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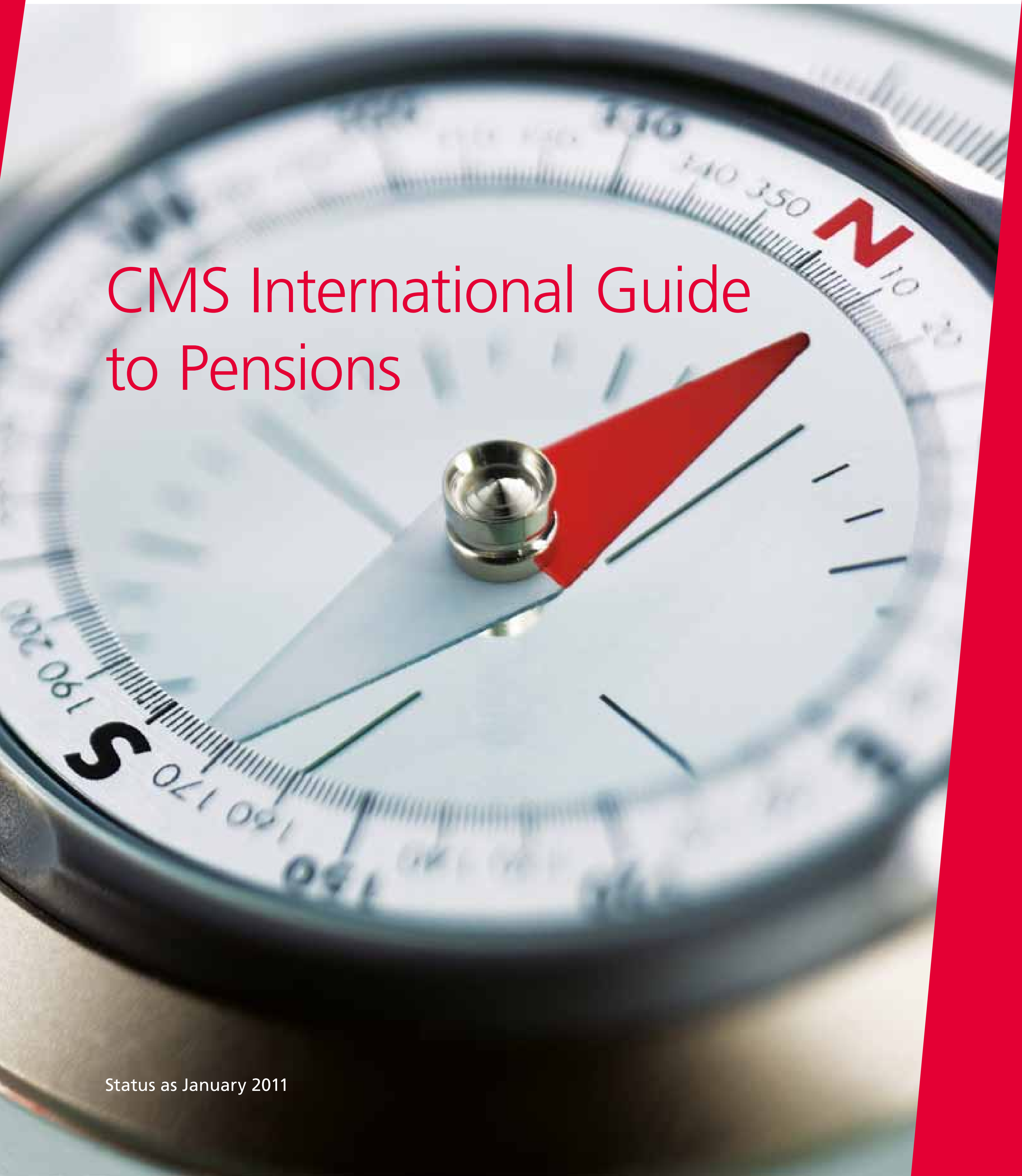
CMS International Guide to Pensions



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Content

Introduction

Pension provision varies significantly across Europe, with both the types and structures of pensions available changing considerably from country to country. According to documentation produced by the European Union in January 2008, nearly 60% of supplementary schemes surveyed in Germany could be described as having features consistent with defined benefit provision, whereas for Poland the figure is only 10%. On closer inspection, a comparison of the specific characteristics of schemes throughout Europe uncovers noticeable differences, as do the regulatory and taxation requirements that apply to pensions.

Against such diversity, homogenisation of pension provision within Europe has provided the focus of recent European Union pensions legislation. The Directive on the Activities and Supervision of Institutions for Occupational Retirement Provision (Directive 2003/41/EC) or "IORP" as it is more succinctly known, took a significant step towards drawing together pension provision across Europe when it came into force in December 2005. This was on the basis that IORP set out the framework by which occupational pension schemes established in one EU member state could engage in cross-border activity.

Yet, the reality of the provisions of IORP has often resulted in having the opposite effect, leading to cross border activity becoming, if anything, less appealing. A scheme engaging in cross border activity must ensure it is approved and authorised in the correct manner. The scheme must be fully funded and must also comply with the social and labour laws of any other relevant European Union countries. Such onerous provisions have resulted in cross border activity becoming undesirable and many schemes have taken active steps to ensure they positively avoid cross-border activity.

Therefore, as yet it remains to be seen whether the future really will see increased uniformity in pension provision across Europe. Certainly, this guide highlights the fact that there is currently significant variation in pension provision throughout Europe, suggesting homogenisation, for the moment at least, remains some distance away.

CMS is the organisation of independent European law and tax firms of choice for organisations requiring pensions advice across Europe. CMS provides a deep local understanding of pensions issues and delivers client focused services through a joint strategy executed locally across 29 jurisdictions with 54 offices in Western and Central Europe and beyond. CMS was established in 1999 and today comprises nine CMS firms, employing over 2,800 lawyers and is headquartered in Frankfurt, Germany.

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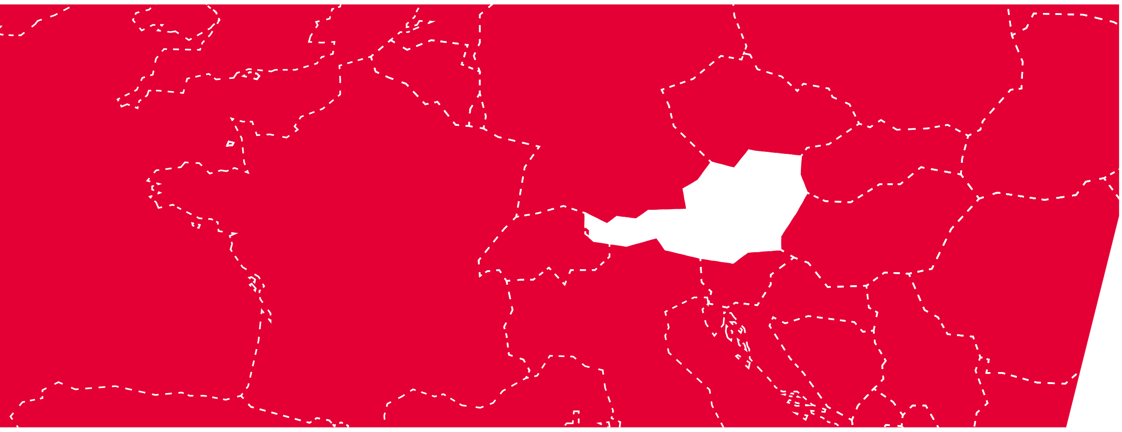
Details of the CMS offices and further contact details are at the back of this guide. This guide is intended only to provide a general overview of pension provision in each of the countries listed. The information contained in this guide is not comprehensive and does not purport to be professional advice. If you would like specific advice or further information, please call the relevant contact.

The information in this guide is valid as at 1 January 2011.

Austria



General	
Give a brief overview of types of pension provision	Austria has a 3 pillar system. The first pillar is paid by the state and financed by all working employees through the payment of social security contributions calculated on their salaries. The second pillar is made up of occupational pension plans and the third pillar is private personal pension arrangements.
Structure of private pension provision	
What are the main types of private pension provision?	Occupational pension plans can be established on a collective basis (either for all workers or for specific categories) or on an individual basis (for one or more individual workers by individual contract). Both types are typically established through individual contracts with pension funds. Plans may be either defined benefit or defined contribution.
Is pension provision mandatory?	There is no general requirement to provide supplementary pension benefits to employees. However, if a pension plan is introduced on a collective basis (e.g. as a result of collective bargaining), employers must contribute to it.
Any restrictions in relation to who can establish a plan?	Employers or employees can establish pension plans. A pension contract is a contract under private law and is based on an agreement between an employer and an employee. Employees are usually bound by the terms of the general plan offered by their employer. Employers may also be bound by collective agreements, requiring them to offer or contribute to a specific plan.
Are there restrictions on who can operate a plan?	Yes. Only pension funds and certain insurance companies may act as a pension provider and must be approved by the Austrian Financial Markets Supervisory Authority ("FMA").
Is there a mandatory level of contributions?	No.
Are there any funding requirements?	Contributions should at least cover all of the costs and obligations of the fund. An employer will be under a contractual obligation to pay its agreed level of contributions.
What age are benefits taken?	Usually benefits are taken at the statutory retirement pension age, which is currently age 65 for men and 60 for women.
Who bears the costs of private pension provision?	It depends on the terms of the plan and can be either the employers or the employees or both. Typically the employers bear all of the costs.

Tax regime	
Any registration requirements for tax purposes?	No.
Is tax paid on contributions?	Yes. However, there are limited tax exemptions which apply for so long as contributions are paid by the employer.
Are investment returns taxed?	No.
Are benefits taxed?	Yes, but pensions derived from certain tax free contributions will also be tax free.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	No.
Regulatory framework	
Who is the regulator and what are its powers?	The FMA reviews how pension providers behave in the financial markets as how they act towards their members. Reviewing the plans, policies and solvency of pension providers is the FMA's main task. The FMA has extensive powers and may, for instance, approve the business plan of each pension fund and checks the annual financial statements of the pension providers.
How does it receive information?	There are extensive statutory obligations for pension providers to provide information to the FMA.
Any supervision of failed or insolvent schemes?	There is no supervision as such, but there are statutory provisions which are aimed at ensuring that pension funds cannot become insolvent. Only the FMA can apply to begin bankruptcy proceedings against a pension provider.
Legislative framework	
Requirements in relation to discrimination?	Yes. There is extensive legislation prohibiting discrimination for reasons of race or ethnic origin, gender, religion or belief, disability, age or sexual orientation.
Rights for early leavers?	Yes. After the expiration of an agreed qualifying period (up to a maximum of 5 years), an employee's deferred benefits become fully vested.
Member involvement?	Yes. Representatives of employees are present on the boards of occupational pension funds but not of those of insurance companies acting as pension providers.
Scope for cross-border activity?	Yes, but there are legal restrictions, including a requirement to obtain a licence from the FMA.
Are there restrictions on switching plans?	Yes. There are restrictions on member switching between plans. If an employer wishes to move members without their consent or without the consent of the works council, there are further restrictions. The general principle is that an employee's acquired pension rights must be preserved unless the transfer is made on certain specific grounds.

Belgium

General	
Give a brief overview of types of pension provision	Belgium has a 3 pillar system. The first pillar is a pension paid by the state and financed by all working employees through the payment of social security contributions calculated on their salaries. The second pillar is made up of occupational pension plans. The third pillar consists of personal pension arrangements.
Structure of private pension provision	
What are the main types of private pension provision?	Occupational pension plans can be established at either an industry or company level. These plans can provide benefits on a collective basis (for all workers) or for specific categories of worker. Most existing occupational pension plans are at a company level. Benefits provided under the plans may be either defined benefit or defined contribution.
Is pension provision mandatory?	There is no general requirement to provide supplementary pension benefits. However, if a pension plan is introduced at an industry level, employers in that industry must contribute to it, unless they have their own alternative plan which provides benefits at least equal to those provided by the industry plan.
Any restrictions in relation to who can establish a plan?	Collective plans cannot be established at company level without the consent of employee representatives where the plan will require employee contributions and require all employees to join. If the plan does not have such requirements, the employer can set it up alone. No collective plan can be established at company level if there is an existing plan at industry level, unless the company plan provides benefits at least equal to those provide by the industry plan.
Are there restrictions on who can operate a plan?	Yes. Pension plans must be operated either by a recognized insurance company or a pension fund (which is a specific form of legal entity separate from the employer). Participation in pension plans operated and/or financed directly by an employer company is not permitted.
Is there a mandatory level of contributions?	No. However, where a plan has been established at an industry level, employers belonging to that industry must at least contribute what is required by that plan. In other types of occupational pension plan, there will be a contractual obligation for the employer to contribute.
Are there any funding requirements?	Yes. Insurance companies must always dispose of sufficient assets in order to meet their obligations. There is also legislation requiring a minimum guaranteed return for plan beneficiaries (depending on the nature of the plan but currently between 3.25 and 3.75%), ultimately if the guaranteed return is not met, the employer will have to make up the shortfall.
What age are benefits taken?	The age defined by the plan, but not before the earlier of age 60 or the date at which the worker retires. Early payment of pension benefits is possible to some extent in order to purchase real estate situated inside the European Union or to build, rebuild, restore or improve such real estate.
Who bears the costs of private pension provision?	The employer, the employee or a combination of both, depending on the conditions of the plan.

Tax regime	
Any registration requirements for tax purposes?	Insurance companies and pension funds must also deliver statements stating whether the conditions for deductibility of employer contributions to the plan have been satisfied.
Is tax paid on contributions?	In principle, employer and employee contributions are both taxed at 4.4% (although employer contributions satisfying certain requirements can be treated as a tax deductible expense – see below). Employer contributions are also subject to social security contributions equal to 8.86%.
Are investment returns taxed?	No. They are exempt from tax on condition that they are paid out to the beneficiary at the same time as (and as part of) the pension benefits.
Are benefits taxed?	Yes. Benefits derived from employer contributions are taxed at 16.5% when paid after age 60, retirement or death. They are taxed at 10% if the employee remained an active member until retirement age. Benefits derived from employee contributions are taxed at 10% when paid after age 60, retirement or death. Benefits are also subject to municipal taxes, a public health care contribution of 3.55% and a solidarity contribution of 0–2%.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	The tax deductibility of employer contributions is subject to several conditions, including a requirement that the contributions must provide a right to a pension benefit that does not exceed 80% of the employee's final gross annual remuneration.

Regulatory framework	
Who is the regulator and what are its powers?	The regulator is the Banking, Finance and Insurance Commission. It provides prudential supervision of insurance companies and pension funds and supervision of compliance with employment related obligations. The Commission has extensive powers. At any given moment, it can intervene and take any measures to safeguard the position of a pension plan's contributing members and beneficiaries, execute on-site inspections, levy fines or revoke the company's or pension fund's authorisation.
How does it receive information?	Extensive information obligations exist for insurance companies and pension funds. All relevant parties must inform the Commission of any event that could substantially affect the financial position of the insurance company or pension fund as well as any violation of any legislation that they are aware of.
Any supervision of failed or insolvent schemes?	Yes. In the case of insolvency, the Commission can impose a financial recovery plan on short notice, forbid parties taking certain actions that would affect the financial position of the company or the fund, or limit or deny access to the reserves linked to a certain pension scheme. In some cases, the employer can be obliged to make additional contributions.

Legislative framework	
Requirements in relation to discrimination?	Yes. As well as a general prohibition against discrimination on ground of sex, age, race, civil partnership, sexual preference, political or religious beliefs or disability, it is unlawful to: (a) provide a survivor's pension to either male or female beneficiaries only; (b) make participation in a the plan subject to age conditions (although members may be required to be age 25 or above and within certain limits, contributions may differ according to the worker's age); (c) treat male and female beneficiaries differently (except when based upon different life expectancy); or (d) treat fulltime and part-time workers differently.
Rights for early leavers?	After being a member for 1 year, employees obtain a vested entitlement to their built-up reserves and benefits in a pension plan. When leaving the company, employees may choose to: (a) leave their accrued rights where they are and/or transfer them to an insurance contract if permitted by the plan; (b) transfer them to the pension plan of their new employer; or (c) transfer them to a special category of insurance company that divides all of its profits to its members.
Member involvement?	When the plan is established at an industry level, employees participate in its operation through the involvement of union representatives in the organs of the pension fund.
Scope for cross-border activity?	Yes. Employer contributions to a pension plan operated by an insurance company or pension fund situated outside Belgium but in the European Economic Area (EEA) are tax deductible in the same way as contributions paid to companies and funds in Belgium. Tax relief also applies to employee contributions. The transfer of accrued rights to another insurance company or pension fund in the EEA is exempt from tax.
Are there restrictions on switching plans?	The procedures for setting up a plan also apply in the case of switching employees between plans. The employer must inform any body recognised for collective bargaining prior to the switch or, if none, the workers individually. In case of a pension fund partially financed by employee contributions, employee representatives will have to agree to the switch.

