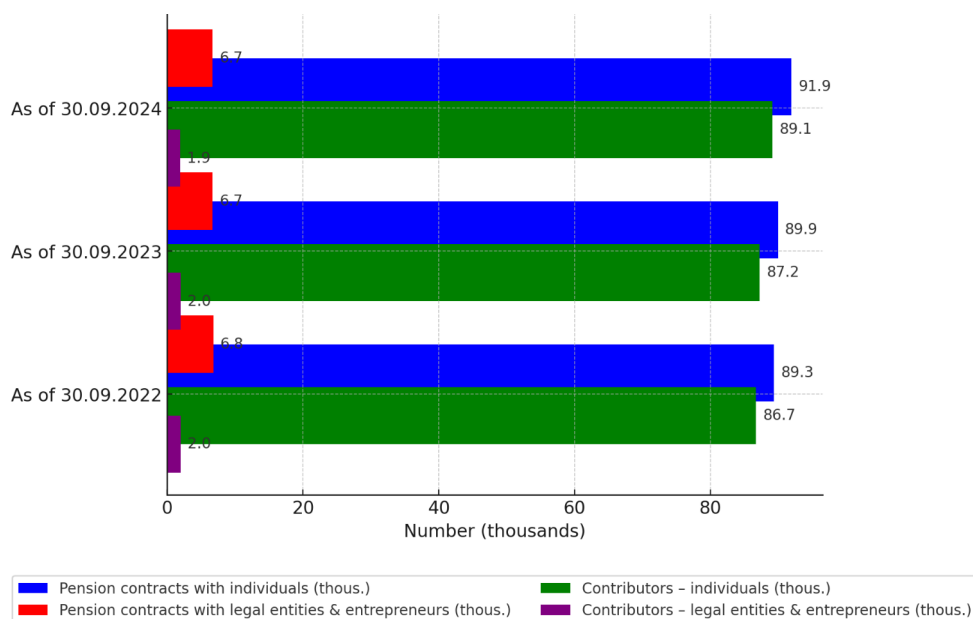
individual entrepreneurs – 0.1 thousand contracts (0.1%); with legal entities – 6.6 thousand contracts (6.7%). The total number of pension contracts as of September 30, 2024, increased by 2.1% (by 2.0 thousand) compared to the same period in 2023 (Fig. 1).

The increase was mainly due to the conclusion of new pension contracts with individuals. In particular: compared to 30.09.2023, their number increased by 2.2% (by 2.0 thousand); compared to 30.09.2022, it grew by 2.9% (by 2.6 thousand), while the number of contracts with legal entities decreased by 1.5% (by 0.1 thousand). The total number of contributors increased from 30.09.2023 to 30.09.2024 due to a 2.2% rise in the number of individual contributors. As of September 30, 2024, the total number of participants in non-state pension funds was 887.4 thousand people, slightly higher than in the same period of 2023 (886.8 thousand people) (table 2).

At the same time, 4.075 thousand people (0.5% of the total) receive a pension for a defined period (Fig. 2).

Among them, 94.6 thousand people have already received or are receiving pension payments, accounting for 10.7% of the total number of participants. The largest share of participants in non-state pension funds were individuals aged 25 to 50 years, accounting for 48.0%. At the same time, the share of participants aged 60 and older was 26.4%, while the age group of 50 to 60 years comprised 25.2% of participants. The least represented group was youth under 25 years old, making up only 0.4%. As shown in Fig. 3, men constitute the majority in each age group, accounting for 57.7% of the total number of participants in non-state pension funds (NPFs) (table 3).

In particular, in the 60+ age category, their number is 1.5 times higher than that of women. As of 30.09.2024, pension payments (both lump-sum and fixed-term) amounted to 1,836.9 million UAH, which is 14.2% more compared to the same period in 2023. In particular, lump-sum payments increased by 7.3%, while fixed-term pension payments rose by 21.0%. As of September 30, 2024, the total number of pension payments (both



*Figure 1. Dynamics of the Number of Concluded Pension Contracts and the Number of Contributors*

