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**SOCIAL PROTECTION SYSTEMS
STRENGTHENING PROJECT**

REPORT ON FOCUS GROUP DISCUSSIONS ON PENSION REFORM

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Strengthening (SPSS) Project**

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Summary of Major Findings

Knowledge and Attitudes toward the Current Pension System

- By saying “pensions” people mainly understand the compensation people get in retirement for all the work they have performed during their life.
- All agree that the size of current pensions is wholly inadequate and that the amounts should be increased in order satisfy the everyday needs of pensioners.
- There is little understanding of how pensions operate in Armenia.
- Almost all complain that the current pension system is not efficient and that the living conditions of pensioners are poor because of low pensions.
- Most people believe that the current pension system is unfair.
- Employers believe that employees do not want to work in the formal sector in order to have more take home pay, while employees believe that employers do not want labor contracts with workers in order to avoid pension contributions to the government.
- Almost all have heard of the recent increase in pensions in Armenia, with most people mentioning that the increases did not improve the living conditions of pensioners in Armenia.

Attitudes toward the Proposed Pension System Reforms

- Most people are not aware of the upcoming changes in pension reform.
- Nearly all agree that the government should provide detailed and clear explanations when implementing the pension reforms.
- People are mainly against increasing taxes because it will have an impact on net salary amounts, especially for those with low wages.
- Almost all want to see government guarantees in the implementation process of the pension system.
- Some people are against savings accounts because many people lost their savings after the collapse of the Soviet Union.
- A handful of employees like the idea that they themselves would decide how to manage and where to invest their pension savings.
- There is some general questioning about whether or not the government has the financial aptitude necessary to administer pension savings efficiently. Lack of trust in the government is identified as another key barrier to implementing pension reforms efficiently.

- Most people believe that pension system reforms should be implemented slowly and in stages in order to prepare people and inform them about the changes.

Attitudes toward Selected Pension Issues

- Most people stated that applying different approaches to pensions for different age groups is not fair; and the main explanation for these attitudes is the lack of understanding of why these differences exist.
- All agree that vulnerable groups such as parents of young children, disabled people, or those legitimately unemployed should be credited with a pension or benefit.
- Almost all believe that if unregistered workers are provided with incentives, they will work in the formal sector and that these workers first should understand how salaries have a direct relationship to pensions and that if they do not pay taxes now they will not receive pensions tomorrow and, secondly, employers should be pressed and controlled so that their employees are included in the formal sector.
- Those in the informal sector do not resist working without being registered because they are afraid that they will lose their jobs.

Attitudes toward Responsibility for the Provision of Social Insurance

- Almost all agree that the government, individuals, employers, and family together should be involved in the process of ensuring that people have an adequate income in retirement.
- Almost all believe that the state must bear the most responsibility for a secure retirement.
- The role of individuals is understood to be important in the new pension system.

Attitudes toward Saving Options for Retirement

- Very few mentioned being involved currently in financial planning for their retirement.
- An important barrier to financial planning for retirement, especially for those in low paid jobs, is the recognition that the amount of money they can afford to save is so small as to be almost pointless.
- Most people would work longer in order to have the means of living when retired.

Trust toward Various Institutions for Investing Savings

- The opinions on which to trust between the government and the private sector for investing pension savings differ across focus groups with most urban participants trusting neither and rural participants trusting only the government.
- Most people believe that banks are more reliable than insurance companies.

- Urban residents seem increasingly to trust banks.
- People do not believe insurance companies in Armenia can be trusted. Moreover, very few are aware of any insurance companies functioning in Armenia.
- There is agreement among most people that international financial institutions are more secure than domestic institutions.

Attitudes toward Risk Posed by Pension Investments

- Most people welcome the idea of pension savings.
- Although some people view government involvement in investing pension savings as reassuring, others have a number of concerns related to a lack of trust in the government.
- There is a strong sense among most people that letting private financial institutions invest pension savings is risky.
- Most people prefer a lower but guaranteed and stable rate of return on pension savings, with younger people preferring a higher rate of return even if it means more risk.

Attitudes toward Public Information Campaign on Pension Reforms

- Most people named television as their main source of information about pension issues.
- There is general recognition that the government itself should present the new pension system to the public in a well-organized campaign and that state employees, both in central and local offices, must be well-informed themselves before the plan is rolled-out.
- When developing slogans, several words or phrases mentioned by the focus group participants should be avoided including “old age,” “dignity,” “live later,” “enjoying old,” “young decisions,” “a happy old age,” “prosperous,” and “start.” Most people cannot afford to save money which is why the word “saving” was repeatedly rejected.
- Words such as “decisions,” “secure,” and “trustworthy” were liked.

Background

Sponsored by the USAID, The Services Group, Inc. is providing technical assistance to the Republic of Armenia through the Social Protection Systems Strengthening Program. The USAID Social Protection Systems Strengthening Program (SPSS) is a five-year project designed to improve the social protection systems in Armenia and, at the same time, increase opportunities for self-reliance and reduce citizen dependence on public support to meet basic needs. The SPSS targets four key social protection areas: social insurance, employment services, occupational safety and labor code, and social assistance programs for vulnerable populations. The Services Group, Inc. has asked the Turpanjian Center for Policy Analysis (TCPA) at the American University of Armenia (AUA) to participate in the research components of SPSS.

This report presents the findings of one of the tasks constituting the work of TCPA/AUA for the Social Protection Systems Strengthening Program, a series of separate focus groups with urban and rural residents and with employees and employers in order to measure knowledge about the upcoming reforms in the pension retirement system and attitudes toward social insurance during economic transition and increasing privatization.

Methodology

Eight focus groups were conducted during October 2008 to gather information on knowledge about pension reforms, attitudes towards responsibility for social insurance provision, and trust towards various institutions with respect to investment of pension savings. Data was gathered in discussions with four target groups: 1) urban residents, 2) rural residents, 3) employees, and 4) employers. Two focus groups were held with each target group for a total of eight sessions.

Focus groups with employees and employers were conducted in Yerevan. All participants were selected by availability and willingness to participate in the focus group discussions. A mixture of participants of different gender, age, education level and employment status was ensured for focus groups in urban and rural areas. The participants of the focus group discussions with employees and employers included both registered and non-registered persons. About 50 employees working in the formal and informal sectors and about 200 employers working in the formal and informal sectors were contacted for participation. All focus group participants were informed about the topic of the discussions when contacted. The length of the focus group sessions averaged between 180 and 200 minutes.¹

A focus group discussion guideline was developed in consultation with the Pension Working Group (PWG) and SPSS. The focus group discussions covered the following areas: 1) Knowledge and attitudes toward the current pension system; 2) Attitudes toward the proposed pension system reforms; 3) Attitudes toward different pension issues; 4) Attitudes toward responsibility for social insurance provision; 5) Attitudes toward saving options for retirement; 6) Trust toward various institutions for investing savings; 7) Attitudes toward risk posed by pension funds; and 8) Attitudes toward a public information campaign on pension reforms.