Bosnia and Herzegovina

General	
Give a brief overview of types of pension provision	In general terms the pension system is a pay-as-you-go, publicly financed system which requires the mandatory inclusion of all employees. However, it is currently in the process of reform and as part of these reforms, voluntary pension funds have been introduced in Republika Srpska (one of two main political entities of Bosnia and Herzegovina).
Structure of private pension provision	
What are the main types of private pension provision?	Voluntary pension funds can be one of two types of arrangement: (a) open voluntary pension funds with no limitations to membership (except as provided by law); and (b) closed voluntary pension funds where membership is limited to specific groups (e.g. employees of specified employers). However, as the legislation has only recently been introduced, so far no funds have yet been established.
Is pension provision mandatory?	No. Each individual may choose whether to become a member of a voluntary pension fund.
Any restrictions in relation to who can establish a plan?	Voluntary pension funds can be established by employers, associations of employers, professional associations and trade unions who can organize the plan and enter into a contract with one or more companies for the management of the pension funds. The companies that manage voluntary pension funds can be established by both domestic and foreign legal persons. Companies that manage pension funds have to satisfy requirements as to the amount of basic capital they have as well as minimum organisational and technical requirements.
Are there restrictions on who can operate a plan?	Voluntary pension funds can only be operated by a company which has been licensed for the management of such funds.
Is there a mandatory level of contributions?	No. The level of contributions required is determined by each pension plan.
Are there any funding requirements?	No.
What age are benefits taken?	Benefits can be taken at the age of 58 irrespective of how long contributions have been paid for, or the age of 53 if contributions have been paid continuously for at least 5 years. In certain extraordinary cases, benefits can be taken earlier (see below).
Who bears the costs of private pension provision?	Costs are born by the members of a voluntary pension fund, an employer or a third person. Charges are regulated.

Tax regime	
Any registration requirements for tax purposes?	Companies managing voluntary pension funds must be registered with the relevant court registry of business entities and the competent tax office.
Is tax paid on contributions?	There are tax reliefs for contributions made by members and employers to voluntary pension funds. However, it is currently unclear what this tax relief amounts to and how it will be calculated. Further detail is anticipated in secondary legislation.
Are investment returns taxed?	There are some tax reliefs. However, it is currently unclear what the precise scope of these are and further detail is anticipated in secondary legislation.
Are benefits taxed?	It is not yet clear how benefits from voluntary pension funds will taxed if at all. Further detail is anticipated in secondary legislation. Pensions from the mandatory system are not taxed.
Other incentives to contribute to plans?	There are potential tax reliefs for members of voluntary pension funds and also for employers where more than 51% of their employees are included in the pension plan or voluntary pension fund. Further detail is anticipated.
Limits on benefits or contributions?	No, not in relation to voluntary pension funds.
Regulatory framework	
Who is the regulator and what are its powers?	The FMA reviews how pension providers behave in the financial markets as how they act towards their members. Reviewing the plans, policies and solvency of pension providers is the FMA's main task. The FMA has extensive powers and may, for instance, approve the business plan of each pension fund and checks the annual financial statements of the pension providers.
How does it receive information?	The Agency has the right to see all documentation relating to voluntary pension funds and the companies that manage them, together with those of any legal entities that are connected to such companies through assets, management or other business relations.
Any supervision of failed or insolvent schemes?	The Agency has the power to revoke the licence of companies that manages voluntary pension funds if they are insolvent.
Legislative framework	
Requirements in relation to discrimination?	Companies that manage voluntary pension funds cannot directly or indirectly discriminate on grounds of gender.
Rights for early leavers?	It is possible to take benefits before retirement age in the case of permanent disability or extraordinary treatment costs. The member of a voluntary pension fund can continue to be a member of the same pension fund when his employment ends, but he has to enter into a new contract of membership. Alternatively, he can make an account transfer.
Member involvement?	No.
Scope for cross-border activity?	There is scope for some cross border activities. Investment in funds in other countries is possible. However, legislation does not provide detail on the scope for international activities.
Are there restrictions on switching plans?	No, individuals are free to choose to switch between plans and pension funds and are allowed to be members of more than one pension fund.

Bulgaria

General	
Give a brief overview of types of pension provision	Bulgaria has a three pillar system. The first pillar is a mandatory pay-as-you-go scheme, operated by the state. The second pillar is mandatory supplementary pension provision and the third pillar, voluntary pension provision. Both the second and third pillars are funded.
Structure of private pension provision	
What are the main types of private pension provision?	The second and third pillars are made up of private pension funds, incorporated and managed by licensed pension-provision companies. There are two types of second pillar funds: (a) universal (open) pension funds which are life time pension schemes, sponsored by both employer and employees and (b) occupational pension funds sponsored by the employer which provide early retirement benefits for those working in higher risk areas. The third, voluntary, pillar can be made up of either individual arrangements or collectively bargained agreements (occupational pension funds). Depending on the circumstances, the amounts accrued in a third pillar fund can be paid as a lump sum or pension.
Is pension provision mandatory?	Participation in second pillar schemes is mandatory for all individuals born after 31 December 1959 who earn income from professional activity. Third pillar schemes are voluntary.
Any restrictions in relation to who can establish a plan?	Only licensed pension-provision companies may operate supplementary pension funds. A licence entitles a company to register and manage funds. The company also needs to be authorised to manage a pension fund and the authorisation is given separately for each fund. A company may incorporate and manage both second and third pillar funds at the same time, but only one of each.
Are there restrictions on who can operate a plan?	Only pension-provision companies can provide pension schemes and manage pension funds.
Is there a mandatory level of contributions?	Contributions to the second pillar (in relation to universal (open) funds) are made up of 2.8% from employers and 2.2% from employees. Contributions to the second pillar (in relation to occupational pension funds) are either 7% or 12%, depending on the risk category of the occupation, and are solely contributed by employers. There is no mandatory level of contributions for the third pillar.
Are there any funding requirements?	There is a minimum capital requirement for pension-provision companies together with a requirement for maintaining reserves. There are also investment restrictions and requirements for a minimum rate of return.
What age are benefits taken?	Benefits from supplementary second and third pillar pension funds may be taken at age 63 for men and 60 for women (the same age that first pillar benefits can be taken) provided that the member has participated in the funds for a specified number of years. It is possible to take benefits earlier in certain circumstances including permanent disability or where the plan was set up to provide early retirement benefits.
Who bears the costs of private pension provision?	Members.

Tax regime	
Any registration requirements for tax purposes?	Pension-provision companies must comply with general tax requirements.
Is tax paid on contributions?	In both the first and second pillar, member contributions are deductible from pre-tax income. Employer contributions are allowed as expenses for tax purposes. In the third pillar, member contributions up to 10% of the individual's taxable income are deductible from pre-tax income. Employer contributions in respect of an individual employee are deductible from the income of the employee up to BGN 60 per month. Any excess amounts are taxed at 10%. Employer contributions are a tax deductible expense. However, contributions in excess of BGN 60 per employee per month are subject to a 10% tax on expenses.
Are investment returns taxed?	No.
Are benefits taxed?	Pension benefits in the second pillar are tax-exempt. Benefits paid in the third pillar are also exempt from personal income tax except where the individual receives such benefits prior to an entitlement arising to benefits under the first pillar.
Other incentives to contribute to plans?	The income of the second and third pillar pension funds is liable to corporate income tax. The services related to mandatory and voluntary supplementary pension provision are VAT-exempt.
Limits on benefits or contributions?	There are no limits on either benefits or contributions, but contributions above the limits set out above will be subject to tax.

Regulatory framework	
Who is the regulator and what are its powers?	All forms of pension provision are supervised by the Financial Supervision Commission ("FSC"). The state, through the FSC, exercises effective regulation and control over the activity of supplementary pension-provision companies and funds for the purpose of protecting the interests of the members.
How does it receive information?	Pension providers have statutory reporting obligations. In addition, the FSC may require them to provide specific information and documents.
Any supervision of failed or insolvent schemes?	Reorganisation of pension-provision companies requires prior authorisation from the FSC. Only the FSC is entitled to initiate insolvency proceedings against pension-provision companies.

Legislative framework	
Requirements in relation to discrimination?	Discrimination on grounds of nationality, origin, sex, sexual orientation, race, skin colour, age, political or other persuasions, religion or belief, marital, social and property status, etc. is prohibited.
Rights for early leavers?	It is not possible to withdraw early from a second pillar arrangement. If an individual ceases to be employed, they will remain entitled to their accrued rights under the second pillar. In third pillar schemes, an individual has the right to withdraw funds accrued from personal (but not third party) contributions from their account at any time.
Member involvement?	In second pillar arrangements, members' interests are represented by a Board of Trustees which consists of an equal number of representatives from the national representative organisations of employees and employers and one representative of the pension provision company. In third pillar funds there is an Advisory Board which consists of representatives of insured persons/pensioners, employers or other contributors and one representative of the pension provision company.
Scope for cross-border activity?	Pension-provision companies, registered in other Member States, may act in Bulgaria. Any company managing a supplementary voluntary pension provision fund may operate on a cross-border basis and enter into a social insurance contract with a non-resident sponsoring undertaking. A sponsoring undertaking may allocate the management of an occupational scheme to a non-resident institution.
Are there restrictions on switching plans?	Yes, in both the second and third pillars, a member may switch from one fund to another of the same type with another pension-provision company, subject to meeting statutory requirements.

China

General	
Give a brief overview of types of pension provision	There are several types of pension provision in China. The major type is the statutory pension system of Employees of Enterprises ("PEE") which is mandatory for certain employees and self-employed people. For those not eligible to join the PEE, local government provides arrangements that people can join on a voluntary basis. There are also non-statutory voluntary arrangements: Enterprise Annuities ("EA") which may be established by enterprises and their employees in addition to the PEE and supplementary private pension schemes provided by life insurance companies.
Structure of private pension provision	
What are the main types of private pension provision?	The main type of pension provision is statutory. Private voluntary provision is not common.
Is pension provision mandatory?	Participation in the PEE is mandatory and affected businesses must register themselves and all their employees with the competent Social Insurance Administration Centre to whom contributions are then made on a monthly basis. No other type of pension provision is mandatory.
Any restrictions in relation to who can establish a plan?	An EA may be established by any business that has participated in the PEE and is in a good financial position. The relevant plan must be discussed with trade unions, or in the absence of trade unions, with employee representatives and be filed with the competent labour administration authority. An EA will become effective if the competent labour authority fails to object within 15 days.
Are there restrictions on who can operate a plan?	PEE funds are operated by competent Insurance Administration Centres and can only be saved as bank deposits or invested in state bonds. For the operation of the EA funds, an enterprise may establish an EA board or entrust a qualified legal entity to do so. The EA funds may only be saved as bank deposits or invested in state bonds and other financial products with good liquidity such as short term bonds or corporate bonds etc.
Is there a mandatory level of contributions?	There is a mandatory contribution rate to the PEE. This is determined at provincial level and generally does not exceed 20% of payroll for employers and 8% for employees (although some developed areas require a higher contributions). Contributions are calculated on the annual average of an employee's actual monthly salary. If the average is lower than 60% of the average salary in the preceding year, contributions are calculated on 60% and if the average exceeds 300% of the average salary in the preceding year, they are calculated on 300%. There is no mandatory level of contributions to other types of pension arrangement.
Are there any funding requirements?	No.
What age are benefits taken?	The statutory retirement age is 60 for men and 50 for women (or 55 for women in managerial positions). For employees engaging in certain high risk or potentially harmful activities, the retirement age is 55 for men and 45 for women. Early retirement at the age of 50 for men and 45 for women is possible in cases of permanent total disability.
Who bears the costs of private pension provision?	It depends on the type of arrangement, but generally both employers and employees.

Tax regime	
Any registration requirements for tax purposes?	No.
Is tax paid on contributions?	Employer contribution to the PEE can be deducted from the taxable income of the business. Employee contributions can be deducted from the taxable income of the employee. The employer contribution to the PEE does not form part of the taxable income of the employee. Employer contributions to an EA can be deducted from the taxable income of the business up to 5% of the overall payroll. They are counted as taxable income of the employee. Employee contributions to an EA are made from post-tax income.
Are investment returns taxed?	No.
Are benefits taxed?	Benefits from the PEE and an EA are not subject to individual income tax.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	In an EA, the employer's maximum annual contribution must not exceed $1/12^{th}$ of the previous year's payroll. The total employer and employee contributions must not exceed $1/6^{th}$ of the previous year's payroll. Benefits can be taken on retirement as either a lump sum or an annual or monthly pension.

Regulatory framework	
Who is the regulator and what are its powers?	The supervisory authorities for the PEE and EA are the competent labour administration authority where the business is located. The authority is entitled to make inspection on the circumstances of the PEE contributions of employers. If it finds that any employer fails to comply with the legal requirements, the competent labour administration authority is entitled to order rectification, imposing late fees or penalties on the employer.
How does it receive information?	The competent Insurance Administration Centre in charge of operating the PEE makes reports on the PEE contributions to the labour authorities on a monthly basis. In addition, the competent labour authorities make annual inspections of employers and have set up offence reporting systems via complaint hotlines and mail boxes.
Any supervision of failed or insolvent schemes?	If a business fails to pay any relevant contributions to the PEE, the employee is entitled to terminate their employment contract immediately. In addition, the competent labour administration authority may impose a penalty of up to RMB 20,000 on the business and collect the unpaid amount by referring the case to the competent People's Court.

Legislative framework	
Requirements in relation to discrimination?	There are no legal requirements.
Rights for early leavers?	Employees who have contributed to the PEE for more than 15 years are entitled to a pension after retirement. The pension is paid to the employee on a monthly basis. Employees who contributed to the PEE for less than 15 years will only receive a lump sum payment based on their personal account upon reaching the statutory retirement age.
Member involvement?	No.
Scope for cross-border activity?	Cross-border activities are not possible.
Are there restrictions on switching plans?	The PEE account of the employee is registered under the account of the business so if an employee changes employer, their account must be transferred to their new employer. The new employer must apply for the transfer. From 1 January 2010, a PEE account can be transferred from one province to another province, before 2010, this was not possible. If an employee changes employer, the EA account can also be transferred to the new employer. If the new employer does not have an EA scheme, the EA account remains with the original manager.

Croatia

General	
Give a brief overview of types of pension provision	Croatia has a three pillar system. The first pillar is the basic state pension scheme and is based on a pay-as-you-go system where those working fund the benefits of those who have retired. The second pillar is made up of supplementary pension schemes funded by individual savings. The third pillar is voluntary pension savings.
Structure of private pension provision	
What are the main types of private pension provision?	Within the third pillar, there are two main types of pension provision: (a) open private voluntary pension funds which are open to any individual who wants to participate; and (b) closed private voluntary pension funds which are only open to employees of certain employers, or members of particular unions or associations. The benefits they provide are in form of defined contribution benefits.
Is pension provision mandatory?	All employees must participate in the first and second pillar. Participation in third pillar arrangements is voluntary.
Any restrictions in relation to who can establish a plan?	The basic pension scheme is administrated by the state. Pension fund companies can establish supplementary second pillar pension schemes. Voluntary third pillar funds are established by employers, unions and associations to benefit employees and members and operated by pension fund companies.
Are there restrictions on who can operate a plan?	All pension plans must be operated by a pension fund company. There are strict rules on who can incorporate such companies and strict conditions for doing so.
Is there a mandatory level of contributions?	There is a mandatory level of contributions for the basic and supplementary pension plans. However there is no mandatory level of contributions for voluntary schemes.
Are there any funding requirements?	Contributions to the basic and supplementary plans are deducted from employees' salary and transferred to the pension fund by the employer. Contributions to open voluntary pension plans are paid personally by the member. Contributions to closed voluntary pension plans are paid by the sponsors.
What age are benefits taken?	Benefits from the basic and supplementary pension plans can normally be taken at age 65 for men and age 60 for women. The benefits from the voluntary pension schemes can normally be taken at the age of 50.
Who bears the costs of private pension provision?	The costs of open private voluntary pension plans are borne by their members. The costs of closed private voluntary pension plans are borne by their sponsors.

