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**BASES FOR TRUST IN PENSION FUNDS  
OPERATING IN POLAND**

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**PLASZCZYZNY BUDOWANIA ZAUFANIA  
DO FUNDUSZY EMERYTALNYCH  
DZIAŁAJĄCYCH W POLSCE**

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**Summary:** The purpose of this article is to analyze the trust in Open Pension Funds (OPF) as entities operating in the Polish pension system. The task of OPFs is to collect and manage the funds accumulated by Poles in order to secure their capital after retirement. Poles often ignore the need to save money for old age, despite the fact that the Polish pension system provides for individual pension schemes. This article indicates the factors for building the trust in OPFs as institutions operating within the second pillar of the pension system. The trust in the pension system can be built through the trust in the individual institutions operating in the given system. Separating trust factors related to OPFs can indicate the methods of building the trust in the entire pension system.

**Keywords:** trust, pension system, pension funds.

**Streszczenie:** Celem artykułu jest analiza zaufania do otwartych funduszy emerytalnych (OFE) jako podmiotów funkcjonujących w polskim systemie emerytalnym. Zadaniem OFE jest gromadzenie funduszy zaoszczędzonych przez Polaków i zarządzanie nimi w celu zabezpieczenia kapitałów po przejściu na emeryturę. Polacy często lekceważą potrzebę oszczędzania środków na starość, mimo że polski system emerytalny zakłada indywidualne przedsięwzięcia emerytalne. W artykule wskazano czynniki i płaszczyzny budowania zaufania do OFE jako instytucji funkcjonujących w II filarze systemu emerytalnego. Zaufanie do systemu emerytalnego może być budowane przez zaufanie do poszczególnych instytucji funkcjonujących w danym systemie. Wydzielenie czynników zaufania do OFE może wskazać metody budowania zaufania do całego systemu emerytalnego.

**Słowa kluczowe:** zaufanie, system emerytalny, fundusze emerytalne.

## 1. Introduction

Demographic changes determine the principles of the pension system as well as family policy. Working pension systems should support family policy. The pension system should guarantee an adequate standard of living after retirement. In the case of inefficient pension systems, expectations regarding the scope of family policy are increased. It seems important to analyze one of the elements that may affect the functioning of the pension system, i.e. trust. Trust creates the conditions for faith, for being convinced that the system works so that after retirement I will be paid benefits in a certain amount.

The Polish pension system provides for the functioning of a three-pillar system which encourages working Poles to make independent decisions affecting the amount of their pension. In case of a single insured person, this involves, inter alia, the decision related to the choice of an Open Pension Fund (OPF, pol. OFE), the moment of retirement, and the acquisition of additional financial instruments of pension security within the third pillar of the pension system. Pension decisions, similar to other financial decisions, bear a risk, and future pensioners should make such decisions consciously, assuming the responsibility for the quality of their life after retirement. It seems interesting to analyze the factors which can determine the behavior of consumers in terms of pension decisions. Trust is part of forming the relationship between the future pensioner and the pension institution – Universal Pension Company (UPC). Recently in public discussions about the Polish pension system and the importance and role of the individual pension institutions, most Poles negatively assess the activity of the Polish Social Insurance Institution (pol. ZUS) and OPFs. With the low level of acceptance of the rules of the pension system, it is hard to expect a positive assessment of the activity of the individual institutions representing the given system.

The aim of the article is to analyze trust in open pension funds operating in Poland. The paper attempts to indicate the importance of trust in OPF and the areas of its analysis. The Polish pension system assumes a voluntary participation in the capital part of the system serviced by OPF. One should analyze whether trust is needed for institutions that are only one of the elements of the entire pension system. Changes to the system should be introduced in the situation where the trust in the entire pension system is enhanced, which can be achieved by building the trust in the individual institutions. It seems interesting to systematize the trust in one group of institutions operating in the Polish pension system, i.e. open pension funds. The article attempts to answer the following question: what affects the level of trust in OPF?