¹ Sessions were recorded on audio cassette. Eight to fifteen participants attended the focus group sessions for urban and rural residents outside Yerevan, focus groups for employees each had four to nine participants and focus groups for employers each had four to five participants.

Findings

This section presents findings for the data collected from urban residents, rural residents, employees and employers and is divided into eight sections: 1) knowledge and attitudes toward the current pension system, 2) attitudes toward the proposed pension system reforms, 3) attitudes toward different pension issues, 4) attitudes toward responsibility for social insurance provision, 5) attitudes toward saving options for retirement, 6) trust toward various institutions for investing savings, 7) attitudes toward risk posed by pension funds, and 8) attitudes toward public the information campaign on pension reforms. Several quotes from participants are provided as examples and are displayed in shaded boxes. Where there are major differences between urban and rural residents and between employees and employers, they are included in this analysis section. Opinions of employees or employers are discussed separately if they significantly differ from those of other target groups.

Knowledge and Attitudes toward the Current Pension System

The focus group participants were asked about their associations with the word “pensions,” knowledge about the current pension system, and attitudes toward the effectiveness and fairness of this system.

Associations with the Word “Pensions”

When asked what comes to their mind when thinking about pensions, focus groups participants mentioned different types of pensions in Armenia: old-age pensions, pensions for students, disability pensions. They stated that by saying “pensions” they mainly understand money received in retirement for all the work performed when they were young such as compensation corresponding to the number of years worked. Specifically, as one participant explained, when working people pay taxes to the state they should get this money back when retired. Some participants said that the first thing that comes to their minds when thinking of pensions is old age insurance and a secure old age.

Almost all participants tended to associate pensions in Armenia with a small amount of money that is not sufficient for pensioners even to survive. Many participants agreed with one participant who called pensions “symbolic” because they provide less than the minimal consumption basket. One employee called the pension amounts miserable and an employer called them ridiculous. Employees were concerned that when they reach retirement age the pensions they will receive will not be adequate for a decent life.

There was agreement among participants that pensions must be increased so that they can satisfy the everyday needs of pensioners. A related issue should be noted here: Several participants said that an increase in pensions will bring about improvement in the living conditions of pensioners only if market prices do not increase.

Almost all participants in all focus group discussions concluded that the life of pensioners, especially of those who live alone, is not safeguarded in Armenia.

Knowledge about the Current Pension System in Armenia

Most participants had a low level of understanding of pensions. Although they recognized that a pension provides a source of income in retirement, they were not clear about how the system works.

Of the four target groups, employers were the most knowledgeable about the current pension system in Armenia. Very few other participants were aware of how pensions are currently calculated in Armenia. During all focus group discussions, except the employer groups, only one or two participants were able to explain that 395 AMD is added for each year of service to the basic monthly pension of 6,800 AMD. Only two participants among all group discussion participants mentioned the personal index of 0.02 which is applied after 25 years of service.

A related problem stated by several participants was that not everybody understands the complicated pension calculation system because very little information about pensions is provided by mass media.

Effectiveness of the Current Pension System

Focus group participants were asked about the effectiveness of the current pension system. Almost all participants complained that the current pension system is not efficient, and they mainly viewed the current pension system as inefficient because of the poor living conditions of pensioners: the low pensions are not adequate for food purchases or for public utilities bills. Some participants added that pensioners can not survive in Armenia if they do not receive additional assistance from relatives.

One employee participant raised the issue of the informal sector and noted that many employers do not want to register their employees. Some other participants agreed and added that as a result a large group of employees, especially those who are working in private companies, will not receive pensions.

“Today most employers do not present the employees as such. What will happen to them when they retire in 20 years? The situation might become more terrible if the new pension system comes into force. If these unregistered workers make no social contributions they might receive pensions even lower than those that pensioners receive today. I think that for a country like Armenia it’s hard to change the pension system at once, especially as this system cannot guarantee that you will have a stable job and that the employer will not deceive and will register everyone. In the Soviet times all the employees were registered. Today the young workers, especially those who have children, think that it’s better to earn 1,000 drams per day at the market rather than think about their future pensions. One of the reasons is that these same people are not even aware what the problem is all about.”

Participant in employer focus group discussion

Rural participants commented that the current pension system works only for those who have jobs and complained that the government considers all farmers as working although in Tavush marz, for example, villagers do not enjoy the same harvests as in Ararat marz.

Two participants raised the issues of disabled pensioners and talked about the red tape such pensioners face in proving their disabilities.

Effectiveness of the Current Pension System: Employers

Some employers expressed hope that in several years the pension system will be administered properly in Armenia, otherwise people will not have faith in their futures. Older employers were

more concerned than were younger ones that if the situation is not changed soon, they will receive the small sums in their retirement as pensioners do now. These older employers were very interested in understanding what kind of institutions are working on the pension system reforms and how the reforms will be implemented.

“In order to be effective: (1) pensions need to be cumulative; (2) pensions should cover at least 70-80 percent of the amount earned during the last five years of work as generally accepted throughout the world; (3) pension funds need to be created; (4) people should understand and be aware of pension rates; and (5) the government must subsidize part of the pensions. In addition, people should take risks and invest money in pension funds that should work and be profitable.”

Participant in employer focus group discussion

One young employer commented that the revenues that the state budget has now are not enough to provide high pensions. As he explained, pension system reforms must be launched as soon as possible in order to have positive results in 15 or 20 years down the line. Another employer had some doubts that the state is willing to take responsibility for improving the pension system in Armenia.

Fairness of the Current Pension System

Most participants believe that the current pension system is unfair. Participants provided several reasons why they think the system is not fair.

Some participants complained that the system is not fair because the pension amounts are very small, especially if compared to the consumer basket. One participant related the unfairness of the system with the lack of opportunity to save money that employees are paying to the state on their own.

One female participant noted, and some others agreed, that the recent decision to have the same qualifying age of 63 for retirement for men and women is not fair, and that women due to their physiological state should retire earlier than men.

Some of the rural participants commented that many villagers are working without being registered and paying taxes, and, therefore, will not be able to receive pensions.

One participant noted that this system is both fair and unfair: it is fair because the younger generation pays for the elderly, but from the legal point of view the state itself should be responsible for taking care of the elderly, not the youth.

A few participants noted that, in general, the way the pensions are calculated (according to a defined formula) in Armenia is fair and objective.