Tax regime	
Any registration requirements for tax purposes?	No.
Is tax paid on contributions?	No tax is paid on contributions to the basic and supplementary pension plans. An employee's contributions to open and closed voluntary pension schemes are not tax deductible. Employer contributions to a voluntary pension scheme are not taxable up to a limit of HRK 6,000 (approximately 820 euros) per year.
Are investment returns taxed?	No.
Are benefits taxed?	Pensions above the amount of 3,200 Croatian Kuna (approximately 430 euros) are liable to income tax at the rates of 12%, 25%, or 45%.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	No.

Regulatory framework	
Who is the regulator and what are its powers?	The pension fund companies are controlled by the Croatian Financial Services Supervisory Agency (HANFA). Financial books and documents of the pension fund companies must be made available for inspection by HANFA at all times. In case of a serious breach that has not been remedied, HANFA can deprive a pension fund company of its licence.
How does it receive information?	Pension fund companies have a duty to provide HANFA with a variety of information, including details of their financial operations, investments and shareholders at least once a year.
Any supervision of failed or insolvent schemes?	Other than the obligation to provide regular reports to HANFA and the basic obligation to ensure the liquidity of pension fund companies, there are no requirements for pension fund companies to have minimum reserves to protect against insolvency. In the event that such a company became insolvent, there are no special provisions and the general legal regime in relation to insolvency would apply.

Legislative framework	
Requirements in relation to discrimination?	On a general level, direct and indirect discrimination is prohibited in labour relationships and contracts of employment. On a more specific level, closed private voluntary pension plans can be open either to all workers of one employer or to a specific professional group of workers (e.g. engineers). Membership of a closed private voluntary pension plan cannot be a requirement for union membership or employment. In addition, discrimination in closed private pension plans is prohibited on the basis of gender.
Rights for early leavers?	There are no statutory provisions restricting the rights of early leavers to their pension benefits. Early leavers from open private voluntary pension plans can take their rights only after they are 50 years old. Exceptionally, the rights can be exercised prior to age 50 in the case of death or permanent disability. The rights of early leavers from closed private voluntary pension funds can be exercised in accordance with their rules and law.
Member involvement?	No.
Scope for cross-border activity?	There is no possibility of cross-border activity. Foreign pension plans are not permitted to operate within Croatia.
Are there restrictions on switching plans?	There are no restrictions on switching private voluntary pension funds, apart from the ones envisaged in their rules. In the case of obligatory second pillar pension funds, switching must be accompanied by the payment of an exit fee, which amounts to the total of: (a) 0.8% of the aggregate savings in the first year of membership; (b) 0.4% of the aggregate savings in the second year of membership; and (c) 0.2% of the aggregate savings in the third year of membership. After three years of uninterrupted membership in the supplementary pension plan, switching is free.

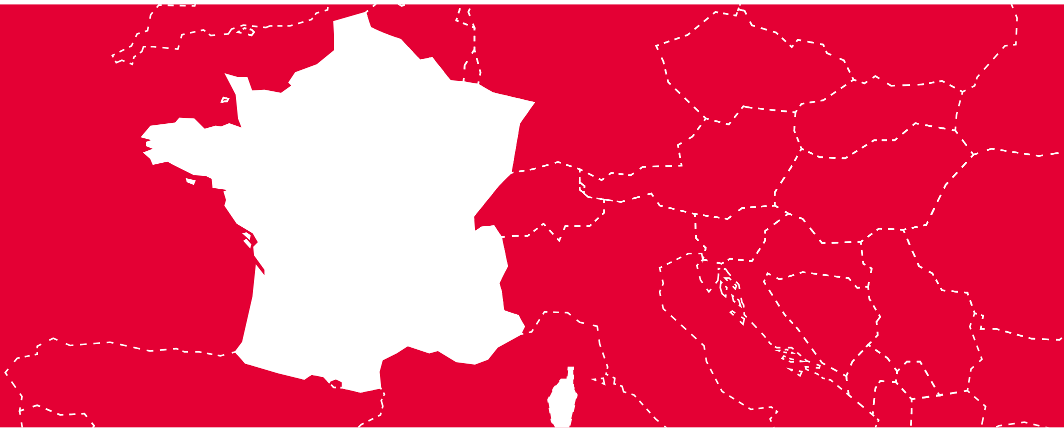
Czech Republic

General	
Give a brief overview of types of pension provision	There has been no substantial pension reform in the Czech Republic since the communist regime collapsed in 1989. Therefore, the pension system is still mostly based on the compulsory pay as you go state scheme. This is supplemented by two types of voluntary pension plan. There is an ongoing debate about the possible reform of the state pension system.
Structure of private pension provision	
What are the main types of private pension provision?	There are two types of private pension plan: (a) supplementary schemes with state contributions (supplementary schemes); and (b) occupational pension insurance schemes run by EU/EEA institutions with relevant licences granted in their home countries (occupational pension schemes). There are no legal requirements in relation to the benefits which must be provided by occupational pension scheme – this is determined by the type of product in each case. The main type of benefits provided by supplementary schemes is defined contribution, defined benefit type benefits can only be provided in limited cases.
Is pension provision mandatory?	Participation is voluntary in both forms of private pension scheme. Participation in the state pension scheme is mandatory.
Any restrictions in relation to who can establish a plan?	Supplementary schemes can only be provided by pension funds that have a specific licence from the Czech National Bank. In March 2010, there were 10 such licensed pension funds. Only EU/EEA institutions with relevant licences can provide occupational pension schemes.
Are there restrictions on who can operate a plan?	The restrictions are the same as those which apply for establishing schemes.
Is there a mandatory level of contributions?	In supplementary schemes, the minimum monthly contribution of a member is CZK 100 (approximately 4 euros) to which a state contribution of 50 Czech Koruna (approximately 2 euros) is added. There is no maximum monthly member contribution but the maximum monthly state contribution is limited to 150 Czech Koruna (approximately 6 euros).
Are there any funding requirements?	The registered capital of a pension fund has to be at least 50 million Czech Koruna (approximately 2 million euros). Pension funds (or third parties authorised to act on their behalf) must invest assets with "professional care" with the aim of ensuring a solid yield and protecting the interests of members. They must only invest in very secure instruments (such as bonds of OECD member states or the European Investment Bank or securities issued by and traded on stock exchange of OECD Member States) and there are requirements in relation to risk diversification. A proportion of investment returns needs to be held in reserve funds to cover potential losses. As the occupational pension schemes are run by pension funds from other EU/EEA Member States, the details on funding requirements are stipulated by the law of the EU/EEA Member State where the pension funds are based.

What age are benefits taken?	In supplementary schemes, it depends on the provisions of the scheme. However, the age for taking pension benefits may never be less than 60 and must be the same for both men and women. In respect of occupational pension plans, the benefits must start to be paid by age 63.
Who bears the costs of private pension provision?	Members.
Tax regime	
Any registration requirements for tax purposes?	Employers and the self-employed must register at the Tax Office.
Is tax paid on contributions?	In respect of supplementary schemes, contributions are not generally subject to personal income tax, provided the member does not leave the scheme early. However, if an employer contributes to a supplementary scheme on behalf of its employee, its contributions will be taxed as part of the employee's personal income in case that they exceed 24,000 Czech Koruna (approximately 960 euros) a year.
Are investment returns taxed?	Investment returns in supplementary schemes are not subject to tax provided the member does not withdraw from the scheme prematurely.
Are benefits taxed?	Yes, benefits are subject to income tax at 15%.
Other incentives to contribute to plans?	Contributions to supplementary schemes are eligible for tax relief. Members may deduct up to 12,000 Czech Koruna (approximately 480 euros) from their tax liability each year in respect of pension contributions. Employers who contribute on behalf of their employees may deduct all such contributions from their taxable income.
Limits on benefits or contributions?	There are no mandatory limits for supplementary schemes.
Regulatory framework	
Who is the regulator and what are its powers?	The Czech National Bank (CNB) supervises pension funds and the activities of EU/EEA institutions providing occupational pension schemes. Where there has been a breach of an obligation, it may order remedial measures to be taken, withdraw the fund's licence, appoint an administrator or suspend the right to dispose of fund assets for a specified time period.
How does it receive information?	In general, the CNB is entitled to all of the information it needs for the proper supervision of pension funds. Pension funds are required to provide it with information and it can attend the meetings of a pension fund's corporate body. The CNB may request any information about a pension fund's activities necessary for its supervision and the funds are obliged to submit required information. Pension funds must also provide certain information relating to changes in their structure or status automatically.
Any supervision of failed or insolvent schemes?	There are no special insolvency rules for pension funds. Should the pension fund go bankrupt, normal insolvency procedures apply. However, it is likely that the CNB and the Ministry of Finance would take all possible measures to make sure that any supplementary schemes would be taken over by another pension fund.

Legislative framework	
Requirements in relation to discrimination?	It is prohibited to discriminate against members on the grounds of gender, race, skin colour, language, religion, political or other opinions, national or social origin, ethnicity, wealth, family line, state of health or age. Retirement age must be the same for both men and women, although pension funds may use separate mortality tables for men and women to calculate benefits.
Rights for early leavers?	Supplementary schemes are voluntary and members may terminate their participation at any time. Schemes have to state the relevant notice period for such purposes (which cannot be longer than 2 months). Early leavers are entitled to request either a severance payment (the sum of all contributions paid by them and a corresponding yield share) or a transfer of their contributions to another pension fund. In case of a transfer of contributions, the state contributions are transferred to the other pension fund as well. However, in case of severance payment the member loses all their accrued state contributions, which are returned to the state.
Member involvement?	Members are party to the agreements on supplementary schemes and have various rights to receive information.
Scope for cross-border activity?	Pension funds' activities are highly regulated because of the state contribution element. Therefore, in practice, cross-border activities do not occur.
Are there restrictions on switching plans?	Participants may easily switch from one pension fund to another. A charge (of up to 800 Czech Koruna or approximately 30 euros), for the transfer can be imposed on the member.

France

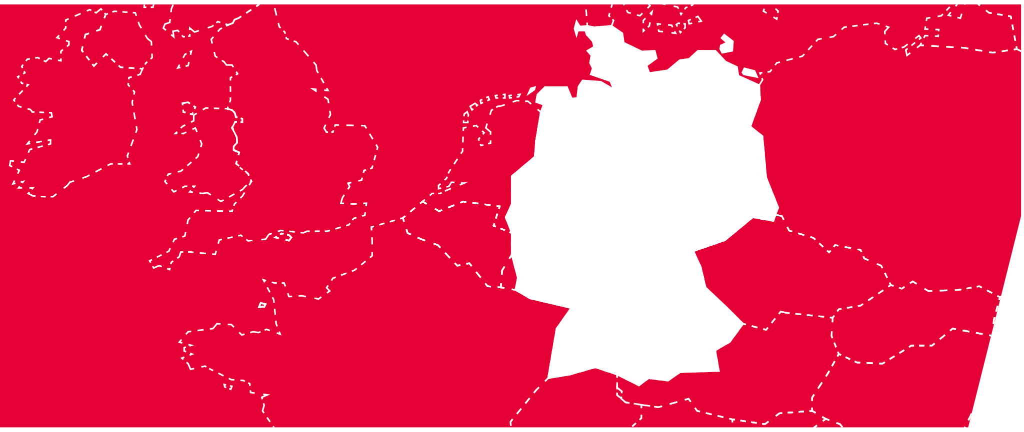


General	
Give a brief overview of types of pension provision	France has a 3 pillar-system. The first pillar is a mandatory basic pension scheme administrated by the state. The second pillar is a mandatory supplementary pension scheme. The third pillar is a voluntary private pension scheme that the employer can subscribe to for its employees. In addition, anyone can subscribe to private retirement savings schemes (as a kind of fourth pillar).
Structure of private pension provision	
What are the main types of private pension provision?	There are both defined contribution and defined benefit schemes. Defined benefit schemes are divided into two categories: (a) additive pension schemes where the amount of the benefit does not depend on the level of benefits paid by other pension schemes; and (b) differential pension schemes where the amount of the supplementary pension tops up the benefits paid by other pension schemes to a guaranteed level. In addition, employees can voluntarily subscribe to a private retirement savings scheme.
Is pension provision mandatory?	Private pension provision is not mandatory. All employees must be enrolled in the basic and supplementary pension schemes.
Any restrictions in relation to who can establish a plan?	All employers must be affiliated to the first and second pillar schemes and can choose to introduce a third pillar pension scheme operated by an insurance company.
Are there restrictions on who can operate a plan?	The basic pension scheme is administered by the state. Second pillar schemes are administered by bodies managed by trade unions at a national level. Third pillar schemes must be managed by an insurance company authorised to do so by the French authorities.
Is there a mandatory level of contributions?	There is no minimum level of contributions for either employers or employees in private pension schemes, but there are caps to the assessment of social and tax favourable regimes. There are mandatory contributions in both the basic and mandatory supplementary pension schemes (first and second pillars).
Are there any funding requirements?	In defined benefit schemes, the employer must deposit enough funds into an account of the pension fund company to ensure that retiring employees receive their full pension.
What age are benefits taken?	Benefits from both the basic and the mandatory supplementary pension scheme can normally be taken at age 60 (subject to pending changes). There is no minimum age for taking benefits from non-compulsory schemes. However, to retain the favourable social and tax regime for the employer: (a) in a defined contribution scheme, benefits must not be taken before the earlier of payment of benefits from the mandatory pension schemes (basic or supplementary) or age 60; and (b) in the case of defined benefit scheme, the employee must end his career with the scheme employer before taking benefits.
Who bears the costs of private pension provision?	Defined benefits schemes are financed exclusively by the employer. Private defined contribution schemes can be financed by the employer, or by both the employer and the employee depending on the internal documentation setting up the scheme in the firm.

Tax regime	
Any registration requirements for tax purposes?	Yes. Private defined benefit schemes must be registered with the Social Administration to benefit from the favourable social regime. There are no registration requirements for defined contribution schemes.
Is tax paid on contributions?	Defined contribution schemes that satisfy certain conditions are exempt from standard income tax on both employer and employees contributions. They are also generally exempt from social contributions (but special contributions of 4% and 8% will be levied on employer contributions). In defined benefit schemes, the employer may pay either a 12% levy on the contributions or a special levy on the benefits. In addition, if the scheme does not satisfy certain conditions, employer and employee contributions will be subject to the normal standard social contributions and will not be tax deductible and employer contributions will be treated as taxable income of the employee.
Are investment returns taxed?	No social contribution has to be paid on investment returns. For resident pension funds, corporate tax is due at 15% on dividends, and at 10% on interest. No tax is due on capital gains. For non-resident pension funds, withholding tax is due on dividends at a rate of 25%, subject to limitations in relevant tax treaties. EU pension funds can apply for a withholding tax rate of 15% on French dividends, provided they can be considered as non-profit organisations under French law. No withholding tax is due on interest or capital gains (except on French real estate).
Are benefits taxed?	Pensions are liable to two cumulative social contributions of 1% and 7.1%. In defined benefit schemes, the employer has to pay a social contribution equal to 30% of pensions above a specified level (276,960 euros in 2010) plus, if the employer chooses to pay the levy on the benefits rather than contributions, a 16% contribution is due on pensions in payment above a certain amount. Pensions are liable to income tax, subject to a 10% allowance (capped at 3,606 euros). In the case of defined contribution schemes, the pension fund company who pays the benefits has to pay social contributions on the benefits to the social administration.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	There is no limit on benefits or contributions, but the availability of favourable social and tax treatment is capped.

Regulatory framework	
Who is the regulator and what are its powers?	Insurance companies are controlled by an administrative authority called ACP that ensures they are able to fulfil their commitments.
How does it receive information?	ACP receives information from insurance companies as it authorises insurance companies to carry out their activity and controls their solvency. The social and tax administration can audit employers at anytime.
Any supervision of failed or insolvent schemes?	Defined contribution schemes and the majority of defined benefit schemes are insured by an insurance company in the event of insolvency. In addition, specific insurance exists to partially guarantee debts to employees in insolvency procedures.
Legislative framework	
Requirements in relation to discrimination?	French law prohibits many kinds of discrimination including discrimination on grounds of gender, age, pregnancy, political opinions, union activities, physical appearance and disability. In defined contribution schemes, employer contributions are not exempt from social contributions if the scheme excludes employees on grounds of age or seniority.
Rights for early leavers?	Benefits from both the basic and mandatory supplementary pension scheme can be taken before 60 in limited cases (e.g. short careers and disability). For third pillar schemes, benefits cannot be paid before the employee retires. In the case of a defined benefit scheme, an employee who leaves the company before he retires loses any entitlement to his accrued benefits (subject to exceptions). In the case of a defined contribution scheme, the employees' accrued rights are frozen until retirement.
Member involvement?	It depends on the kind of insurance company. If an employer sets up a supplementary pension scheme with a mutual insurance company, the employees become members of that company. There is no specific employee involvement in other types of insured arrangement.
Scope for cross-border activity?	Insurance companies operating retirement plans established in other EU states can operate such plans in France.
Are there restrictions on switching plans?	If a pension scheme has been introduced unilaterally by the employer, it can terminate it by notice to the employees. If the pension scheme has been introduced by a referendum, the employer has to hold a new referendum to terminate the pension scheme. If the pension scheme has been introduced by a collective bargaining agreement, the employer may terminate it but has to negotiate a renewal with the union's representatives. The employer is sometimes compelled to keep a scheme or at least to warrant accrued benefits at termination date (e.g. if it is required by a national collective bargaining agreement).

