

Issuer:	Riigikogu
Type:	act
In force from:	01.01.2024
In force until:	In force
Translation published:	02.01.2024

Funded Pensions Act¹

Passed 14.04.2004
RT I 2004, 37, 252
Entry into force 01.05.2004

Amended by the following acts

Passed	Published	Entry into force
08.12.2004	RT I 2004, 90, 616	01.01.2005
10.05.2006	RT I 2006, 26, 193	01.01.2007
22.11.2006	RT I 2006, 56, 417	01.01.2007
14.11.2007	RT I 2007, 62, 395	01.01.2008
17.01.2008	RT I 2008, 7, 52	01.01.2009
23.10.2008	RT I 2008, 48, 269	14.11.2008, in part 01.01.2011
11.12.2008	RT I 2008, 60, 331	01.01.2010
14.05.2009	RT I 2009, 26, 161	28.05.2009
22.04.2010	RT I 2010, 22, 108	01.01.2011 enters into force on the date determined in the Decision of the Council of the European Union regarding the abrogation of the derogation established in respect of the Republic of Estonia on the basis provided in Article 140 (2) of the Treaty on the Functioning of the European Union, Council Decision 2010/416/EU of 13 July 2010 (OJ L 196, 28.07.2010, p. 24 – 26).
17.06.2010	RT I 2010, 38, 231	01.07.2010
20.10.2010	RT I, 18.11.2010, 1	01.01.2011
26.01.2011	RT I, 18.02.2011, 1	01.08.2011, in part 28.02.2011 and 01.01.2012
23.02.2011	RT I, 24.03.2011, 1	03.04.2011, in part 01.08.2011
07.03.2012	RT I, 29.03.2012, 1	30.03.2012
06.06.2012	RT I, 02.07.2012, 2	01.01.2013
13.06.2012	RT I, 06.07.2012, 1	01.04.2013, in part 16.07.2012
10.10.2012	RT I, 25.10.2012, 1	01.12.2012
20.11.2013	RT I, 13.12.2013, 1	01.01.2014
11.12.2013	RT I, 23.12.2013, 1	01.01.2014
19.06.2014	RT I, 29.06.2014, 109	01.07.2014, official titles of ministers replaced in accordance with s. 107 ³ (4) of the Government of the Republic Act from the redaction in force from 1 July 2014.
19.11.2014	RT I, 13.12.2014, 1	01.01.2016, date of entry into force amended 01.07.2016 [RT I, 17.12.2015, 1]
10.06.2015	RT I, 07.07.2015, 1	01.01.2016
25.11.2015	RT I, 17.12.2015, 1	20.12.2015
09.12.2015	RT I, 30.12.2015, 5	01.01.2016
15.06.2016	RT I, 08.07.2016, 1	01.01.2017

12.10.2016	RT I, 25.10.2016, 1	26.10.2016
14.12.2016	RT I, 31.12.2016, 3	10.01.2017
07.06.2017	RT I, 26.06.2017, 1	06.07.2017, in part 01.05.2018 and 01.09.2018
19.06.2017	RT I, 03.07.2017, 2	13.07.2017, in part 01.01.2018 and 21.05.2018
19.06.2017	RT I, 07.07.2017, 2	01.01.2018
26.10.2017	RT I, 17.11.2017, 3	23.02.2018 - entry into force amended: entry into force on the date of implementation of Directive (EU) 2016/97 of the European Parliament and of the Council on insurance distribution (recast) (OJ L 26, 02.02.2016, pp.19–59) [RT I, 30.12.2017, 3] – Directive (EU) 2018/411 of the European Parliament and of the Council, 14 March 2018, amending Directive (EU) 2016/97 as regards the date of application of Member States' transposition measures (OJ L 76, 19.03.2018, pp. 28-29) – 01.10.2018
15.11.2017	RT I, 28.11.2017, 2	01.01.2018
13.12.2017	RT I, 30.12.2017, 3	03.01.2018
17.10.2018	RT I, 26.10.2018, 1	01.04.2022, in part 01.07.2020; amended in part [RT I, 31.03.2022, 1]
21.11.2018	RT I, 07.12.2018, 1	17.12.2018, in part 01.01.2019
12.12.2018	RT I, 28.12.2018, 1	13.01.2019
12.12.2018	RT I, 03.01.2019, 1	01.01.2021, in part 13.01.2019; amended in part [RT I, 27.10.2020, 1]
13.02.2019	RT I, 04.03.2019, 1	01.07.2020 - entry into force pursuant to Article 4 (3) or Article 9 (3) of Council Regulation (EU) 2015/1589 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union [OJ L 248, 24.09.2015, pp. 9-29) on 1 January of the year following the European Commission decision. If the European Commission takes a decision after 1 October of the calendar year, it shall enter into force on 1 January of the year following the year of the European Commission decision; entry into force amended in part [RT I, 28.02.2020, 2]
18.02.2020	RT I, 28.02.2020, 2	01.07.2020
15.04.2020	RT I, 21.04.2020, 1	01.07.2020
11.03.2020	RT I, 27.10.2020, 1	06.11.2020, in part 01.01.2021 and 01.01.2022; amended in part [RT I, 28.12.2020, 1]
15.12.2020	RT I, 28.12.2020, 1	02.01.2021, in part 01.09.2021 and 01.01.2022
08.12.2021	RT I, 22.12.2021, 4	01.01.2022
09.02.2022	RT I, 18.02.2022, 1	01.01.2023
16.03.2022	RT I, 31.03.2022, 1	01.04.2022
23.11.2022	RT I, 16.12.2022, 6	01.01.2023
14.12.2022	RT I, 31.12.2022, 1	01.01.2024
15.02.2023	RT I, 07.03.2023, 7	01.04.2023
22.02.2023	RT I, 17.03.2023, 5	27.03.2023, in part 02.04.2023
20.06.2023	RT I, 06.07.2023, 6	01.01.2024

Chapter 1

GENERAL PROVISIONS

§ 1. Scope of application and purpose of Act

This Act provides for the conditions and procedure for the making of contributions to and payments from funded pensions with the purpose of providing a person additional income, besides state pension insurance, after reaching pensionable age.

[RT I, 29.03.2012, 1 – entry into force 30.03.2012]

§ 2. Funded pension

(1) The following are types of funded pensions:

- 1) mandatory funded pensions;
- 2) supplementary funded pensions.

(2) A mandatory funded pension is a benefit which is guaranteed pursuant to law, for the receipt of which units of a mandatory pension fund are acquired according to this Act and the Social Tax Act or investments are made through a mandatory funded pension investment account (hereinafter pension investment account).

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) A supplementary funded pension is a benefit for the receipt of which units of a voluntary pension fund are acquired or an insurance contract for a supplementary funded pension is entered into pursuant to the requirements provided in this Act, or a contract is entered on a pan-European personal pension product or PEPP (hereinafter a PEPP contract) specified in clause 4 of Article 2 of Regulation (EU) 2019/1238 of the European Parliament and of the Council on a pan-European personal pension product (PEPP) (OJ L 198, 25.07.2019, pp 1-63) and which is subject to the benefits provided in the Income Tax Act.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

§ 3. Pension fund

(1) A pension fund is a contractual investment fund the principal objective of which is to provide unitholders of the pension fund with a funded pension under the conditions and pursuant to the procedure provided in this Act and the Investment Funds Act.

(2) The following are types of pension funds:

- 1) mandatory pension funds;
- 2) voluntary pension funds including occupational pensionable pension fund.

[RT I, 29.03.2012, 1 – entry into force 30.03.2012]

(2¹) A voluntary pension fund may be a pension fund registered as a pan-European personal pension fund or PEPP (hereinafter a pension fund registered as a PEPP) in accordance with the procedure specified in Articles 5-7 of Regulation (EU) 2019/1238 of the European Parliament and of the Council referred to in clause 2 of Article 2 of the same regulation.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(3) Contributions to and payments from mandatory pension funds are made in connection with the receipt of mandatory funded pensions.

(4) Contributions to and payments from voluntary pension funds are made in connection with the receipt of supplementary funded pensions.

(5) An occupational pension fund is a voluntary pension fund where only an employer specified in the conditions of such a pension fund can make contributions for the employees thereof, persons specified in subsection 3 of § 2 of the Public Service Act and officials (hereinafter servants) and for the members of the management and control body thereof for the purposes of § 9 of the Income Tax Act.

[RT I, 06.07.2012, 1 – entry into force 01.04.2013]

§ 3¹. Pension investment account

(1) The pension investment account is a bank account opened in the name of an obligated person specified in § 6 of this Act in a credit institution or Estonian branch of a credit institution (hereinafter both a credit institution) which is an account administrator of the pension register, to which a mandatory funded pension payment is received pursuant to this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) Money received in the pension investment account shall be invested by an obligated person or a person who is no longer an obligated person but who has money or financial assets acquired for the money in the pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) Only financial assets specified in subsections 2 and 3 of § 17¹ of the Income Tax Act may be used for making investments through the pension investment account, taking account of the provisions of subsections 4–8 of the same section.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) Only financial assets acquired through the pension investment account may be registered in the securities account related to the pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) Money received from the transfer of financial assets acquired through the pension investment account and termination of a contract entered into for opening a deposit specified in clause 4 of subsection 2 of § 17¹ of the Income Tax Act, a unit-linked life insurance contract specified in clause 5 and a derivative contract specified in clause 6 (hereinafter *contract entered into upon acquisition of financial assets*) and on the income earned on financial assets shall be transferred to the pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) Money in the pension investment account and financial assets acquired for the money shall not be collateral or be encumbered in any other way.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(7) Fees related to the opening and administration of the pension investment account and the fees involved upon the acquisition and transfer of financial assets as well as the fees paid upon the termination of a contract entered into upon acquisition of financial assets shall be covered at the expense of the money in the pension investment account or the financial assets acquired. If a person does not have money in pension investment accounts opened with the same credit institution and the person does not have financial assets acquired for the money in the pension investment account, which could be used to cover expenses, the expenses shall be covered at the expense of the money in another bank account in the same credit institution.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(8) Compliance with the requirement provided for in subsection 5 of this section shall be ensured by the credit institution which has opened the pension investment account. In the case of a unit-linked life insurance contract specified in clause 5 of subsection 2 of § 17¹ of the Income Tax Act entered into for the money in the pension investment account, the insurer who has entered into the insurance contract shall ensure compliance with the requirement provided for in subsection 5 of this section.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(9) Compliance with the condition provided for in subsection 3 of this section shall be ensured by the credit institution which opened the pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(10) If a violation of the requirement provided for in subsection 8 or 9 of this section becomes apparent, the credit institution or, the insurer in the case provided for in the second sentence of subsection 8, respectively has the obligation to restore the pre-violation situation.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(11) In order to make investments specified in subsection 3 of this section and transactions related to financial assets specified in subsection 5 of this section, it is permitted to use another account, opened to a person by the credit institution, which is related to his or her pension investment account opened with the same credit institution and regarding which the requirements provided for in subsections 2–10 are applied.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(12) Upon the death of the unitholder of pension investment account, in case their estate is bankrupt, the trustee in bankruptcy or the enforcement agent, where a claim for payment is made on the estate of such a unitholder in accordance with the enforcement procedure, has the right to make a claim for payment on their pension investment account and the related financial assets. In other cases, it is prohibited to make a claim on the pension investment account and the financial assets acquired through the account.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

§ 4. Name of pension fund

[Repealed – RT I, 31.12.2016, 3 – entry into force 10.01.2017]

§ 5. Application of other acts

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) The provisions of the Investment Funds Act apply to pension funds, management companies managing pension funds or their branches (both hereinafter pension management companies), persons who have operated as pension management companies, depositaries of pension funds and to the making of contributions to and payments from funded pensions, unless otherwise provided by this Act.
[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(2) The rights and obligations attached to pension fund units and transactions involving units of pension funds shall be provided in the Investment Funds Act with the specifications arising from this Act. The provisions of subsections 11–13 of § 64 of the Investment Funds Act apply to the making of claims for payment against units of pension funds.
[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(2¹) [Repealed – RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(3) The provisions of the Administrative Procedure Act apply to administrative proceedings prescribed in this Act, taking into account the specifications provided in this Act, the Financial Supervision Authority Act, Investment Funds Act, Credit Institutions Act and the Securities Market Act.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) This Act and legislation specified in this section are applied to the pension fund registered as PEPP and a PEPP contract unless otherwise provided in Regulation (EU) 2019/1238 of the European Parliament and of the Council.
[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

Chapter 2

MANDATORY FUNDED PENSIONS

Subchapter 1

Contributions to Mandatory Funded Pensions

§ 6. Obligated persons

Resident natural persons provided in subsection 1 of § 6 of the Income Tax Act for whom a payer of social tax is required to pay social tax or who pay social tax for themselves and who are required to make contributions to a mandatory funded pension (hereinafter contributions) on remuneration provided in § 7 of this Act are obligated persons.

§ 7. Object of contribution

(1) Contributions shall be made on remuneration specified in clauses 1–6, 8 and 9 of subsection 1 of § 2 and clause 2 of subsection 1 of § 6 of the Social Tax Act during the period provided in subsection 3 of this section.
[RT I 2006, 26, 193 – entry into force 01.01.2007]

(2) Contributions shall not be made on amounts specified in clause 7 and subsection 1 of § 2 and § 3 of the Social Tax Act, and on amounts paid to persons specified in § 6 of the Social Tax Act, or unemployment insurance benefits provided in the Unemployment Insurance Act.

(2¹) Payments shall be made on amounts received in the business account pursuant to the Simplified Business Income Taxation Act during the period provided in subsection 3 of this section in accordance with the Act specified, without applying the provisions of subsection 1 of this section and provisions of §§ 8, 9 and 11 of this Act. If a person has submitted an application for making a payment or exemption from making a payment specified in § 27³ of this Act, the dates for making the payment specified in subsection 5 of § 27³ shall be taken as a basis for determining the period provided for in subsection 3 of this section.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) The obligation to make a payment arises on 1 January of the year following the year during which an obligated person attains 18 years of age, and terminates upon entry into a pension contract on the basis specified in subsection 2 of § 40 of this Act after expiry of the term for withdrawal from the contract, upon submission of an application for a funded pension or lump-sum payment, upon submission of an application for exemption from payment specified in § 27³ or of an application for withdrawal of money specified in § 43¹:
[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

1) on 30 April if the pension contract has been entered into and the term for withdrawal from the contract has expired or the application specified in this subsection has been submitted not later than 30 November and the

contract entered into has not been withdrawn or a person has not withdrawn from the application submitted or has not amended his or her application for exemption from payment;

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

2) on 31 August if the pension contract has been entered into and the term for withdrawal from the contract has expired or the application specified in this subsection has been submitted not later than 31 March and the contract entered into has not been withdrawn or the person has not withdrawn from the application submitted or has not amended his or her application for exemption from payment;

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

3) on 31 December if the pension contract has been entered into and the term for withdrawal from the contract has expired or the application specified in this subsection has been submitted not later than 31 July and the contract entered into has not been withdrawn or the person has not withdrawn from the application submitted or has not amended his or her application for exemption from payment.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(4) Upon making a contribution on the salary and other remuneration paid to a crew member for employment on a ship which complies with the conditions specified in subsections 5 and 6 of § 13 of the Income Tax Act, clause 8 of subsection 4 of § 2 and subsections 2–4 of § 6² of the Social Tax Act apply.