Fairness of the Current Pension System: Employers

In addition, as two employers explained, the redistribution of funds is quite fair within the available revenues of the state: the government collects money from the labor force and redistributes them to

those not working, including the disabled. According to these employers, society is not fully aware of redistribution mechanisms and principles, although relevant legislation exists.

Fairness of the Current Pension System: Employees

As one employee explained, given the situation in Armenia nowadays, the current pension system is fair: Armenia is poor and not able to provide higher pensions; actually the state does even more than it can.

Two employee participants with comparatively high wages were worried that currently the wage amounts are not taken into account when calculating pensions. They believe that those who have higher wages should receive higher pensions. According to these employees, they are already accustomed to a high level of well-being, and for them changing living standards in old age will be especially painful.

Recent Increase of Pensions in Armenia

Almost all participants had heard about the January 2008 increase in pensions in Armenia, with most of them stating that these increases have not improved the living conditions of pensioners because at the same time market prices have increased and the dollar exchange rate has decreased.

“If pensions are used for the purpose they should have -- paying bills, buying food, having normal living standards, there won’t be place for social injustice. But when they increase pensions together with prices on everything by three-four times...”

Participant in urban focus group discussion

Attitudes toward the Proposed Pension System Reforms

Prior to the detailed discussion about the proposed pension system reforms, focus group participants were provided explanations about the reforms. After the explanation, they were asked what provisions they were for, what provisions they were against, whether or not the proposed pension system reforms will work in Armenia, and how quickly the government should implement these changes.

Pros and Cons of the Pension System Reforms in Armenia

Several focus group participants saw the proposed pension system reforms as complicated. They stated that the theoretical part is good but that the practical part needs to be good as well; they explained that the state has to work hard in order to reach its reform goals for pensions and that it must clarify the structural mechanisms for implementing the reforms and find appropriate explanations.

Lack of information about the pension reforms appears to create opposition to the reforms. As one urban participant explained, he is against pension reforms because he does not understand what reasons are behind them. There was some suspicion about the state’s motives for bringing in such reforms. One of the participants stated that although being an economist he has difficulties in understanding the proposed changes, and, therefore, a lot of explanatory discussions should be conducted with the population, especially with younger workers, and that these explanations should be as clear as possible.

Several participants disliked the idea that the state had already decided all the details of the pension reforms and that individuals are forced to accept the reforms. They noted that any reform should be explained thoroughly and should not be forced and that people should be provided with options and several pension schemes.

“I accept that the state can force me to pay social contributions, but it should ensure that I will have some social security while retired. Moreover, I want to decide on my own how, where/to whom to make these payments. If I can choose among several competing banks where to invest my money, it will be acceptable for me, but I am afraid that everything will be monopolized again. I will be very glad if I am able to select among several competing companies offering different packages and strategies.”

Participant in urban focus group discussion

A few participants said they understood that the state does not have funds to provide high pensions and considered the reforms as an alternative to raising pensions.

Most participants were against increasing the tax burden of the employees because increasing taxes will have an impact on net salary amounts. Participants complained that the salaries are not high enough for workers to save monies in accounts.

Almost all participants want to see state guarantees in ensuring that the pension system is efficiently implemented. A contradictory point should be noted here: although trust in the state is not high, participants prefer to make investments in state institutions rather than in private companies.

“What’s going to happen if I have a contract with a bank and in five years it disappears? Are there going to be any guarantees from the state? We need guarantees from the state.”

Participant in urban focus group discussion

Some participants were worried that those employees who are not registered will not be included in the new system.

Pros and Cons of the Pension System Reforms in Armenia: Employees

Employees would like to see guarantees against inflation in the proposed pension system. As one employee commented, one can accumulate money in his/her own account and in one day in the future find this amount to be worthless. Another participant preferred even to keep savings at home rather than to provide them to assets managers for investing in private companies. The main reason for this behavior is fear that the state will not provide guarantees and that they will lose money.

A handful of employees liked the idea that as individuals they would have an opportunity to control the monies in their own accounts. They welcomed the idea that they themselves would decide how to manage and where to invest their pension savings.

On the other hand, one employee noted that she does not want to take responsibility for deciding where to invest her funds and questioned who would protect her from her own wrong decisions. When it was explained to her that consulting agencies will be available to help those without

financial knowledge make sound investments, she was still against it because there will be a fee for such services. As she stated, “after paying all the taxes and spending additionally for this service I can still make bad investments and at the end no one will guarantee that I will get a normal pension.”

Some older employees complained that very few employers recruit people over 40, and, moreover, not all employers register workers. They were afraid that in both cases such people will be excluded from the pension reforms process.

Pros and Cons of the Pension System Reforms in Armenia: Employers

Employers are concerned that the pension system reforms will lead to increases in taxes paid by employers as social payments for their employees. However, when it was explained that employers will no longer be making contributions to the government for retirement pensions and that employees will be responsible wholly for making their own contributions, the employers in the two focus groups changed their opinions on the new reforms to positive. One employer said that when he was an employee some years ago he was not paid the whole amount of his salary and he was not aware to where this money was transferred. But as he noted, if the reforms are in place, no employee will accept such conditions anymore. Other employers, however, stated that the reforms will work only if salaries are increased.

“In my opinion, when the reforms are implemented, all will gain. In addition, the financial market will be developed and efficiently working. So, the reforms seem to be even late. I believe that they will improve the living standards of pensioners and have economic and political impacts as well. Thus, the level of the shadow economy will be decreased.”

Participant in employer focus group discussion

“As a citizen of Armenia I should say that I like the idea of these reforms. If nothing happens and I am able to use accumulated money, it will be very good. I only hope that nothing will happen, as happened with our parents, when they deposited all their savings and after the collapse of the Soviet Union lost everything. When people see that if they pay taxes they live better, the system will work. The current system is wrong since people with different wages are getting the same amounts of pension.”

Participant in employer focus group discussion

“I like the idea of cumulative accounts. Employees who get more can accumulate more on their own accounts and get more when they retire. But the size of the tax is too large, especially for those who have low wages.”

Participant in employer focus group discussion

“Keeping 31 percent from employees with low wages will make their living conditions even worse than those of pensioners.”

Participant in employer focus group discussion

Effectiveness of the Pension System Reforms

Several participants commented that the pension system reforms will not work in Armenia because people do not trust any changes that are implemented here. Here again the issue with trust in the government was raised. One participant stated, and some others agreed, that people do not trust the government and do not believe that they would receive their savings back since the government did not return investments people made during Soviet times.

There was even some general questioning about the financial aptitude of the government to administer pension savings efficiently. There was a perception among employee participants that the pension system reforms will be effective for those who know how to manage investments.