Germany

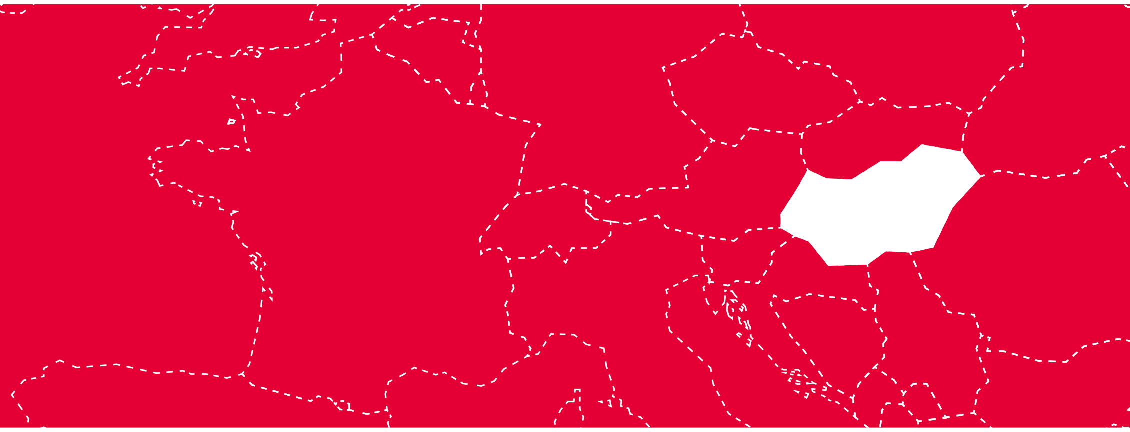


General	
Give a brief overview of types of pension provision	Germany has a three pillar system. The first pillar is statutory pension insurance financed by employer and employee social security contributions. The second pillar is occupational pension provision and the third pillar, private pension provision.
Structure of private pension provision	
What are the main types of private pension provision?	In Germany, occupational pension provision and private pension provision co-exist. Private pension provision typically involves life insurance or pension policies which are concluded with an insurance company. There are several types of occupational pension plan. Plans may be financed either by the employer or by the employee (deferred compensation). Employer sponsored plans may be either defined benefit or defined contribution. Defined benefit plans are still widespread, but defined contribution plans are becoming increasingly popular.
Is pension provision mandatory?	The employer is not required to offer employer-financed occupational pension provision. However, if the employee elects, the employer must use future salary to provide employee-financed pension provision (deferred compensation).
Any restrictions in relation to who can establish a plan?	Generally, any employer may establish a plan for employer-financed or employee-financed occupational pension provision.
Are there restrictions on who can operate a plan?	Yes. There are five different ways of establishing an occupational pension plan: direct pension commitment, direct insurance, benevolent funds, staff pension funds and pension funds. With a direct pension commitment the employer pays no contributions but undertakes to pay the employee the pension itself once the employee's entitlement matures. Direct insurance, benevolent funds, staff pension funds and pension funds are all indirect forms of pension where the employer pays contributions to a third party, which then pays the pension to the employee once the pension entitlement matures. In each case the employer is liable for the pension benefits which have been promised.
Is there a mandatory level of contributions?	There are no minimum contributions for employer-financed occupational pension provision. However, employees have a statutory entitlement to employee-financed pension provision by way of salary conversion and may require a percentage of their future salary entitlement be used for this purpose (up to 2,640 euros in 2010). For various reasons, including the availability of tax reliefs, total contributions should not exceed a prescribed limit (of 2,640 euros in 2010, although this limit does not apply for mutually agreed deferred compensation).
Are there any funding requirements?	There are no funding requirements for the system of direct pension commitments made by the employer and for pension obligations operated through a benevolent fund. However, the other forms of occupational pension provision are subject to funding requirements as a result of regulatory provisions which apply to the insurance sector.

What age are benefits taken?	An occupational pension is usually paid when a person reaches the standard age for a state pension, which is gradually being increased from age 65 to age 67 (depending on an individual's date of birth). Early retirement is possible in certain circumstances, if the individual is prepared to accept a reduction to reflect early payment. The date when a claim for an early retirement pension can be made varies from case to case and is between the ages of 60 and 65.
Who bears the costs of private pension provision?	With employer-financed occupational pension provision, the contributions are paid by the employer. With employee-financed occupational pension provision, contributions are paid by the employee. However, there are also hybrid forms where both employers and employees contribute.
Tax regime	
Any registration requirements for tax purposes?	There are generally no registration requirements. However, eligibility for tax relief is conditional on compliance with specific tax requirements such as a written pension commitment. This may vary according to the type of pension plan.
Is tax paid on contributions?	For employer-financed occupational pensions the income tax due on pension contributions is dependent on the specific type of pension plan (direct commitment – no contributions and therefore no tax to be paid; benevolent fund – not taxable; direct insurance, staff pension and pension fund – contributions taxable in principle, however there are tax reliefs up to certain limits which are set out below). Contributions for employee-financed occupational pension provision up to a certain threshold (which in 2010 is 2,640 euros) are not liable to income tax. Employees can claim tax relief on their contributions to private pension plans up to a certain level.
Are investment returns taxed?	Yes. Taxation depends on whether investment returns are used to reduce the contributions or increase the benefits (see tax treatment of benefits and contributions).
Are benefits taxed?	This depends in principle on whether the contributions were subject to income tax. If benefits are based on tax-free employer contributions, the benefits are, in principle, fully taxable as income, however, there may be some tax privileges applicable. If the benefits are based on both taxable and tax-free contributions, the office processing the payment determines which portion is derived from tax-free contributions and is therefore taxable as income.
Other incentives to contribute to plans?	As a rule contributions can be deducted by the employer for tax purposes as operational expenditure. Employees do not have to pay tax or social contributions on employer contributions to direct insurance arrangements, staff pension and pension funds up to a certain threshold (which in 2010 is 2,640 euros and a further 1,800 euros for pension commitments made after 31 December 2004).
Limits on benefits or contributions?	In general there are no limits. However, there is no tax relief for income tax on contributions which exceed the limits set out above, instead the amounts which exceed the tax thresholds are taxed as additional salary.

Regulatory framework	
Who is the regulator and what are its powers?	If the employer uses insurance companies, staff pension funds or pension funds to manage an occupational pension plan, they are subject to the regulatory provisions which apply to the insurance sector. Compliance is monitored primarily by the Federal Financial Supervisory Authority which has far-reaching powers and may even withdraw operating licences. In addition, the German Pension Security Organisation is responsible for safeguarding occupational pensions in cases of insolvency.
How does it receive information?	Companies that are subject to the insurance sector regulatory provisions have extensive reporting duties. Conversely, the regulatory authorities also have extensive rights to information. This also applies to the German Pension Security Organisation.
Any supervision of failed or insolvent schemes?	The German Pension Security Organisation will pay occupational pensions if a company becomes insolvent. Employers are required to pay contributions to this organisation in relation to most pension plan types.
Legislative framework	
Requirements in relation to discrimination?	Yes. There is extensive case law prohibiting discrimination on grounds of race or ethnic origin, gender, religion or belief, disability, age or sexual orientation.
Rights for early leavers?	Employees who have been promised payments from an occupational pension plan will retain their entitlements if they leave service before retirement age provided the employment relationship ends after they have reached age 25 and the pension commitment has been in existence for at least five years. The amount of these entitlements will be reduced pro rata to reflect actual service compared to potential service up to the standard state pension age. With a few exceptions (including very minor entitlements) it is illegal to pay out vested pension entitlements when an employment relationship ends or after pension payments have begun.
Member involvement?	No. However, in companies with a works council, the works council must be consulted on the structure of the occupational pension scheme. The introduction and financing of the occupational pension scheme lies within the discretion of the employer and does not require the involvement of the works council.
Scope for cross-border activity?	If the focal point of the employment relationship is in Germany, the German Occupational Pension Act must apply. As a rule periods spent working abroad are not taken into account when calculating pension entitlements. There are very few exceptions.
Are there restrictions on switching plans?	Switching plans may have implications under employment, social insurance and tax law. This depends on the individual case. However, if there would be disadvantages for the employee it is only permitted in certain circumstances. The general principle is that any acquired pension entitlements must be preserved unless there are certain grounds for the switch.

Hungary



General	
Give a brief overview of types of pension provision	Hungary has a three pillar system. The first pillar is a pay-as-you-go, earnings-related state pension system. The second pillar is mandatory and every employee has to choose a privately managed pension fund which invests his contributions and returns the yields to the member as an annuity at retirement. The third pillar is voluntary mutual retirement savings. Occupational pension funds were introduced in 2008 as part of the third pillar but none have been formed to date.
Structure of private pension provision	
What are the main types of private pension provision?	Private pension provision is made up of mandatory pension funds, voluntary pension funds and occupational pension funds, although there are currently no occupational pension funds. The benefits provided in the second and in the third pillar are defined contribution.
Is pension provision mandatory?	Participation in and contributions to the mandatory pension funds is compulsory for those who are employed for the first time and are under the age of 35. Participation in other private pension funds is voluntary.
Any restrictions in relation to who can establish a plan?	Mandatory pension funds may be established by employers, chambers, professional associations and employees' and/or bodies representing employers if it is likely that the number of members will reach 2,000. Voluntary pensions funds may be established by at least 15 private persons, and must be registered by the competent county court. Occupational pension funds may be established by banks, insurance companies and investment companies, or by an employer individually or jointly with other employers.
Are there restrictions on who can operate a plan?	All types of pension fund must apply to The Hungarian Financial Supervisory Authority (the "Regulator") for an operation licence.
Is there a mandatory level of contributions?	8% of an employee's gross salary (capped at 28,000 euros) must be paid into the mandatory fund. Both the employer and the employee may top up the contribution to 10% of gross salary. There is no mandatory level of contributions to voluntary funds, however funds can set out a minimum payment in their articles of association. There are no mandatory contributions in occupational pension funds.
Are there any funding requirements?	There is no minimum capital requirement in relation to the foundation of mandatory private pension funds and voluntary pension funds. However, they have to submit a long-term business plan in their application for an operation licence.
What age are benefits taken?	Benefits may be taken from all pension funds on reaching the official retirement age. The official retirement age is rising, and was 65 as of 1 January 2010 for individuals born after 31 December 1951.

Who bears the costs of private pension provision?	In mandatory private pension funds, contributions are deducted from the gross salary of employees. At least 95.5% of contributions are credited to safety reserves with the remainder divided between operating and liquidity reserves. Contributions to voluntary pension funds are paid either by employers or employees with at least 90% (up to 30 euros per year) and 94% of any excess credited to safety reserves. In occupational pension funds the employer bears the costs but the employee may make supplementary payments. How the contribution is divided between reserves is set out in an agreement.
Tax regime	
Any registration requirements for tax purposes?	Voluntary and occupational pension funds are subject to corporate income tax, and must therefore request a tax number.
Is tax paid on contributions?	The compulsory contribution paid by the employee to the mandatory pension fund is tax-exempt. Contributions paid by the employer up to a limit (of approximately 130 euros) to a voluntary pension fund, occupational pension fund and any supplementary contributions to the mandatory pension fund are taxed on the employer at 25%. Employer contributions exceeding this limit are subject to income tax payable by the employer at 54% plus a 27% social security contribution.
Are investment returns taxed?	No.
Are benefits taxed?	Benefits received from mandatory funds are tax-exempt. Upon reaching retirement age, a member may claim a lump sum or an annuity from a voluntary fund or an occupational pension fund. The lump sum is exempt from tax where membership was for at least 3 years before the tax year of the payment. Annuity payments are exempt from tax if membership exceeds 3 years, or the annual amount of benefit is not reduced by more than 15% in the first three years of benefit payment. Before retirement age, a voluntary pension fund member can withdraw monies after a 10-year waiting period, but the entire payment is subject to income tax and health care contributions. If the member withdraws benefits in the 2nd year after the waiting period, 90% of the payment is subject to tax. The amount taxable is then reduced by 10% each year.
Other incentives to contribute to plans?	Members of voluntary pension funds are entitled to a tax credit equal to 30% of employee contributions in the relevant tax year up to a combined maximum of 350 euros (for members reaching the retirement age before 2020 the upper limit of the incentive is 460 euros). (If the member holds a voluntary health fund account these rules may vary).
Limits on benefits or contributions?	There are no limits in relation to benefits.
Regulatory framework	
Who is the regulator and what are its powers?	The Regulator is in charge of the supervision of all pension funds. The powers of the Regulator include granting and revoking licences, financial penalties, suspending benefit payments and the admission of new members and requiring the fund to be liquidated.

How does it receive information?	Each fund must provide various documents (such as minutes of general meetings, agreements, reports etc.) to the Regulator both on a regular basis and when requested by the Regulator.
Any supervision of failed or insolvent schemes?	Mandatory private funds must have a guarantee fund (which is guaranteed by the state) and reserves to cover losses. The position is similar for voluntary and occupational pension funds except that the guarantee fund is not guaranteed by the state. When there is a threat of insolvency, the Regulator will conduct a review of the fund's business plan and rules and require an action plan to be prepared. The Regulator may also suspend the admission of new members, impose a ban on benefit payments and suspend the operation of funds for up to 180 days. During such period, payments may only be made and investment activity carried out with the Regulator's consent. Eventually, the Regulator may initiate the liquidation of the fund.
Legislative framework	
Requirements in relation to discrimination?	Anti-discrimination legislation is extensive in Hungary, and any discrimination by pension funds, such as discrimination between genders, is subject to the relevant anti-discrimination laws.
Rights for early leavers?	Members cannot leave mandatory funds before retirement age. If no contribution is paid to the fund, membership is suspended. In a voluntary pension fund, a member may withdraw their funds after 10 years (irrespective of whether membership is continued or terminated) even before reaching the retirement age. In occupational pension funds, a minimum period may apply and if employment is terminated within this period, the member will receive no benefits unless otherwise provided in his contract.
Member involvement?	Generally members are entitled to participate in the decision making process and may be nominated to become members of the board of directors and/or the supervisory board of both mandatory and voluntary pension funds. No member involvement is allowed in occupational pension funds.
Scope for cross-border activity?	Cross-border activity is only possible in the case of occupational pension funds. Such activity must be reported to the Regulator and be in compliance with the provisions of law of the target country.
Are there restrictions on switching plans?	Switching between mandatory pension funds is allowed after 6 months membership. The member has to bear the cost of switching and notify the pension fund in advance. The yield guarantee on the fund will be lost. For members of voluntary pension funds, there are no restrictions on switching but the cost is borne by the member. As the membership of an occupational pension fund is related to the employment relationship, the member can only switch to another occupational pension fund if their employment is terminated. Further restrictions and conditions may be stipulated in the articles of association of both voluntary and the occupational pension funds.

Italy

General	
Give a brief overview of types of pension provision	Italy has a two pillar system. The first pillar is a national insurance arrangement which is based on social contributions paid by employers and employees. The second pillar is private voluntary supplementary pensions.
Structure of private pension provision	
What are the main types of private pension provision?	There are 3 main types of private pension provision: (a) contractual pension provision or "closed pension funds", set up by the employers and trade unions from specific sectors; (b) open pension funds, set up and managed by banks, insurance companies and brokerage companies and into which all employees can be admitted; and (c) individual pension schemes based on insurance contracts.
Is pension provision mandatory?	Private pension provision is not mandatory but participation in the national insurance system is.
Any restrictions in relation to who can establish a plan?	Closed pension funds are derived from National Collective Contracts and Company Collective Contracts and are established by employers. Open pension funds can be established by stockbrokers, banks or insurance companies.
Are there restrictions on who can operate a plan?	Closed pension funds are self-governing legal entities. Open pension funds belong to whoever created them, but they have different and separate organs which control and operate them and which are established by their creators.
Is there a mandatory level of contributions?	Employees pay 33% of their taxable income to the national insurance system, while the self-employed pay 20%. There are no mandatory contributions to private pension arrangements.
Are there any funding requirements?	There are no funding requirements.
What age are benefits taken?	Benefits provided by supplementary pension arrangements must be paid at the same age as comparable benefits under the national insurance arrangement. There is a difference in treatment between the "old age pension" and the so called "seniority pension". As a general rule, the old-age pension is paid to men at 65, and women at 60, on condition that 20 years of contributions have been paid. The seniority pension is paid after 40 years contributions or after 35 years contributions and reaching age 58. Benefits provided by supplementary pensions are bound to the pension age required for the national insurance.
Who bears the costs of private pension provision?	Where participants are employees, the amount of any contributions is determined by collective bargaining and can be paid by both employers and employees. In arrangements for the self-employed, the only source of funding is voluntary contributions from the employees.