The analysis consists of three parts. The first one presents the importance of trust in the modern economy against the issues with trust in the pension system. The importance of trust in the functioning of the pension system was indicated. The second part presents the role of pension funds in the Polish pension system. This section presents the principles of OPF functioning in the Polish pension system. The indicated conditions enabled further analysis of factors determining the confidence

in OPF. OPFs are an element of the Polish pension system, the capital part. However, their operating conditions are subject to constant change. Open Pension Funds had to adjust to uncertainty and instability of the environment. Presenting the conditions for OPF functioning seems to be necessary to extract (determine) factors of building confidence in open pension funds. The last part describes the factors forming the trust in pension funds. The analysis was based on literature review and public data (studies of the Public Opinion Research Center, the Social Diagnosis report, the Polish Financial Supervision Authority and the Chamber of Commerce of Pension Companies).

## **2. The importance of trust in the Polish pension system**

Modern countries organize social systems (also pension systems) that can help societies deal with uncertainty – the unpredictability of future life situations. To a large extent these systems depend on social trust. If people are not convinced that social and pension institutions meet their expectations, this may lead to a lack of confidence or distrust in such institutions [Taylor-Gooby 2005, pp. 218, 219]. Some commentators argue that the social processes which generate a greater need for trust are also responsible for a decline or at least a redirection of social trust, leading to a paradox – just when you most need it, it is hardest to get. R.D. Putnam's influential work sees trust as a vital ingredient in social capital and one which is eroded by the more individualized lifestyles of a modern society [Putnam 2008, pp. 20–33].

Trust is a concept that is analyzed in a number of scientific disciplines. Trust is understood as “certainty, hope, belief or set of beliefs, predisposition, situation, structural or interpersonal variable, variable of social trust relationship” [Lewicka-Strzalecka 2003, p. 2]. For the purpose hereof, it is worth mentioning the definitions of two researchers. The author of the first definition is P. Sztompka, who claimed that “we give our trust to the person – entity who we believe will advise us well, thinking about us and not about himself” [Sztompka 2007, p. 69]. The second definition underlines the concept of trust as a conclusion of benefits. The author is R. Hardin. He claims that “to trust someone means to believe that the person is guided by good intentions and that he is capable of what we expect from him” [Hardin 2009, p. 25].

The act of placing confidence consists in undertaking actions related to expectations that people and institutions will act towards us. Trust is always related to conviction that the other part of the relation is fair towards a given entity in their intentions and actions. Table 1 presents definitions of trust.

Trust often relates to the belief that the other party of cooperation is fair towards a particular entity in its intentions and actions. Trust may constitute an object of purposeful actions directed at description of groups or people; it may result from the presence of particular people from the close surrounding (family, friends) or further – people from work or public life. Trust between business partners (co-operators) and trust of society (clients, society, publicity, guardians, etc.) are essential in carrying

**Table 1.** Definitions of trust

Author	Definition
J. Paliszkievicz (2013)	Trust is a belief that the other party will not act to our detriment, will be reliable, will act predictably and will act in a manner which is favorable for us.
A. Sankowska (2011)	Trust means readiness to be sensitive to actions undertaken by the other party, based on the assessment of its accountability in a situation of interdependence and risk.
W. Grudzewski, I. Hejduk, A. Sankowska, M. Wańtuchowicz (2008)	Trust is a directed relation between two individuals out of which one is called a trusting person the other trustee. Trust shows is a situation of dependence between a trusting person and a trustee which bears signs of risk.
D. Gambetta (1988)	Trust is a resource which is going to cause that economic results will be achieved; plays an important role in economic life and enables effective market exchange.
R.C. Mayer, J.H. Davis, F.D. Schoorman (1995)	Trust is a readiness to accept behavior of the other party without the necessity to control and monitor his conduct; we are ready to take risk.
R. Hardin (2009)	To trust someone means to believe that this person has good intentions and is able to do what we expect.

Source: based on: [Paliszkievicz 2013; Kapuścik 2015; Hardin 2009].

out any activity. Trust may take various levels in relation to a society and is based on moral foundations and a belief of an individual that the remaining part of the society has the same moral principles. Trust is one of moral principles. It is often defined as a mental condition including an intention of accepting cooperation offers or their continuance, based on positive expectations [Marzec 2017, p. 184].