Those who believe that the reforms will be effective put several preconditions under which they might work. For example, appropriate control, minimization of loopholes, and lack of corruption.

“It’s very important to minimize, or if possible, eliminate loopholes. Here the problem is that the people who initiated these reforms are only thinking about how to grab money.”

Participant in urban focus group discussion

“If it is not going to become a business for authorities, it will work. At any rate this system is a good one, proved its reputation all over the world, but in order to succeed in Armenia we need minimal loopholes and maximal guarantees that don’t exist today.”

Participant in urban focus group discussion

A related problem should be pointed to here. Many participants complained that when developing the reforms the low living standards of the population were not taken into account and that the government should have understood that very few will agree to save for the future now because people are more likely to think about their current conditions rather than about the future. Some young employees were very much focused on their immediate lives and, as they explained, they have rarely given any thought about the future.

A handful of employers expressed a concern that the reforms will not work because of high tax rates. Another employer recalled that in the Soviet period employees were getting nearly as much pensions as were their wages.

“In the Soviet period employees were getting 120 rubles as wages and pensions almost equal to the amount of wages. But if an employee who gets now 100,000 drams as salary starts paying the 31 percent for taxes, will he get the same amount in pension when retiring?”

Participant in employer focus group discussion

Government’s Timeline for Implementation of Pension Reforms

Most rural participants noted that the government needs to act more slowly with these changes to the pension system, explaining that people need time to get used to these reforms and that the reforms should be implemented stage-by-stage in order to prepare people and inform them about the changes.

There was a broad consensus among employees that the government should implement the reforms gradually. As one of the employee participants stated, the reaction of society will not be positive at the beginning and people will need time to understand and accept these changes. Another employee even suggested that there should be a probation period in order to see whether or not the reforms are efficient with another explaining that the nation sees any change negatively at the beginning which is why a lot of explanation and step-by-step work should be implemented in order to obtain positive results.

“One should start to work with employers. At this point we have problems with employers who don’t want to hire part-time employees because they make the same social payments for part-time and full-time employees. Today we have a problem with young people. Are there guarantees that young people will enter the labor market immediately after graduating? To be brief, there is a lot of work to be done. This process should have started long ago. There are employers who have completely forgotten or do not know about taxes, or don’t want to know. To what extent are the authorities ready to make these employers pay taxes? It’s such a complex process that I can’t say what will come out as a result. Simply said, there should be will on both sides. Everything should start from elucidation and willingness. We should go towards these purposes together.”

Participant in employer focus group discussion

Some urban participants commented that the speed with which the reforms are implemented should be determined by a participatory processes. Participants who believe that the changes should be implemented slowly explained that it is not possible to act very quickly because the system does not have the needed structural base and operating mechanisms in place.

“If the government is able to revise all the opinions, to organize a campaign, to develop legally solid documents, let it be quick; but if there is a need for consideration and reflection, it should be implemented more slowly.”

Participant in urban focus group discussion

Two of the participants suggested that the current government should implement the reforms as long as it has power; otherwise, a new government will come up with its own new program.

Employers stressed the importance of the awareness about the pension reforms. As one employer explained, the government should first get ready well and then should prepare the population and explain all the details by mass media or meetings. Local bodies should be also involved in this process. According to another employer, it is not important to be speedy in this process but rather well-prepared for it, so that the reforms are implemented in an optimal way.

Attitudes toward Selected Pension Issues

Selected pension issues were discussed during the focus groups aimed at understanding the population’s attitudes toward these issues.

Fairness of Approaches for Different Age Groups

Different approaches were explained to focus group participants about pensions for different age groups and the discussions asked for opinions on the fairness of the approaches.

Most participants said that applying different approaches is not fair, with more urban participants disagreeing that providing different approaches for different age groups is fair. However, there was a lack of understanding why different approaches are being planned for different age groups. Several participants noted that whatever is forced or mandatory is unfair. As some explained, people should be able to choose on their own whether or not to be involved in the new pension system, irrespective of their age.

On the other hand, one employee said that the reforms have been developed by professionals for many years and that she just has to trust that providing different approaches based on age is necessary.

Those who believe that providing different approaches is fair were mostly over 40, and they liked the idea that they will decide on their own whether or not to join the cumulative system.

Crediting the Vulnerable with Pensions or Benefits

All participants agreed that vulnerable groups such as parents of young children, disabled people, or those legitimately unemployed should be credited with a pension or benefit even when they are not working and not paying taxes. There was consensus that the state is definitely responsible for all of its citizens and that the vulnerable strata of society should be provided with different types of assistance, including financial assistance.

“Sure, all these vulnerable groups should be cared of, otherwise what nation, people, and state are we speaking about?”
Participant in urban focus group discussion

A couple of the participants suggested that vulnerable persons should be provided with less than employees who have worked and paid taxes but that they still should be taken care of and receive minimal benefits to ensure their well-being. Another participant commented that these payments should be envisioned in the state budget under social protection, for example, so that they are not paid from the pension funds.

Incentives for Bringing Unregistered Workers into the Formal Sector

Several incentives for bringing people to the formal sector were identified by the focus groups participants, for example increasing salaries and decreasing taxes.

Some participants suggested that the state increase penalties for those who do not pay taxes. Other participants noted that law enforcement and strict control of the tax system will make them work in the formal sector. However, one participant argued that the state simply does not want to bring them into the tax system but would not state why. Another related problem should be presented here; there is some consensus that first of all “oligarchs” should be obliged to pay taxes and only then everyone else.

Overall, participants agreed that those in the informal sector should be informed that they will not receive pensions and that they need to know how pensions are formed and calculated with awareness increased by professionally conducted public information campaigns. One participant even added that having more information about the cumulative system can be a stimulus for

unregistered workers to change their status. Another participant commented that because of these reforms the shadow economy will be diminished and more workers will be eager to register.

“Taxes are too high today. In my opinion, this is the only reason why people do not want to work in the formal sector.”

Participant in urban focus group discussion

“Employees who are not registered understand that without registration they will be deprived of pensions in the future, but they don’t care much about it, they prefer earning money today”.

Participant in urban focus group discussion

Rural participants noted that the income of the rural population presents a situation different from other workers and that special criteria and activities have to be undertaken in order to bring them into the formal sector.

Incentives for Bringing Unregistered Workers to the Formal Sector: Employees

Almost all employees agreed that if unregistered workers are provided with incentives, they will choose to work in the formal sector and that first and foremost employees should understand that salaries have a direct relationship to pensions: That is, if they do not pay taxes now, they will not receive pensions tomorrow. Employees said that they themselves should require that their rights are protected and that it would require that their awareness of the issues be raised.