Tax regime	
Any registration requirements for tax purposes?	There are no specific registration requirements for tax purposes (other than generally applicable requirements).
Is tax paid on contributions?	Employees' contributions to private pension schemes can benefit from personal tax relief up to 5,164.57 euros per year. Contributions paid by the employer on behalf of the employee are fully deductible from its business income for corporation tax purposes, as they are treated as an employment cost.
Are investment returns taxed?	Investment returns in private pension schemes are generally subject to taxation at a flat rate of 11%.
Are benefits taxed?	From 1st January 2007, benefits have been taxed at a flat rate of 15%. This rate can be further reduced by 0.30% for each year of participation in the scheme in excess of 15 (with a maximum reduction of 6%). Transitional provisions regulate the taxation of benefits accrued up to 31 December 2006. The underlying principle for taxation of pensions is that benefits should be taxed only so far as they relate to contributions which enjoyed tax relief when they were paid in, thus avoiding any double taxation of income. According to this principle, benefits are be subject to tax in the hands of the recipient but the component of the benefit corresponding to the investment returns or to the contributions that exceeded the tax relief threshold are excluded from taxable income.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	No, except in relation to the tax reliefs referred to above.
Regulatory framework	
Who is the regulator and what are its powers?	Pension funds are regulated by a pensions regulator (COVIP). It has the power to guarantee and ensure the transparency and proper management and administration of the pension funds. To this end, it authorizes the pension funds to carry out their activities and it approves their by-laws and regulations and guarantees the observance of transparency principles in the relations between the pension funds and their participants.
How does it receive information?	COVIP cooperates and collaborates with public authorities, and receives information from them within the limits permitted by confidentiality requirements.
Any supervision of failed or insolvent schemes?	There is no requirement for supplementary pension funds to guarantee either their capital or the interests of members, and the risk of failure or insolvency cannot be insured.

Legislative framework	
Requirements in relation to discrimination?	There are no specific requirements in relation to pension funds, but there are general labour law requirements which prohibit discrimination on a wide variety of grounds including age, sex, race and disability.
Rights for early leavers?	The specific rights for early leavers depend on the provisions of each fund. An employee always has the right to request up to 75% of their accrued rights if such sum is necessary for medical expenses. In addition, after 8 years an employee can request a sum up to 75% of their accrued rights if such sum is necessary for purchasing or restructuring of their first house or that of their children and a sum up to 30% of their accrued rights in the case of further needs.
Member involvement?	There are no specific requirements.
Scope for cross-border activity?	Where an employee carries out his duties abroad, he is able to make contributions in respect of such overseas service to an Italian pension arrangement.
Are there restrictions on switching plans?	Switching is permitted in specific circumstances and the procedure depends on the provisions of each plan. An employee who has been a member of a particular pension fund can voluntarily transfer his accrued funds to another pension fund, provided that at least 2 years have elapsed from joining the original pension fund.

The Netherlands

General	
Give a brief overview of types of pension provision	The Netherlands has a 3 pillar system. There is a basic state old age pension which is largely funded by contributions from taxpayers under the age of 65. The second pillar is private occupational pension schemes and the third pillar consists of personal pension arrangements.
Structure of private pension provision	
What are the main types of private pension provision?	Occupational pension schemes are the main type of private pension provision in the Netherlands. They are established by third party providers (generally pension funds or insurance companies). Pension providers receive contributions from the sponsoring employers and the resulting capital is held and invested by them. They are also responsible for the payment of benefits. Such schemes have traditionally provided benefits on a defined benefit basis. However, there is a trend toward defined contribution arrangements (particularly where the scheme has been established by an insurance company) as they are less costly for employers. Private pension schemes may also include pensions for relatives of deceased members and/or for disability benefits. Pension funds are the most common vehicle for occupational pension schemes and can either apply to a specific branch of industry or to a specific company or group.
Is pension provision mandatory?	There is no general legal requirement to provide pensions for employees. However, in practice, about 90% of the workforce are members of a pension scheme. This is mostly due to the fact that the majority of employers are either (i) required by the Government to participate in a mandatory scheme for their particular industry, or (ii) because they are bound by collective labour agreements.
Any restrictions in relation to who can establish a plan?	An occupational pension scheme is based on an agreement between an employer and an employee. Employees are usually bound by general arrangements offered to all employees of their employer. Employers may also be bound by collective arrangements, requiring them to offer or contribute to a specific scheme.
Are there restrictions on who can operate a plan?	Yes. Only pension funds, insurance companies and certain foreign institutions may act as a pension provider. Legislation is being considered that would also allow for the creation of flexible special purpose providers for some defined contribution schemes.
Is there a mandatory level of contributions?	Subject to the general obligation to provide adequate funding, there is no further general mandatory level of contributions for either the employer or the employee.
Are there any funding requirements?	In respect of pension funds, the combined contributions paid should at least cover all the costs and obligations of the fund. If the value of the assets is less than 105% of the value of pension obligations, the fund is obliged to formulate a plan to reach an adequate funding level and lodge it with De Nederlandsche Bank ("DNB"). This plan may either include a reduction of annual pension payments or in the level of annual pension increases or an increase of the required contributions. For insurance companies, no requirements exist regarding the level of assets, but they are also subject to supervision in relation to their financial position.

What age are benefits taken?	Occupational pension plans have an assumed retirement age of 65. Until recently, earlier retirement was quite common but changes to the tax regime have severely restricted this option.
Who bears the costs of private pension provision?	Employers, employees or both, depending on the terms of the plan. Excess proceeds of the plan assets may (temporarily) reduce the required contributions. Employers may have to make additional contributions if the proceeds of the plan assets for defined benefit schemes have become inadequate.
Tax regime	
Any registration requirements for tax purposes?	No. There are no specific registration requirements. However, for employees to benefit from tax-exempt contributions, the pension plan must be built up by a qualified pension provider.
Is tax paid on contributions?	No. Pension contributions are tax-exempt provided that certain conditions are met. Private pension contributions are not tax-exempt but are up to a certain extent deductible from the income.
Are investment returns taxed?	No.
Are benefits taxed?	Yes. Pensions benefits are subject to personal income tax up to 52%.
Other incentives to contribute to plans?	Pension contributions may be deductible for corporate tax purposes for employers.
Limits on benefits or contributions?	There are strict limits on the contributions which can be made. No limits exist in respect of benefits.
Regulatory framework	
Who is the regulator and what are its powers?	There are 2 regulators. DNB and the Autoriteit Financiële Markten ("AFM"). AFM reviews how pension providers behave in the financial markets and towards their members. DNB reviews the policies and solvency of pension providers. DNB and AFM have extensive powers. They may, for instance, provide policy guidelines, levy fines, publish specific decisions and force a fund to transfer or insure its interests. The appointment of officials of a fund requires approval of DNB.
How does it receive information?	Extensive obligations exist for pension providers to provide information. Furthermore, all relevant parties are required to report irregularities.
Any supervision of failed or insolvent schemes?	DNB and (in respect of insurance companies only) AFM may appoint a *curator* (who needs to be consulted by the board) at a pension provider or request the appointment of a *bewindvoerder* who assumes the authority of the board.

Legislative framework	
Requirements in relation to discrimination?	Yes. There is extensive legislation reflecting EU Directives preventing discrimination on grounds of age, sex, sexual orientation, disability, race, religion and part-time or fixed term worked status. Other legal requirements exist to prevent discrimination against members who left early and of official (i.e. married or registered) spouses.
Rights for early leavers?	All scheme members have vested entitlements, irrespective of their length of membership. Only very small pensions (which currently means an annual pension of no more than 500 euros) may be refunded.
Member involvement?	Yes. Representatives of employees must be included in the boards of pension funds. If an insurance company is the pension provider, an association of pensioners (where an employer has at least 250 former and current participants and the decision affects the pension entitlements of former employees) and the works council must be consulted about the employer's decisions in respect of the pension scheme.
Scope for cross-border activity?	Yes. Both foreign insurance companies and foreign pension institutions may have members in the Netherlands, if they meet certain requirements. Dutch pension providers may service employees who are temporarily on secondment abroad. Cross-border transfers of entitlements are also permitted.
Are there restrictions on switching plans?	Yes. The most important restrictions are the requirements for the consent of the individual member. In practice, however, numerous exceptions apply and methods are used in order to (attempt to) circumvent the requirement for consent. Employees cannot switch to another occupational plan if it is not offered by their employer.

Poland

General	
Give a brief overview of types of pension provision	Poland has a 3 pillar system. The first pillar is a mandatory pay-as-you-go scheme administrated by the state and provides a relatively low level of pension. The second pillar consists of private pension funds that are mandatory for certain sections of the population. The third pillar consists of voluntary private pension schemes. Both the second and third pillars operate on a defined contribution basis. There are also a number of independent state schemes for certain occupational groups.
Structure of private pension provision	
What are the main types of private pension provision?	Second pillar funds are established and managed by licensed and highly capitalised private pension fund companies. Members have a percentage of their social security contributions diverted to the open pension fund of their choice which then invests them. Third pillar schemes consist of occupational and personal pension schemes. Occupational pension schemes are set up voluntarily by an employer. Membership of such schemes is based on an agreement between the employer and employees. Individual pension schemes are individual agreements with life insurance companies, banks, investment companies or entities providing brokerage services. The benefits provided by individual pension schemes depend on the type of scheme chosen by an employee (e.g. life insurance, bank account, mutual fund). Within the third pillar employees may also join an employee pension fund which is a regulated entity, generally established by employers or other entities interested in providing certain groups of individuals with a pension scheme.
Is pension provision mandatory?	Participation in second pillar schemes is voluntary for those who are employed and were born between 31 December 1948 and 1 January 1969 and mandatory for those born after 31 December 1968. Third pillar schemes are voluntary.
Any restrictions in relation to who can establish a plan?	Only open pension fund companies can establish open pension funds and only employee pension companies can establish employee pension funds. In general, banks and insurance companies control such companies. The founders are required to obtain a license from the Polish Financial Supervision Authority ("PFSA"). An occupational pension scheme must be set up by an employer. Individual pension schemes must be set up by life insurance companies, banks, investments funds or brokerage companies.
Are there restrictions on who can operate a plan?	Only pension fund companies can operate open pension funds and employee pension companies, employee pension funds. Occupational pension schemes are based on a contract entered into by an employer with an insurance company, investment fund, employee pension fund or foreign entity entitled to operate pension schemes incorporated in the European Union. Individual pension schemes are operated by life insurance companies, banks, investments funds or brokerage companies.

Is there a mandatory level of contributions?	The mandatory monthly level of contributions to open pension funds amounts to 7.3% of gross monthly remuneration. If employers establish third pillar pension schemes, they are obliged to contribute to them but employees cannot be required to make contributions. Total employer contributions cannot be higher than 7% of the gross remuneration of participating employees. There are separate limits for employee contributions. Annual contributions to an individual pension scheme are capped at three times the national average for the year in question.
Are there any funding requirements?	No, although there are minimum capitalisation requirements. Open pension funds must guarantee a minimum rate of return, which depends on the average real annualised rate of return for all pension funds over the last 36 months.
What age are benefits taken?	Benefits from open and employee pension funds may be taken at age 65 for men and 60 for women. Earlier retirement is possible, due to "bridging pensions", which are designed for people performing special types of work. A member of an occupational or individual pension schemes may retire at age 60 or, provided that certain statutory conditions are met, 55. Payment of benefits becomes mandatory after the member reaches age 70.
Who bears the costs of private pension provision?	In the second pillar, the members bear the costs. The maximum level of certain costs is determined by law. In the case of occupational and individual pension schemes, the issue of who bears the cost depends on the design of the scheme.
Tax regime	
Any registration requirements for tax purposes?	Each taxpayer must obtain a tax identification number.
Is tax paid on contributions?	In the second pillar, contributions are not subject to personal income tax. In the third pillar, contributions are paid from post-tax income.
Are investment returns taxed?	Investment returns, from both individual and occupational pension schemes are exempt from tax. However, the withdrawal of funds by a member of an individual pension scheme before age 60 (or, under certain conditions, 55) is subject to personal income tax.
Are benefits taxed?	Pensions benefits paid from the second pillar are subject to personal income tax at progressive rates up to 32%. Benefits paid under the third pillar are free from personal income tax. However, in the case of an individual pension scheme this exemption does not generally apply if the member was in more than one such scheme.
Other incentives to contribute to plans?	Pension benefits in the second and third pillar are exempt from inheritance tax. Contributions paid by the employer to an occupational pension scheme are tax-deductible but are not added to the member's remuneration, which is the basis for the calculation of mandatory social insurance.
Limits on benefits or contributions?	Please see above.

Regulatory framework	
Who is the regulator and what are its powers?	The regulator is the PFSA. The PFSA has extensive powers to check whether the pension funds and pension schemes comply with Polish law.
How does it receive information?	Pension providers have extensive statutory obligations to provide information. In addition, the PFSA may require them to provide particular information or documents whenever it considers it necessary for supervision purposes.
Any supervision of failed or insolvent schemes?	To a limited extent, the PFSA supervises failed or insolvent funds and schemes. The State Treasury provides compensation to members of open and employee pension funds in the event of deficits. In the case of individual pension schemes, there is an Insurance Guarantee Fund and a Bank Guarantee Fund that, in certain events, compensate participants of pension schemes operated by insurance companies or banks.
Legislative framework	
Requirements in relation to discrimination?	Discrimination on grounds of age, sex, sexual orientation, disability, race, origin, religion, part-time and fixed term working is not permitted. Currently there is much discussion about whether an equal retirement age for women and men should be introduced.
Rights for early leavers?	In the second pillar it is not possible to leave a pension fund before retirement age. In the case of occupational and individual pension schemes, a participant leaving the scheme early may request that funds be transferred to another pension scheme.
Member involvement?	Employees are represented by members on the supervisory board of an employee pension fund company. In an occupational pension scheme, there is an agreement between the employer and the employees' representatives who accept the scheme's terms and conditions. In an individual pension scheme, there is an agreement between the provider and the member.
Scope for cross-border activity?	A foreign employer incorporated within the EU may set up an employee pension fund. In the third pillar, occupational pension schemes may be operated by a foreign entity, provided that the entity is incorporated in the EU and is entitled to operate pension funds. Pension providers are able to invest into foreign assets but such investments are limited.
Are there restrictions on switching plans?	In the second pillar members of open pension funds may switch between funds at any time but it is not possible to switch to an employee pension fund and vice versa. In the third pillar, members face restrictions if they wish to switch to another scheme but it is generally possible. An employee cannot withdraw from an occupational pension scheme whilst he remains employed by the employer who established the scheme.

Romania

General	
Give a brief overview of types of pension provision	Romania has a 3 pillar system. The first pillar is a state managed pension system. The second and third pillars are both private pension funds. The second pillar is a mandatory private pensions system open to employees paying social security contributions. The third pillar is a voluntary private pensions system providing defined contribution benefits to anybody who earns income and volunteers to pay contributions.
Structure of private pension provision	
What are the main types of private pension provision?	Both second and third pillar arrangements are based on personal accounts which provide defined contribution benefits.
Is pension provision mandatory?	Participation in the second pillar is mandatory for all employees paying social security contributions who are under 35, and voluntary for employees aged 35 to 45. Third pillar participation is voluntary.
Any restrictions in relation to who can establish a plan?	Both second and third pillar pension funds are set up as partnerships with at least 5 founders. Third pillar funds must have at least 100 participants to be authorised to operate as private pension funds by the relevant regulatory and supervisory authority (the "CSSPP"). The founders must sign an agreement with an authorised private pension administrator who then sets up a scheme and an investment policy.
Are there restrictions on who can operate a plan?	Second and third pillar funds are managed by administrators or, in the case of third pillar funds, insurance and asset management companies as well. Each administrator must only manage one second pillar fund. Each company can manage as many third pillar funds as they wish. To enter and function within this market, any pension company must obtain several licences from the CSSPP.
Is there a mandatory level of contributions?	In the second pillar, the starting level of contribution is 2% of the member's total gross earnings (which will be gradually increased to reach 6% in 2016). The contribution level is fixed, and the member cannot save more in this system. In the third pillar, contribution rates are flexible and can be varied or suspended altogether.
Are there any funding requirements?	Investments are strictly regulated. The law imposes limits on investment in certain asset classes. There are no explicit restrictions regarding investments made abroad and in theory, funds can invest all their assets abroad. Pension funds can have either a low, medium or high risk profile. Most second pillar funds have a medium risk profile, meaning they invest between 65% and 85% of assets in fixed return instruments. These instruments may be state bonds, bonds issued by foreign non-government bodies and other instruments explicitly guaranteed by the state.
What age are benefits taken?	Members will receive benefits from second pillar funds at age 65 and from third pillar funds at age 60.