These days, trust is analyzed as an element of a relationship which may be actively formed by various entities. Irrespective of the analyses, trust characterizes the relationship between two parties, i.e.: the one being given the trust (the assessed one) and the one giving the trust (the assessing one). The subjective feeling of trust is the result of the experiences gathered by the party giving the trust and may change as the relationship develops [Łada 2015, p. 132].

Trust is an abstract, subjective and multidimensional concept which is difficult to describe and study (particularly in terms of determining its value). Most authors dealing with trust indicate that it causes exposure to risk and resignation from defense mechanisms (controlling the actions of the party being given the trust or checking the effect of the purchased product) [Sztompka 2007, pp. 69–72; Taylor-Gooby 2005, pp. 218, 219] Trust is associated with the expectation that the other party will observe the applicable social norms and will not harm the person giving the trust. Trust is certainly enhanced by the positive qualities of the recipient, i.e. integrity, reliability, competence, consequence, loyalty and the results achieved. Trust can be based on rational reason (also known as attribution of trustworthiness), on psychological causes of affect, on institutional rules or routines and reflective communication [Wennblom

2012, pp. 61–65]. Particularly in case when the cooperation takes place over a long period of time, it is important for the cooperating entities to be confident of meeting the objectives set at the beginning of the cooperation. In case of offering long-term financial products (including pension products), trust plays a special role. The future pensioners transfer money to the OPF through ZUS and trust that they will get the invested funds back after they retire in the form of complementary pension income.

In literature, some studies on trust in the pension system can be found. M. Hyde, J. Dixon and G. Drover suggested two approaches to the problem analysis: first, by analyzing the institutions operating in the system, secondly, by giving indicative operational content to six trust benchmarks, i.e. flexibility, inclusive administration, transparency, security, rights enactment and rights enforcement [Hyde, Dixon, Drover 2007, pp. 460–467]. Trust can be subject also to analysis in respect of both the pension system and the entities functioning within the system, as well as the products offered. Entities using the pension system (employees, pension institutions) should be aware of the risk related to the quality of life after retirement. Those professionally active should trust that the pension system works in such a way that after retirement, they will have the financial means intended for the retirement period secured. The problem is how capable of ensuring this the modern pension systems are and how much can pension investments and accumulated savings secure our capital after retirement? The following issues (problems) related to the trust in the pension system can be found in the literature.

- The pension system is complex and the individual persons who are professionally active may have a different level of access and possibilities of understanding the functioning of the system; you can observe different models of managing the information related to the pension system by different persons who are professionally active.
- The stability of the pension system contributes to increased trust. Clear rules of the changes in the pension system are important, irrespective of political decisions.
- Most people postpone thinking about the future, particularly in terms of retirement. This results in the lack of knowledge of the pension system and its products and an ambivalent attitude towards the issue of securing funds for the period of professional inactivity.
- The decisions related to savings and retirement are not fully rational and are also affected by the emotional factors and social feelings associated with the political actions of the authorities.
- People need knowledge of the functioning of the pension system and its product. There is, however, information asymmetry between the future pensioners and the entities offering pension products. People have to use the knowledge of the experts, which creates the need for building trust in this type of persons or institutions.
- There is a social debate on the crisis of trust in financial products in general. Media coverage of financial scandals, unreliability of financial institutions and lack of integrity in the financial services sector is dominant. This results in a decrease

in overall trust, particularly in respect of the financial system and the individual institutions operating therein, which also relates to the pension system and its institutions.

- It is much easier for people to trust the institution they already know, i.e. they had experience (contact) with, rather than an institution which promises uncertain benefits in a longer period of time – related to the payment of capital or pension benefits.
- In case of selling pension products, it is important to differentiate between the advisory process and the product sales process. The stage of advising on the purchase of the pension product should be clearly separated from the sale thereof. It is important to clearly distinguish between the benefits obtained by the seller on account of the product offered from those received by the buyer of the pension products. This is associated with the process of forming the trust in financial advisors.
- People can be inert and unwilling when it comes to making decisions related to future investments.
- The educational and investment activities related to the pension system undertaken by state institutions play an important role [Vickerstaff et al. 2012, pp. 5–10].