Secondly, employees believe that employers should be pressed and controlled into having their employees in the formal sector. Employers explained that employers are not interested in paying additional taxes and so convince employees to work informally with higher salaries and additional “incentive payments.”

As one of the employees stated, these two interconnected factors, pressure on employers and an information campaign for employees, will create the desired results.

“I have been working for eight months now, but I’m not registered. Many times I have applied to the director and the chief of staff and every time they tell me to wait a little more. They do not say “no,” but I have been waiting since June. Only 9 out of 45 employees in our company are registered. I have even asked them to give me the monies (now I get 60,000, but it should be 67,000), so that I myself make the social payments. I applied to our chief accountant, and he did not conceal that they avoid paying 7,000 AMD for every employee as social contributions and that they gather all these amounts and give them as a bribe.”

Participant in employee focus group discussion

“When I got a position in the airport, the HR manager asked me to bring my workbook. He did not ask me whether I want to have a workbook or not, he just required it. When I told him that I don’t have one, he gave me a list of documents that were required in order to get a workbook. He didn’t ask me whether I want to register or not. But in other places you have to constantly remind the employers that after the probation period they should register you as a formal employee. These employers try to convince you that if you wait a while, the number of clients will increase and your salary will be raised. And so on... Everything is done in order not to register workers.”

Some employees related the solution of this issue with the proposed pension system reforms. Several employees explained that this program should be so attractive that all employers turn their employees to the formal sector: For example, taxes should be decreased for employers based on the number of employees they have. Employees referred mainly to small businesses that should be granted privileges such as deferment of tax payments as they start up their businesses. In addition, several employees were convinced that the change in the reforms to employees being solely responsible for making contributions to the government for pensions will serve as an incentive for employers to register their employees.

In general, employees are not satisfied with the tax system in Armenia. Some employees touched upon the corruption of tax authorities.

There was some feeling among employees that the situation is not possible to change because there will be always employers who will work in the informal sector of economy. One employee said that employers are afraid that if they pay 7,000 drams today it may grow into 10,000 drams next month; there is a fear of uncertainty.

Incentives for Bringing Unregistered Workers into the Formal Sector: Employers

One employer stated and others agreed that those who do not pay taxes should be pursued as in the US and that such cases should be considered as criminal cases and punished. One employer gave the example of developed countries where this kind of crime is punished even more strictly than robbery with employees losing their work permits and both employees and his/her employer considered criminal offenders.

A common perception among employers was that because salaries are not high, workers themselves prefer not to be registered rather than pay taxes and, as a result, receive lower salaries. As they explained, there is a general sense of “living for the moment” with people not thinking about what kind of life they will have in the future and instead thinking about everyday problems and how to survive. Related to this, employers believe there is a feeling in society that people can work for their whole life and receive “nothing” at the end; people do not have faith in the future and they do not have trust in the state.

Several employers believe that in order to have all workers in the formal sector, public awareness about the pension system should be raised and people should understand what they will lose if they do not pay taxes.

Resistance to Working in the Formal Sector

Overall, there was consensus among focus group participants that unregistered workers are forced by circumstances to work in the informal sector.

Almost all participants who are working in the informal sector understand that because of the high unemployment rate employers can do whatever they want; they can fire with no reason and hire whomever they want. Competition in the labor market is very high, and the unregistered workers are afraid that they will lose jobs if they resist, according to these participants.

“First of all, people are not aware that they are losing their pensions and the second issue is competition. Employers say if you don’t want to work, OK, there are many other people willing to do this job.”

Participant in urban focus group discussion

“We don’t resist because our salaries are too low to keep our families. If we start to resist, employers will fire us.”

Participant in urban focus group discussion

“I am trying to remind every month that I am not registered as an employee. I have been working for one year and two months and I am not on probation, and every time I receive such answers as ‘we will register you when we will go to a new office,’ or ‘it is not possible to see the director for a long time.’”

Participant in employee focus group discussion

Another issue for participants is the lack of protection of employees in Armenia. One participant noted that even if one applies to court, there is no confidence that the trial will be fair and that there is lack of trust in the court system in Armenia. Another participant added that the Ministry of Labor and Social Issues should protect employees.

Some participants, however, believe that employees themselves should demand to be registered officially.

“No resistance exists in Armenia, the boss is always right. The labor code doesn’t work, and workers are not protected. During any dispute in court the verdict is decided for the employer, employees are not protected in Armenia.”

Participant in urban focus group discussion

“If everyone resists there will be positive results. There should be a common struggle. However, now there are very few people struggling for their rights. Very few will quit their jobs, for example.”

Participant in employee focus group discussion

Attitudes toward Responsibility for the Provision of Social Insurance

The focus groups participants were asked about who should be responsible for pension security in old age.

Ensuring an Adequate Income in Retirement

There was some divergence in opinion over who should be responsible for ensuring that people have an adequate income in retirement, with most of participants believing that the state should be the main guarantor. Some of the participants commented that the role of individuals is also important in this process, especially in the new system in which individuals themselves should decide what they ultimately want. A few participants noted that employers should bear this responsibility as well. One or two participants mentioned also families.

After consideration, almost all participants agreed that the government, individuals, employers, and families should be involved together in the pension process, with the government leading and guaranteeing it. As one employee explained, the government should have the leverage needed to make employers pay at least the minimal taxes for pensions and provide guarantees since one of the functions of government is providing social security guarantees for its citizens. The Ministry of Labor and Social Issues was identified as the government body that is responsible for this process.

“Individuals bear the responsibility because they pay taxes as well as the government and the employers with their contributions to the state. We should have a sense of cooperative accountability. As an employer I should do my best to have strong military service, in case of a cataclysm. If we work and help the government to feel relaxed, without burden, it will provide us with better living conditions.”

Participant in employer focus group discussion

Holder of the Most Responsibility for a Secure Retirement

There was broad consensus across all groups that the state should bear the most responsibility for a secure retirement, although some employees stated that this responsibility should be equally shared between the state and individuals. As these employee participants explained, the state should be responsible for guaranteeing that there are jobs where its citizens can work and make payments for their pensions, while employees should demand that employers register them when needed.

Attitudes toward Saving Options for Retirement

Focus group participants were asked about financial planning for retirement and savings options for retirement.

Financial Planning for Retirement

Very few focus group participants stated that they are currently engaged in financial planning for retirement. One of the reasons why most are not involved in financial planning for retirement was the lack of additional money to be used for such savings. Another reason identified was the reluctance to think about the future today; as one employee explained, most Armenians are not thinking about how they are going to live when they retire. They are more likely to think about their children and where they will study and work. According to some urban participants, many Armenians usually live with the hope that in one day their children will take care of them.