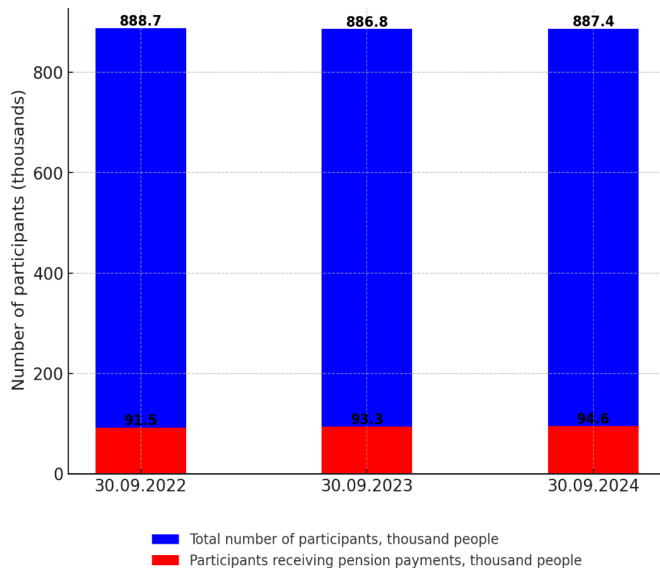
Source: [9]

Table 2

**Dynamics of the number of concluded pension contracts  
and the number of contributors**

Parameters	unit of measurement	As of			Growth as of 30th September 2023 / as of 30th September 2022 (%)	Growth as of 30th September 2024 / as of 30th September 2023 (%)
		30th September 2022	30th September 2023	30th September 2024		
Number of depositors of legal entities	thous. persons	2,0	2,0	1,9	0,0	-5,0
Number of individual depositors	thous. persons	86,7	87,2	89,1	0,6	2,2
Total number of depositors	thous. persons	88,7	89,2	91,0	0,6	2,0
Number of pension contracts concluded with legal entities	thous. units	6,7	6,6	6,6	-1,5	0,0
Number of pension contracts concluded with sole proprietors	thous. units	0,1	0,1	0,1	0,0	0,0
Number of pension contracts concluded with individuals	thous. units	89,3	89,9	91,9	0,7	2,2
Total number of pension contracts concluded	thous. units	96,1	96,6	98,6	0,5	2,1

*Source: the calculation is based on data rounded to one decimal place [9]*



*Figure 2. Dynamics of the number of participants in non-state pension funds*

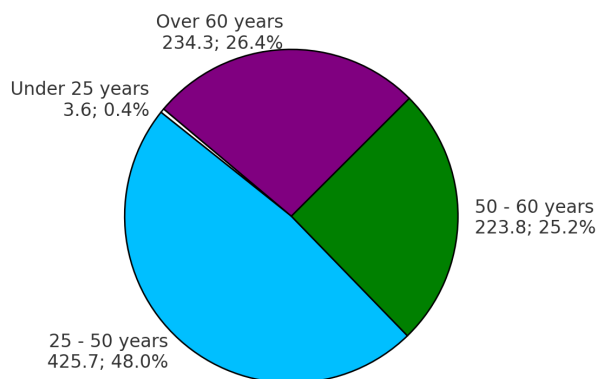
*Source: [9]*

Table 3

**The number of participants in non-state pension funds  
by gender across age groups as of 30th September 2024**

Age group	unit of measurement	women	men	Total	Share by age category, %	
					women	men
up to 25 years	thous. persons	1,5	2,1	3,6	41,7	58,3
25–50 years	thous. persons	181,0	244,7	425,7	42,5	57,5
50–60 years	thous. persons	100,8	123,0	223,8	45,0	55,0
over 60 years	thous. persons	92,3	142,0	234,3	39,4	60,6
Total	thous. persons	375,6	511,8	887,4	42,3	57,7

*Source: the calculation is based on data rounded to one decimal place [9]*



*Figure 3. Distribution of participants in non-state pension funds by age groups  
(thous. persons) as of 30th September 2024*

*Source: [9]*

lump-sum and fixed-term) amounted to 94.6 thousand individuals, representing 10.7% of the total number of participants who are receiving or have received pension payments through non-state pension funds (Table 4).

