

Pension system in a comparative analysis

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Abstract

This article is about the reform of the pension system in Europe and Albania. The social security system in Albania has evolved. The system's initial format was comprehensive, covering third-party risks, disabilities, head of household death, short-term illness, and maternity leave, unemployment, and health costs. These benefits were financed through payroll contributions and were assessed by both the employer and the employee, but at different rates for various benefits. However, our country as well as many other transition countries has experienced an increase. Level of labor informality has led to limited income from wage contributions, while facing the burden of supporting older generations, many of whom enjoy full pension rights. Albania has managed to avoid a financial crisis in the social security system. In the current model of the pension system there are major deficiencies. The article introduces systems and reforms and reflections on the elections.

Keywords: pay as you go system, multipurpose pension system, contributory system, social system.

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