Who bears the costs of private pension provision?	In the second pillar, pension companies may charge an upfront entry fee (of up to 2.5% of paid contributions, deducted before contributions are converted into fund units) and an asset management fee (0.05% per month out of the fund's net assets). The fund also pays for the annual auditing fee and the rest of the fund's expenses must be met by the pension company (the administrator). In the third pillar, the administrator may charge an entry fee (of up to 5% of the paid contributions, deducted before the contributions are converted into fund units) and an asset management fee (of up to 0.2% per month). The third pillar fund's expenses are paid from the fund itself.
Tax regime	
Any registration requirements for tax purposes?	No.
Is tax paid on contributions?	Member and employer contributions to third pillar pension funds are tax deductible (in both cases, up to a maximum of 200 euros per member per tax year). Contributions to the second pillar are not tax deductible.
Are investment returns taxed?	In the both the second and third pillar, investments and investment returns are exempt from tax.
Are benefits taxed?	Income from both second and third pillar schemes is subject to 16% income tax, less a tax-free allowance of approximately 240 euros.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	In the second pillar, the contribution level is fixed, and a member cannot contribute any additional monies. In the third pillar, total employer and member contributions are limited to 15% of the member's gross monthly earnings.
Regulatory framework	
Who is the regulator and what are its powers?	CSSPP oversees private pension funds. It is governed by a 5 member council chosen by the Parliament. CSSPP's objective is to protect the interests of those involved in the private pension fund system by assuring its efficient functioning and to authorise and supervise the activities carried out. CSSPP has a wide range of powers including: granting, suspending and withdrawing licenses from pension providers; monitoring the private pension funds system; ensuring that employer contributions are paid; regulating investments; protecting the participants; supervising custodians and asset managers; controlling the organisation, book-keeping and administration of pension funds; and informing and educating people about the private pension funds system.
How does it receive information?	Various entities such as pension fund administrators and pension fund depositories must provide specified information to CSSPP. CSSPP has issued reporting rules setting out when and how relevant information should be reported.

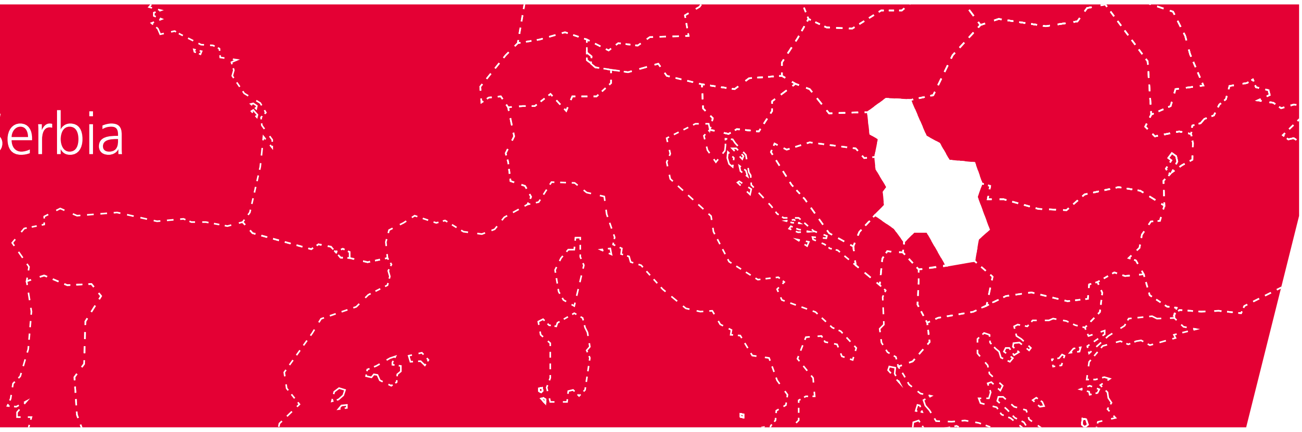
Any supervision of failed or insolvent schemes?	If the CSSPP notices that there are problems in the administration of a pension fund and a particular scheme has become insolvent, it will appoint a special supervision committee to oversee the activity of that administrator. This procedure is referred to as "Special Supervision". If the CSSPP withdraws the authorisation of a particular administrator, it will commence the Special Administration procedure and will announce to the other administrators on the market that a certain fund needs an administrator. The other administrators will submit their offers to the CSSPP who will then choose the one with the best performances. If no administrators sends in offers, the CSSPP will appoint a special administrator, and subsequently notify the members that they must transfer to another fund. The remaining members will be distributed to the administrators on the market.
Legislative framework	
Requirements in relation to discrimination?	No eligible person can be discriminated against or denied the right to join a pension fund on a wide variety of grounds.
Rights for early leavers?	As long as a member is an employee paying social security contributions he must also be a member of a second pillar private pension fund. Early withdrawal from a third pillar fund is permitted at any time. If the member's accumulated fund is insufficient to yield a pension, he will receive the total amount of contributions, less administration costs in one payment or in several instalments.
Member involvement?	In the third pillar, members must be consulted before any amendments are made to the pension scheme. There is no member involvement in second pillar funds.
Scope for cross-border activity?	The participants and beneficiaries of a private pension fund are entitled to equal treatment even in the event of transferring to another work place, permanent domicile or residence in the territory of either an EU Member State or a state included in the European Economic Area.
Are there restrictions on switching plans?	Members can switch second or third pillar funds at any time, but they have to pay a penalty fee of up to 5% of their net assets held within the fund if they transfer within the first 2 years after joining.

Russia

General	
Give a brief overview of types of pension provision	Russia has a 3 pillar system. The first pillar is a mandatory pay-as-you-go scheme administered by the state and provides a relatively low level of pension. The second pillar consists of mandatory social security contributions that may be diverted by employees to a private pension fund of their choice which then invests them. It also allows employees to make voluntary contributions in addition to mandatory social security contributions and to benefit from the investment return on this part of the state pension. If an employee does not choose a private pension fund, their second pillar funds are managed by the state. The third pillar consists of voluntary private pension schemes.
Structure of private pension provision	
What are the main types of private pension provision?	Licensed and relatively highly capitalised legal entities called private (non-state) pension funds operate third pillar private pension schemes and may also operate second pillar pensions by accepting and investing the social security contributions diverted to them. Private pension funds also operate third pillar schemes which are voluntary group schemes (funded by employers) or personal pension schemes. Although it is possible for private pension funds to operate on either a defined contribution or a defined benefit basis, the overwhelming majority operate on a defined contribution basis.
Is pension provision mandatory?	Participation in second pillar schemes is mandatory but applies only to those born on or after 1 January 1967. Those born before 1 January 1967 do not participate in the second pillar at all. Third pillar schemes are voluntary.
Any restrictions in relation to who can establish a plan?	Only private pension funds can establish private pension schemes. In general, large employers or insurance companies control such funds. The founders are required to obtain a licence from the Federal Service for Financial Markets (“FSFM”).
Are there restrictions on who can operate a plan?	Only pension funds can operate private pension plans and pay non-state pension benefits.
Is there a mandatory level of contributions?	There are no limits on or mandatory levels of contributions to private pension funds. Contributions to the first and second pillar systems depend on the gross salary of employees. The rate of social security contributions to the first and the second pillar pension systems is 26% of gross salary.
Are there any funding requirements?	No, although there are minimum capitalisation requirements. Private pension funds must provide a capital guarantee but are not obliged to ensure a minimum rate of return.
What age are benefits taken?	Benefits from all pillars of the pension system may be taken at age 60 for men and age 55 for women. Earlier retirement is possible in limited circumstances for people doing specific types of work with typically short working lives, and is achieved by the payment of “bridging pensions”.
Who bears the costs of private pension provision?	It depends on the design of the scheme. The cost of private pension provision may be born by the employer alone or shared with the employees or funded solely by individuals.

Tax regime	
Any registration requirements for tax purposes?	Every tax payer is required to obtain a tax identification number.
Is tax paid on contributions?	No.
Are investment returns taxed?	Only if the member withdraws his funds before the retirement age in which case a 13% personal income tax is applied.
Are benefits taxed?	Pensions benefits are taxed at the rate 13%.
Other incentives to contribute to plans?	Employer contributions to private pension funds are exempt from social security contributions and corporate profit tax provided certain criteria are met, for example, the pension plan is mentioned in collective bargaining agreements or individual employment contracts and provides for a retirement age in line with the statutory retirement age.
Limits on benefits or contributions?	Please see above.
Regulatory framework	
Who is the regulator and what are its powers?	The regulator is the FSFM which is a government body that has extensive powers to check whether the pension funds and pension schemes comply with relevant legal requirements.
How does it receive information?	Pension providers have extensive statutory obligations to provide information. In addition, the FSFM may require them to provide particular information, documents or explanations whenever it considers it necessary for supervision purposes.
Any supervision of failed or insolvent schemes?	No.
Legislative framework	
Requirements in relation to discrimination?	Discrimination on grounds of age, sex, sexual orientation, disability, race, origin, religion, part-time and fixed term working is not permitted.
Rights for early leavers?	A member leaving a private pension scheme early may request funds to be transferred to another pension scheme or receive a surrender value.
Member involvement?	Members have no actual involvement in any type of pension arrangement.
Scope for cross-border activity?	There is no scope for cross-border activity except for investment of pension reserves. Pension reserves may be partially invested in assets outside Russia.
Are there restrictions on switching plans?	In the second pillar, employees may switch between funds once a year. In the third pillar, members can switch at any time but are only be able to transfer a surrender value calculated in accordance with the plan rules. Plan rules may provide for a mechanism of calculating surrender values that may make the switch less attractive.

Serbia



General	
Give a brief overview of types of pension provision	Serbia has a two pillar system. The first pillar is mandatory pension (and disability) insurance which is provided by the Republic Pension and Disability Insurance Fund. The second pillar is optional pension insurance.
Structure of private pension provision	
What are the main types of private pension provision?	Private pensions are provided by private pension funds managed by the companies for the management of optional pension funds ("management companies"). Benefits are provided on a defined contribution basis.
Is pension provision mandatory?	Private pension provision is not mandatory.
Any restrictions in relation to who can establish a plan?	A pension plan can be established by an employer, association of employers, professional association or trade union. Those who establish a plan must not be affiliated with the management company which operates the plan. An employer can establish a pension plan for its own employees only.
Are there restrictions on who can operate a plan?	A pension plan can only be operated by a management company which holds a licence from the National Bank of Serbia (the "NBS") for performing this type of activity.
Is there a mandatory level of contributions?	The management company must set out a minimum level of pension contributions. These amounts will vary from management company to management company.
Are there any funding requirements?	The management company has to be established as a closed joint stock company with a minimum stock capital of 1 million euros.
What age are benefits taken?	The minimum age at which benefits can be taken is 53 and the maximum age is 70. However, benefits can be taken earlier in the event of extraordinary medical treatment costs or permanent incapacity to work.
Who bears the costs of private pension provision?	The costs of private pension provision are generally borne by the members. However, the employer can also meet the costs of an optional pension fund it has organised for its employees.

Tax regime	
Any registration requirements for tax purposes?	No special registration is required for the members of a pension fund. Management companies must register with the tax authority and obtain a tax identification number (like any other company).
Is tax paid on contributions?	In general, contributions for private pension insurance are treated as part of an individual's taxable income. However, the first 38.94 euros per month of contributions are tax-exempt (adjusted each year in accordance with the growth of retail prices). An employer's contributions are deductible from its corporate tax liability.
Are investment returns taxed?	Investment returns are taxed when benefits are paid.
Are benefits taxed?	Benefits paid as a lump sum or in some other manner set out in the agreement with the member are subject to income tax payable by the member. Benefits secured by the purchase of an annuity from an insurance company are exempt from tax.
Other incentives to contribute to plans?	The first 38.94 euros per month of contributions are not only exempt from income tax but also from mandatory social contributions.
Limits on benefits or contributions?	There are no upper limits on benefits or contributions.
Regulatory framework	
Who is the regulator and what are its powers?	NBS supervises the work of the management companies by direct and indirect control. It can review the documents of the management companies and custody bank. In addition, NBS can: issue a warning; require the remedy of specified irregularities within a set period (that can not be shorter than 60 days); initiate procedures before competent bodies; withdraw consent regarding the appointment of members of the management company; and revoke the licence of the management company. The ministry in charge of labour and pension insurance (the "Ministry") supervises pension plans. There is an obligation to obtain approval from the Ministry to the initial pension plan agreement as well as for any amendments to the agreement or on termination of the pension plan.
How does it receive information?	There is an obligation on the management companies to provide NBS with such reports and information as are required by law. NBS can also directly collect any required information by accessing the relevant documents at the premises of the management companies.
Any supervision of failed or insolvent schemes?	NBS supervises the investment of pension funds. The members of the pension fund bear the investment risk.

Legislative framework	
Requirements in relation to discrimination?	Those establishing a plan cannot not discriminate in the conditions for membership of the plan. They can set up different pension plans for specific groups of employees/members only if they have previously established a plan and provided for contributions from all employees/members. Membership of the pension plan cannot be condition of employment, membership of a trade union or any other form of organisation.
Rights for early leavers?	Early leavers can withdraw their benefits before age 53 in circumstances prescribed by the law (such as where urgent medical treatment is required or in the case of permanent incapacity). If for any reason payment of contributions ceased, membership of the pension fund would continue and any accumulated moneys could still be taken at age 53.
Member involvement?	No.
Scope for cross-border activity?	Members of pension funds can be foreign nationals. A management company cannot be a foreign legal entity, but its stockholders can.
Are there restrictions on switching plans?	No.

Slovakia

General	
Give a brief overview of types of pension provision	Slovakia has a three pillar system. The first pillar is a mandatory pay-as-you-go pension insurance plan which includes all individuals. The second pillar is an old-age savings plan for those wanting to take out optional pension insurance. The third pillar is an optional complementary pension saving plan.
Structure of private pension provision	
What are the main types of private pension provision?	Second pillar benefits apply to all those who have pension insurance. The third pillar is a complimentary savings plan for individuals of at least 18 years of age, who voluntarily decided to enter into a contract. Third Pillar benefits are defined contribution type benefits.
Is pension provision mandatory?	The first pillar is mandatory. The second and third pillars are voluntary.
Any restrictions in relation to who can establish a plan?	Pension assessment management companies are authorised to set up second pillar funds. Members must contribute to these funds by making payments to the Social Insurance Agency, based on an agreement entered into with the relevant pension assessment management company. Third pillar funds can only be established by complementary pension insurance companies. Contributions to complementary pension insurance funds are paid by the members or by a member's employer (depending on the terms of the agreement).
Are there restrictions on who can operate a plan?	Second pillar funds are managed by pension assessment management companies. Third pillar funds are managed by complementary pension insurance companies.
Is there a mandatory level of contributions?	There is no mandatory level of third pillar contributions. Pension insurance contributions of 18% (of which 4% is paid by employees and 14% by employers) are paid to both the first and second pillars. The contributions are assessed on income between 2,892.12 euros and 295.50 euros. Half of the second pillar contributions are retained by the Social Insurance Agency, the other half is sent to the relevant pension assessment management company.
Are there any funding requirements?	Not as such, but companies managing second and third pillar funds are entitled to charge for carrying out certain activities and these charges will need to be met from the funds.
What age are benefits taken?	Any person reaching retirement age (which is generally age 62) is entitled to an old-age pension under the second pillar, provided they have participated in it for at least 15 years. The retirement age for women may be reduced depending on the number of children raised by the time they reach the statutory retirement age. Third pillar benefits can be taken from age 55 provided the member has participated in the plan for at least 10 years.
Who bears the costs of private pension provision?	The costs of second pillar arrangements are paid by the pension assessment management company and from the funds collected from mandatory contributions. All costs in relation to the third pillar are paid from the assets in the complementary pension fund (made up of contributions, returns on investments and assets transferred from other complementary pension funds).