[RT I, 28.02.2020, 2 – entry into force 01.07.2020]

§ 8. Contribution period

(1) The contribution period is one calendar month.

(2) In the case of sole proprietors, the contribution period is one calendar year.

§ 9. Contribution rate

(1) The contribution rate is 2 per cent of the remuneration specified in subsection 1 of § 7 of this Act unless the obligated person has chosen another contribution rate specified in subsection 2 of this section.

(2) The obligated person may choose the contribution rate of 4% or 6%. The selected contribution rate is valid in respect of the obligated person for at least a calendar year.

(3) Choosing or waiving the contribution rate specified in subsection 2 of this section. (hereinafter the change of the contribution rate) is carried out under the conditions and in accordance with the procedure provided in § 17² of this Act.

[RT I, 31.12.2022, 1 – from force. 01.01.2024]

§ 10. Supplementary contribution to mandatory pension fund upon receipt of parental benefit

(1) Four per cent of the average monthly income subject to social tax in Estonia (hereinafter supplementary contribution) per each child of up to three years of age is additionally allocated from the state budget for making contributions to mandatory pension fund (hereinafter in this section *pension fund*) to an obligated person who is a parent raising a child of up to three years of age residing in Estonia, a spouse of a parent, a registered partner, guardian or foster parent for the purposes of subsection 2 of § 45⁵ of the Social Welfare Act (hereinafter in this section *parent*). Supplementary contributions to a pension fund shall be made for one parent at a time.

[RT I, 06.07.2023, 6 – entry into force 01.01.2024]

(2) The average monthly income subject to social tax in Estonia is calculated by the Social Insurance Board according to subsection 2 of § 40 of the Family Benefits Act.

[RT I, 26.10.2018, 1 - entry into force 01.04.2022]

(2¹) The Social Insurance Board shall verify, on the basis of the data entered into the social protection information system, the compliance of the persons provided in this section to the requirements for receiving supplementary contributions and shall notify the persons of the creation of the right for receiving supplementary contributions. The Social Insurance Board shall send the notification to this effect to the persons at the addresses of the persons or in a manner specified in clauses 2 and 3 of subsection 1 of § 27 of the General Part of the Social Code Act.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(2²) Compliance with the requirements specified in subsection 2¹ of this section shall be verified on the basis of the following data:

1) general data of a person – personal identification code, given name and surname, data on residence and contact details, data on marital status, death, declaration of death, data on the person being missing or a fugitive or data on establishment of guardianship or appointment as caregiver, data on deprivation of legal custody of a person, data on residence permit or right of residence and citizenship;

2) data on residence within the meaning of subsection 1 of § 6 the Income Tax Act;

3) data concerning social tax of a person;

4) data on registration of a person as a caregiver;

5) information concerning whether the person is an obligated person, including information concerning the submission of the application specified in § 27³ of this Act, as well as information concerning whether the person has withdrawn money and terminated making payments on the basis of § 43¹;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

6) data concerning the determination and payment of state pension to a person.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(3) A parent shall submit an application to the Social Insurance Board for making supplementary contributions and termination them.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(4) The application specified in subsection 3 of this section shall include the given name and surname of the applicant, personal identification code, data on residence and contact details and a clearly expressed declaration of intention for which child the making of supplementary contributions is requested, as well as the confirmation of the compliance with the requirements provided in this Act. The given name and surname, personal data and data on residence of the applicant's child shall also be entered on the application. If the parents wish to use the right for making supplementary contributions in turns on the basis of subsection 10 of this section, the application shall also include the consent of the parent for whom supplementary contributions were made so far.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(5) [Repealed – RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(6) [Repealed – RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(7) The right to make supplementary contributions arises as of the birth of the child. In the birth month of the child or in the month in which the parent becomes an obligated person and, in the month, when the child attains three years of age, the amount of the supplementary contribution shall be calculated in proportion to the number of days for which a parent has the right to make a supplementary contribution.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8) The period of payment of supplementary contribution is one calendar month and each month supplementary contribution shall be made for the previous calendar month. Supplementary contributions shall be made retrospectively for the calendar months prior to the submission of the application specified in subsection 3 of this section but not for more than six calendar months preceding the filing of the application.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(9) If parents cannot reach an agreement on the use of the right to supplementary contributions and the dispute is settled in court, supplementary contributions shall also be made for these calendar months to the extent of which the parent specified in subsection 1 of this section has the right to supplementary contributions but retrospectively for not more than six calendar months preceding the filing of the application with the court. The application specified in subsection 3 of this section shall be submitted to the Social Insurance Board within six months as of the entry into force of the court judgment concerned.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(9¹) If a parent submits an application for exemption from payment specified in § 27³ of this Act or an application for withdrawal of money specified in § 43¹, the making of additional contributions on his or her behalf shall be terminated from the calendar month when the parent is no longer an obligated person.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(10) If the parents wish to use the right for making supplementary contributions in turns, the new applicant for making supplementary contributions shall submit to the Social Insurance Board the application specified in subsection 3 of this section, which includes the consent of the parent for whom supplementary contributions were made so far.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(11) If one of the parents has the right to receive pension supplement on the basis of clause 2 of subsection 1¹ of § 24 of the State Pension Insurance Act and he or she wishes to use the right to receive pension supplement pursuant to the second sentence of subsection 6 of § 24 of the State Pension Insurance Act, he or she shall submit an application specified in subsection 3 of this section, which includes the consent of the parent for whom supplementary contributions were made so far, to the Social Insurance Board for termination of making supplementary contributions. The application for termination of making supplementary contributions may also be submitted by the parent for whom supplementary contributions were made so far.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(12) A parent acquires units of the pension fund provided in subsection 3 of § 19 of this Act for supplementary contributions.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(13) The provisions of this section and the provisions of §§ 17, 19 and 21 of this Act with regard to the obligated person shall also be applied to a resident parent who was born on 1 January 1983 or later and raising a child of up to three years of age residing in Estonia provided in subsection 1 of § 6 of the Income Tax Act, who is not yet an obligated person for the purposes of this Act and who has not submitted an application for exemption of payment specified in § 27³ of this Act or an application for withdrawal of money specified in § 43¹.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(14) The Social Insurance Board shall send a notification of the commencement of supplementary contributions at the email address of the parent or shall forward the notice in a manner specified in clauses 2 and 3 of subsection 1 of § 27 of the General Part of the Social Code Act to the parent who did not submit an application for making the supplementary contributions on the basis of subsection 3 of this section. If the making of additional contributions is terminated on the basis of subsection 9¹ of this section or if the application for termination of supplementary contributions is submitted on the basis of subsection 11 of this section, the notification shall be sent in the same manner to the parent for whom the supplementary contributions had been made so far.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(15) The Social Insurance Board shall apply the provisions of the General Part of the Social Code Act to the social protection prescribed in this section.

[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

§ 10¹. Contributions to mandatory pension fund after employment by institutions of European Community

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 11. Procedure for making contributions

(1) A payer of social tax provided in § 4 of the Social Tax Act shall:

1) check on the basis of a person's personal identification code whether a recipient of remuneration specified in clauses 1, 3, 8 and 9 of subsection 1 of § 2 and clause 2 of subsection 1 of § 6 of the Social Tax Act is an obligated person, and withhold contributions on the remuneration of the obligated person at such a rate specified in § 9 of this Act which the obligated person has chosen;

[RT I, 31.12.2022, 1 – from force. 01.01.2024]

2) check on the basis of a person's personal identification code whether a recipient of remuneration specified in clauses 4 and 6 of subsection 1 of § 2 of the Social Tax Act is an obligated person, and withhold contributions on the remuneration of the obligated person at such a rate specified in § 9 of this Act, which the obligated person has chosen, unless the recipient of the remuneration is entered in the commercial register as a sole proprietor (hereinafter sole proprietor) or is registered with the Tax and Customs Board as a notary or enforcement agent and the remuneration is the business income of the beneficiary;

[RT I, 31.12.2022, 1 – from force. 01.01.2024]

3) check on the basis of a person's personal identification code whether a person who has submitted an application for making supplementary contributions specified in subsection 3 of § 10 of this Act has the right to supplementary contributions and calculate the amount of the supplementary contribution in the procedure provided in § 10 of this Act;

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

4) transfer the withheld contribution by the tenth day of the month following the month in which the contribution was made and the supplementary contribution calculated on the basis of clause 3 of this subsection by the tenth day of the month following the month in which the calculation thereof was made into the bank account of the Tax and Customs Board and submit the corresponding declaration to the Tax and Customs Board by the same date;

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

5) at the request of a person to whom amounts provided in clauses 1 and 2 of this subsection have been paid or for whom supplementary contributions provided in subsection 1 of § 10 of this Act have been made issue a certificate with regard to the withheld contributions or supplementary contributions by 1 February of the year following the given calendar year or, if he or she leaves employment, together with the final settlement.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(1¹) In case a payer of social tax has been declared bankrupt, the declaration specified in clause 4 of subsection 1 of this section shall be submitted separately for the part of taxation period preceding the declaration of bankruptcy and the part of the taxation period following the declaration of bankruptcy.

[RT I, 18.11.2010 – entry into force 01.01.2011]

(1²) The minister in charge of the policy sector shall establish by a regulation:

1) the standard format of the declaration specified in clause 4 of subsection 1 of this section;

2) the standard format of the certificate specified in clause 5 of subsection 1 of this section.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(2) If a sole proprietor is required to make contributions pursuant to this Act, the Tax and Customs Board is required to calculate the amount of the payment on the basis of the income tax return for natural persons and

information in the register of taxable persons and pension register, and to issue a tax notice to the sole proprietor concerning the amount of the payment to be made not later than by 1 September of the year following the taxable period for social tax. A tax notice is not issued in the case of an electronically submitted declaration. The tax authority shall disclose the tax calculation in the e-service environment of the Tax and Customs Board e-Tax Board/ e-Customs and shall notify of the due date of obligations and the possibility to examine the tax calculation in the environment e-Tax Board/ e-Customs.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2¹) The Tax and Customs Board calculates the amount of tax payable at such a rate provided in § 9 of this Act that the sole proprietor has chosen on their income specified in clause 5 of subsection 1 of § 2 of the Social Tax Act as follows:

[RT I, 31.12.2022, 1 – entry into force 01.01.2024]

- 1) on one third of income if the sole proprietor was required to make the payment within four months of the payment period;
- 2) on two-thirds of the income if the sole proprietor was required to make the payment within eight months of the payment period;
- 3) on all income if the sole proprietor was required to make the payment during the entire payment period.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) A sole proprietor is required to pay the amount of contribution to be made and specified in subsection 2 of this section into the bank account of the Tax and Customs Board by 1 October of the year following the taxable period for social tax.

(4) The contributions of employees of such authorities whose staff, consolidated data or specific duties constitute a state secret shall be calculated pursuant to the procedure established by a regulation of the minister in charge of the policy sector.

(5) [Repealed – RT I 2010, 22, 108 – entry into force 01.01.2011]

§ 12. Forwarding of funds and information received to registrar

(1) The Tax and Customs Board shall transfer the amount of payment and supplementary contributions into the bank account of the registrar of the pension register (hereinafter registrar) within fifteen working days as of the receipt of them.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) At the same time as the amounts specified in subsection 1 of this section are transferred, the Tax and Customs Board shall forward the following information to the registrar concerning the persons whose amounts are transferred to the registrar:

- 1) the name of the person;
- 2) his or her personal identification code;
- 3) the amount of the contribution;
- 4) the amount of the supplementary contribution;

4¹) [Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

5) the registry code of the withholding agent or, in the case of a sole proprietor, the personal identification code of the person who made the contribution.

(3) The procedure for the forwarding of information and transfer of money to the registrar and for the correction of errors related thereto shall be established by the minister in charge of the policy sector by the procedure related to units of mandatory pension funds.

(4) The amounts corresponding to the mandatory funded pension part of social tax provided in subsections 4 and 4¹ of § 10 of the Social Tax Act shall be transferred and the information shall be forwarded to the registrar pursuant to the procedure provided in §§ 10 and 11 of the Social Tax Act.

§ 13. Competence of Tax and Customs Board upon administration of contribution

(1) The provisions of the Taxation Act concerning taxes apply to contributions. The Tax and Customs Board shall verify that contributions are made correctly, shall designate, if necessary, amounts payable, shall collect amounts payable pursuant to the procedure provided in the Taxation Act, and shall apply coercive measures permitted by law in order to enforce the performance of obligations.

(2) The provisions of the Taxation Act concerning withholding agents apply to withholding agents for contributions, and the provisions of the Taxation Act concerning taxpayers apply to obligated persons. Sanctions prescribed in the Taxation Act and by other penal laws shall be imposed on such persons for violation of the obligations of taxpayers and withholding agents provided by law.

Subchapter 2

Submission of Choice Application and Opening of Pension Account and Pension Investment Account

[RT I, 27.10.2020, 1 - entry into force 06.11.2020]

§ 14. Choice of pension fund or pension investment account

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]]

(1) In order to acquire pension fund units or make payments into the pension investment account, a person shall submit a corresponding choice application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) The right of a person to submit a choice application arises when the person attains 18 years of age. A person of at least 16 years of age may also submit a choice application with the written consent of his or her legal representative.

(2¹) A person under 16 years of age, who has the right to supplementary contributions pursuant to § 10 of this Act, may also submit the choice application with the written consent of his or her legal representative.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(3) If a successor with restricted active legal capacity inherits pension fund units, the legal representative of the person shall submit the choice application.

(3¹) Upon submission of an application for a successor with restricted active legal capacity, also upon the grant of a written permission of a legal representative for submission of the choice application to a person under 18 years of age the consent of a court provided in subsection 1 of § 131 or subsection 1 of § 188 of the Family Law Act is not needed.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(4) By submitting a choice application, the person undertakes to make mandatory funded pension payments to the pension fund, or the pension investment account indicated in the choice application under the conditions and pursuant to the procedure provided for in this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) Upon submission of a choice application, a person shall have equal access to the rules, prospectuses and key information of all registered pension funds.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(5¹) Submission of choice application, holding of a unit of the mandatory pension fund, opening the pension investment account, making payments thereto and making investments through the pension investment account may not be a prerequisite for entry into or amendment of the insurance, finance or investment services contract or gaining other benefit outside the mandatory pension fund or the pension investment account, also the conditions or terms of the specified agreements or gaining other benefit outside the mandatory pension fund or pension investment account may not be subject to the submission of the choice application, holding a mandatory pension fund unit, opening of pension investment account, making payments thereto or making investments through the pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) Upon failure to submit a choice application, subsection 3 of § 19 of this Act applies.

§ 15. Choice application

(1) A choice application shall set out the following:

- 1) the name of the person;
- 2) his or her personal identification code;
- 3) his or her contact information;
- 4) the preferences of the person regarding the manner in which notices are to be submitted to him or her and regarding the corresponding authority;
- 5) the name of the pension fund chosen by the person into which the person wishes to make contributions;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

5¹) the number of the pension investment account if the person wishes to make contributions to the pension investment account;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

6) confirmation from the person that he or she has had access to the rules, prospectuses and key information of all registered mandatory pension funds;

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

7) confirmation from the person that he or she agrees to the conditions of the pension fund chosen by him or her if the person wishes to make contributions to the pension fund;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

8) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

9) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

10) the date of submission of the application;

11) the signature of the person unless the application is submitted in a manner which enables written reproduction and identification of the person.