Two urban participants explained that they do not make such financial plans because they do not have any guarantees that prices will not go up next month. According to them, they do not trust the state and they are not sure that the state will not drastically increase prices, and, as a result, their savings will not disappear.

Only a few employers mentioned that they are saving by buying gold or different currencies.

Saving Options for Retirement

The focus group participants were asked what they would be likely to do if they thought they were not going to have enough money in retirement. A wide variety of saving options for retirement were mentioned by focus group participants and included the following:

- working longer
- investing in property/buying real estate
- buying gold
- investing in business
- initiating own business
- start savings/saving more in own bank accounts
- buying different currencies
- making investments in children's education
- buying life insurance
- investing in two different businesses in order to have at least one functioning

However, many participants are not able to make use of these saving options for retirement, and the lack of additional financial resources was mentioned by the majority of participants as the reason for not making savings now. Others stated that they do not keep savings because they do not have any guarantees and never know what will happen to the savings later. Some rural participants were against saving money in private banks because they were afraid that they might go bankrupt suddenly and that they will lose all their money. Some other rural participants noted that conditions require people to accumulate debt, not savings. One urban participant suggested leaving Armenia for a better country with a stable pension system.

Best Ways to Save for Retirement

Most participants believe that working for a longer period was the best way to save for retirement, followed by investing in property, buying gold, and savings. Working for a longer period is the only option that does not require any additional financial resources now, according to the participants. One participant even stated that he will not rely on anyone but rather work in two places in order to have an adequate income in retirement.

Trust toward Various Institutions for Investing Savings

The focus group participants were asked about their attitudes toward various institutions for investing pension savings.

Government or the Private Sector for Investing Pension Savings

Most urban participants stated that currently in Armenia they trust neither the government nor the private sector for investing their pension savings. A couple of the urban participants noted that they would choose the private sector because it would invest pension savings properly, while one urban participant stated that the private sector is more trustworthy because for the most part it thinks about its own interests. One of these participants would choose the private sector, but with state guarantees. Two urban participants would choose the sector based on the guarantees it provides while another urban participant would definitely choose the government.

All rural participants would choose the government for investing their pension savings because it is more secure; the private sector can go bankrupt, but the state will always find funds to return money. As they explained, state banks, for example, are safer, more secure and more responsible than private banks.

Almost half of the employee participants would choose the government and the other half the private sector. The participants who chose the private sector stated that it is more secure, will provide revenues because the money invested will work, and it currently is developing more effectively because of tense competition. One of these employees noted that she cannot imagine where in the government she can invest in order to get revenues. Another employee participant who chose the private sector said that subconsciously he does not trust the government because his parents lost money that they had in the bank during the Soviet period. Mainly middle-age employees stated that they would choose the government. Two employee participants mentioned that they would choose both sectors, while one employee said that he would choose none of them because of the lack of trust.

Most employer participants would choose the option that includes both the government and private sector. This option especially appealed to young employers who want diversification. Three employers stated that they would choose the government because it is more or less ensured and its risks are small, and as the private sector is not yet developed. One employer told that he would choose the private sector, while another employer would invest in his own business.

“There should be some proportion between these two: government and private. In general, experience shows that the private sector is more profitable, however, it contains more risks, while the state is more trustworthy. I trust the state more, although the interest rate is low.”

Participant in employee focus group discussion

Trust toward Banks in Armenia for Investing Savings

Almost all rural participants tended to mistrust banks based on their experiences. Some rural participants gave the example of the Shirak bank that went bankrupt with no compensations made for lost savings. On the other hand, urban participants were more likely to believe that banks are trustworthy in Armenia. As one urban participant stated, compared to the past banks now can be trusted. Another urban participant noted that some of the banks are trustworthy, while some others are not.

Employees said that to a greater or lesser extent banks are currently secure and that they are able to return up to 2,000,000 drams. Several employees either have already invested money in private banks or are planning to do so.

“Now there are banks that can be trusted, and gradually this trust will grow. The deposits equal to 2 million AMD are ensured. So, if you have more money, you can divide this amount and deposit it in different banks under names of different people.”

Participant in employee focus group discussion

Almost half the employers stated that banks are trustworthy in Armenia with the other half noting that they are not. Those who do not trust banks explained that banks are not very developed in Armenia and do not have professional staff that are able to manage accumulated savings and invest them in proper projects. Those who trust banks noted that they are positive about banks in Armenia because they understand and know the current banking situation in Armenia. According to

one employer, banks are very trustworthy especially if one takes into account that regardless of the world economic crisis banks in Armenia are stable. Another employer added that trust toward banks in Armenia is increasing.

“The banks are very much trustworthy: one can read their annual audit reports and understand that the ratings are high. In general, the banking system in Armenia is on a higher level in comparison to other countries. The Central Bank implements monitoring of the private banks, and as a result, important norms are created which prevent banks from going bankrupt.”

Participant in employer focus group discussion

Trust toward Insurance Companies in Armenia for Investing Savings

There was general mistrust across all groups toward insurance companies in Armenia. Moreover, very few were aware of any insurance companies functioning in Armenia.

As one urban participant stated, 90 percent of insurance companies in Armenia have their assets insured in European countries and they are not interested in what is going on in Armenia. Two rural participants mentioned their unsuccessful experiences with insurance companies in Armenia. One of them recalled that in 2000 villagers had collected money and put it in an insurance company that should have provided disaster insurance but that did nothing when a hurricane hit the village. Another rural participant gave the example of teachers who bought insurance but got nothing when they had health problems and were hospitalized.

Most employers specified that banks are more reliable than insurance companies because banks have their own money, while insurance companies do not. As one employer commented, there are no insurance companies in Armenia that invest in stocks and perform monitoring and it is not clear whether or not they re-insure their risks according to international standards. One employer who owns a taxi service had an unsuccessful experience with a domestic insurance company when he did not receive monies for a damaged car.

Employees' attitudes toward insurance companies can be summarized by the comment of one participant who said that the insurance market is not yet mature in Armenia. One employee explained that insurance companies are undeveloped in Armenia compared to the banking system which is well-developed with a good future. Other participants said that the regulatory field is doubtful and it is not clear who is responsible for the work of the insurance companies.

Investing Pension Savings in Domestic or International Financial Institutions

There was agreement among most of the participants that international financial institutions are more secure than domestic institutions; therefore, most of them would prefer investing their pension savings in international banks and companies rather than in domestic financial institutions.

This agreement was especially striking among employers who gave the explanation provided that international financial institutions have existed for a long time and have already proved that they are stable and reliable. They are ready to invest in companies only after thoroughly analyzing them. One employer stated that he has investments in both domestic and international companies. Another employer noted that he would rather prefer domestic companies because he is more or less aware of

the financial situation in the country as well as all the reforms and changes and he can observe more efficiently how his money works and intervene as needed.