Tax regime	
Any registration requirements for tax purposes?	No.
Is tax paid on contributions?	No.
Are investment returns taxed?	No.
Are benefits taxed?	Benefits under the third pillar are subject to a withholding tax of 19% on the payment of benefits to a member. Benefits under the first and the second pillar are exempt from tax.
Other incentives to contribute to plans?	Contributions to a complementary savings plan are a non-taxable portion of income. The amount paid in each tax period may be deducted from income up to a maximum of 398.33 euros. To benefit from this tax relief, certain conditions must be complied with.
Limits on benefits or contributions?	The level of first and second pillar contributions is set out above. There is no limit on third pillar contributions.

Regulatory framework	
Who is the regulator and what are its powers?	Licences for establishing and operating a pension assessment management company and complementary pension insurance company are issued by the National Bank of Slovakia (the "NBS"). The NBS also supervises the operations of pension assessment management companies and complementary pension insurance companies, and is authorised to impose sanctions for defaulting on any obligations.
How does it receive information?	Pension assessment management companies and complementary pension insurance companies are obliged to provide the NBS with certain prescribed information, in particular any change in their financial standing and other things which may influence their ability to perform their obligations. The NBS may request other information to carry out its functions.
Any supervision of failed or insolvent schemes?	Supervision over the second pillar is done by the NBS. Supervision of the third pillar is done by the NBS and the National Labour Inspectorate. There is a detailed system of financial control operated by the NBS. The assets in the funds of pension assessment management companies and complementary pension insurance companies are allocated to depositary-banks and if the company becomes insolvent, savers are transferred to another company.

Legislative framework	
Requirements in relation to discrimination?	Any direct or indirect discrimination based on gender, marital or family status, race, colour, language, age, health condition, faith and religion, political or other views, ethnicity, property or lineage is prohibited.
Rights for early leavers?	Members of the second pillar may not opt out of it once they have decided to join (although in the past, there have been several temporary periods when members were permitted to leave and their savings were transferred back to first pillar). Members may leave a third pillar plan, subject to paying a fee, and the member will receive the value of his personal account.
Member involvement?	Involvement in the both the second and third pillars depends on the contractual relationship between the member and the provider.
Scope for cross-border activity?	Activities of pension assessment management companies can be provided only by joint-stock companies based in the Slovak Republic. A complementary pension insurance company may be authorised to carry out activities in the territory of a hosting member state after prior notification to the NBS. A foreign pension assessment management company can offer social security in the Slovak Republic if it has notified the competent authority of its home member state (if it is an EU member state or Iceland, Lichtenstein or Norway) and delivered the notification to the NBS.
Are there restrictions on switching plans?	In both the second and third pillars, members may change the administrator managing their contributions, the pension assessment management company or the complementary pension insurance company.

Spain

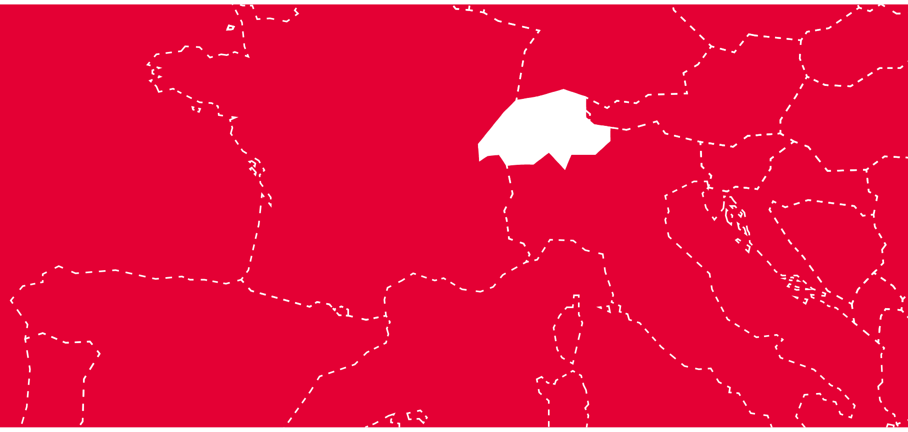
General	
Give a brief overview of types of pension provision	In Spain there is a two pillar system. There is a state old age pension administered by the Government and which is paid for the most part with the social security contributions of both employers and employees. The second pillar is private pension provision.
Structure of private pension provision	
What are the main types of private pension provision?	The type of benefits provided may be defined benefit, defined contribution or both. A private plan may be: an occupational plan where the promoter is the employer and the employees are the participants; an associate plan where the promoter is a union (or similar) and the participants, their members; or a personal plan where the promoter is a financial entity and the participants, individuals (such plans can only provide benefits on a defined contribution basis).
Is pension provision mandatory?	There is no general requirement to provide private pension provision for employees. Collective bargaining agreements can establish such obligations but this is relatively rare.
Any restrictions in relation to who can establish a plan?	A plan can be set up by agreement between promoters and participants. They will agree on the stipulations and internal regulation of the plan and establish a sub-committee that will ask for the approval of the plan by an actuarial body, then present the plan before a pension fund and, once the plan has been admitted by the pension fund, a "control commission" is established.
Are there restrictions on who can operate a plan?	Pension funds can be operated by pension fund companies (subject to administrative authorisation), insurance companies and mutual benefit societies.
Is there a mandatory level of contributions?	There is no minimum level of contributions.
Are there any funding requirements?	The financial and actuarial structure should be reviewed every three years (or every year in certain cases) by an independent actuarial body to be appointed by the control commission.
What age are benefits taken?	Benefits are normally taken when the participant reaches age 65, which is the normal age of retirement. Early retirement is possible in certain circumstances where a participant has reached age 60 and ceased working.
Who bears the costs of private pension provision?	Employers and/or participants, depending on the terms of the plan.

Tax regime	
Any registration requirements for tax purposes?	There are no specific registration requirements for tax purposes.
Is tax paid on contributions?	No. Although, in certain circumstances, employer contributions are treated as employment income and subject to income tax. In this case, the employee can apply for tax relief equal to the amount of the contribution.
Are investment returns taxed?	Yes. Where an individual withdraws funds from a pension plan at the due date, the funds (including accumulated investment returns) will be taxed as employment income.
Are benefits taxed?	Yes. Benefits are considered as employment income and subject to income tax. The tax rate applicable will vary depending on an individual's income, but is up to 43%.
Other incentives to contribute to plans?	Employer contributions to pension plans are deductible expenses for corporation tax purposes. Tax benefits are also available for contributions to pension plans for individuals with a certain degree of disability or incapacity; and for contributions in favour of a spouse whose yearly employment or business income is lower than 8,000 euros.
Limits on benefits or contributions?	There is a maximum level of combined employer and employee contributions of 10,000 euros per participant per year, or 12,500 euros for participants older than 50 years old. Contributions above these limits will be liable to sanctions.

Regulatory framework	
Who is the regulator and what are its powers?	The regulator is the Ministry of Treasury, through the General Insurance Directorate (GID). GID has wide authority to check compliance with the relevant laws by pension funds, pension providers, control commissions and actuarial bodies.
How does it receive information?	Pension providers have extensive obligations to provide information on a yearly basis. Moreover, GID may request additional information from all relevant parties.
Any supervision of failed or insolvent schemes?	GID supervises failed or insolvent funds and where it deems necessary, may also revoke a fund's administrative authorisation and require the dissolution or liquidation of the pension fund and pension providers. It may also adopt special control measures.

Legislative framework	
Requirements in relation to discrimination?	Discrimination on grounds of age, sex, sexual orientation, disability, race, religion and part-time or fixed term worked status is prohibited. However, a scheme may require an employee to have 2 years service with an employer before being allowed to join.
Rights for early leavers?	All participants have vested rights depending on the type of pension provision (i.e. defined benefit or defined contribution and the level of funding). A participant leaving the plan may request funds to the transferred to another pension scheme. Exceptionally, a plan may provide that benefits may be taken before the age of retirement in the case of long-term unemployment (subject to certain conditions) or very serious illness.
Member involvement?	The control commission must consist of representatives of the promoter and the participants and beneficiaries.
Scope for cross-border activity?	Yes. Occupational pension plans promoted by foreign companies within the EU can be integrated with pension funds authorised and registered in Spanish and vice versa.
Are there restrictions on switching plans?	Yes, the requirements vary depending on the type of the plan: — occupational plans can only be switched on termination of the plan or, if permitted by the plan, on termination of employment; — associate plans can be switched if a promoter loses its membership, the plan is terminated or the member elects to do so; — personal plans can be switched where the plan is terminated or the member elects to do so.

Switzerland

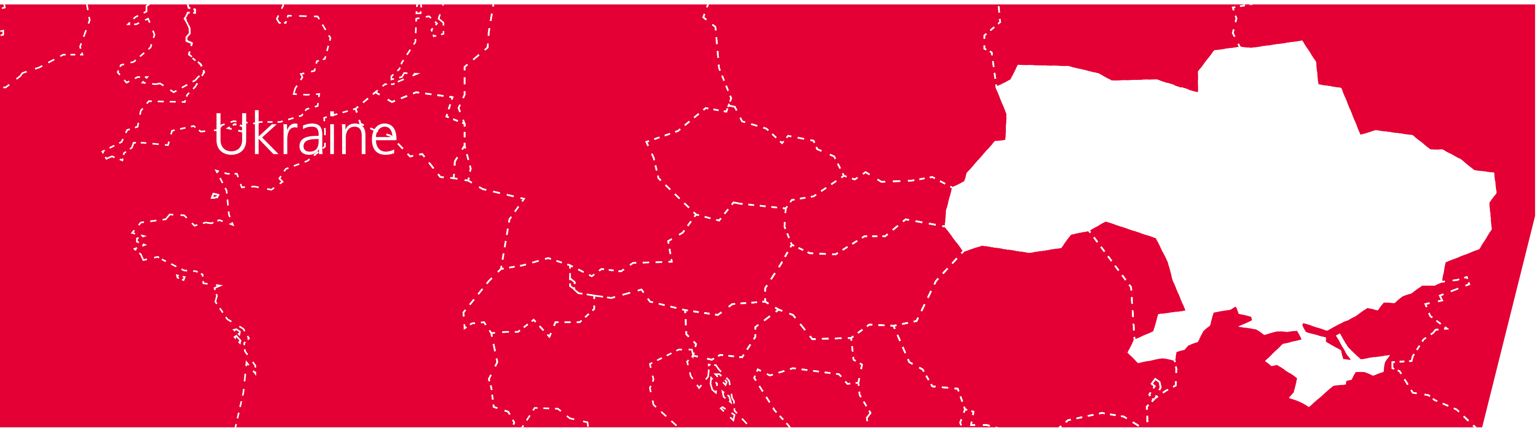


General	
Give a brief overview of types of pension provision	Switzerland has a 3 pillar system. The first pillar is a basic old-age, survivors and invalidity pension which is, for the most part, funded by contributions of employees and employers. The second pillar is private occupational pension schemes. The third pillar consists of individual personal pensions. The Swiss Federal Constitution provides that the first pillar must cover basic needs in an appropriate way. Together with the first pillar, the second pillar should ensure that retired people to a large extent maintain their former standard of living, i.e. they should jointly provide approximately 60% of the employee’s final salary.
Structure of private pension provision	
What are the main types of private pension provision?	Occupational pension schemes are arranged by third parties, who are generally either pension funds or insurance companies. The providers receive contributions from employers who deduct the employees’ contributions directly from their income. The resulting capital is held and invested by the pension schemes who also pay the benefits. Schemes usually also include pensions for relatives of deceased members and disabled members. Personal pension schemes typically consist of provident measures such as blocked bank accounts or contracts with insurance institutions.
Is pension provision mandatory?	All persons who are domiciled or engaged in paid employment in Switzerland are subject to the first pillar basic old-age, survivors and invalidity pension. In addition, employed persons over the age of 17 who receive an annual salary of more than 19,890 Swiss Francs (in 2009) from a single employer are subject to second pillar insurance for invalidity and death. Compulsory insurance for old-age starts at the age of 24. Pension provision under the third pillar is purely optional.
Any restrictions in relation to who can establish a plan?	An employer who employs persons subject to compulsory second pillar insurance must either set up his own occupational pension scheme or be affiliated to a provident institution. Occupational pension schemes intended to cover the mandatory benefits of the second pillar must apply to the cantonal supervisory authority for entry into the register of occupational pension plans. Registered pension schemes, if private, must be a foundation or a co-operative and must be legally separate from the employer.
Are there restrictions on who can operate a plan?	See above.
Is there a mandatory level of contributions?	Contributions must be sufficient to allow the pension scheme to honour its commitments. However, private pension schemes are free to determine the level of the contributions made by the employees and the employers. However, the employer’s contribution must at least equal the total of contributions of its employees.

Are there any funding requirements?	Pension schemes must guarantee the fulfilment of their obligations at all times. If sufficient cover cannot be guaranteed, the pension scheme is under a legal duty to inform the supervisory authority as well as the members and the beneficiaries of the extent and the reasons for the underfunding and the measures taken in relation to it.
What age are benefits taken?	Women are entitled to old-age benefits from the second pillar at age 64 and men at age 65. However, the rules of the provident institutions may provide for an equal retirement age for men and women. Early and deferred retirement is possible if the pension scheme's rules allow it. In any case, old-age benefits cannot be taken before age 58.
Who bears the costs of private pension provision?	This is a matter of scheme design. All administration costs (i.e. costs for common administration, asset management, marketing) must be disclosed in the pension scheme's annual financial statements.
Tax regime	
Any registration requirements for tax purposes?	There are no specific registration requirements for private pension schemes. However, in order to benefit from tax relief on investment returns, a pension scheme must have legal personality under Swiss law which in turn requires registration on the commercial register.
Is tax paid on contributions?	The contributions made to a pension scheme by employees or self-employed persons are deductible for the purpose of direct federal, cantonal or municipal taxes. Employer contributions to pension schemes are considered business expenditure for direct federal, cantonal and municipal taxes.
Are investment returns taxed?	Private pension schemes with legal personality under Swiss law are exempt from direct federal, cantonal, and municipal taxes as well as from cantonal and municipal estate and gift taxes, if their revenue and capital assets are being used exclusively for financing occupational pension plan benefits.
Are benefits taxed?	Yes. Benefits paid by occupational pension schemes are fully taxable as income for direct federal, cantonal and municipal taxes. Capital payments benefit from a reduced tax rate.
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	There are no restrictions on the amount of contributions. However, the maximum salary insurable by means of occupational pension schemes (second pillar) must not exceed 820,800 Swiss Francs per year (in 2009). Voluntary contributions to third pillar schemes may only be deducted from taxable income up to 6,566 Swiss Francs per year for employed persons or 20% per year of income from earnings (up to a maximum of 32,832 Swiss Francs) for self-employed persons (in 2009).

Regulatory framework	
Who is the regulator and what are its powers?	Each canton shall designate an authority to supervise the pension schemes established within its territory. The supervisory authority shall ensure that the pension scheme complies with the law by: (i) checking whether the provisions of the pension scheme comply with the legal regulations; (ii) requiring periodical reports on the pension scheme (in particular on their business activities); (iii) examining the reports submitted by the auditors and the accredited pension actuary; and (iv) taking measures to redress deficiencies.
How does it receive information?	The occupational pension schemes have a statutory duty to provide information to the supervisory authority. In addition, the supervisory authority can ask for further information at any time.
Any supervision of failed or insolvent schemes?	The supervisory authority has to approve the scheme of distribution of an insolvent pension scheme. The liquidation of a pension scheme must be based on objective criteria as e.g. amount of retirement assets or number of years of employment.
Legislative framework	
Requirements in relation to discrimination?	The principle of equal treatment is satisfied if the same conditions of a pension scheme apply for all members. Discrimination is generally prohibited but it is still permissible for survivor's pensions to be different for men and women or for benefits to take into account marital status.
Rights for early leavers?	On departure from a provident institution, before an insured event occurs, a member is entitled to a departure benefit. In a defined contribution plan, if the institution is a savings fund, this benefit corresponds to the amount of the savings; if it is an insurance institution, it corresponds to the actuarial reserve. In a defined benefit plan, it corresponds to the current value of acquired benefits. The minimum amount paid when leaving a provident institution is equivalent to the entry benefit of the insured person, interest included, plus the contributions paid during the insurance period.
Member involvement?	In second pillar schemes, employees have the right to appoint an equal number of representatives to the board of plan trustees, who make all decisions in regards to plan rules, financing and, the investment management of the assets. There are no rights for member involvement in third pillar schemes.
Scope for cross-border activity?	As a general rule, it is permissible for a pension scheme to invest its assets in real estate. Such investments, however, must not exceed 30% of the pension scheme's total assets. In any case, at least two thirds of the real estate concerned must be situated in Switzerland.
Are there restrictions on switching plans?	As a general rule, employees are members of the occupational pension scheme set up by their employer or to which the employer is affiliated. Except in the context of a change of employer, employees cannot switch to another occupational pension scheme.