(2) The data specified in subsection 1 of this section shall be presented in the choice application in a form provided by the registrar, thereby the choice application shall separately set out the following:

1) the official names of all mandatory pension funds which are published on the webpage of the Financial Supervision Authority in the alphabetical order and on an equal basis;

2) the possibility for a person to choose to invest through the pension investment account instead of a pension fund.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 16. Submission of choice application

(1) A choice application shall be submitted to an account administrator of the pension register or an insurer or a pension management company chosen by the applicant with respect to whom the status of the account administrator is applied on the basis of § 37¹ of the Securities Register Maintenance Act (hereinafter account administrator), in writing or in a format that enables reproduction in writing and identification of the person.

[RT I, 26.06.2017, 1 – entry into force 06.07.2017]

(2) An account administrator shall identify a person entitled to submit a choice application or his or her representative on the basis of the person's identity document and shall forward the information in the choice application immediately to the registrar under the conditions and pursuant to the procedure provided in the Securities Register Maintenance Act and the legislation established on the basis thereof, and under the conditions and pursuant to the procedure established by the registrar on the basis of the specified Act and legislation.

[RT I, 26.06.2017, 1 – entry into force 06.07.2017]

(2¹) In the cases provided in subsection 2¹ of § 14 of this Act a person shall submit the birth certificate of the child in respect to whom he or she has the right for supplementary contributions pursuant to § 10 of this Act together with the choice application to the account administrator.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(3) A person of at least 18 years of age may submit a choice application personally and directly to the registrar if:

1) a certificate for giving digital signatures has been issued to the person who submits the choice application pursuant to the Electronic Identification and Trust Services for Electronic Transactions Act and the choice application is submitted with a digital signature through the website of the registrar using the software application designated therefor;

[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

2) the person who submits the choice application is identified according to an agreement between the registrar and the account administrator by corresponding organisational means, hardware and software, and the choice application is submitted in a manner which enables written reproduction and identification of the person.

(4) A choice application shall be submitted personally or through a representative.

(5) The legal representative of a person or a representative authorised by the legal representative in writing may submit a choice application in the name of a person who is at least 16 years of age.

(6) If a choice application is submitted through a representative, the representative shall identify the principal on the basis of the principal's identity document. The representative shall prove his or her right of representation to the account administrator and append a copy of the identity document of the principal to the choice application.

(7) An application submitted in the name of another person without the right of representation is valid unless the person in whose name the choice application was submitted without the right of representation contests the application within thirty days as of the day when the person became or should have become aware of submission of the choice application.

(7¹) The account administrator shall apply the fee for submission of the choice application uniformly and in the same amount regardless of whether the choice application is submitted with regard to the mandatory pension

fund or the pension investment account or regarding which mandatory pension fund the choice application has been submitted.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8) A choice application submitted to the registrar or to an account administrator cannot be withdrawn.

(9) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

§ 17. Pension account

(1) The registrar shall open a pension account for an obligated person on the basis of a choice application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) A pension account shall not be opened if a choice application does not comply with the requirements established by legislation, if the personal identification code or the pension investment account number indicated in the choice application contains mistakes or if a choice application is submitted by a person who is not entitled to submit a choice application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) If a pension account is not opened, the registrar shall notify the person who submitted the choice application or the account administrator immediately thereof and of the reasons therefor by forwarding an electronic error notice through the information system. The account administrator shall immediately notify the person who submitted the choice application of the error notice. In order for a pension account to be opened, the person shall submit a new, valid choice application.

(4) An error notice provided in subsection 3 of this section shall include:

- 1) the legal basis for refusal to open the pension account;
- 2) the reasons for refusal to open the pension account;
- 3) the date of forwarding the error notice.

(5) In addition to the obligated persons who have submitted a choice application the registrar shall open pension accounts also for other obligated persons and for persons who are not obligated persons yet but who have submitted an application for exemption from making a payment specified in § 27³ of this Act. Pension accounts shall be opened on the basis of information received from the Tax and Customs Board pursuant to subsection 2 of § 12 of this Act, information received from the credit institution on the basis of subsection 3 of § 17¹ or information in the application for exemption from making a payment.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) A pension account shall be opened immediately after the registrar receives the information indicated in the choice application or an application for exemption from making a payment or the information specified in subsection 2 of § 12 or subsection 3 of § 17¹ of this Act, except in the case specified in subsection 2 of this section.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(7) The list of information to be entered in a pension account shall be established, as well as entries shall be made in pension accounts, persons shall be notified of entries, and fees for services related to pension accounts shall be charged under the conditions and pursuant to the procedure provided in the Investment Funds Act, the Securities Register Maintenance Act and legislation established on the basis thereof, and in the price list of the registrar.

[RT I, 26.06.2017, 1 – entry into force 06.07.2017]

(8) Orders by the holder of a pension account to make entries or perform other acts provided in this Act shall meet the requirements established by the registrar.

(9) The holder of a pension account is required to notify the account administrator or, in the case specified in subsection 3 of § 16 of this Act, the registrar immediately of any changes to the information set out in the choice application or in the application provided for in subsection 1 of § 21, subsection 3 of § 25 and subsection 1 of § 29 of this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(10) The registrar shall forward to the Tax and Customs Board information specified in clauses 1 and 2 of subsection 1 of § 15 of this Act with regard to pension account holders who have submitted a choice application, an application for making a payment or an application for exemption from making a payment or an application for withdrawal of money and who have not amended their application for making a payment or for exemption from making a payment or exercised the right to withdraw from their application for withdrawal of money, and the date on which the specified person begins to make the payment or terminates making the payment. The data shall be submitted three times a year, at the latest on:

- 1) 5 April – for the period from 1 December to 31 March;
- 2) 5 August – for the period from 1 April to 31 July;
- 3) 5 December – for the period from 1 August to 30 November.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 17¹. Opening and closing of pension investment account

(1) In order to transfer the mandatory funded pension payment to the pension investment account, the obligated person shall enter into the pension investment account contract with the credit institution before submitting the choice application.

(2) A person may close the pension investment account and cancel the underlying contract pursuant to the procedure prescribed by the Law of Obligations Act if he or she has submitted a choice application to make contributions to a pension fund or to his or her other pension investment account and all financial assets acquired through that pension investment account have been transferred, including the contracts entered into upon the acquisition of financial assets have expired and all the money in the pension investment account has been transferred to another pension investment account of the obligated person, it has been used to acquire pension fund units or to enter into a pension contract or it has been paid out to the obligated person. In order to close the pension investment account it is not necessary to submit a new choice application if all the units of pension funds belonging to the person have been redeemed and the amounts in all of his or her pension investment accounts have been used to make the lump-sum payment to the person or to pay the insurance premium of the insurance contract entered into, and also the payment provided for in §-s 43¹ of this Act has been made to the person and the obligation to make the payment has not arisen for him.
[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(3) A credit institution shall immediately notify the registrar of the opening and closing of the pension investment account by submitting to the registrar in electronic form the information specified in clauses 1–3 of subsection 1 of § 15 of this Act concerning the person who entered into or cancelled the pension investment account and his or her pension investment account number.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

Subchapter 2¹ Change of contribution rate

[RT I, 31.12.2022, 1 - entry into force 01.01.2024]

§ 17². Application for change of contribution rate

(1) In order to change the contribution rate, the person for whom a pension account is opened in accordance with the provisions of § 17 of this Act submits an application to the account administrator or registrar for a change of the contribution rate.

(2) Upon submission of an application for a change of the contribution rate on behalf of a person with restricted active legal capacity and upon the grant of a written permission of a legal representative to a person younger than 18 years of age for submission of the application, the legal representative must have the consent of the court provided in subsection 1 of § 131 or clause 8 of subsection 1 of § 188 of the Family Law Act.

(3) The application for a change of the contribution rate sets out the following:

- 1) the name of the person;
- 2) personal identification code;
- 3) the contact data of the person;
- 4) the preferences of the person regarding the manner in which the notices are transmitted to them and the corresponding authority;
- 5) the contribution rate;
- 6) the date of submission of the application;
- 7) the person's signature, unless the application is submitted in a manner which enables written reproduction and identification of the person.

(4) The information specified in subsection 3 of this section is presented in the application for a change of the contribution rate on the form provided by the registrar and the submission of the application is subject to the provisions of subsections 2, 3 and 5¹ of § 14 and § 16 of this Act.

(5) The registrar refuses to accept an application for a change of the contribution rate in case the application submitted to the registrar or forwarded through the account administrator does not comply with the requirements provided in this Act. The registrar refuses to accept the application for a change of the contribution rate forwarded to the registrar through the account administrator also in the case the date of submission of the application is earlier than the date of submission of the application for a change of the contribution rate, which has already been received by the registrar.

(6) The registrar notifies the person who submitted the application or the account administrator immediately about the refusal to accept the application for a change of the contribution rate and of the reasons therefor by forwarding an electronic error notice through the information system. The account administrator immediately notifies the person who has submitted the application for a change of the contribution rate of the error notice. In order to change the contribution rate, the person must submit a new proper application for a change of the contribution rate.

(7) The error notice provided in subsection 6 of this section must include:

- 1) the legal basis for refusal to accept the application;
- 2) the reasons for refusal to accept the application;
- 3) the date of transmission of the error notice.

(8) The obligation to make the payment at the new rate provided in § 9 of this Act arises for the obligated person from 1 January of the year following the year in which the application for a change of the contribution rate was submitted, provided that the application has been submitted to the registrar and the data specified in the application have been received at the latest on 30 November. The obligation to make the payment at the new contribution rate provided in § 9 of this Act arises from 1 January in the year following next year for a person who submitted an application for a change of the contribution rate in December.

(9) Until the date of submission of an application provided in subsection 8 of this section, the person may amend their application by submitting a new application for a change of the contribution rate.

(10) The registrar forwards to the Tax and Customs Board once a year, at the latest by 1 December each year, the data specified in clauses 1 and 2 of subsection 3 of this section about the pension account holders who have submitted the application for a change of the contribution rate during the period from 1 December of the previous year until 30 November of the year in which the data are transmitted.

[RT I, 31.12.2022, 1 – entry into force 01.01.2024]

Subchapter 3

Acquisition of Pension Fund Units and Making Payments to Pension Investment Account

[RT I, 27.10.2020, 1 - entry into force 06.11.2020]

§ 18. Contributions to pension fund or pension investment account

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) Contributions to a pension fund shall be made:

- 1) upon the receipt of funds specified in § 12 of this Act and in subsections 4 and 4¹ of § 10 of the Social Tax Act by the registrar;
- 2) upon the change of the pension fund units by a unitholder according to the provisions of §§ 23-27 of this Act;
- 3) upon the acquisition of the units from the pension investment account pursuant to the provisions of §§ 23-27 of this Act at the expense of the funds received by the registrar;
- 4) upon the acquisition of units of the pension fund by a pension management company pursuant to the provisions of §§ 68-71 of the Investment Funds Act;
- 5) upon the acquisition of units upon liquidation of another pension fund pursuant to the provisions of §§ 37-39 of this Act;
- 6) upon acquisition of units for compensation of damage pursuant to §§ 34 and 35 of this Act and §§ 70-73 of the Guarantee Fund Act.

(2) Contributions to the pension investment account shall be made:

- 1) upon receipt of the funds specified in § 12 of this Act and subsections 4 and 4¹ of § 10 of the Social Tax Act by the registrar;
- 2) upon redemption of pension fund units pursuant to the provisions of §§ 23–27 of this Act;
- 3) upon transfer of financial assets acquired through the pension investment account or upon expiry of the contract, as well as upon earning income on financial assets pursuant to the provisions of subsection 4 of § 3¹ of this Act;
- 4) upon transfer of money from one pension investment account to another pursuant to the provisions of §§ 23–27 of this Act;
- 5) upon liquidation of the pension fund pursuant to the provisions of §§ 37–39 of this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 19. Conditions for contributions

(1) Upon the making of a contribution to a pension fund, a person shall acquire the number of units issued by the pension management company corresponding to the amount of the contribution.

(1¹) Upon making contributions to the pension investment account, the money is received in the account which is invested by an obligated person pursuant to § 3¹ of this Act or by a person who is no longer an obligated person but who has money in the pension investment account or who has acquired financial assets for the money.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) A person may make contributions to only one pension fund or one pension investment account at a time.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) Contributions shall be made to the pension fund or pension investment account specified in the choice application or, in the absence of a choice application, to the pension fund determined by lot by the registrar or the pension investment account upon opening of which also a pension account was opened to the person pursuant to the provisions of the second sentence of subsection 5 of § 17 of this Act. The procedure for drawing lots shall be established by the minister in charge of the policy sector on the proposal of the registrar.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3¹) in the absence of a choice application the pension fund shall not be determined by lot and contributions shall be made to the pension investment account opened to the obligated person also if the pension account has not been opened to the person on the basis of the provisions of § 17 of this Act, but it has been opened for taking account of the voluntary pension fund units.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(4) If the making of contributions to a pension fund determined by the registrar have begun and the obligated person submits a choice application, the registrar shall replace the pension fund chosen by drawing lots by the pension fund noted in the choice application or the pension investment account immediately, but not later than on the third working day after the registrar has accepted the choice application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) The pension management company shall issue the units of the pension fund at their net asset value. The pension management company shall not charge the obligated person any other fee for making a contribution to the pension fund, issue of a unit of the pension fund and related activities.

[RT I 2008, 48, 269 – entry into force 01.01.2011]

(6) [Repealed – RT I 2008, 48, 269 – entry into force 01.01.2011]

§ 20. Prohibition on limitation of contributions

No limitations on the number of units acquired at any one time or on the amounts payable for units upon issue of pension fund units shall be prescribed in the rules of a pension fund.

§ 21. Contributions to new pension fund or pension investment account

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) An obligated person may begin to make contributions to a new pension fund or the pension investment account by submitting a new choice application to the account administrator or the registrar.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(3) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(3¹) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(4) The registrar shall refuse to accept a choice application if the choice application submitted or forwarded to the registrar through the account administrator does not comply with the requirements provided in this Act or the issue of units of the pension fund into which the person wishes to commence making contributions is prohibited pursuant to the Investment Funds Act. The registrar shall refuse to accept the choice application forwarded to the registrar through the account administrator also in the case the date of submission of the choice application is earlier than the date of acceptance of the choice application by the registrar.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(5) The registrar shall notify the person who submitted the choice application or the account administrator immediately about the refusal to accept the choice application and of the reasons therefor by forwarding an electronic error notice through the information system. The account administrator shall immediately notify the person who has submitted the choice application of the error notice. In order to commence the making of

contributions to a new pension fund or the pension investment account, a person is required to submit a new proper choice application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) An error notice provided in subsection 5 of this section shall include:

1) the legal basis for refusal to accept the choice application;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

2) the reasons for refusal to accept the choice application;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

3) the date of forwarding the error notice.