The trust in pension funds may be one of the bases for building the trust in the entire pension system. The future pensioners should trust that the pension system guarantees the payment of pension benefits at a certain level. An information campaign on the functioning of the pension system, the institutions operating therein and the receipt of financial means after retirement is extremely important. It is also important to indicate the bases on which it is possible to build the trust in OPFs.

### **3. Open pensions funds in the Polish pension system**

In Poland, a three-pillar pension system was introduced in 1999. The idea of the system assumes that the so-called base part of pensions will be financed from the Social Insurance Fund (SIF) and Open Pension Funds (OPFs). Additional revenues will come from non-mandatory forms of pension investments within the third pillar of the system (including life insurance, Individual Pension Accounts, Employee Pension Schemes, etc.). In the base part of pensions, the most important are the contributions accumulated within the SIF managed by ZUS. The mechanism of this part of the system is based on the “principle of intergenerational solidarity” (pay-as-you-go system). The capital part of the pension system, the so-called second pillar, is based on the accumulation of a part of the contribution transferred to the OPF and managed by Universal Pension Companies (UPCs). UPCs are private financial institutions which manage the funds paid by members of OPFs against payment. The funds collected by OPFs are registered on individual pension accounts and invested in the capital-cash market. Ultimately, the funds accumulated in the OPF will increase pension benefits coming from the SIF [Chybalski 2013, pp. 12–16].

At the beginning of the pension system reform in 1999, 21 open pension funds started their activity in Poland. In result of market changes and a number of mergers and acquisitions, there are currently only 12 OPFs operating in Poland. As of 31<sup>st</sup> August 2017, OPFs had 2.2 million members and managed net assets worth over PLN 181 billion.<sup>1</sup> Since 1999, the regulations related to the functioning of pension funds have been changing repeatedly.<sup>2</sup> The legislative changes introduced resulted in considerable fluctuations in the number of members and the value of accumulated capital at the disposal of OPFs and reduced the amount of the handling fee charged thereby. The investment options of pension funds have also changed. Currently operating pension funds should be classified as equity funds which cannot pursue an investment policy aimed at a stable growth from securities, i.e. bonds [Dziubek 2015, pp. 85–88]. Another change in the operation of the second pillar of pension insurance is the introduction of the so-called *safety slider*. The original assumption of the pension system was to guarantee the payment in part within the second pillar of the system. OPFs were to collect contributions, invest accumulated funds and pay pensions which were supposed to complement the payments made within the first pillar. Unfortunately, this is not the case. Ultimately, the payment of benefits from the second pillar will be made by ZUS. In addition, OPFs will be required to transfer on a monthly basis to the sub-account in ZUS a certain amount of funds at their disposal, 10 years before the insured person reaches retirement age. The purpose of such regulations is to secure the future pensioner, on the date of retirement, against the lack of funds in OPFs.

In 2014, the law changed, and currently the part of the contributions transferred to OPFs is no longer mandatory. In case of resignation or when no OPF has been selected, the full pension contribution is paid to ZUS. OPFs faced a very difficult situation of a significant decrease in the amount of accumulated contributions. Data published by ZUS shows that only about 2.5 million out of 16 million people saving money in OPFs declared leaving their contributions with OPFs. Furthermore, regulations have been introduced related to the rules of investing accumulated capitals and the commission charged by OPFs has been reduced [Madej 2015, pp. 66, 67].

It should be noted, however, that the pension contribution is the basic source of future pension. In the first pillar, the pension contribution is of a defined nature. The system only provides for recording the payment on the individual account of the insured person, but the money goes to one SIF. However, there is no real accumulation of funds here, since the contributions collected are allocated for the payment of pensions on an ongoing basis. In the second pillar, contributions are collected and invested, and, which is more important, this is done in relation to a specific person. They create an accumulated capital which will be paid out after reaching retirement age [Madej 2015, pp. 66–70]. Active participation in the second or third pillar guarantees

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<sup>1</sup> OPFs monthly data, August 2017, the Polish Financial Supervision Authority.