Ukraine



General	
Give a brief overview of types of pension provision	Ukraine has a 3 pillar system. The first pillar is a mandatory state pension insurance arrangement funded on a pay-as-you-go basis. The second pillar is also a mandatory insurance arrangement which provides benefits on a defined contribution basis. The third pillar is made up of voluntary non-state pension funds which provide defined contribution benefits.
Structure of private pension provision	
What are the main types of private pension provision?	Voluntary third pillar pension provision is provided by pension funds (public, corporate and professional/industry oriented pension funds), insurance companies and banks. Insurance companies insure against disability and death risk for members of non-state pension funds and provide annuities. Banks set up pension deposit accounts which provide defined contribution benefits on retirement.
Is pension provision mandatory?	Third pillar provision is not mandatory and provides additional benefit to the mandatory state pension provision.
Any restrictions in relation to who can establish a plan?	Public pension funds can be set up by one or more legal entities for anyone. Corporate pension funds can be set up by one or more legal entities for current or former employees. Professional pension funds can be set up by one or more legal entities or individuals and may only accept contributions relating to beneficiaries of the profession set out in their charters. A legal entity may only be a founder of one corporate or professional pension fund but may also be a founder of one or more open pension funds. Different restrictions apply to entities funded by the state or local government.
Are there restrictions on who can operate a plan?	The pension fund will appoint a licensed asset manager, deposit holders (banks) and a licensed administrator. As a general rule, a founder may not act as deposit holder or auditor unless specifically permitted to do so by law. However, an asset management company or a bank that establishes its own corporate pension fund may act as the asset manager or the deposit holder for such fund subject to obtaining the respective licenses.
Is there a mandatory level of contributions?	An executive body of a pension fund may require a minimum level of contributions of 10% of minimum state guaranteed salary per month. Members of pension funds who enter into disability and death risk insurance agreements are subject to additional contributions, which should not exceed 1% of their contribution under the pension plan.
Are there any funding requirements?	The assets of a pension fund can be made up of cash, securities and other assets permitted by legislation. They must not generally include securities of affiliated persons or those providing services to the pension fund; promissory notes; derivatives; or securities issued by institutions of public investment. There are no requirements relating to the minimum level of assets a pension fund must have. However, there are minimum capital requirements for both asset managers and pension fund administrators.

What age are benefits taken?	A member may choose the date to take their benefits within 10 years either side of the pension age set by law (55 for woman and 60 for man). In certain cases, a member is entitled to early payment of their pension (e.g. critical illness or disability).
Who bears the costs of private pension provision?	Employers and employees and other members of non-state pension funds.
Tax regime	
Any registration requirements for tax purposes?	No. However, all legal entities in Ukraine must be registered as tax payers. Non-state pension funds have the status of a non-profit entity.
Is tax paid on contributions?	Contributions paid by a member (or their immediate family) under a pension contract are non-taxable. Contributions paid by an employer are non-taxable within statutory limits (if it does not exceed 15% of the monthly salary for the same month capped at 1.4 x minimum state defined salary), anything above is taxable on general bases and will be subject to a 15% personal income tax on the member.
Are investment returns taxed?	Certain investment returns are not taxed: (a) investment returns payable to a beneficiary aged 70 years or above; (b) returns paid under a life insurance agreement where the insured had a certain type of disability; (c) returns paid under voluntary pension schemes, where the member had a certain type of disability. In other cases, 60% of investment returns are treated as taxable income and a 15% tax charge is payable.
Are benefits taxed?	No.
Other incentives to contribute to plans?	A contributor to a non-state pension fund may be granted a tax credit where contributions to the pension fund which do not exceed the statutory limit (15% of the monthly salary capped at 1.4 x the minimum state defined salary). In the case of contributions by a member, the tax credit is 100% of the contributions and in the case of a contributor that makes contributions towards their immediate family, it is 50% of such contributions. Contributions to the non-state pension fund are not subject to any social deductions and withholdings.
Limits on benefits or contributions?	No.

Regulatory framework	
Who is the regulator and what are its powers?	The state regulator for non-state pension funds, insurance companies and banks is the State Commission on Regulation of Financial Service Markets. The state regulator for asset management companies and custodians is the State Commission on Securities and Stock Exchange. Those Commissions co-operate closely in cases of any breaches of legislation on voluntary pension provision.
How does it receive information?	An administrator of a voluntary pension fund must file reports on a yearly basis to the State Commission on Regulation of Financial Service Markets. Asset managers and custodians must submit reports to the State Commission on Securities and Stock Market.
Any supervision of failed or insolvent schemes?	No.

Legislative framework	
Requirements in relation to discrimination?	Yes. There is extensive employment legislation which prevents discrimination on various grounds.
Rights for early leavers?	Companies may exit a non-state pension fund on giving required notice. The members relating to that company must transfer their accumulated funds to a new institution. Similarly, if a member leaves employment, they must transfer to another institution. Members making their own contributions may terminate a pension contract and transfer the accumulated contributions to another institution subject to the terms of the contract. Members of the fund for whom contributions are paid by a third party may not transfer their money to another institution unless the pension agreement is terminated between the third party contributor and the fund.
Member involvement?	In certain cases, members of a corporate voluntary pension fund may nominate representatives to the executive body of the fund.
Scope for cross-border activity?	It is possible to invest funds in foreign securities traded on foreign Stock Markets.
Are there restrictions on switching plans?	Companies or individuals contributing to non-state pension funds are allowed to switch plans, but not more that once in any 6 month period.

United Kingdom

General	
Give a brief overview of types of pension provision	The UK has a 3 pillar system. There is a basic state old age pension which is funded by national insurance contributions and topped up by additional welfare benefits where the individual has made insufficient contributions. There is a second pillar of earnings related state benefits (currently in the process of reform). The third pillar is private occupational or personal pension provision. The level of replacement income provided by state retirement benefits in the UK is low.
Structure of private pension provision	
What are the main types of private pension provision?	Both occupational and personal pension schemes exist within the UK. Occupational pension schemes are set up by a sponsoring employer. The assets are held under trust and invested by scheme trustees. Such schemes may provide benefits on either a defined benefit or a defined contribution basis. Personal pension schemes are typically individual agreements with insurance companies and provide benefits on a defined contribution basis. From 2012, there will also be a national scheme called the National Employment Savings Trust which will, over a period of time, require employees who are not accruing a certain level of benefits from another third pillar scheme, to be enrolled in it.
Is pension provision mandatory?	It is a legal requirement in most cases for an employer to provide access to a basic form of personal pension scheme called a stakeholder scheme. However, there is no requirement for employees to join such schemes or for employers to make contributions to them. Legislation is in place which will be phased in from 2012 and will require employers to automatically enrol all employees in pension arrangements which provide a basic level of benefits.
Any restrictions in relation to who can establish a plan?	A pension arrangement which benefits from the tax privileges set out below can generally only be set up by an employer, a government body or an entity regulated by the Financial Services Authority ("FSA") (such as an insurance company or Bank).
Are there restrictions on who can operate a plan?	Occupational pension schemes are run by trustees, but almost anyone can be a trustee (subject to certain exceptions where for example an individual has been convicted of an offence involving fraud or dishonesty or has been disqualified from being a director of a company). To operate a personal pension scheme, an entity must be authorised by the FSA.
Is there a mandatory level of contributions?	No, although requirements are being phased in from 2012 which will require a minimum level of employer and employee contributions to defined contribution schemes (and a minimum level of benefits from defined benefit schemes). In addition, in a defined benefit scheme, there must be a schedule of contributions setting out the level of contributions which the employer needs to pay, determined as a result of the scheme's actuarial valuation. Employee contributions are determined by the scheme rules.

Are there any funding requirements?	Yes. Schemes which promise a defined benefit, must have an actuarial valuation at least once every 3 years to determine whether there are sufficient assets to meet liabilities (and an actuarial report looking at any developments in intervening years). If there is a shortfall in assets, the trustees must formulate a recovery plan to reach an adequate funding level within a specified time period. There will also need to be a schedule showing what contributions are due to the scheme and when. Funding documents (e.g. the recovery plan and schedule of contributions) are the trustees' responsibility, but may require the consent of the employer where the employer has any powers under the scheme's documentation to determine or suspend contributions.
What age are benefits taken?	There is no mandatory retirement age in the UK. Benefits from third pillar schemes are typically taken between ages 60 and 65. Certain benefits must be taken before age 75 or there are adverse tax consequences. Benefits cannot generally be taken before age 55 (although there are exceptions to this, including where the member is retiring on grounds of incapacity).
Who bears the costs of private pension provision?	In the case of an occupational pension scheme, it is a matter for scheme design. The governing documentation may provide that costs are met by employers or out of the plan assets. In a personal pension scheme, costs will typically be met by the member although it is possible for them to be met by the employer where, for example, the employer has arranged for a particular personal pension arrangement to be available to its employees.
Tax regime	
Any registration requirements for tax purposes?	Yes. Occupational and personal pension schemes can register with Her Majesty's Revenue and Customs. If they do so, investments and contributions will be eligible for certain tax reliefs. The scheme will also be subject to certain reporting requirements and restrictions on benefits.
Is tax paid on contributions?	Tax relief is available on the majority of employer and employee contributions. There are currently restrictions on the availability of relief for employees earning over 130,000 pounds per annum although this will change in 2011. (See also "Limits on benefits or contributions" below).
Are investment returns taxed?	No.
Are benefits taxed?	Yes. Pensions are subject to income tax. However, there are several different kinds of lump sums which can be paid tax free (either on death or retirement).
Other incentives to contribute to plans?	No.
Limits on benefits or contributions?	Yes. Only a certain proportion of benefits can be taken as a lump sum. There are restrictions on the maximum level of benefits which can accrue and benefit from tax relief, both over an individual's working life and each year.

Regulatory framework	
Who is the regulator and what are its powers?	The Pensions Regulator is a government body which has extensive powers in relation to the regulation of occupational pension schemes. It can fine trustees for non-compliance with legal requirements, appoint and remove trustees, wind-up schemes and require associates of sponsoring employers to contribute to occupational pension schemes in certain circumstances. The FSA regulates personal pension schemes.
How does it receive information?	Trustees, employers and advisers have a statutory duty to report certain matters which could be of material significance to the Pensions Regulator in the exercise of its powers. The FSA has a detailed reporting framework for those regulated by it.
Any supervision of failed or insolvent schemes?	Yes. The Pension Protection Fund ("PPF") provides compensation to members of underfunded defined benefit schemes with insolvent employers. It is funded by a levy on all schemes. In addition, the Financial Assistance Scheme provides government assistance to members of schemes who commenced wind-up before the existence of the PPF. Both arrangements ensure that members will receive the majority of their benefits (within certain limits) but do not replace 100% of the benefits which would have been provided by the occupational pension scheme. In addition, the Financial Services Compensation Scheme covers firms authorised by the FSA and may pay compensation where an authorised firm is unable to meet its obligations.

Legislative framework	
Requirements in relation to discrimination?	Yes. There is extensive legislation which prevents discrimination on grounds of age, sex, sexual orientation, disability, race, religion and part-time or fixed term worked status. Both employers and trustees have obligations under it and generally speaking, schemes must be operated on a non-discriminatory basis and trustees must ensure that they do not contain any discriminatory provisions.
Rights for early leavers?	All members of occupational pension schemes have vested entitlements to benefits after 2 years. Once a member has ceased to accrued benefits in a scheme, their vested entitlement is index-linked (subject to a current cap of 2.5% per annum) until the point of retirement. Before 2 years, a member leaving an employer can have their own contributions refunded and after 3 months will be eligible to request a transfer payment to another occupational or personal pension scheme of their choice. There are regulations setting out provisions in relation to the calculation of such transfer payments.
Member involvement?	Yes. At least one third of occupational pension scheme trustees should be nominated by a process in which active and pensioner members can participate. There are also requirements to consult members and allow them to make representations when certain amendments are proposed to schemes. In addition, there are statutory requirements to provide members with information relating to both the scheme and their entitlement to benefits under it.
Scope for cross-border activity?	Yes. There is scope for schemes to have members in who are not based in the UK. However, if the scheme is a defined benefit scheme and the overseas members are within the EEA, this can trigger a requirement for the scheme to be fully funded and therefore is generally not done much in practice.
Are there restrictions on switching plans?	Yes. There are few restrictions on member switching between plans, but if an employer wishes to move members without their consent, there are more restrictions which are generally aimed at ensuring that the members are no worse off as a result of the transfer.

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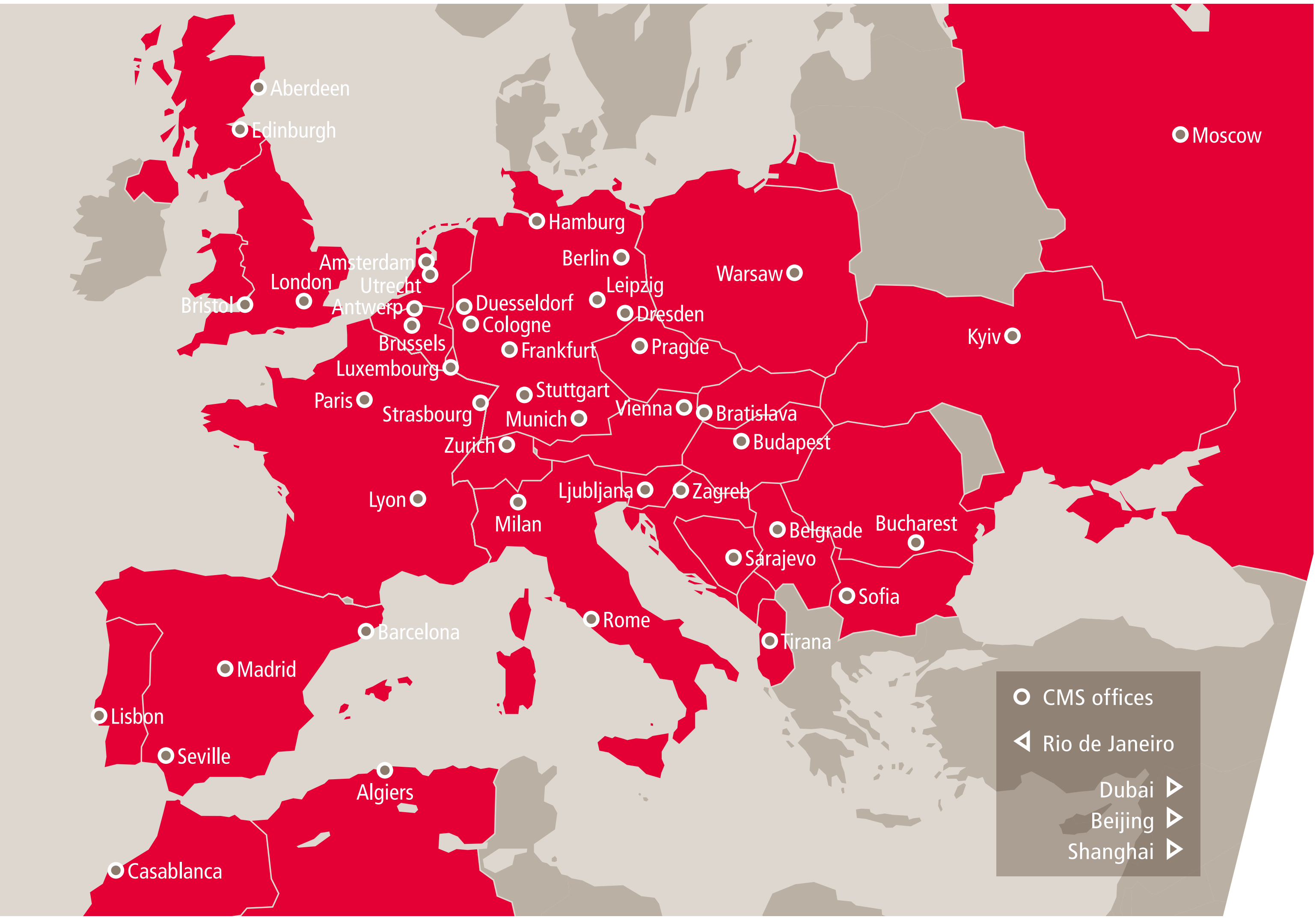

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