(7) The registrar shall replace the pension fund or pension investment account where the obligated person is making contributions by the pension fund or pension investment account noted in the new choice application immediately, but not later than on the third working day as of accepting the choice application by the registrar.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(9) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

§ 22. Procedure for issue of pension fund units

(1) The issue of pension fund units shall be organised by the registrar pursuant to legislation, the pension fund rules and a contract entered into by the registrar with the pension management company and the depositary of the pension fund.

(2) At the earliest opportunity, but not later than on the working day following the receipt of funds specified in clause 1 of subsection 1 of § 18 of this Act and after the receipt of the required information the registrar shall perform the following operations:

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

1) transfer, into the pension account of each person, the number of units of the pension fund chosen by the person corresponding to the amount received for the person and the net asset value of a unit;

[RT I 2008, 48, 269 – entry into force 01.01.2011]

2) transfer an amount corresponding to the net asset value of units transferred in the pension account pursuant to clause 1 of this subsection into the bank account indicated by the depositary of the pension fund;

[RT I 2008, 48, 269 – entry into force 01.01.2011]

3) forward, to the depositary or pension management company of each pension fund, information concerning the number of units of the corresponding pension fund additionally transferred into pension accounts and the amounts transferred for this purpose. At the request of the pension management company, this information shall be submitted for each unitholder.

(3) The number of pension fund units to be transferred into a pension account shall be determined based on the net asset value of the unit on the date on which the transfer specified in clause 2 of subsection 2 of this section is made.

[RT I 2008, 48, 269 – entry into force 01.01.2011]

(4) The specific procedure for the issue of pension fund units shall be established by the procedure related to the units of a mandatory pension fund to be established pursuant to subsection 3 of § 12 of this Act.

Subchapter 4

Change of Pension Fund Units and Pension Investment Accounts

[RT I, 27.10.2020, 1 - entry into force 06.11.2020]

§ 23. Bases for change of pension fund units of and pension investment accounts

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) A person has the right to change units of one pension fund for units of another pension fund and transfer the amount received upon redemption of pension fund units to his or her pension investment account pursuant to the procedure provided for in § 26 of this Act and, under the conditions and pursuant to the procedure provided for in this Subchapter and his or her pension investment account contract, to acquire pension fund units for the money in the pension investment account or to transfer the money in one pension investment account to his or her other pension investment account (hereinafter in this Act change transaction).

(2) The change transactions are not permitted if the redemption or issue of pension fund units related to the change of either or both of the pension funds involved in the change respectively is prohibited pursuant to the Investment Funds Act.

(3) In the case of change transactions, no payments shall be made to a unitholder or a person who uses pension investment account.

(4) The provisions concerning the issue and redemption of pension fund units provided for in §§ 24–27 of this Act and in the Investment Funds Act and the procedure prescribed in the terms and conditions of the pension funds and pension investment account contract shall be applied to the performance of change transactions.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 24. Conditions for performance of change transactions

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) A person may change all or part of the units belonging to him or her.

(2) A person may transfer the amount received upon redemption of the pension fund units to his or her pension investment account. For that purpose, the registrar shall, at the request of the person, redeem all or part of the units of the pension fund belonging to him or her and transfer the corresponding amount to the pension investment account of the person.

(3) A person may acquire pension fund units for the money in the pension investment account. For this purpose, the credit institution shall, at the request of the person, transfer all or part of the money in his or her pension investment account to the registrar, who shall organize the issue of the pension fund units on the basis of § 22 of this Act.

(4) A person may transfer all or part of the money in his or her pension investment account to another pension investment account. The transfer of money in the pension investment account from one pension investment account to another or the transfer of financial assets acquired for that money from a securities account linked to one pension investment account to a securities account related to the other pension investment account shall be arranged by the person in accordance with his or her contract entered into with the credit institution that opened the pension investment account.

(5) Change transactions specified in subsections 1 and 2 of this section shall be performed three times a year: on the first working day following 1 January and 1 May and on 1 September or the first working day following if the first of September is not a working day. The change transactions specified in subsections 3 and 4 of this section shall be performed under the conditions and with the frequency provided for in the pension investment account contract.

(6) A change transaction does not change the pension fund or pension investment account where the payments of a mandatory funded pension of a person are received or should be received.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 25. Application for change

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) In order to perform a change specified in subsections 1 and 2 of § 24 of this Act, a person shall submit an application for a change to the account administrator or registrar (hereinafter in this section application). The provisions of subsections 2–3 of § 14 and subsections 1–8 of § 16 of this Act shall be applied to the submission of the application.

(2) Upon submission of an application on behalf of a person with restricted active legal capacity, as well as upon granting of written consent of a legal representative to a person younger than 18 years of age for him or her to submit an application the legal representative shall have the consent specified in subsection 1 of § 131 or clause 8 of subsection 1 of § 188 of the Family Law Act.

(3) An application shall set out:

- 1) the name and personal identification code of the person;
- 2) the contact details of the person;
- 3) the preferences of the person regarding the manner of forwarding the notice to the person and the corresponding authorizations;
- 4) the name of the pension fund the units of which the unitholder wishes to be redeemed upon the change;
- 5) the name of the pension fund the units of which the unitholder wishes to acquire upon the change;
- 6) the number of the pension investment account to which the person wishes to transfer the amount corresponding to the redeemed units;
- 7) the proportion of the units the change of which for units of another pension fund or the transfer to the pension investment account of the amount received upon redemption of which is applied by the person;
- 8) a statement by the person that he or she has been able to examine the terms and conditions, prospectuses and core information of all the registered mandatory pension funds;
- 9) a confirmation of the person regarding acceptance of the terms and conditions of the pension fund chosen by the person if the person wishes to acquire the pension fund units as a result of the change transaction;
- 10) the date of submission of the application;

11) the signature of the person, unless the application is submitted in a form that allows for written reproduction and identification of the person.

(4) The restriction provided for in subsection 5¹ of § 14 of this Act applies to the submission of an application and the provisions of subsection 7¹ of § 16 apply to the fee charged for the submission of an application.

(5) The registrar shall refuse to accept an application if the application submitted to him or her or forwarded to the registrar through the account administrator does not comply with the requirements provided in this Act or if the issue of units of the pension fund that the person wishes to acquire for the units belonging to him or her is prohibited pursuant to the circumstances provided in subsection 2 of § 23 of this Act. The registrar shall also refuse to accept the application forwarded to the registrar through the account administrator in the case the date of submission of that application is earlier than the date of acceptance of that application by the registrar.

(6) Upon refusal to accept an application, the registrar shall notify the person who submitted the application or the account administrator immediately thereof and of the reasons therefor by forwarding an electronic error notice through the information system. The account administrator shall immediately notify the person who submitted the application of the error notice. In order to perform a change transaction a person is required to submit a new, proper application.

(7) The error notice provided for in subsection 6 of this section shall contain:

- 1) the legal basis for refusing a change;
- 2) the reasoning for refusing the change;
- 3) the date of forwarding the error notice.

(8) An application complying with the requirements shall be submitted and the information specified in the application shall be received by the registrar not later than on:

- 1) 30 November – for the performance of a change on the first working day following 1 January;
- 2) 31 March – for the performance of the change on the first working day following 1 May;
- 3) 31 July – for the performance of a change on 1 September or on the first working day following if 1 September is not a working day.

(9) Until the due date for submission of an application provided for in subsection 8 of this section, a person may amend his or her application by submitting a new application for the change.

(10) The information specified in subsection 3 of this section shall be submitted in a form provided by the registrar, specifying in alphabetical order and on an equal basis the official names of all mandatory pension funds published on the website of the Financial Supervision Authority and the possibility for a person to choose to invest through the pension investment account instead of a pension fund.

(11) In order to make the change transaction specified in subsection 3 of § 24 of this Act, a credit institution which has opened the pension investment account shall submit an application for issue of the pension fund units to the registrar in a form given by the registrar immediately upon receipt of a corresponding application from the person using the account. The information specified in clauses 1–3, 5 and 10 of subsection 3 of this section and the amount in the pension investment account for which the person wishes to acquire units of the pension fund shall be indicated together with the pension investment account number and the business name of the credit institution which opened it.

(12) The restriction provided for in subsection 5¹ of § 14 applies to the submission of an application to a credit institution for the performance of a change transaction specified in subsection 3 of § 24 of this Act and the provisions of subsection 7¹ of § 16 apply to the charge for submission of the application. The application must set out in alphabetical order and on equal bases the official names of all mandatory pension funds published on the website of the Financial Supervision Authority and the possibility for a person to choose to invest through the pension investment account instead of a pension fund.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 26. Result and procedure of change transaction

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) As a result of a change transaction:

- 1) the person acquires a corresponding number of units of the chosen pension fund for the amount received upon redemption of the units of the pension fund or the amount in the pension investment account, paying for the latter to the extent of the net asset value on the same day or
- 2) the person receives in the pension investment account the amount received upon redemption of the pension fund units or the amount which is transferred from the other pension investment account of the person in the course of the change.

(2) Change transactions involving the acquisition or redemption of pension fund units shall be organized by the registrar together with the depository of the pension fund. Changes involving entries related to the pension investment account shall be arranged by the registrar together with the credit institution where the pension investment account is opened.

(3) If the redemption of the units of the pension fund, the units of which the unitholder wishes to redeem upon the change, is prohibited on the basis of subsection 2 of § 23 of this Act, the registrar shall organize the change at the first opportunity after the impending circumstances cease to exist, taking account of the due date of the change transaction provided in subsection 5 of § 24.

(4) If on the day of the change of pension fund units provided for in subsection 5 of § 24 of this Act, the issue of the units of the pension fund, the units of which the person who submitted the application wishes to acquire, is prohibited pursuant to subsection 2 of § 23, the registrar shall refuse to perform the transaction and shall immediately notify the person who submitted the application or account administrator thereof. The account administrator shall immediately notify the person who submitted the application of the refusal to perform the change.

(5) The more specific conditions and procedure for change transactions shall be established by a regulation of the minister in charge of the policy sector.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 27. Fees charged upon change of pension fund units

(1) If pension fund units are redeemed upon the change, the redemption fee for units shall be paid at the expense of the unitholder of the pension fund to the extent prescribed in the terms and conditions of the corresponding pension fund and in the prospectus.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) The rate provided in § 65 of the Investment Funds Act applies upon calculation of the redemption fee.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(3) For the application of the provisions of subsection 3 of § 65 of the Investment Funds Act, the registrar has the right provided for in subsection 4 of § 40 of this Act to collect, process and exchange data.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

Subchapter 4¹

Making Payment and Exemption from Payment

[RT I, 27.10.2020, 1 - entry into force 06.11.2020]

§ 27¹. Exemption from making a payment

(1) An obligated person shall have the right not to make a payment if he or she submits an application for exemption from making the payment specified in § 27³ of this Act to the account administrator or registrar.

(2) Exemption from making a payment starts as of 1 January, 1 May, or 1 September, taking into account the term for submission of applications provided for in subsection 5 of § 27³ of this Act.

(3) The obligation to make a payment shall not arise for the person if he or she submits an application for exemption from payment specified in § 27³ of this Act to the account administrator or registrar not later than on 31 July of the year of attaining 18 years of age.

(4) If a person has submitted an application for making a payment specified in § 27³ of this Act, he or she shall have the right again not to make the payment if at least ten years have passed since his or her last obligation to make the payment was last created.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 27². Making of payment

(1) A person who has submitted an application for exemption from payment specified in § 27³ of this Act or has exercised the right to withdraw money specified in § 43¹ shall become entitled to make a payment again ten years after the making of the payment ceases if he or she submits to the account administrator or registrar an application for making the payment specified in § 27³.

(2) A person who, after termination of making the payment, has continued to make a payment on the basis of the provisions of this section but has subsequently re-submitted an application for exemption from making a payment pursuant to the provisions of § 27¹ of this Act or has exercised the right to withdraw money specified in

§ 43¹, shall no longer have the right to submit an application for making the payment pursuant to the provisions of this section and he or she shall no longer have the opportunity to make the payment.

(3) A person who has been established to have no work ability and to whom mandatory funded pension payments have been made in connection therewith has the right to make a payment after the person has been assessed to have partial or full capacity for work where they are not yet entitled to a mandatory funded pension pursuant to subsection 1 of § 40 of this Act and submit an application for making a payment specified in § 27³ of this Act to the account administrator or registrar. Where payments have been made as a funded pension specified in subsection 2 of § 40 of this Act or based on a pension contract, the funded pension or the pension contract must have expired by the submission of an application for making a payment, or in the case of a pension contract, the making of pension payments must have been suspended pursuant to the provisions of subsection 13 of § 52².

[RT I, 18.02.2022, 1 – entry into force 01.01.2023]

(4) A person who submits an application for making of a payment specified in § 27³ of this Act shall have the right and obligation to make the payment as of 1 January, 1 May or 1 September, taking into account the provisions of § 27³.

(5) The provisions of this Act concerning obligated persons shall apply to the persons specified in subsections 1 and 3 of this section with the specifications arising from this section.

(6) A payer of social tax specified in § 4 of the Social Tax Act is required to verify from the pension register whether the person specified in subsections 1 and 3 of this section is required to make the payment.

[RT I, 18.02.2022, 1 – entry into force 01.01.2023]

§ 27³. Application for making payment or exemption from payment

(1) The right to submit an application for making a payment or for exemption from making a payment arises when a person attains 18 years of age, unless otherwise provided in this section and in §§ 27¹ and § 27² of this Act.

(2) With the written consent of a legal representative, a person who is at least 16 years of age may also submit an application for making a payment or for exemption from making a payment. Upon granting the written consent of a legal representative to a person younger than 18 years of age to submit an application for exemption from making a payment, the legal representative is required to have the consent of the court provided for in subsection 1 of § 131 or clause 11 of subsection 1 of § 188 of the Family Law Act.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(3) An application for making a payment or for exemption from making a payment shall set out the following information:

- 1) the name of the person;
- 2) personal identification code;
- 3) contact information of the person;
- 4) the preferences of the person regarding the manner of forwarding notices to the person and the corresponding authorizations;
- 5) the date of submission of the application;
- 6) the signature of the person, unless the application is submitted in a form which allows for written reproduction and identification of the person.

(4) The information specified in subsection 3 of this section shall be submitted in an application in the form provided by the registrar and the provisions of subsection 5¹ of § 14 and § 16 of this Act apply to the application.

(5) An application which complies with the requirements shall be submitted and the information specified in the application shall be received by the registrar not later than on:

- 1) 31 March – for making a payment or for exemption from making a payment as of 1 September;
- 2) 31 July – for making a payment or for exemption from making a payment as of 1 January;
- 3) 30 November – for making a payment or for exemption from making a payment as of 1 May.

(6) Until the due date for submission of an application provided for in subsection 5 of this section, a person may amend his or her application by submitting a new application for making a payment or for exemption from making a payment.

(7) The registrar shall refuse to accept an application for making a payment or for exemption from making a payment if the application submitted to him or her or forwarded through the account administrator does not comply with the requirements provided for in this Act, the personal identification code indicated in the application is incorrect or the person does not have the right to submit the application. The registrar shall refuse to accept an application submitted through the account administrator also if the date of submission of such application is earlier than the date of submission of the application already received by the registrar.