<sup>2</sup> The legal documents regulating the functioning of pension funds are: act on pensions from Social Insurance fund [Ustawa z 17 grudnia 1998], act on capital pensions [Ustawa z 21 listopada 2008], act on the organization and functioning of pension funds [Ustawa z 28 sierpnia 1997].

that professionally active people can affect the amount of pension. Through the payment of funds to OPFs, Poles can make conscious pension decisions to the extent set by the pension system. It should be noted, however, that according to M. Góra and J. Czapiński, no pension system, in particular the changes in the functioning of the system and political promises, can affect the amount of future pension benefits paid out within the first pillar of the pension system [Góra, Czapiński 2016, p. 4].

An element of assessment of the functioning of the pension system can be the assessment of pension institutions, products offered in the pension system or the level of trust in the institutions functioning in the pension system (i.e. ZUS, UPCs).

A serious problem is the lack of information or educational activity of the institutions operating in the pension system. As a consequence, Poles learn about the functioning of the pension system and the individual entities within the system mostly from press or TV information and commercials. These sources of information are certainly insufficient and sometimes may even be misleading.

Poles have no knowledge which institutions collect and manage their pension savings. As much as 58% of Poles believe that their pension contributions are paid to ZUS in full. Only 28% of Poles are aware that part of the pension contribution is paid to ZUS and another part to the OPF [Góra, Czapiński 2016, p. 18]. Such assessment of the functioning of the pension system is made with relatively high awareness of the necessity of securing financial means for the period of retirement on your own. Studies show that the biggest part of the savings of Polish households is accumulated to secure funds for old age (22% of indications) [Czapiński, Panek (eds.) 2015, p. 72].

Another element that determines the activities of OPFs are the unclear actions of the government related to the pension system. An example can be the decisions concerning the transfer of pension liabilities from the accounts managed by UPCs to the accounts managed by ZUS. The action was performed in a manner which undermines the trust in both types of institutions managing long-term pension savings (ZUS and OPFs) and in an atmosphere of violation of the structure and rules of the universal pension system. The foregoing decisions could also have contributed to lowering the trust of Poles in undertaking any long-term investment activities (apart from the mandatory system) which are exposed to political interference. However, the frequency and mode of introducing changes to the pension system does not serve to build citizens' trust in open pension funds. During the last reforms concerning the pension system, many publications questioning the sense of the existence of capital forms of pension security appeared. This undermined confidence in the Open Pension Fund [Czapiński, Góra 2016, pp. 16, 17; Myśliwiec 2015, pp. 90–94; *Przegląd systemu...* 2016].

The current situation of OPFs in Poland is very unstable. This is a consequence of the changes introduced in the functioning of the pension system. However, OPFs still operate in the system and are part of the second pillar of the pension system. The idea of OPFs provides for multiplying the funds saved by the insured persons, so as to provide a capital in the future which may complement the benefits paid out within the first pillar of the pension system.

#### 4. Trust in open pension funds in Poland

The source literature points to the need of analyzing the trust in the pension system at different levels. The bases of trust depend on the functioning of the system, the knowledge and experience of those still working and those retired, and the products of the system. It is emphasized that in case of the pension system, it is necessary to use the knowledge of third persons or entities and the trust is multidimensional. The relationship between the overall trust in the society and the trust in the individual pension institutions or products is often pointed out [Vickerstaff et al. 2012, pp. 5–8].

In Poland, we also have to add the elements related to, among others, the scarcity of information on the long-term history of pension institutions (i.e. UPCs), long-term assessment of pension products in terms of the amount of benefits or capital received after retirement, rules of payment of benefits from the funds accumulated within the OPF and frequent changes in the pension system.

When characterizing the trust in OPFs, the following levels of analysis should be distinguished: the trust in the UPC as the pension institution offering the pension product, the trust in the pension product related to the purchase of participation units in the pension fund, and the trust in the pension system. There are reflexive relations occurring between the individual levels of analysis. In case of the analysis of the trust in the UPC, it must be noted that it should be built through the trust in the entire pension system. The trust in the pension system is related to the belief that pension benefits will be paid out in the future. It should be clearly emphasized that there is a difference between the trust in the pension system and the trust in pension institutions.

In case of the trust in the pension system, it is important to distinguish the overall trust in the pension system from the trust in the institutions – the executors of the system. However, the trust in the individual institution cannot be built without the trust in the entire pension system. The trust in UPCs is special, since pension companies are the only representatives of the second pillar of the pension system. The remaining executive institutions of the pension system are often not identified directly with the pension system, e.g. ZUS, banks, investment funds.

