



**FINANCIAL SUPERVISORY AUTHORITY
THE BOARD**

REGULATION

**ON THE METHODS, CONDITIONS AND PROCEDURES OF PENSION BENEFITS
PAY-OUT**

Adopted by Board Decision no. 126 of 7 December 2010

**Article 1
Purpose**

This Regulation lays down the methods, conditions and procedures for the payment of pension benefits in voluntary pension fund members' accounts after they have acquired the right to withdrawing and using them in accordance with legal provisions.

**Article 2
Legal Basis**

This Regulation is adopted pursuant to the provisions of Article 16 (2) of Law no. 10197 of 10 December 2009 "On Voluntary Pension Funds," hereinafter referred to as the "Law". The terms used in this Regulation shall have the same meaning as provided for in the Law.

**Article 3
Conditions and Methods of Pension Pay-Out**

1. A pension fund member shall have the right to receiving immediate pay-out of the net value of assets standing to his or her account, or periodic payments in the form of a pension, upon reaching the retirement age specified in the legislation in power.
2. Upon the right to pension benefits is vested, a pension fund member may withdraw and/or use the net value of assets standing to his or her pension account in the following methods:
 - a. collection of immediate payment of the net value of assets standing to his or her pension account, or a part thereof;
 - b. collection of the net value of assets standing to his or her account, or of a part thereof, through corresponding periodic payments;

- c. use of the net value of assets standing to his or her account, or of a part thereof, to purchase a life insurance policy in the form of an “annuity” from a life insurance company;
- d. A combination of the methods referred to points (a), (b) and (c) above.

Article 4
Right to Information

1. Voluntary pension fund contracts and prospectuses shall include a clearly written statement on the unconditional right of fund members to receiving an immediate payment of all net assets standing to his or her account, or periodic payments in the form of pension benefits, after meeting the conditions under the legislation in power.
2. Pension fund management companies shall notify a member of the vesting of the right to use his or her net asset value three months prior to the vesting.

Article 5
Periodic Pension Benefits

1. Upon the vesting of the pension benefits, a pension fund member may choose to receive the net value of assets standing to his or her pension account in the form of periodic benefits that shall be planned in a schedule under a special contract that shall be signed by the pension fund member and the management company.
2. The management company shall pay the periodic benefits to the pension fund member’s bank account in the periods specified in the benefit schedule referred to in Paragraph 1 of this Article.

Article 6
Delayed Benefits

1. If an immediate or periodic benefit is delayed, the management company shall pay an interest on the delayed benefit to the pension fund member. The interest rate applicable to that shall be the Bank of Albania 12-month TRIBID required for the collection of deposits plus 5%.
2. The amount of interest payable to the fund member for each delayed benefit shall be calculated proportionally:
 - (a) for every day of delay, from the first day when the benefit was due till the date of actual payment;
 - (b) on the amount of the delayed benefit.

Article 7
Purchasing Annuity Life Insurance

1. Management companies shall suggest to members to invest their assets in purchasing an insurance policy in the form of an “annuity”.

2. When the benefits are vested, a member may choose to purchase an annuity insurance policy.
3. Management companies shall suggest a life insurance company where a policy may be purchased; however, pension fund members shall be free to choose the life insurance policy where they will transfer their accumulated funds.
4. The insured annuity referred to Paragraph 1 of this Article may be:
 - a. a lifelong annuity which means periodic benefits until a policy-holder's death;
 - b. an annuity of a defined duration which means benefits to be paid in a specified period;
 - c. joint annuity which means periodic benefits that, in the event of death of one of the policy-holders, continue to be paid to the other policy-holder, and, in the event of death of the surviving policy-holder, continue to be paid to the legal inheritor.
5. Periodic benefit procedures, starting date, completion date and other similar matters shall be specified in the insurance contract.
6. The provisions of Article 6 shall apply to life insurance companies if annuities are not paid as per the schedule agreed upon in the life insurance contract.

Article 8
Entry into force

This Regulation shall enter into force immediately.

Chairperson
Elisabeta GJONI