(8) The registrar shall immediately notify the person who submitted the application or the account administrator of the refusal to accept an application for making a payment or for exemption from making a payment and the reasons therefor by forwarding a corresponding electronic error notice through the information system. The account administrator shall immediately notify the person who submitted the application of the error notice. In order to make a payment or be exempted from payment, a person is required to submit a new proper application.

(9) The error notice specified in subsection 8 of this section shall contain:

- 1) the legal basis for refusal to accept the application;
- 2) the reasoning for refusal to accept the application;
- 3) the date of transmission of the error message.

(10) If a person who has submitted an application for making a payment has also submitted an application for withdrawal of money specified in subsection 5 of § 52⁵ of this Act by the same deadline as for submission of the application provided for in subsection 5 of this section, the application for making a payment shall be deemed withdrawn if the person did not exercise the right to withdraw the withdrawal application provided for in subsection 5³ of § 52⁴.

(11) The minister in charge of the policy sector may establish by a regulation the requirements specifying the application form for making a payment or for exemption from making a payment in order to inform the person of the consequences of the submission of such application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

Subchapter 5

Succession of Assets of Mandatory Funded Pension and Use of Inherited assets

[RT I, 27.10.2020, 1 - entry into force 06.11.2020]

§ 28. Succession assets of mandatory funded pension

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) In case of the death of a unitholder the units and in the case of the death of a person using pension investment account the money in his or her pension investment account and the financial assets acquired for the money (hereinafter all in this section *assets of pension investment account*) shall transfer to the successor.

(2) A successor shall have the right to transfer the inherited units to his or her pension account or redeem them as well as to withdraw the money in the pension investment account inherited under the terms and conditions and pursuant to the procedure provided for in this Act. An application for the performance of such transactions is a unilateral transaction within the meaning of the Act on the General Part of the Civil Code.

(3) A successor shall have the right to transfer the money in the pension investment account inherited to his or her pension investment account, register financial assets acquired through the pension investment account in the securities account related to his or her pension investment account or to transfer the financial assets and terminate the contract entered into upon the acquisition of the financial asset under the conditions and pursuant to the procedure provided for in the contract entered into with the credit institution which opened the pension investment account, in the contract entered into upon acquisition of the financial asset and by law.

(4) Receipt of a payment out of the estate pursuant to the provisions of this section is not deemed to be redemption of units or receipt of a payment within the meaning of § 43¹ of this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 29. Transfer of assets of mandatory pension fund to successor

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) A successor may apply for the transfer of the assets of mandatory pension fund inherited if he or she:

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 1) is an obligated person for the purposes of this Act;
- 2) is no longer an obligated person for the purposes of this Act but a pension account has been opened for him or her;
- 3) is not yet the obligated person for the purposes of this Act but he or she is a resident natural person specified in subsection 1 of § 6 of the Income Tax Act.

(2) Upon submission of the application for the transfer of pension fund units, the successor is deemed to have agreed to the terms and conditions of the pension fund for the transfer of the units of which into his or her account he or she has submitted an application.

[RT I 2010, 38, 231 – entry into force 01.07.2010]

§ 30. Redemption of pension fund units

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 31. Procedure for transfer of pension fund units and making of payment

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) In order to transfer the pension fund units into his or her pension account or redeem the units the successor shall submit an application to the registrar through the account administrator in which the following information shall be set out:

1) the name and personal identification code of the bequeather;

2) the name and the personal identification code of the successor that is a natural person (the date of birth in case of the absence of the personal identification code) and the name of the country in case of the code of a foreign country;

[RT I, 13.12.2013, 1 – entry into force 01.01.2014]

2¹) the business name and registry coded of a successor that is a legal person, the name of the country in case of the code of a foreign country;

[RT I, 13.12.2013, 1 – entry into force 01.01.2014]

3) the contact details of the successor;

4) the preferences of the successor that is a natural person regarding the manner in which notices are to be transmitted to him or her and regarding the corresponding powers;

[RT I, 13.12.2013, 1 – entry into force 01.01.2014]

5) the name of each pension fund the units of which the successor who is a natural person wishes to transfer into his or her pension account, and the number of these units;

[RT I, 13.12.2013, 1 – entry into force 01.01.2014]

6) the name of each pension fund the units of which the successor wishes to redeem, and the number of these units;

7) the number of the bank account of the successor and the business name of the credit institutions where the bank account is opened;

8) information of the certificate of succession;

9) information on the agreement of the division of the inheritance in case it exists;

10) the date of submission of the application.

[RT I 2010, 38, 231 – entry into force 01.07.2010]

(1¹) If the pension fund units are inherited by a successor with restricted active legal capacity, the application provided in subsection 1 of this section shall be submitted by his or her legal representative who shall have a court consent in the cases provided in subsection 1 of § 131 or clause 8 of subsection 1 of § 188 of the Family Law Act.

[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(2) The account administrator shall forward the application immediately to the registrar under the conditions and pursuant to the procedure established by the registrar.

[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(3) The redemption of inherited pension fund units or transfer thereof into the pension account of a successor shall be organised by the registrar within three working days as of the receipt of the documents provided in subsection 1 of this section and pursuant to legislation, the pension fund rules and the contract entered into by the registrar with the pension management company or the depository. Upon redemption of units of a mandatory pension fund, the registrar shall make the payment to the person who inherited the units.

[RT I 2006, 56, 417 – entry into force 01.01.2007]

(4) The registrar shall refuse to grant an application specified in subsection 1 of this section if the application does not comply with the requirements provided in this Act. The registrar shall notify the account administrator of the refusal to grant the application and of the reasons therefor. The account administrator shall immediately notify the applicant thereof. In order to redeem the inherited pension fund units or to transfer into his or her pension account, the person shall submit a new, valid application.

[RT I 2010, 38, 231 – entry into force 01.07.2010]

(4¹) If the estate contains money in the pension investment account, the registrar shall organize its payment to the successor within five working days as of the receipt of the information specified in subsection 4² of this section from the credit institution that opened the pension investment account in accordance with legislation and the contract entered into by the registrar with the credit institution that opened the pension investment account for the bequeather.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4²) A credit institution that opened the pension investment account for the bequeather shall transfer to the registrar the amount that the successor wishes to withdraw from the pension investment account and shall submit to the registrar immediately after the receipt of the application from the successor for payment of money in the pension investment account an application in which the information specified in clauses 1–3, 7 and 10 of subsection 1 of this section are set out and the amount which the successor wishes to withdraw from the pension investment account of the bequeather, together with the pension investment account number and the business name of the credit institution which opened it.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) The specific procedure for the handling of the application provided in subsections 1 and 4² of this section shall be established by the minister in charge of the policy sector as part of the procedure for units of mandatory funded pension to be established on the basis of subsection 3 of § 12 of this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) The data specified in subsections 1 and 4² of this section shall be submitted in an application form provided by the registrar.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

Subchapter 6

Compensation for Loss Caused to Unitholders of Pension Fund

§ 32. Bases for compensation for loss

(1) If the Financial Supervision Authority ascertains that there has been a violation of the investment restrictions provided in the Investment Funds Act, the pension fund rules or prospectus and there is reason to believe that the violation has caused loss to the unitholder of the pension fund, the pension fund management company or a persons who has operated as pension management company (hereinafter both in this Subchapter pension management company) are required to compensate for the loss caused to the unit-holder of the pension fund.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(2) A pension management company shall determine the extent of the loss on the basis of all the proprietary damage caused, including any loss of profit compared to the situation that would exist if such violation had not occurred and where the assets of the pension fund associated with the violation would have been invested similarly to the other assets of the pension fund.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(2¹) In order to compensate for the damage caused to the unitholder of the pension fund the new pension fund units shall be issued at the expense of the pension management company. The pension management company may redeem the units of the pension fund owned in order to issue new units (hereinafter own units).

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(3) Any loss caused to the unitholders provided in § 62 of the Guarantee Fund Act shall not be compensated for pursuant to the procedure provided in this Subchapter.

(4) The provisions of this Subchapter do not restrict claims for compensation for loss on other bases provided by law.

§ 33. Precept to compensate for loss

(1) The Financial Supervision Authority may issue a precept to compensate for loss caused to the unitholders of a pension fund to the pension management company. The Financial Supervision Authority shall forward a copy of the precept immediately to the registrar, the depository of the pension fund and the Guarantee Fund.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(2) A precept provided in subsection 1 of this section shall, among other matters, set out the following:

- 1) description of the violation;
- 2) the term during which the pension management company is required to determine the extent of loss caused to each unitholder;
- 3) the term during which the loss caused to units-holders by a pension management company must be compensated for;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

- 4) other circumstances which the Financial Supervision Authority deems necessary.

§ 34. Application for issue of units to unitholders

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(1) The units provided in subsection 1 of § 35 of this Act shall be issued and own units redeemed in case of necessity by the registrar on the basis of a corresponding application of the pension management company. The application shall set out:

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

1) the name of the pension management company;
2) reference to the precept provided in subsection 1 of § 33 of this Act which is the basis for the application in case the Financial Supervision Authority has made such precept;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

3) the amount of loss caused to each unitholder;
4) the methods for determining the amount of loss caused;

4¹) information if the own units of the pension management companies shall be deemed for issue of the new units to the unitholders who suffered damage;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

4²) the term during which the damage caused to the unitholders shall be compensated for;

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

5) the date of submission of the application;
6) other circumstances provided by legislation;
7) circumstances which are deemed necessary by the pension management company.

(2) The application shall be submitted to the Financial Supervision Authority no later than thirty days before expiry of the term specified in clause 3 of subsection 2 of § 33 of this Act and in clause 4² of subsection 1 of this section. If the Financial Supervision Authority has not submitted any objections within ten calendar days after the receipt of the application, the pension management company shall forward the application to the registrar for execution. The pension management company shall eliminate any deficiencies contained in the application by the due date established by the Financial Supervision Authority.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

§ 35. Procedure for issue of new units to unitholders

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(1) Units of the pension fund into which the mandatory funded pension contributions are made or should be made by a unitholder shall be issued to the unitholder in the amount of the loss suffered. If the unitholder has entered into a pension contract for a mandatory funded pension, agreed to the pension fund, applied for single payments or if the unitholder has died, the units of the pension fund into which his or her last mandatory funded pension contribution was paid, shall be issued.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(1¹) If the payment of a unitholder who has suffered damage is received or was last received in his or her pension investment account, the damage shall be compensated by transferring the corresponding amount to his or her pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) If own units are redeemed, no payments shall be made to the pension management company from the pension fund.

(3) If own units are redeemed under the conditions provided in this Subchapter, the redemption fee shall not be charged.

[RT I 2008, 48, 269 – entry into force 01.01.2011]

(4) A specific procedure for the redemption of own units and the issue of units to unitholders shall be established by the procedure related to the units of a mandatory pension fund to be established pursuant to subsection 3 of § 12 of this Act.

§ 36. Notification of compensation for loss

A pension management company is required, within three working days as of submission to the Financial Supervision Authority of the application provided in subsection 1 of § 34 of this Act, to publish in at least one daily national newspaper and on its website or on the website of the group into which the pension management company belongs, a notice which sets out at least the following information:

1) the name of the pension fund to the unitholders of which the damage caused shall be compensated for;
2) the procedure for notifying the unitholders;
3) the terms for compensation for damages to the unitholders.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

Subchapter 7

Units of and Contributions to Pension Fund upon Liquidation of Pension Fund

§ 37. Acquisition of pension fund units upon liquidation of pension fund

(1) If a pension fund is liquidated every unitholder shall acquire a number of units of a new pension fund chosen by him or her corresponding to his or her part of the amount of money to be distributed or, if the unitholder fails to make such choice, of a pension fund determined by the registrar on the basis of this section or through the drawing of lots.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(2) A unitholder shall choose a new pension fund by submitting an application which complies with the requirements provided in subsections 1 and 3 of § 16 of this Act within two months as of the publication of the liquidation notice in at least one daily national newspaper, unless the Financial Supervision Authority has specified a longer term. The provisions of subsections 2–3, 5 and 5¹ of § 14 and subsection 7¹ of § 16 of this Act shall be applied to the submission of the application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2¹) Instead of choosing a new pension fund, a person may determine, pursuant to the procedure provided for in this section, that his or her share of the money to be distributed shall be transferred to his or her pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) An application provided in subsection 2 of this section shall indicate:

- 1) the name of the unitholder;
- 2) the personal identification code of the unitholder;
- 3) the contact details of the unitholder;
- 4) the preferences of the person regarding the manner in which notices are to be submitted to him or her and regarding the corresponding authority;
- 5) the name of the pension fund to be liquidated;
- 6) the name of the new pension fund chosen the units of which the person wishes to acquire;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

6¹) the number of the pension investment account if the person wishes that his or her share of the money to be distributed be transferred to his or her pension investment account;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

7) confirmation from the person that he or she has had access to the rules, prospectuses and key information of all registered mandatory pension funds;

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

8) upon choosing of a new pension fund the confirmation of acceptance of the terms and conditions of the pension fund;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

9) the date of submission of the application;

10) the signature of the unitholder.

(3¹) The consent of a court provided for in subsection 1 of § 131 or clause 8 of subsection 1 of § 188 of the Family Law Act is not required for the submission of an application on behalf of a person with limited active legal capacity or upon granting a written consent of a legal representative to a person younger than 18 years of age to submit an application.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) An application provided in subsection 2 of this section shall be submitted to the account administrator, who shall forward the information in the application immediately to the registrar.

(5) If a unitholder has failed to submit an application provided in subsection 2 of this section during the prescribed term, the unitholder shall acquire units of the pension fund into which the mandatory funded pension contributions made by the unitholder are or should be paid as at the due date provided in subsection 2 of this section.

(6) If there is no pension fund specified in subsection 5 of this section or the pension fund is a pension fund to be liquidated, the registrar shall draw lots for the new pension fund of the unitholder from among the pension funds whose investment strategy is, pursuant to § 363 of the Investment Funds Act, similar to the investment strategy of the pension fund to be liquidated.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(7) The registrar shall draw lots for the new pension fund of the unitholder within five working days as of expiry of the term for submission of an application provided in subsection 2 of this section.

(8) The provisions of subsections 6 and 7 of this section do not apply if the payment of a unitholder who failed to submit the application provided for in subsection 2 on time is received or should be received in his or her pension investment account. In the case provided for in this subsection, the registrar shall transfer the unitholder's share of the money to be distributed to his or her pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 38. Deletion of units and issue of units of new pension fund

(1) The depositary of a pension fund shall transfer the money to be distributed among unitholders immediately after performance of all acts provided in §§ 175 and 176 of the Investment Funds Act into the account of the registrar. If the liquidator of the pension fund is the pension management company or liquidators appointed by the Financial Supervision Authority, the depositary of the pension fund shall transfer the money to be distributed among unitholders on the order of the liquidator.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(2) At the earliest opportunity, but not later than on the next working day after receipt of the amount specified in subsection 1 of this section in the account of the registrar, the registrar shall issue units of a new pension fund and delete units of the pension fund to be liquidated simultaneously. The provisions of § 72 of the Investment Funds Act apply to the deletion of units belonging to a pension management company.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(3) Before the units specified in subsection 4 of this section are transferred into pension accounts, the registrar shall separate from the amount specified in subsection 1 of this section an amount corresponding to the units belonging to the pension management company or to the person who has operated as the pension management company, which shall remain in the account of the registrar until the end of the liquidation of the mandatory pension fund.

