



# Twinning Project AZ/13/ENP/SO/24

*ANNEX 14*

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## **Legal aspects of the implementation of the Funded Part of Labour Pensions**

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# Purpose of the Law / General outline

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- Provision of supplemental income for old age
- No provision of social insurance for disability and survivors
- Equal scope of participation of mandatory insurance and funded part
- Certain rules of the mandatory systems will likewise apply

# Registration and contributions

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- Registration by the SSPF
- Application for registration by participants
- Registration through employer not provided, although employer can take over contributions by labour contract
- Contribution Rate: 4 %
- No termination of “contract”, but suspension of contributions possible
- Waiting time: 3 yrs
- Rules for collection of mandatory state social insurance contributions apply

# Pay-out

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- Pay-out before reaching retirement age not possible
- Small amount of accrued capital payed out as lump sum
- In case of participant's death, inheritance law applies (civil code)
- Only accrued capital is subject to inheritance (no transfer of contract)

# Pension Fund

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- Legal assignment of pension fund functions to SSPF
- SSPF serves as “State Pension Fund”
- SPF will be the sole active Pension Fund during transition period
- Reference to the law on PPF’s (third pillar)
- Obligation to develop and offer at least one conservative pension plan according to legislation (State Pension Plan)
- Legislation provides detailed management rules

# Custodian, Asset Management and Supervision

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- Stipulation of mutual liabilities, rights and duties of legal entities acting under this law
- SSPF serving as SPF will have the key role, concluding private contracts with custodian and asset management
- Standards of such contracts provided in the legislation
- Supervisory functions need to be assigned to supervisory authority
- Amendments in accompanying legislation still necessary, as well as constant legal evaluation and transferring actions

# Administration

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- SPF ensures transparency
- Equal treatment of SPF and PPF
- Fair competition
- Functions of SPF separate from other functions of SSPF
- Installation of independent department or establishment or separate legal institution (state institution within state institution)