Those employees who would choose international financial institutions characterized them as being fair and respecting competition rules. Those employees who prefer domestic financial institutions mentioned that these institutions are more controllable because they are close and accessible.

While making a decision, some urban participants would pay attention to the reputation and type of the company as well as conditions provided. Two younger participants said that they would choose investing in local companies, thus helping the Armenian economy develop.

Reasons why rural participants would choose international financial institutions included international banks being more secure, the norms of international law are more protected, Armenia is not a stable country, and interest rates are low in Armenia.

Attitudes toward Risk Posed by Pension Investments

Focus group participants were asked about their attitudes toward pension savings that are to be invested with the aim that the money grows over the life of the investment. Additionally, they were asked whether they would prefer a rate of return on pension savings that are guaranteed and stable but lower or a higher rate of return that has more risk.

Pension Savings

There was broad consistency across the groups in terms of attitudes towards investing pension savings, with most participants being positive about this idea because of the additional profit. However, some of the participants said they would take into account interest rates because if the growth percentage is less than inflation rates the investments become useless.

Several participants added that in order to make such investments they need the state to provide guarantees, while others mentioned that the companies where pension savings would be invested should be stable and trustworthy. One urban participant would like to have an example of successful investment that would encourage him to follow; otherwise, based on the experience of losing savings during the Soviet period, he had no trust. One employee argued that it will be more profitable if one puts this amount into circulation on his/her own.

Government Investing Pension Savings

Although some participants viewed government involvement in investing pension savings as reassuring, others had a number of concerns related to a lack of trust in the government. These participants noted that unless guarantees are provided, letting the government make these investments for pensions is risky. One urban participant was afraid that he would lose money because it would not be invested properly. Another urban participant mentioned that it is risky because of corruption among state employees. One rural participant stated that it would not be risky if the tax system works well and the state budget is large. Another rural participant commented that he would want to be well informed about such investments.

One employee stated, and others agreed, that the current level of information about financial issues that they have does not allow them to make a correct decision now.

Several employers noted that the government is more trustworthy than the private sector because the state is a stable institution that will always exist. These employers would like to see the state guarantee, control, and regulate all procedures related to investing pension savings.

Private Financial Institutions Investing Pension Savings

There was a strong sense among most participants that letting private financial institutions invest pension savings is risky, and they welcomed the fact that under the new pension system guarantees will be provided through regulations controlled by the Central Bank. They liked the idea that assets managers will be licensed through special procedures of the Central Bank. One employee stated that she would like to see these companies be certified and competent enough to ensure that the risk factor is low. Almost all participants believe the state should provide as much guarantee as possible in implementing the new pension system, as well as regulating and controlling all procedures.

Lack of knowledge and understanding of the way pension savings will be managed was identified by some employers as a barrier to expressing positive attitudes toward investing pension savings by private financial institutions. A couple of the employers stressed the importance of providing information to the public and the transparency of how pension savings will be invested. Ensuring that people are well-informed about the features of pension savings investments will help to allay concerns about investing pension savings, according to these employers.

Preferred Rate of Return on Pension Savings

Most participants in all focus group discussions, especially older participants, stated that they would prefer a guaranteed and stable but lower rate of return on pension savings. As one older employee specified, after the age of 63 people certainly do not think about risky options. Younger participants, especially women, noted that they would choose a higher rate of return even though it has more risk.

“Preferences may differ at different ages. Now, as I am young, I would prefer the risk. At an older age I would prefer a guaranteed and stable, although lower rate return.”

Participant in employee focus group discussion

One employee added the point that one can start from choosing a lower rate of return and then change to a higher rate. Another employee would try investing in both, thus reducing risks and increasing the rate of return.

Attitudes toward Public Information Campaign on Pension Reforms

The last section of the focus group discussions was aimed at understanding the participants’ attitudes toward a public information campaign on pension reforms. They were asked about what sources of information they use for issues such as pension reforms and whom they would trust for information on pension reforms. They were also asked about their opinions on several slogans designed for the public information campaign on pension reforms.

Sources of Information Used for Knowledge on Pension Reforms

The majority of participants across all groups named television as the main source of information used for issues such as pension reforms. Other sources mentioned include:

- family members, friends, neighbors
- Internet (i.e., websites of the Central Bank or the Ministry of Labor and Social Issues)
- specialists/experts/lawyers
- print media
- pensioners
- government bulletins
- informative public discussions
- Ministry of Labor and Social Issues

When asked how they would get information about pension reforms, most said that they would apply to experts either in regional social services or in the Ministry of Labor and Social Issues. Some mentioned the Internet, and a few named newspapers.

One participant commented that it is very important for social services staff to have the knowledge needed to provide detailed and professional information to the public. Another participant stated that some booklets should be prepared and distributed to everyone while another participant suggested information should be broadcast on television on multiple channels.

Trust in Information on Pension System Reforms

There was general recognition that the government itself should present the new pension system. Almost all participants stated that they would trust both the central and local governments for information on pension reforms because the government is the institution responsible for the implementation of the reforms. Social services, specialists of the field, and employers were also mentioned. According to a couple of the participants, information should be presented correctly and in detail. One employer added that businesses should be informed by the tax service as well.

A number of participants said that after having discussed the new pension reforms in the focus groups they had changed their attitudes toward the reforms from negative to positive.

Public Information Campaign Slogans

Fifteen slogans were presented to the focus group participants, and they were asked to vote for each of them. The slogans were designed for the public information. Focus group participants were asked a few additional in-depth questions for the slogans that the participants liked the most. At the end of the discussions participants were asked about their own suggestions for slogans.

Each of the 15 slogans is discussed separately in this section.

Start saving for a happy old age

None of urban participants liked this slogan. As one urban participant explained, “I do not believe this slogan; it is impossible to implement.” Another urban participant did not like the word “start”

in this slogan. Only two rural participants voted for it. Only one employee and two employers participating in the discussions liked this slogan. The other employees did not like it because they do not see any relationship between old age and happiness.

Your life is in your hands

None of the Gyumri participants liked this slogan, while in Ijevan it got seven votes. One Gyumri participants stated that it has no relationship to pensions and sounds like a war-cry. When Ijevan participants were reminded that the purpose of this campaign is to raise awareness about pension reforms, they said that it seems to be too general and it is not clear that it refers to pensions. None of participants from Hatsik village liked this slogan, while in Getahovit village it got the most number of votes (ten votes) because of the clearness of the message it conveys.