[RT I, 13.12.2013, 1 – entry into force 01.01.2014]

(4) The registrar shall transfer a corresponding number of units of new pension funds into pension accounts in the Estonian Central Register of Securities in the amount specified in subsection 1 of this section from which the amount specified in subsection 3 has been separated.

(5) At the same time as units are transferred into pension accounts in the Estonian Central Register of Securities, the registrar shall transfer amounts which correspond to the net asset values of the units transferred into the pension accounts into the bank accounts of the new pension funds in their depositaries.

(6) If units are deleted, the redemption fee shall not be charged.

(7) The issue of new units of pension fund shall not take place in the cases provided for in subsections 2¹ and 8 of § 37 of this Act and the registrar shall transfer the corresponding share of the money to be distributed to unitholders to their pension investment accounts, taking into account the term provided for in subsection 2 of this section.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 39. Contributions upon liquidation of pension fund

(1) Upon suspension of the issue of the units of the pension fund to be liquidated on the basis of § 173 of the Investment Funds Act, the funds provided in clause 1 of subsection 1 of § 18 of this Act shall be paid into the bank account of the registrar.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) As of the day following the day of drawing lots for a new pension fund provided for in subsection 7 of § 37 of this Act a unitholder shall acquire units of a new pension fund for the funds specified in subsection 1 of this section and for subsequent contributions on the bases noted in the application provided for in subsection 2 of § 37 of this Act or determined on the bases specified in subsections 5–7 of § 37 of this Act. The provisions of this subsection shall not be applied to a person who has determined that his or her payment shall be received in the pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) A unitholder can commence making contributions to another pension fund pursuant to the procedure provided in § 21 of this Act.

Subchapter 8 Mandatory Funded Pension Payments

[RT I 2008, 48, 269 - entry into force 14.11.2008]

Division 1

General Provisions

[RT I 2008, 48, 269 - entry into force 14.11.2008]

§ 40. Entitlement to mandatory funded pension and mandatory funded pension payments

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) The right to a mandatory funded pension shall arise when a person has five years left until reaching the pensionable age provided for in the State Pension Insurance Act.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(1¹) A person who has been established to have no work ability shall also have the right to a mandatory funded pension.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(2) In order to receive the mandatory funded pension payment, a pension contract shall be entered into with an insurer under the terms and conditions and pursuant to the procedure provided for in this Subchapter, the mandatory fund pension shall be agreed upon with the pension management company or a lump-sum payment shall be requested from the mandatory pension fund or pension investment account.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) In cases not specified in subsection 1 of this section, a person has the right to apply for payment from the mandatory pension fund and the pension investment account under the terms and conditions and pursuant to the procedure provided for in § 43¹ of this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) In order to establish the right provided for in subsection 1¹ of this section and to apply clause 1 of subsection 3 of § 20¹ of the Income Tax Act upon making payments, the registrar has the right to receive data from the Social Insurance Board concerning persons receiving pension for incapacity for work to whom a pension account has been opened on the basis of § 17 of this Act, and from the Estonian Unemployment Insurance Fund (hereinafter unemployment insurance fund) concerning persons who with a partial or no work ability.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

§ 41. Pension contract

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 42. Funded pension

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 43. Lump-sum payment to person who has right to mandatory funded pension

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) A person specified in subsection 1 and 1¹ of § 40 of this Act shall have the right to demand redemption of all the pension fund units belonging to the person in order to receive the payment in the lump-sum of the amount corresponding to the units and of the total amount in his or her pension investment account.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(2) If a unitholder acquires additionally units after submission of an application for the lump-sum payment to redeem all units but before making a lump-sum payment, all the units belonging to the unitholder shall be redeemed and a lump-sum payment shall be made to him or her.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) Where upon making a lump sum payment all the pension fund units owned by a person have been redeemed and the entire amount in the pension investment accounts of the person have been paid out, the registrar shall organize a new payment to the person within one month if money is received in the person's pension account after receipt of lump sum payment. In order to redeem the units remaining in the pension account after making a lump sum payment or withdrawal of money remaining or received in the pension investment account, a person

has the right to submit an application for receiving a new lump sum payment, to agree on a funded pension or enter into a pension contract under the conditions provided for in this Act.
[RT I, 27.10.2020, 1 – entry into force 01.01.2022, wording amended [RT I, 28.12.2020, 1]]

(4) An application shall be submitted for a lump-sum payment and the payment shall be made pursuant to the procedure provided for in §§ 52⁴–52⁶ of this Act.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 43¹. Payment to person who is not yet entitled to mandatory funded pension

(1) A person who is not yet entitled to a mandatory funded pension pursuant to subsection 1 of § 40 of this Act shall have the right to demand redemption of all units and payment of the corresponding amount and the money in all pension investment accounts under the conditions provided for in this section. A person may exercise the right provided for in this subsection up to twice.

(2) The pension fund units shall be redeemed and the corresponding amount and the money in the pension investment accounts shall be paid out in January, May or September. Payment shall be made not later than:

- 1) on 20 January if the corresponding application has been submitted and the information specified in the application has been received by the registrar not later than on 31 July;
- 2) on 20 May if the corresponding application has been submitted and the information specified in the application has been received by the registrar not later than on 30 November;
- 3) on 20 September if the corresponding application has been submitted and the information specified in the application has been received by the registrar not later than on 31 March.

(3) If a person has acquired a financial asset through the pension investment account, all financial assets shall be transferred, including the contracts entered into upon acquisition of the financial asset have expired and the money received in the course of the transfer has been received in the pension investment account.

(4) An application for withdrawal of money shall be submitted and the payment shall be made pursuant to the procedure provided for in §§ 52⁴–52⁶ of this Act.

(5) By withdrawing the money a person shall terminate the making of payments. The making of payments shall terminate as at the end of the month preceding the payment.

(6) A person who is not yet entitled to a mandatory funded pension pursuant to subsection 1 of § 40 of this Act has the right to demand redemption of all of his or her pension fund units and payment of the corresponding amount and the money in pension investment accounts if after the previous withdrawal of money at least ten years have passed since the obligation to make a payment has arisen.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 44. Redemption of units and transfer of money from pension investment account upon commencement of employment by obligated person with institution of European Community

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) An obligated person who meets the conditions laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities and instituting special measures temporarily applicable to officials of the Commission (OJ L 56, 04.03.1968, pp. 1-7), has the right for redemption of all the units of the pension fund units belonging to him or her and to the transfer to the pension scheme of the institutions of the European Communities of the total value of the units and all the money in the pension investment account, including the transfer of financial assets acquired through the pension investment account and transfer of the money received in the account upon expiry of the contract entered into upon the acquisition of financial assets, in accordance with the procedure established on the basis of subsection 2¹ of § 12 of the State Pension Insurance Act.

(2) All the expenses related to the redemption of units and transfer of financial assets provided for in subsection 1 of this section, including cancellation of a contract entered into upon acquisition of financial assets and making transfers, shall be borne by the obligated person.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

Division 2

Payments Pursuant to Contract

[RT I 2008, 48, 269 - entry into force 14.11.2008]

§ 45. Pension contract and general conditions for entry into

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) A pension contract is an insurance contract for a mandatory funded pension entered into between the person specified in subsection 1 or 1¹ of § 48 of this Act and the insurer on the basis of which the insurer undertakes to make pension payments to the person who has signed the contract (hereinafter *policyholder*) under the terms and conditions and pursuant to the procedure agreed upon in the contract and the policyholder undertakes to pay insurance premiums to the insurer.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(2) The pension contract shall only cover the longevity risk provided in the Insurance Activities Act. It is prohibited to cover all other insurance risks.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) On the basis of the pension contract the pension payments shall be made until the death of the policyholder (hereinafter lifetime pension contract) or until the term agreed upon in the contract (hereinafter pension contract for a specified term).

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) Upon calculating the longevity risk the insurer is required, upon entry into the pension contract, to use the mortality rate that describes the life expectancy of the same value with regard to men and women of the same age.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) A policyholder of the pension contract may only be a natural person who is entitled to mandatory funded pension on the basis of subsection 1 or 1¹ of § 40 of this Act.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(6) Unless otherwise specified by the policyholder, upon entry into the pension contract all the units of pension funds belonging to the policyholder shall be redeemed and the lump-sum insurance payment shall be paid to the insurer chosen by the policyholder for the amount corresponding to the units of pension funds and the amounts in all the pension investment accounts of the policyholder. The amount corresponding to the units is obtained by multiplying the number of units to be redeemed and their net asset value. The registrar shall organize the redemption of units and the transfer of the amount corresponding to the units from the pension fund to the insurer. The transfer of the money in the pension investment account to the insurer shall be organised by the credit institution that has opened the account by the order of the policyholder.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(7) An insurer established in Estonia who is holding an annuity activity license and an Estonian branch of an insurer established in a Contracting State of the European Economic Area, who is a participant in the Pension Protection Sectoral Fund prescribed in the Guarantee Fund Act, and who has a valid contract with the registrar specified in subsection 1 of § 37¹ of the Securities Register Act, shall have the right to enter into a pension contract.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8) The amount of the pension payment is calculated on the basis of the same mortality rates describing life expectancy and the fees charged by the insurer in the offers made on one day and the same guaranteed annual rate in the case of a pension contract with the guaranteed annual interest rate.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(9) Pension payments shall be made on a date agreed upon between the policyholder and the insurer, but not later than on the 15th day of the calendar month.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(10) The proprietary rights arising from a contract may not be a collateral or be encumbered in any other way.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(11) The provisions of the Law of Obligations Act apply to the pension contract, taking into account the specifications arising from this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 46. Specifications of pension contract

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 46¹. Unit-linked pension contract

(1) A unit-linked pension contract is a pension contract where the policyholder is not guaranteed pension payments at least in the amount which corresponds to the pension payments calculated with the guaranteed zero

per cent interest rate and the investment risk related to underlying assets is borne by the policyholder pursuant to the contract.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(2) The choice of the financial assets to be used as the underlying assets of a unit-linked pension contract shall be determined by the insurer. The insurer may also offer the units of the mandatory pension fund in the choice of the underlying assets of the unit-linked pension contract.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) Acquisition, redemption and change of the pension fund units is made pursuant to the agreement entered into between the insurer, registrar and the pension management company, taking account of the terms of the change of units provided for in subsection 8 of § 25 of this Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) If the management company belonging to the same consolidation group with the insurer makes a repayment of the fund management fee calculated on the underlying assets of a unit-linked pension contract, the insurer shall use it for increasing the pension payments of the pension contract.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 47. Joint pension contract

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 48. Pension contract with guarantee period

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 48¹. Pension contract for specified term

[Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 49. Entry into pension contract

(1) In order to enter into a pension contract, a person shall submit an application to the insurer of his or her choice.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) The insurer is required to identify the person's requirements to the pension contract on the basis of the information provided by the person at least to the extent provided in clause 2 of subsection 1 of § 50 of this Act and make a signed written offer to the person for the entry into the pension contract in compliance with these requirements to the greatest extent possible.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) [Repealed – RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(4) Upon acceptance of the offer made by the insurer the person shall return it signed to the insurer.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) Immediately after the offer has been signed by the person, the insurer shall submit to the registrar an application for the transfer of the insurance premium in accordance with the provisions of subsection 4 of § 52 of this Act. Upon acceptance of the application by the registrar, the pension contract is deemed to have been entered into.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) The registrar shall refuse to grant an application if:

1) the person is not yet entitled to mandatory funded pension pursuant to subsection 1 or 1¹ of § 40 of this Act;

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

2) redemption of units is prohibited pursuant to the Investment Funds Act;

3) the application submitted to the registrar is not in compliance with the requirements provided in subsection 4 of § 52 of this Act;

4) the person has already a valid pension contract and does not have any units and money in the pension account to enter into a new pension contract.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

5) [Repealed – RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(7) Upon refusal to grant an application, the registrar shall immediately notify the insurer who submitted the application thereof and of the reasons therefor by forwarding an electronic error notice through the information system which shall include:

1) the legal basis for refusal units;

2) the reasons for refusal.

(8) The insurer is obligated to immediately notify the policyholder of the date of entry into the pension contract and the right to withdraw from the contract within 14 days as of the entry into pension contract.

(8¹) If the money in the pension investment account of the policyholder is used to pay the insurance premium, the policyholder shall have the corresponding amount transferred by the credit institution that opened the pension investment account to the policyholder from that account to the insurer's bank account by the term provided for in the pension contract.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(9) The policyholder is entitled to withdraw from the contract within 14 days as of entry into the pension contract by the submission to the insurer an application for withdrawal in writing or in the form enabling reproduction in writing within the term specified. The insurer is obliged to notify the registrar immediately about the application for withdrawal, by submitting the information specified in clauses 1–4 and 11 of subsection 4 of § 52 of this Act.

(9¹) If the policyholder has not paid the insurance premium within ten days as of the entry into the pension contract in the part for which he or she wished to use the money in his or her pension investment account, the insurer shall have the right to withdraw from the pension contract. The insurer shall immediately notify the policyholder and the registrar of the withdrawal from the pension contract, submitting to the latter the information specified in clauses 1–4 and 11 of subsection 4 of § 52 of this Act.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(9²) In the event of withdrawal from the pension contract, the insurer shall return the insurance premium to the policyholder's pension investment account if the money in the pension investment account was used to pay the insurance premium.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(10) Upon a failure to use the right of withdrawal from the pension contract provided for in subsection 9 or 9¹ of this section and it is necessary to redeem the pension fund units belonging to the policyholder in order to pay the insurance premium, the registrar shall satisfy the application submitted by the insurer and organise the redemption of the units and shall transfer the amount that corresponds to the total value of the units or the amount corresponding to the number of units determined upon entry into the pension contract to the bank account of the insurer within five working days after 14 days have elapsed as of the entry into pension contract.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(10¹) [Repealed – RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(11) The insurer shall issue a pension contract policy in compliance with § 51 of this Act to the insurer immediately after the receipt of the insurance premium.