The trust in the pension system is based on several pillars, that is the trust in various objects, including ZUS, OPFs and other institutions collecting pension savings. The trust in ZUS should be considered as a trust in a public institution. In case of the trust in UPCs and other financial institutions, other criteria of assessment should be applied. ZUS is a public institution established to carry out specific public tasks.<sup>3</sup> It

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<sup>3</sup> The Social Insurance Institution (ZUS) is an institution of public administration, entrusted by the Polish state with tasks in the field of general social insurance. It implements tasks in the field of social insurance and numerous non-insurance tasks. Social Insurance Institution performing many tasks is not only associated with the pension system. The Social Insurance Institution's activity is assessed on many levels. It seems that institutions directly set up and operating under the pension system can more easily shape trust in the pension system (i.e. OPF). The Social Insurance Institution's task is to shape trust in the entire social security system. More about trust in ZUS in: [Marzec 2010].

seems that the assessment of ZUS is an assessment of the entire pension system. The institutions operating within the second and third pillar of the pension system are private institutions which operate on the financial market, striving to make a profit.

The last level of the analysis is related to the indication of trust in the pension product offered by OPFs. Conscious purchase of participation units in the OPF requires specialized financial knowledge from the future pensioners related to the functioning of the financial market and capital investments. The issue of trust deepens particularly in case of financial products with features that reinforce the importance of trust. Apart from the features of a financial product, participation units in OPFs are also characterized by a deferred date of realization with an uncertain outcome despite the additional legal security in the form of imposed terms of investing capitals by OPFs and the introduction of the “safety slider”. In case of pension products with a deferred date of realization, the issue of trust is of particular importance. It becomes even more complex due to the lack of direct contact between the future pensioners and UPCs. Most people have no knowledge of the capital accumulated in the OPF and the amount of payments they will be able to receive after retirement on account of their participation in the OPF.

The issue of trust in UPCs should also be analyzed from the point of view of the process of participation in OPFs. Participation in the pension system is no longer mandatory for all working people. Pension systems provide for the obligation to transfer funds to ZUS and, on the other hand, provide the possibility of a voluntary selection of the UPC managing funds within the second pillar of the pension system. Poles no longer have to transfer a part of their pension contribution to OPFs, they can choose to pay the full contributions to ZUS. The future pensioners who have chosen to partially transfer their contribution to the OPFs have the ability to track the investment results achieved by individual funds. The source of information can be the data published by the Polish Financial Supervision Authority.

It is worth to broaden the analysis of the factors determining the trust in UPCs by the trust in UPCs declared by Poles. Polish people show relatively low trust in OPFs, particularly in comparison with other financial institutions functioning in the financial market. Reports published by the Social Monitoring Council in the years 2007–2013 contain information on the attitude towards financial institutions in Poland. In 2009, only 10% of Poles declared their trust in pension funds. It is worth noticing that until 2007, the percentage of people declaring their trust in OPFs was growing systematically (from 5% in 2003 to 11.5% in 2007). The low level of trust in OPFs was a result of the general economic crisis but also the bad atmosphere during the implementation of the pension system reform. It is interesting that 44% Poles do not have an opinion on the trust in OPFs. The “no opinion” indicator decreased compared to the survey in 2007 when it amounted to 55%. This is good information, indicating an increase in the knowledge of the functioning of OPFs [Czapiński, Panek (eds.) 2009]. In 2013, 19% of Poles declared their trust in OPFs, with 41% declaring lack of trust and 42% declaring lack of opinion [Czapiński, Panek (eds.) 2013].

Poles do not have a good opinion about the institutions operating in the social security system. According to the report from the survey of the Public Opinion Research Center (CBOS) in 2015, only 28% of Poles surveyed assessed the activity of ZUS as good and only 18% assessed as such the activity of OPFs. The activity of ZUS and OPFs was assessed negatively by, respectively, 59 i 37% of the respondents. On the other hand, 13% had no opinion in terms of the assessment of the activity of ZUS, with 45% in respect of OPFs [CBOS 2015]. As shown in the surveys, almost half of Poles do not have an opinion on the activity of OPFs. This is surely the result of a reduction in the share of people actively participating in the second pillar of the pension system, but also the lack of knowledge of the functioning of the pension system. The confusion around the pension contribution transferred from the accounts managed by private institutions (UPCs) to the accounts managed by a public institution (ZUS) has seriously undermined the trust in the stability of the pension system. Trust has been disturbed not only in respect of the entire system, but also in respect of the private institutions operating within its borders [Góra 2016, pp. 10–15].