One of the key indicators reflecting the efficiency of the non-state pension system is the total amount of pension contributions. As of September 30, 2024, the total amount of contributions reached UAH 3,261.1 million, which is 9.4% (UAH 281.2 million) more compared to the same period in 2023. Compared to the figure as of September 30, 2022, the amount of contributions as of September 30, 2023 increased by 7.5% (UAH 206.8 million).

Table 4

**Dynamics of pension payments**

Parameters	unit of measurement	As of			Growth as of 30th September 2024 / as of 30th September 2023, (%)
		30th September 2022	30th September 2023	30th September 2024	
Lump sum pension payments	million UAH	745,4	796,0	854,2	7,3
Pension payments for a fixed term	million UAH	671,5	812,3	982,7	21,0
Total	million UAH	1416,9	1608,3	1836,9	14,2

*Source: the calculation is based on data rounded to one decimal place [9]*

The majority of pension contributions as of September 30, 2024 – specifically 77.1% (UAH 2,515.8 million) – were made by legal entities. The increase in the total amount of pension contributions as of September 30, 2024, was mainly due to the growth of contributions from individuals by 25.3% (UAH 148.0 million) and from legal entities by 5.6% (UAH 133.1 million). Compared to September 30, 2023, contributions from individuals increased by 20.0% (UAH 97.4 million), and from legal entities – by 4.8% (UAH 109.4 million). The average pension contribution for the first 9 months of 2024 amounted to UAH 57,096.76 per contributor from legal entities and individual entrepreneurs, and UAH 1,297.62 from individuals. The total value of assets formed by non-state pension funds as of September 30, 2024, reached UAH 5,492.6 million, which is 17.3% (UAH 808.6 million) more than in the same period of 2023, and 36.5% (UAH 1,467.9 million) more than in the same period of 2022 (Figure 4).

Non-state pension funds typically form a portfolio that includes investment instruments with a minimal level of risk. Therefore, the proper selection of investment assets is crucial, as it allows non-state pension funds to protect the population's funds from inflation while also ensuring a certain level of capital growth. As of September 30, 2024, the main directions of pension asset investment include: government securities (49.4%), funds held in bank accounts (42.8%), corporate bonds issued by resident enterprises of Ukraine (4.2%), equities (0.9%), real estate (0.7%), and accounts receivable (0.7%). The primary goal of investing pension assets is to preserve citizens' pension savings (table 5).

The investment strategy of non-state pension funds is more conservative compared to other financial institutions. As a result, government securities and funds placed in deposit accounts have long remained the main directions of investment for non-state pension funds. As of September 30, 2024, there was an increase in investments across various instruments: corporate bonds grew by 91.9%, precious metals by 59.3%, other investments by 45.9%, government securities by 18.4%, equities by 17.1%, and funds held in bank accounts by 16.3%. However, investments in real estate decreased significantly by 54.3%, accounts receivable by 36.9%, and local government bonds by 34.2%. The total income from the investment of pension assets as of September 30, 2024, amounted to UAH

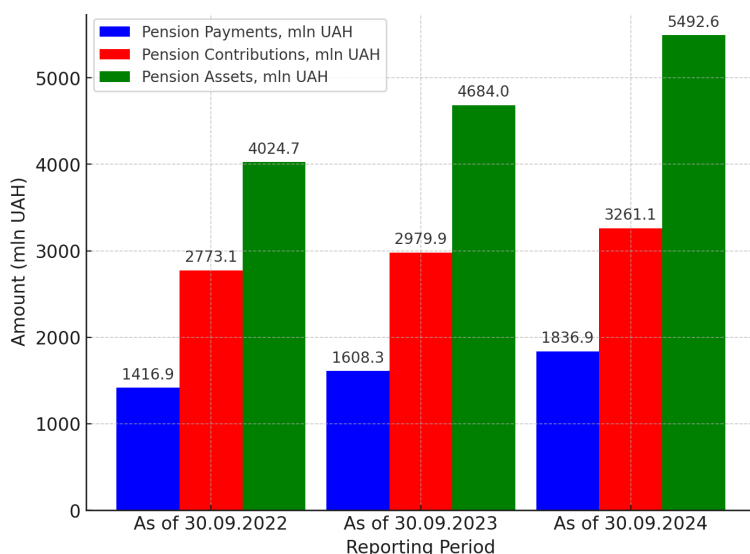


Fig. 4. Dynamics of key indicators of the Independent Pension Provision System (million UAH)

