



Support to the State Social Protection Fund on the introduction of funded element within the insurance-pension system, establishment of non-state pension funds and development of legal framework for regulating their activity  
Twinning Project AZ/13/ENP/SO/24



## ANNEX 35

# Role of the SSPF

I.Smitina  
Latvian expert 29.07.2015.



Gesellschaft für  
Versicherungswissenschaft  
und -gestaltung e.V.



# 1. In Providing Administration Function

## **Registration of**

participant and participant's employer

contributions made to funded part

transfer of contributions to the Pension Fund

information on accumulated funded pension capital at the end of each quarter

**Informing the participant / participant's employer regarding the registration to the funded part and significant changes in the operation of the funded part**

**Payment of Capital of Funded Part**

**Transferring Contributions to the Pension Plan Account with Custodian**

**Conclusion of contract with State pension fund and private pension funds  
(*after transition period*)**



# Organizational structure and responsibilities for administration function SSPF

<b>Unit</b>	<b>Responsibilities</b>
<b>Local offices</b>	<b>Client service: consulting, receiving applications, calculations the funded part of pensions</b>
<b>Personal account department</b>	<b>Registrations of participants and contributions Maintenance of Personal accounts of participants of Funded part Providing participants with the information regarding accounts situations, statistical data processing</b>
<b>Department of Accounting</b>	<b>Payments, planning of money flow's, Accounting of finances und deals, calculation and accounting of administrative costs</b>
<b>Finance Department</b>	<b>Planning of money flow's, Calculation and planning of Administrative costs</b>
<b>Legal, Staff, IT PR, Internal audit, Risk management, Forecasting department</b>	<b>Support to core processes</b>

## 2. In Providing Assets Management Function

- **The SSPF may perform asset management activities itself or entrust it to the third party**
- **In order to provide asset management function itself, the organizational structure of the SSPF shall ensure establishment of the separate independent department responsible for asset management**

# **Responsibilities of Department for asset management**

- **Develop the pension plan providing conservative investment strategy**
- **Performing the management of the contributions made in funded part, further fruits (interest) and other assets (hereinafter – assets)**
- **Entering into a custodian agreement and submission to the Supervisory Authority**
- **Ensuring implementation of the investment strategy, settle accounts for pension plan contributions according to pension plan, perform transactions with financial instruments and other transactions with pension plan assets**
- **Provide quarterly reports on the pension plan according to the requirements of law**

# Administrations expenses

- **Costs of implementation of the scheme**

**coverage:** by the state basic budget projected amount of administrative

**costs:** depends on expenses projected by the SSPF for the implementation of the scheme ( preparing it system ( HW , SW ), training, PR activities,....)

- **Annual costs for the scheme operation**

**Coverage options:**

- by the state basic budget
- by the social insurance budget
- by the contributions made by

# Recommendations

- **New functions (except asset management function) should be integrated to the existent SPPF departments as much as possible**
- **Necessity for minimizing the impact of administrative costs to pension capital of each participant**
- **Creating administrative regulations simple as much as possible (*for example periodicity of deals, for exchange of information, etc.*)**