(12) The provisions in the third sentence of subsection 1 of § 433 or §§ 56 and 457 of the Law of Obligations Act shall not be applied with regard to withdrawal from the pension contract.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

§ 50. Notification of person before entry into pension contract

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) Each time before entry into the pension contract with a person the insurer is required to:

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

1) notify the person of the contact information of the insurer, including the address of the office where the pension contract is entered into if it is not done at the seat of the insurer;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

2) identify the person's requirements to the pension contract, including the terms and conditions of making pension payments;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

3) [Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

4) introduce the conditions of the pension contract offered, including the amount, frequency and time of commencement of pension payments, the guaranteed interest rate, life expectancy assumptions, the amount of all the fees related to the pension contract and the conditions for withdrawal from the pension contract;

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

5) explain to the person the principles of the formation of the pension payment and the conditions which affect the amount of the pension payment;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

6) notify the person of the possibility of the change in the amount of the insurance premiums and pension payments provided in subsection 2 of § 51 of this Act after entry into the pension contract;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 7) explain to the person the principles of the formation of the surrender value of the pension contract;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 8) explain to the person the principles of determination and distribution of profit of the pension contracts;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 9) explain to the person the general principles of the taxation of pension payments;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 10) explain to the person his or her right not to agree with the offer of the insurer, as well as notify of the right to withdraw from the pension contract entered into within 14 days as of the entry into the contract;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 10¹) notify the person of the right of the insurer to withdraw from the pension contract entered into pursuant to the procedure provided for in subsection 9¹ of § 49 of this Act, for the payment of the insurance premium of which it is desired to use the money in the pension investment account;
[RT I, 28.12.2020, 1 – entry into force 02.01.2021]
- 11) submit the contact information of the competent supervisory body where the person may submit a complaint about the activities of the insurer;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 12) consult the person on other issues related to the pension contract.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1¹) Each time before the entry into a unit-linked pension contract with the person, in addition to the provisions of subsection 1 of this section, the insurer is required to:

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 1) [Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 2) provide information to the person about the nature of the underlying assets of the contract and the risks related thereto, which enables him or her to make a fully informed decision, thereby it is not permitted to stress the possible benefit from the entry into a unit-linked pension contract, but at the same time no explicit reference is given to the risks related to the entry into such contract;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 3) assess the suitability of a unit-linked pension contract and its underlying assets to the person pursuant to the provisions of § 222 of the Insurance Activities Act.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) The advice and recommendations given to the person shall be submitted in such details that correspond to the complexity of the pension contract and the competence of the person.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) The information disclosed to the person shall be presented in writing or in a form that enables reproduction in writing, is explicit, synoptically structured and prepared in the Estonian language or in another language agreed upon with the person.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) Provisions of subsections 1 and 2 of § 428 of the Law of Obligations Act are not applied to the notification of the person.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 51. Pension contract policy

- (1) The pension contract policy shall include at least the following:
- 1) the business name and contact details of the insurer;
 - 2) the name and contact details of the policyholder;
 - 3) the name and contact details of the insured person if it is a joint pension contract;
 - 4) the amount of the insurance premium;
 - 5) the amount and date of pension payment and the date of commencement of pension payments;
 - 6) the amount of fees related to the pension contract;
 - 7) the terms for withdrawal from the pension contract and the amount of the fee charged;
 - 8) the length of the guarantee period and the details of the beneficiary if the pension contract is with a guarantee period;
 - 9) references to the insurance conditions that are applied to the pension contract;
 - 10) references to this Act from which the bases for entry into pension contract arise;
 - 11) references to the Income Tax Act from which the bases for rules of taxation of the pension contracts arise;
 - 12) the contact details of the competent supervisory body where the person may submit a complaint on the activities of the insurer.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1¹) On the policy of a unit-linked pension contract the amount of the pension payment shall be expressed in the amount of the financial assets subject to redemption.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1²) It is required that the policy of the pension contract entered into for a specified term shall set out the term of the contract in addition to the provisions of subsection 1 of this section.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) The insurance premium in the pension contract and the pension payments in the policy and the offer signed by the parties to the contract may differ in the part that results from the change in the number of units or in their value that took place during the period between the entry into the pension contract and the redemption of the units provided for in subsection 10 of § 49 of this Act. If the money in the pension investment account of the policyholder is used to pay the insurance premium, the difference in the insurance premium may also arise from the change in the amount in the pension investment account by the time of payment of the insurance premium.
[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(3) If the insurance premium received by the insurer is larger than that in the offer, the insurer is required to increase the pension payments of the pension contract respectively.

(4) In case of a change in the information in the policy the insurer is required to issue a new policy to the policyholder.

(5) The pension contract policy shall be in the written form.

(6) The provisions of § 434 of the Law of Obligations Act shall not be applied with regard to the pension contract policy.
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

§ 52. Information concerning pension contract

[RT I, 28.12.2020, 1 – entry into force 01.09.2021]

(1) The insurer is obliged to notify the policyholder once a year of at least the following details:

- 1) pension payments made during the period;
 - 2) fees charged on the basis of the pension contract
 - 3) the profit of pension contracts assigned to the policyholder during the period;
- [RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 4) the surrender value of the pension contract.

(2) The insurer is also required to submit the amount of the surrender value of the pension contract to the policyholder at the latter's request.

(3) The information specified in subsection 1 of this section is required to be submitted in the monetary value or if it is not possible then in percentages in compliance with the terms and conditions provided in subsection 3 of § 50 of this Act.

(3¹) The provisions of § 429 of the Law of Obligations Act shall not be applied with regard to the submission of information concerning the pension contract policy.
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(3²) The guaranteed interest rates of the pension contracts to be entered into and the life expectancy assumptions and the amount of fees charged by the insurer shall be available on the website of the insurer.
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(4) The application to be submitted to the registrar by the insurer shall set out the following:
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

- 1) the name of the insurer;
- 2) the name of the policyholder;
- 3) the personal identification code of the policyholder
- 4) the contact details of the policyholder;
- 5) [Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 5¹) reference to whether or not it is a unit-linked pension contract;
[RT I, 03.07.2017, 2 – entry into force 01.01.2018]
- 6) the name of the pension fund the units of which shall be redeemed to pay for the insurance premium;
- 7) the amount of the units the redemption of which is applied for
- 7¹) the term of the contract if the contract is entered into for a specified term;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 7²) the number of the pension investment account of the policyholder, the amount on which he or she wishes to use to pay the insurance premium;
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]
- 7³) reference to whether the policyholder wishes to use all the money in his or her pension investment accounts or part thereof to pay the insurance premium;
[RT I, 28.12.2020, 1 – entry into force 02.01.2021]
- 8) the number of the pension contract and reference number;

- 9) the number of the cancelled pension contract and the name of the insurer that concluded it in case it is the entry into a new pension contract;
- 10) the date of expiry of the cancelled pension contract if this is a cancellation of the pension contract;
- 10¹) dates of suspension and continuation of pension payments in the case of suspension of pension payments; [RT I, 18.02.2022, 1 – entry into force 01.01.2023]
- 11) the date of submission of the application.

(5) [RT I, 28.12.2020, 1 – entry into force 01.09.2021]

(6) [RT I, 28.12.2020, 1 – entry into force 01.09.2021]

(7) [Repealed – RT I, 03.07.2017, 2 – entry into force 01.01.2018]

§ 52¹. Use of money and units in pension account and money in pension investment account after entry into pension contract

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(1) If pension fund units or money in the pension investment account of the policyholder remain in the pension fund of the policyholder after the entry into a pension contract, the policyholder shall have the rights provided for in subsection 2 of § 40 of this Act to use these units and units acquired later as well as the money in the pension investment account or the money received later thereto, and the right to use the units and the money in the pension investment account to pay an additional insurance premium. In order to pay additional insurance premium, the policyholder is required to submit a corresponding application to the insurer who has entered into the pension contract.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(2) The insurer shall submit to the registrar an application for getting additional insurance premium in conformity with the requirements provided in subsection 4 of § 52 of this Act after the receipt of the relevant application from the policyholder.

(3) The registrar shall organise the redemption of the units and the transfer of the amount corresponding to the total value of units or the units determined by the policyholder to the bank account of the insurer within five working days as of the receipt of the application specified in subsection 2 of this section from the insurer, taking account of the provisions of subsections 6 and 7 of § 49 of this Act.

(4) If the money in the pension investment account is used to pay an additional insurance premium, the policyholder shall have the corresponding amount transferred by the credit institution that opened the pension investment account to the policyholder from that account to the bank account of the insurer by the due date determined by the insurer.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(4¹) Where all the units of pension funds owned by the policyholder and amounts in all pension investment accounts of the policyholder were used to pay the insurance premium upon entry into the pension contract and money is received in the policyholder's pension account, the registrar arranges for the transfer of this money to the insurer within one month as an additional insurance premium to the last pension contract entered into by the policyholder. The provisions of this subsection are not applied in the case of death of the policyholder.

[RT I, 28.12.2020, 1 – entry into force 01.09.2021]

(5) By payment of an additional insurance premium, the pension contract is amended and the insurer shall calculate the amount of the new pension contribution.

[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

(6) The right provided for in this section to pay an additional insurance premium to a pension contract also applies to a beneficiary of a pension contract with a guarantee period, who has a right to pension payments from that pension contract after the death of the policyholder. At the request of the beneficiary, the insurer who has entered into a pension contract with a guarantee period shall arrange for the transfer of the amount payable to the beneficiary, as an additional insurance premium to his or her pension contract, to the insurer who has entered into the pension contract.

[RT I, 28.12.2020, 1 – entry into force. 02.01.2021]

§ 52². Cancellation of pension contract, entry into new contract and suspension of pension payments

[RT I, 18.02.2022, 1 – entry into force 01.01.2023]

(1) Cancellation of the pension contract is only allowed in the case when at least three years have passed from the entry into contract and the application for cancellation of the contract has been submitted at least three months before the end of the pension year.

(1¹) A pension year is a one-year period, the calculation of which in the case of a pension contract begins upon the entry into the pension contract.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) In case of cancellation the pension contract shall terminate at the end of the current pension year.

(3) In case of the cancellation of the contract the surrender value of the contract shall not be paid out to the policyholder, but it is transferred to the insurer who entered into the contract as an insurance premium of the other pension contract entered into by the policyholder.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(4) Should the policyholder die before the entry into a new pension contract or the payment of the additional insurance premium, the surrender value of the cancelled pension contract shall not be transferred or paid out.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) If the policyholder wishes to cancel the pension contract, he or she shall submit the respective application to the insurer in writing or in the form that enables reproduction in writing. The policyholder has the right to withdraw the application for cancellation of the pension contract before the termination of the contract.

(6) If the policyholder submits an application for cancellation of the pension contract to the insurer, the insurer is required to submit within five working days to the policyholder, in writing or in the form enabling reproduction in writing, the amount of the surrender value of the pension contract upon termination of the contract. The insurer shall notify the registrar about the cancellation of the pension contract immediately before the expiry of the contract by submitting an application in which the information specified in clauses 1–4, 8, 10 and 11 of subsection 4 of § 52 of this Act is stated.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(7) The surrender value of the pension contract is the current value of future cash flows of the contract at the time of calculating the surrender value or at the time of termination of the contract in the case provided in subsection 6 of this section. The surrender value of the pension contract is, dependent on the provisions in the conditions of the pension contract, either the current value of the future cash flows of the contract:

1) upon calculation of which the guaranteed interest rate of the contract is used and from which the fee for cancellation of the contract may be deducted, or

2) upon calculation of which the risk-free interest rate term structure established in subsection 3 of § 45 of the Insurance Activities Act is used and from which the fee for cancellation of the contract may be deducted.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(7¹) The calculation of the current value of the future cash flows of a pension contract with regard to this contract shall be based on:

1) pension payments to which the fees related to the execution of the contract payable to the insurer and agreed to upon the entry into the contract;

2) mortality rates that describe life expectancy that are of the same value for males and females of the same age valid at the time of calculating the surrender value.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(7²) The surrender value of a unit-linked pension contract is the amount corresponding to the value of the financial assets belonging to the underlying assets of this contract which would be needed at the time of calculating the surrender value in order to enter into a similar unit-linked pension contract.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8) A new pension contract shall be entered into after termination of the cancelled pension contract. The provisions of subsections 1–9 and 11 of § 49 of this Act shall be applied to the entry into a new pension contract. The application specified in subsection 5 of § 49 of this Act shall set out the information provided in clauses 1–4, 8, 9 and 11 of subsection 4 of § 52.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8¹) If the cancelled pension contract had been entered into with a guarantee period or with suspension of pension payments, a new pension contract may be entered into under the same terms.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(8²) Upon entry into the pension contract with a guarantee period the guarantee period may not exceed the guarantee period which was unused on the basis of the cancelled pension contract and upon suspension of the pension payments the making of pension payments may not be commenced later than they would have been made on the basis of the cancelled pension contracts if the contract had not been cancelled.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(8³) If the policyholder already has several insurance contracts and he or she wishes to use the surrender value of the cancelled pension contract for payment of the additional insurance premium of the current contract, he or

she shall submit a relevant application to the insurer who entered into the contract after the cancelled pension contract terminated.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(9) After the entry into a new pension contract or receipt of the application for additional insurance premium the insurer shall give an order for the transfer the surrender value of the pension contract of the policyholder to the insurer with whom the cancelled pension contract had been entered into.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

(10) If the pension payments of the pension contract have changed after finding out the amount of the surrender value provided in subsection 6 of this section, the insurer is required to transfer the surrender value which corresponds to the changed pension payments.

(11) The insurer is required to make the transfer provided in subsection 9 of this section within five working days as the receipt of the respective order.

(11¹) Upon cancellation of a lifetime pension contract, a new pension contract shall be entered into for life. Upon cancellation of a pension contract for a specified term, a new pension contract shall be entered into for a specified term or for a lifetime term.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(12) The insurer shall have the right to apply with regard to the policyholder more favourable conditions for the cancellation of a pension contract than those provided for in subsections 1, 2 and 7 of this section and, for the cancellation of a pension contract entered into for a specified term, also more favourable conditions than the provisions of subsection 3. If, upon cancellation of the pension contract, a new pension contract is entered into with the same insurer, the insurer shall have the right, in addition to the provisions in the first sentence of this subsection, to apply more favourable conditions than those provided for in subsections 8¹, 8² and 11¹ of this section for cancellation of the pension contract and entry into a new pension contract.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(13) A policyholder who has entered into a pension contract based on subsection 1¹ of § 40 of this Act has the right, after the person has been assessed to have partial or full capacity for work, to suspend pension payments, in the case the policyholder is not yet entitled to a mandatory funded pension pursuant to subsection 1 of § 40, by submitting to the insurer a corresponding application in writing or in a form reproducible in writing.

[RT I, 18.02.2022, 1 – entry into force 01.01.2023]

(14) With the suspension of pension payments, the pension contract is amended, and the insurer calculates the amount of the new pension payment, which is applied upon continuation of pension payments as of the agreed date and issues a new pension contract policy to the policyholder pursuant to § 51 of this Act.

[RT I, 18.02.2022, 1 – entry into force 01.01.2023]

(15) The insurer informs the registrar of the suspension of pension payments immediately after receiving a corresponding application from the policyholder by submitting an application in which the data specified in clauses 1–4, 8, 10¹ and 11 of subsection 4 of § 52 of this Act are indicated.

[RT I, 18.02.2022, 1 – entry into force 01.01.2023]

Division 3

Payments from Pension Fund and Pension Investment Account

[RT I, 27.10.2020, 1 - entry into force 06.11.2020]

§ 52³. Agreement on funded pension and conditions for making payments

(1) In order to receive a mandatory funded pension a unitholder may use a funded pension, on the basis of which periodic payments are made to the unitholder from the pension fund until the termination of the funded pension.

(2) A funded pension includes all pension funds the units of which are held by the unitholder. The units whose redemption is prohibited on the basis of the Investment Funds Act are not taken into account.

(3) The term of the funded pension is determined in pension years and calculated upon agreeing on a funded pension, on the basis of the average number of years remaining to live of men and women, rounded to the full years, corresponding to the age of the unitholder, published by Statistics Estonia, for the year before the previous calendar year.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

(4) A unitholder may set a term for a funded pension shorter or longer than provided for in subsection 3 of this section.