Source: [9]



Table 5

**Dynamics of the structure of invested pension assets**

Asset name	As of 30 th September 2023		As of 30 th September 2024		Growth as of 30th September 2024 / as of 30th September 2023, (%)
	Total value, million UAH	Percentage of total assets, %	Total value, million UAH	Percentage of total assets, %	
Government securities	2293,9	49,0	2715,4	49,4	18,4%
Monetary funds	2019,4	43,1	2349,4	42,8	16,3%
Corporate bonds	121,0	2,6	232,2	4,2	91,9%
Real estate properties	80,1	1,7	36,6	0,7	-54,3%
Accounts receivable	64,2	1,4	40,5	0,7	-36,9%
Shares	41,6	0,9	48,7	0,9	17,1%
Other investments	10,9	0,2	15,9	0,3	45,9%
Bonds of domestic local loans	32,5	0,7	21,4	0,4	-34,2%
Precious metals	20,4	0,4	32,5	0,6	59,3%
Total:	4684,0	100,0	5492,6	100,0	17,3%

*Source: the calculation is based on data rounded to one decimal place [9]*

4,713.8 million, which is UAH 842.8 million, or 21.8%, more compared to September 30, 2023. As of September 30, 2024, expenses covered by pension assets increased by 13.4% compared to the same period in 2023, reaching a total of UAH 752.0 million. Between September 30, 2023, and September 30, 2024, these expenses grew by 13.4% (UAH 89.1 million), mainly due to: an increase in asset management service costs by UAH 48.4 million (13.4%), administration expenses of non-state pension funds by UAH 31.0 million (14.5%), custodian services by UAH 6.2 million (14.4%), planned audit services by UAH 2.2 million (15.4%), expenses for pension asset operations provided by third parties by UAH 0.7 million (9.5%), and other services stipulated by the non-state pension legislation by UAH 0.6 million (2.5%). For comparison, as of September 30, 2023, these expenses amounted to UAH 662.9 million (table 6).

As of September 30, 2024, the majority of expenses covered by pension assets were allocated to asset management services for non-state pension funds (54.4%) and the administration of non-state pension funds (32.5%) of the total expenses. Custodian services, responsible for safeguarding the fund's assets, accounted for 6.6%, while other services defined by the current legislation on non-state pension provision made up 3.3%. Services related to scheduled audits of non-state pension funds represented 2.1%, and expenses for services related to pension asset operations provided by third parties amounted to 1.1% (table 7).

To receive a tax rebate, the taxpayer must indicate the relevant amounts in the annual tax declaration, which must be submitted by the end of the year following the reporting year. The expenses included in the tax rebate must be supported by documentation. Specifically, proof of contributions to a non-state pension fund includes the pension contract and payment documents. Although these documents are not submitted to the tax authority, they must be retained for the legally established period to allow for verification of the tax rebate calculation.

In 2025, certain payments from non-state pension funds (NPFs) are exempt from personal income tax (PIT) and military levy. In particular, the following are not subject to taxation: lump-sum payments or fixed-term payments to an NPF participant in the event of disability of Group I (according to subparagraph 170.8.3 of the Tax Code of Ukraine); lump-sum or



Table 6

**Dynamics of the structure of reimbursed expenses from pension assets**

Expenses	unit of measurement	As of		Deviation		Share, (%)
		30th September 2023	30th September 2024	million UAH	%*	
Fee for providing administration services for non-state pension funds	million UAH	213,4	244,4	31,0	14,5	32,5
Fee for providing asset management services for non-state pension funds	million UAH	360,4	408,8	48,4	13,4	54,4
Custodian fee	million UAH	43,1	49,3	6,2	14,4	6,6
Payment for services of conducting scheduled audit inspections of non-state pension funds	million UAH	14,3	16,5	2,2	15,4	2,1
Payment for services related to pension asset transactions provided by third parties.	million UAH	7,4	8,1	0,7	9,5	1,1
Payment for other services provided by current legislation on non-state pension provision	million UAH	24,3	24,9	0,6	2,5	3,3
Total amount of expenses reimbursed from pension assets	million UAH	662,9	752,0	89,1	13,4	100,0

*Source: the calculation is based on data rounded to one decimal place [9]*

fixed-term payments to an NPF participant who has reached the age of 70 or is a minor (under 18 years old) (according to subparagraph 170.8.3 of the Tax Code of Ukraine); 40% of fixed-term pension payments (according to subparagraph 170.8.2 of the Tax Code of Ukraine); payments to heirs if they are first- or second-degree relatives; payments to heirs who are persons with disabilities, orphans, or children deprived of parental care.