In total, five employees in both focus group discussions liked this slogan because, as stated one employee, “It makes us take into account the consequences.” In addition, one employee suggested changing the word “life” to “future” in this slogan, while another noted that the expression “old age” should be added in order to connect this slogan with pension reforms. In total, four employers in both focus group discussions liked this slogan.

Think about your future and save

This slogan got three votes in the focus group conducted in Gyumri and one in the focus group conducted in Ijevan. None of the participants from Getahovit village liked this slogan, while in Hatsik village it got the most number of votes (four votes). One of the participants from Hatsik said, “People should save for the future. It is the right choice.”

Employees in both focus group discussions liked this slogan with some employers also preferring it. The employers who liked it noted that it is clear, advises instead of forcing, tells the truth, is related to pensions, and is simple enough for even grandparents to understand.

Informed decisions for a trustworthy future

Very few liked this slogan. Interestingly, this slogan got no votes in the first of the focus group discussions with employees and the most number of votes (five) in the second group. The employees that liked it noted that it is very positive and although very short says a lot. On the other hand, the employees who did not like it explained that the meaning was unclear, can not be remembered, does not lead to a conclusion, and says little about old age or pensions.

Informed decisions for a future with dignity

None of the urban participants, employees or employers liked this slogan because, as they explained, it seems to be an electoral/political slogan. In Getahovit village it got three votes because as one participant explained, “Here we can see the government’s responsibility for the population.”

Deciding now, enjoying later

This slogan got three votes by Gyumri participants, while in Ijevan it got the most number of votes (seven votes). As participants of the focus group conducted in Ijevan noted, it sounds great, and it is encouraging. One of these participants suggested that the word “decide” can be even changed to “save.” As he mentioned, other Armenians would understand it the same way.

However, it got just one village vote and only three votes from employees. None of employers voted for this slogan.

Deciding young, enjoying old

This slogan received only three votes in total from all focus group participants. One rural participant said that everyone wants to be young and no one wants to think about old age. None of employers voted for this slogan because, as one employer explained, the word “young” will not be accepted. Another employer added the point, also made by some other participants, that people enjoy life when young, not when old.

Young decisions for a trustworthy future

None of the urban participants and none of the employees liked this slogan since, as they explained, the expression “young decisions” is not clear, is vague, and the phrase seems to be incomplete. One participant stated that people will not believe that there is trustworthy future. Some participants did not like the confrontation “young versus old.” Two villagers voted for it and two employers in both focus group discussions liked this slogan because they liked that they themselves can make decisions and they liked the word “trustworthy.”

Young decisions, prosperous old age

None of the urban participants and no employees and employers liked this slogan because, as one urban participant stated, the expression “young decisions” is not clear. The employees did not like the word “prosperous” in this slogan. One employer did not like the expression “old age.” Another employer noted that the word “young” should not be focused on since it makes those who are not young feel themselves old and forget that they were also young. Two participants from Getahovit village liked this slogan because it would appeal to young people who have healthier ways of thinking.

Deciding the future now

This slogan got two votes by participants from Gyumri and four by participants from Ijevan. Those who opposed this slogan explained that it is vague, has no relationship with pensions, and sounds like a political slogan. None of rural participants liked this slogan because it is impossible to make decisions for the future when the state is unstable.

Interestingly, this slogan got a comparatively large number of votes from employees, with a total of six votes (three votes in each focus group). As the employees who liked it explained:

- it pushes for actions; it says “make an investment now and you will enjoy later”
- other Armenians will understand that it is necessary to make a decision
- it stresses the importance of making decisions.

One employee suggested adding the word “pensions” to this slogan.

This slogan got the most number of votes (five) in one of the focus group discussions with employers. The employers who liked it mentioned that:

- it gives a sense of life; if you don’t decide your future now it means that you will not be able to live well in the future
- I like that we make our decisions ourselves
- it sounds encouraging.

Saving now, enjoying later

Only one participant from Gyumri, one participant from Ijevan and one employee voted for this slogan. None of rural participants liked this slogan because as one participant from Hatsik village stated, “We saved money but could not enjoy it because we lost it; the word “saving” is not appropriate.” No employers voted for this slogan. Most participants did not like the word “saving.”

Saving young, enjoying when old

This slogan got four votes by participants from Gyumri and no votes by participants from Ijevan. When the participants from Gyumri were asked why they like it they specified that:

- it is related to the topic, it reflects the reforms, and is positive
- it is about enjoying, more freedom, leisure
- it will be more positively perceived by youth; they should earn well to be able to save while young

Two participants from Getahovit village liked this slogan, while none of participants from Hatsik village voted for it. Some participants from Hatsik village did not like the word “saving.”

None of employees and employers voted for this slogan. As noted one employer, “The words ‘enjoying’ and ‘old’ do not go together.”

Save now, live later

This slogan got the most number of votes (nine votes) in Gyumri; as participants from Gyumri explained, this slogan is honest: it is better to say “live” than “enjoy.” These participants noted that:

- if one has children and cares for them, s/he will save money in order to help them later
- this slogan means that one does not rely on anyone else
- the word “live” sounds more realistic than the word “enjoy”

However, it got no votes in Ijevan, Getahovit village or Hatsik village. One participant asked, “I don’t like ‘live later’ -- otherwise, I’ll die?” One participant from Hatsik village was not clear about what to save, why to save.

No employees voted for this slogan and only one employer liked this slogan.

Invest now, live later

This slogan got only four votes by participants from Gyumri and two votes by participants from Hatsik village. Those participants who liked it noted that:

- this slogan has a correct message
- I like the idea of investing because I am a businessman
- business-oriented people will perceive this slogan positively

Those who did not like this slogan stated that it is more business-oriented, and there is no relationship with pension reforms. As one of these participants explained, there is a fear that people will perceive it as any investment in any business.

I save now to live later

This slogan got four votes but no votes by employees and employers.

Slogans Suggested by Focus Group Participants

Below is the list of slogans suggested by focus group participants:

Focus group discussion in Ijevan (urban):

- let's insure our future
- let's save for adequate old age

Focus group discussion in Gyumri (urban):

- start saving for prosperous old age
- think about your prosperous old age
- be the masters of your prosperous old age

Focus group discussion in Getahovit (rural):

- increase pensions
- our future is in the hands of our state
- the individuals makes our state

Focus group discussion in Hatsik (rural):

- pensioners all over the world unite!

Focus group discussions with employees:

- ensuring my safe old age is in my hands
- think about your safe old age
- my safe old age is in my hands
- decide now to have trustworthy old age tomorrow
- we should think starting from today (this slogan should go with a preview trailer and an introductory message)

Focus group discussions with employers:

- everyone decides his/her own future
- Pension Reforms 2008/2009/2010