A majority of Central and Eastern European acceding countries have undertaken radical reforms to their pension systems. These reforms came after a decade of transition from centrally planned to market economies. The economic and social consequences of transition posed a severe strain on pension systems, which made radical reforms both necessary and politically feasible. In any case, the prospect of a soaring dependency ratio, due to historically low fertility rates and growing life expectancies, had to be dealt with. Several pension frameworks were possible, as shown by the diversified picture of pension systems in Western countries. But a three-pillar system (PAYG tier — compulsory pension funds — voluntary pension funds) has been by far the preferred solution. The paper gives a brief presentation of the legacy of pre-transition pension systems and the demographic context. The general framework of reformed pension systems is then set out. The early stages of the reforms in some countries are then presented and the difficulties discussed. Finally, a few long-term issues are commented upon.

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