If the heirs do not fall into the above categories, the amount of payments is taxed at a rate of 5%. The responsibility for paying PIT on inherited pension funds lies with the heirs themselves. In the case of lump-sum or fixed-term pension payments, the obligation to remit the tax falls on the administrator of the pension fund. A participant of a non-state pension fund (NPF) has the option to receive their accumulated savings as a lump-sum payment if, at the time of retirement, the amount on their individual pension account does not exceed the legislatively established limit. This limit is equal to 50% of the subsistence minimum for persons who have lost working capacity, calculated for a 10-year period (i.e., multiplied by 120). As of January 1, 2025, the subsistence minimum for persons who have lost working capacity is UAH 2,361.00. Accordingly, the maximum amount of pension savings eligible for a lump-sum payment is UAH 141,660.00. If the amount of pension savings exceeds this limit, the funds are paid to the participant in the form of fixed-term payments over a period determined by the participant, but not less than 10 years. A corresponding agreement is concluded for this purpose. In cases where the accumulated amount exceeds the established limit, the participant has the right to choose between receiving the funds as a lump-sum payment or distributing them as fixed-term payments.

The income of a non-state pension fund (NPF) is the gross inflow of economic benefits during a period arising in the course of the NPF's ordinary activities, which results in an increase in net assets, excluding contributions made by participants [11]. The expenses of an NPF generally consist of payments under life annuity insurance contracts, payments for services rendered by entities servicing the NPF (such as the administrator, custodian, auditor, securities dealers, etc.), remuneration to asset management entities, and payments

Table 7

**Tax benefits for contributions to non-state pension funds in 2025\***

<b>Tax type</b>	<b>Explanation of taxation based on regulatory documents</b>
<i>For legal entities</i>	
Profit tax	Contributions to non-state pension funds from the enterprise for the benefit of its employees are fully considered as enterprise expenses and reduce taxable profit..
Unified social contribution	Contributions that the enterprise makes to non-state pension funds on behalf of its employees are not included in the wage fund. Accordingly, these payments are not subject to the unified social contribution. This is regulated by paragraph 2 of Section 2 of the Resolution of the Cabinet of Ministers of Ukraine dated December 22, 2010, No. 1170, which defines the list of employer payments that are not subject to the unified contribution, as well as paragraph 3.5 of the Instruction on the Statistics of Wages approved by the Order of the State Statistics Committee dated January 13, 2004, No. 5..
Personal income tax and military levy	The amount of pension contributions paid by a resident employer at their own expense under non-state pension provision agreements for an employee is not subject to personal income tax, provided that it does not exceed 30% of the employee's accrued salary. This is stipulated by subparagraph 'b' of paragraph 164.2.16 of the Tax Code of Ukraine. The amounts of pension contributions within the framework of non-state pension provision, as well as contributions under voluntary health insurance agreements, paid by a resident of Diia City at their own expense for the benefit of a gig-specialist, are not included in the tax base for personal income tax, provided that their amount does not exceed 30% of the gig-specialist's accrued remuneration. This is defined by subparagraph 'g' of paragraph 164.2.16 of the Tax Code of Ukraine. Accordingly, since these amounts are not subject to personal income tax, they are also exempt from the military levy.
<i>For individuals</i>	
A natural person has the opportunity to receive a refund of part of the paid taxes in the form of a cashback from the state, receiving funds on their bank account for contributions paid to a non-state pension fund. Specifically, the taxpayer has the right to include in the tax deduction expenses made during 2024, namely: • the amount paid as pension contributions to a non-state pension fund for their own benefit, but not exceeding 4,240.00 UAH per month (according to paragraph 169.4.1 of the Tax Code of Ukraine); • the amount of pension contributions paid on behalf of first-degree family members (parents, children, spouse), within 50% of the specified limit, i.e., not more than 2,120.00 UAH per month (according to paragraph 166.3.5 of the Tax Code).	