Changes introduced in the functioning of the pension system have limited the insured options to diversify their pension between the pillars. “Fair” pay-as-you-go systems cannot be maintained over a long period of time in the current form and the resignation from capital pensions in favor of the “safety slider” limits the offering of a wider range of pension products adjusted to the individual needs of the future pensioners. Furthermore, changes concerning the safety guarantee in terms of the investment portfolio of OPFs reduce the risk of their activities only theoretically. A short-term turmoil on financial markets may affect the rate of return of OPFs, obscuring the long-term benefits of the investment. In addition, the regulation related to the so-called “transfer windows”, allowing for the withdrawal from the OPF, may significantly reduce the rationality of long-term pension decisions. Frequent changes in the pension system do not contribute to building the trust in the individual institutions operating in the system, as well as the entire pension system. As a consequence, the lack of trust will result in negative opinions about the entire system.

## 5. Conclusions

Although studies show that most people postpone or avoid making decisions concerning old age, the issue of securing financial means for the period after retirement remains important. In the future, pension systems will lose the ability to secure the appropriate level of pension benefits. Those professionally active should be aware of that and make decisions aimed at securing the necessary funds for the period after retirement. The trust in the pension system can be formed by, among others, the level of trust in the individual institutions operating in the given system. OPFs are one of the institutions functioning in the Polish pension system within its second pillar.

Confidence in the pension system is essential. Those who are professionally active should believe that after retiring they will receive financial resources in a certain

amount. The reconstructions of the Polish pension system do not have a positive impact on building trust in the entire pension system.

When characterizing the trust in OPFs, the following levels of analysis should be distinguished, i.e. the trust in the OPF as the pension institution offering the pension product, the trust in the pension product related to the purchase of participation units in the pension fund and the trust in the pension system. There are reflexive relations occurring between the individual levels of analysis. In case of the analysis of the trust in the UPC, it must be noted that it should be built through the trust in the entire pension system. The trust in the pension system is related to the belief that pension benefits will be paid out in the future. It should be clearly emphasized that there is a difference between the trust in the pension system and the trust in pension institutions.

Although building trust is difficult and time-consuming, it can guarantee the social acceptance of the existing system and enhance the pension awareness of Poles in terms of undertaken pension investments or long-term savings.

Open Pension Funds are institutions offering pension products in the second pillar of the pension system (the capital part of the pension system). Institutions operating in the pension system can build trust in the entire system. The described principles and conditions of OPFs operation do not create favorable conditions for building trust. Continuous reconstructions of the pension system as well as the principles of operation and conditions for participation in OPF are not conducive to building trust in these institutions. Confidence in Open Pension Funds is low. The confidence in OPFs is influenced in particular by:

- legal regulations defining the principles of OPFs operation,
- conditions of operation of the entire pension system (tasks of individual institutions operating in the pension system, type of products offered in the entire pension system, information campaign on the operation of the entire system and its individual institutions and products),
- quality of products offered by OPFs,
- pension funds' operations (including the rules for collecting and investing funds raised, as well as the rules for transferring funds collected after retirement),
- general level of trust, including trust in financial institutions,
- general level of knowledge on the principles of the functioning of the pension system and rules for conducting pension investments (long-term investments).

We could mention the public discussions on the existence and functioning of OPFs in the Polish pension system in the nearest future. However, the literature draws the attention to the issue of safety of the pension system, which can be ensured by distributing pension savings between the pay-as-you-go pillar and the capital pillar. Changes in the system should be introduced in the conditions of strengthening the trust in the entire pension system, which can be achieved by forming the trust in individual institutions, in particular, through trust in an institution operating solely in the pension system (Open Pension Funds).

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### Legal acts

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