*Source: grouped by the author [10]*

for acquired NPF assets. The financial result is recorded in account 79. The profit (loss) of the pension fund, which is accounted for in account 79 “Financial Results,” is transferred to account 44 “Retained Earnings (Accumulated Losses)” upon closing of the financial result account.

We have developed proposals for improving the accounting of Non-State Pension Funds (NPFs), including the use of modern computerized accounting information systems that integrate financial, tax, and managerial accounting; and the implementation of blockchain technologies to enhance the transparency of NPF operations. Optimization of accounting should include additional analytical accounting for separate income sources (investment income, participant contributions, income from asset management) and the allocation of specific subaccounts for expenses by type of service (administrative, audit, asset management, etc.). Improvements to financial reporting should focus on introducing more detailed analytics regarding NPF income and expenses in the reports, and the publication of reports in XBRL format to enhance interaction with regulatory authorities. Annual implementation of regular internal audits of financial statements and investment decisions, as well as the establishment of mechanisms for independent external audits, is also recommended. Enhancement of

legal and regulatory frameworks should be carried out through the development of unified accounting standards for all NPFs that align with international standards (IFRS), along with clearly defined procedures for profit accounting and mechanisms for its distribution among participants.

To enhance the efficiency and popularization of non-state pension provision (NSPP) in Ukraine, it is advisable to take into account the successful practices of developed countries where non-state pension funds (NPFs) play a significant role in the pension system. The main promising directions for the development of the NSPP system include:

1. Modernization of legislative regulation and state supervision through the implementation of clear rules for monitoring and ensuring transparency of NPF operations to increase public trust (as seen in the EU and the USA). This includes strengthening the role of regulatory bodies in monitoring the financial stability of pension funds and improving mechanisms for safeguarding pension assets (for example, the creation of a pension savings guarantee fund similar to insurance guarantee funds in Germany and Sweden).

2. Encouraging citizen participation in the NSPP system by introducing automatic enrollment of employees in NSPP programs with an opt-out option (as practiced in the UK and New Zealand). Providing tax incentives for individuals making contributions to NPFs (as in the USA, where contributions to pension accounts are tax-deferred until withdrawal), and expanding co-financing programs where both employers and the state contribute to pension savings (as seen in Canada and Australia).

3. Diversification of NPF investment activities and granting funds the opportunity to invest in a broader range of assets, including infrastructure projects and corporate bonds (following Switzerland's example). Introducing mechanisms to reduce currency risks to protect pension savings and utilizing ESG investments (environmental, social, and governance standards) to ensure stable long-term growth.

4. Development of digital technologies in the field of NSPP through the use of blockchain technologies to increase transparency of operations and protect contributors' data (based on Singapore's experience), the implementation of online platforms for managing pension accounts and simplifying contribution administration, and the use of artificial intelligence for personalized pension advice.

5. Improving financial literacy among the population by launching state educational programs on the benefits of NSPP and long-term investment opportunities (following the models of the USA and Canada), promoting pension savings through social media and mobile apps.

Adapting these international practices can increase trust in NSPP, expand its coverage, and ensure the long-term stability of Ukraine's pension system.

**Conclusions.** Non-state pension provision in Ukraine plays an important role in forming additional sources of income for citizens after retirement. However, its development is accompanied by numerous challenges. The analysis has shown that the main problems in the functioning of non-state pension funds (NPFs) include low public trust, limited investment opportunities, insufficient legislative regulation, and the lack of effective mechanisms to encourage citizen participation. To improve the situation, a comprehensive reform of the non-state pension system is necessary, taking into account the best international practices. Key areas for improvement include strengthening the legislative framework and increasing the transparency of non-state pension funds; introducing tax incentives and co-financing programs to attract more participants; diversifying pension fund investment portfolios to enhance their financial stability; digitalizing pension asset management to simplify access to services; and improving financial literacy among the population to foster a culture of long-term pension planning. The successful implementation of these measures will improve the efficiency of non-state pension provision in Ukraine, strengthen public trust in non-state pension funds, and ensure the sustainability of the pension system in the long term.

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