(5) Upon agreeing on a funded pension, a unitholder shall determine the frequency of payments, according to which payments shall be made either once a month, once a quarter or once in a pension year. If the frequency of payments is once a quarter or once a pension year, the payment shall be made respectively in the last month of the chosen frequency.

(6) A pension year is a one-year period, the calculation of which in the case of a funded pension begins on the first day of the month following the month in which the application for a funded pension is submitted.

(7) Upon making a payment of a funded pension to a unitholder, the prescribed number of units shall be redeemed, and a payment shall be made for the corresponding amount. The amount corresponding to the units is obtained by multiplying the number of units to be redeemed and their net asset value. The registrar shall organize the redemption of units and making a payment to the unitholder.

(8) The number of units on the basis of which the funded pension payments are made shall be determined each time before the payment is made by dividing the number of units owned by the unitholder according to the chosen frequency of payments with the duration of the funded pension in months, quarters or pension years.

(9) If a unitholder owns units of several pension funds, the number of units to be redeemed upon making a payment shall be divided among different pension funds according to the proportion of the units owned by each unitholder in each pension fund, thus determining the units to be redeemed in each pension fund upon making a payment.

(10) A funded pension terminates and the making of payments is terminated:

- 1) upon redemption of the last units belonging to the unitholder and making a corresponding payment;
- 2) in the event of the death of the unitholder;
- 3) upon submission of an application by the unitholder to terminate the funded pension or
- 4) in a situation where the redemption of all the pension funds units belonging to the unitholder has been suspended on the basis of § 173 of the Investment Funds Act.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 52⁴. Application for funded pension, application for lump-sum payment and application for withdrawal of money

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) In order to agree on a funded pension, a person shall submit a formal funded pension application to the account administrator or registrar.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(2) The following shall be set out in an application for funded pension:

- 1) the name of the person;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 2) the personal identification code of the person;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 3) the contact details of the person;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 4) the number of the bank account of the person and, where necessary, the business name, address and other requisites needed for making a bank transfer of the credit institution in which the bank account has been opened;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 5) the term of the funded pension;

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 6) [Repealed – RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 7) the frequency of the periodic payments;

- 8) the date of submission of the application;

- 9) the signature of the person.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(3) In order to terminate the funded pension, the person shall submit an application to the account administrator or the registrar setting out the data specified in clauses 1–4, 8 and 9 of subsection 2 of this section.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) In order to receive a lump-sum payment provided for in § 43 of this Act a person shall submit an application for a lump-sum payment to the account administrator or the registrar where the information specified in clauses 1–4, 8 and 9 of subsection 2 of this section is set out. If a partial payment from the pension fund is requested, the amount which the person wishes to withdraw, and the name of the pension fund whose units the person wishes to redeem for that purpose shall also be indicated in the application for a lump-sum payment. If a partial payment is requested from a pension investment account, the credit institution that opened the account shall immediately submit to the registrar an application for payment of the money or part thereof from the pension

investment account, in which the data specified in clauses 1–4, 8 and 9 of subsection 2 of this section and the amount the person wishes to withdraw from the pension investment account, together with the number of the pension investment account and the business name of the credit institution which opened it.
[RT I, 27.10.2020, 1 – entry into force 01.01.2022, wording amended [RT I, 28.12.2020, 1]]

(4¹) In order to receive the payment provided for in § 431 of this Act, a person shall submit to the account administrator or registrar an application for withdrawal of money, which sets out the information specified in clauses 1–4, 8 and 9 of subsection 2 of this section.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4²) By submitting an application for withdrawal of money, the person submitting the application shall grant the registrar the right to verify in the credit institution the correctness of the name and bank account number of the person indicated in the application.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4³) The minister in charge of the policy sector may establish by a regulation the requirements specifying the form for the withdrawal application in order to inform the person of the consequences of the submission of such application.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) The provisions of subsections 1–4, 6 and 7 of § 16 of this Act shall be applied to the submission of an application for funded pension, an application for termination of the funded pension and an application for a lump-sum payment, and the data specified in subsections 2–3 and 5¹ of § 14 and subsections 1–7 of § 16 with regard to the application for withdrawal of money. The information specified in subsections 2–4¹ of this section shall be presented in the applications in a form provided by the registrar.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5¹) Upon submission of an application for the withdrawal of money on behalf of a person with limited active legal capacity, as well as upon granting a written consent of a legal representative to submit such an application to a person under 18 years of age, the legal representative is required to have the consent of a court provided for in subsection 1 of § 131 or clause 8 of subsection 1 of § 188 of the Family Law Act.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5²) Until the last day of the month for submission of the application, a person may amend the application for funded pension by submitting a new application for funded pension specified in subsection 2 of this section or the application for a lump-sum payment specified in subsection 4.
[RT I, 27.10.2020, 1 – entry into force 01.01.2022]

(5³) Until the last day of the month for submission of the application for a lump-sum payment a person may withdraw their application for a lump-sum payment specified in the first and second sentences of subsection 4 of this section. An application for withdrawal of money specified in subsection 4¹ of this section, which is submitted at the latest on 31 March, may be withdrawn by a person until 31 July, an application submitted at the latest on 31 July, may be withdrawn by a person until 30 November and an application which is submitted at the latest on 30 November, may be withdrawn by the person until 31 March. For that purpose, a person shall submit an application for a lump-sum payment or for withdrawal of an application for withdrawal of money to the account administrator or registrar in the form provided by the registrar. Subsections 1–4, 6, 7 and 8 of § 16 this Act shall be applied with regard to submission of an application for withdrawal of an application for a lump-sum payment and subsections 2–3 and subsections 1–7 and 8 of § 14 shall be applied with regard to submission of an application for withdrawal of an application for withdrawal of money.
[RT I, 28.12.2020, 1 – entry into force 01.01.2022]

(6) The registrar shall refuse to accept the application for termination of the funded pension if the application is not in compliance with the requirements established in this section. The registrar shall refuse to accept an application for withdrawal of money, for a lump-sum payment or for funded pension if:
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

- 1) the application submitted to the registrar or forwarded through the account administrator is not in compliance with the requirements provided in this section;
 - 2) it is not possible to make payments on the basis of the application;
 - 3) the information set out in the application is inaccurate or contradictory;
 - 4) the application is submitted by a person who does not have the right to submit the application.
- [RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(7) Upon refusal to accept the application the registrar shall notify the applicant or the account administrator immediately thereof and of the reasons therefor by forwarding a respective electronic error notice through the information system. The account administrator shall immediately forward the error notice to the applicant.

(8) An error notice provided in subsection 7 of this section shall include:

- 1) the legal basis for refusal to accept the application;
- 2) the reasons for refusal to accept the application.

[RT I 2008, 48, 269 – entry into force 14.11.2008]

§ 52⁵. Procedure for making payments from pension fund

(1) Lump-sum payments, payments of a funded pension and payments specified in § 43¹ of this Act shall be made by the registrar pursuant to the procedure provided for in this Act and the conditions of the pension fund.

(2) In order to make the payment provided for in § 43¹ of this Act, the registrar shall organize the redemption of pension fund units pursuant to legislation, the terms and conditions of the pension fund and a tripartite agreement entered into between the registrar, pension management company and pension fund depository.

(3) Upon making a payment specified in § 43¹ of this Act, all pension fund units belonging to a unitholder shall be redeemed and a payment shall be made for the corresponding amount. The amount corresponding to the units is obtained by multiplying the number of units to be redeemed and their net asset value. The units shall be redeemed on the first working day following 1 January or 1 May or on 1 September or the first working day following if 1 September is not a working day, depending on whether the payment is made by the 20th day of January, May or September.

(4) Upon making a payment specified in § 43¹ of this Act, the units the redemption of which is prohibited on the basis of the Investment Funds Act shall not be taken into account.

(5) If money is received in the pension account of a unitholder after the payment provided for in § 43¹ of this Act and he or she has not obtained the right or obligation to make the payment or he or she owns units the redemption of which was prohibited under the Investment Funds Act but the redemption restrictions have ceased to exist, the registrar shall make the payment to the unitholder at the first opportunity, but not later than on the next due date of payment provided for in subsection 2 of § 43¹, arranging for the redemption of units, where necessary.

[RT I, 28.12.2020, 1 – entry into force. 02.01.2021]

(6) In the case of a funded pension payment and a lump-sum payment, the registrar shall organize the redemption of pension fund units in accordance with the application for a funded pension or for a lump-sum payment from the 15th up to the 20th day of the month of the last month of the quarter or of the last month of the pension year based on the legislation, pension fund conditions and a tripartite agreement entered into between the registrar, pension management company and pension fund depository

(7) The net asset value of a unit on the day of redemption of units shall be used as the basis for making a lump-sum payment and payments of a funded pension.

(8) If a unitholder acquires pension fund units after agreeing on a funded pension or has in his or her pension account units the redemption of which was prohibited on the basis of the Investment Funds Act but the redemption restrictions have ceased to exist, these units shall be taken into account in determining the number of units on which the next payment is based.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 52⁶. Procedure for making payments from pension investment account

(1) If a person has money in the pension investment account, the registrar shall make single payments and payments provided for in § 43¹ of this Act pursuant to the procedure provided for in this Act based on a contract entered into with the credit institution which opened the pension investment account.

(2) The payment shall be made to the extent of the amount in the pension investment account. In order to receive a payment in the amount of financial assets acquired through the pension investment account, a person is required to transfer the financial assets, including terminate contracts entered into upon acquisition of financial assets.

(2¹) Before submitting an application for a lump-sum payment specified in the first sentence of subsection 4 of § 52⁴ of this Act, a person shall notify the credit institution that opened the pension investment account to the person of the wish to apply for a lump-sum payment in order to receive a funded pension.

[RT I, 28.12.2020, 1 – entry into force 01.01.2022]

(3) Upon making a lump-sum payment provided for in § 43 of this Act, the registrar shall transfer to the person the total amount in the person's pension investment account unless otherwise determined by the person. The lump-sum payment shall be made within the period specified in subsection 6 of § 52⁵.

[RT I, 27.10.2020, 1 – entry into force 01.01.2022, amended in part [RT I, 28.12.2020, 1]]

(3¹) The registrar shall organize the partial payment from the pension investment account provided for in § 43 of this Act to the person within five working days after receiving the corresponding amount from the credit institution that opened the pension investment account and as of the receipt of the data provided for in the third sentence of subsection 4 of § 52⁴ of the contract entered into by the registrar with the credit institution that opened the pension investment account.
[RT I, 28.12.2020, 1 – entry into force 01.01.2022]

(4) [Repealed – RT I, 28.12.2020, 1 – entry into force 01.01.2022]

(5) A person shall have the right to apply for the payment provided for in § 431 of this Act only if he or she has transferred all the financial assets acquired through the pension investment account, including termination of the contracts entered into upon acquisition of financial assets and the corresponding money has been received in the pension investment account.

(6) The condition provided for in subsection 5 of this section does not apply to financial assets acquired through the pension investment account, the transfer of which, including termination of a contract entered into upon acquisition of financial assets, is not legally possible due to the commencement of bankruptcy proceedings against the other party to the financial assets, a moratorium declared or resolution proceedings initiated against the credit institution, a special regime established for the insurer or other similar event or action provided in legislation. The provisions of subsection 7 of this section shall apply to money received in the pension investment account after the specified reasons ceased to exist.

(7) If a person receives money in the pension account after the payment provided for in § 431 of this Act and he or she has not obtained the right or obligation to make the payment, the registrar shall arrange for the payment to the person at the first opportunity but not later than on the next due date of payment provided for in subsection 2 of § 43¹.
[RT I, 28.12.2020, 1 – entry into force 02.01.2021]

Chapter 3

SUPPLEMENTARY FUNDED PENSION

Subchapter 1

General Provisions

§ 53. General provisions

(1) In order to receive a supplementary funded pension, a person acquires units of a voluntary pension fund or enters into an insurance contract for supplementary funded pension with an insurer or enters into a PEPP contract with the PEPP provider specified in clause 15 of Article 2 of Regulation (EU) 2019/1238 of the European Parliament and of the Council (hereinafter the PEPP provider).
[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(2) A person may own and acquire units of several different voluntary pension funds and enter into insurance contracts for supplementary funded pension with one or several insurers at the same time or enter into PEPP contracts with one or several PEPP providers.
[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(2¹) An employer may make contributions for a person to acquire units of voluntary pension fund and pay insurance premiums to a supplementary funded pension insurance contract or to a PEPP contract.
[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(2²) An employer may not set a requirement for making contributions or payment of insurance premiums that the length of service of an employee, public servant or a member of the management or control body exceed three years or his or her minimum age is over 21 years.
[RT I, 03.07.2017, 2 – entry into force 21.05.2018]

(3) Supplementary funded pensions are paid under the conditions and pursuant to the procedure provided in this Act, in the rules of the voluntary pension funds, in the insurance contracts for supplementary funded pensions and in the PEPP contract.
[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(3) Supplementary funded pensions shall be paid under the conditions and pursuant to the procedure provided in this Act, in the rules of the voluntary pension funds and in the insurance contracts for supplementary funded pensions.

(4) The registrar has the right to receive information from the Social Insurance Board concerning the persons receiving pension for incapacity for work who have acquired units of a voluntary pension fund pursuant to this Act and information concerning persons with a partial or no work ability, in the following cases:

- 1) upon making a payment from a voluntary pension fund upon the application of clause 1 of subsection 4 of § 21 of the Income Tax Act;
- 2) for making a payment from a voluntary pension fund, the payment from which is in the conditions of the pension fund, pursuant to the provisions of subsection 2 of § 60 of this Act, related to the partial or no work ability of the unitholder;
- 3) on the basis of the provisions of § 64 of this Act for the redemption of pension fund units upon conclusion of a contract.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

(5) The provisions of §§ 54 and 54¹, subsections 1–4 of § 55 and §§ 56–65 of this Act are not applied to a PEPP contract, or a pension fund registered as a PEPP.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

Subchapter 2

Voluntary Pension Fund

§ 54. Contributions to voluntary pension fund

(1) Upon making a contribution to a voluntary pension fund, a person shall acquire a number of units issued by the management company of the voluntary pension fund corresponding to the amount of the contribution made by the employer for the person.

[RT I, 29.03.2012, 1 – entry into force 30.03.2012]

(1¹) If a voluntary pension fund has several types of units, a person shall determine what type of units he or she shall acquire for contributions. If contributions to the voluntary pension fund are made by the employer of the person on behalf of the person, the employer may determine what type of units a person shall acquire for contributions of the employer.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(1²) At the request of a person the employer who made contributions on behalf of the person is required to explain to the person in a format that enables reproduction in writing what are the possibilities to continue making contributions after leaving employment and the rights relating to the units of voluntary pension fund and advise that they consider solutions which enable to use the sum corresponding to the units in particular at the pensionable age.

[RT I, 03.07.2017, 2 – entry into force 21.05.2018]

(2) The contributions to the voluntary pension fund shall be made at issue price of units provided in § 55 of the Investment Funds Act.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(3) [Repealed – RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(4) The registrar shall open a pension account for a person to whom the pension account has not been opened on the basis of the provisions of § 17 of this Act for taking account of the voluntary pension fund units on the basis of the application of a person wishing to hold a pension account, submitted by the account administrator in writing or in a format that enables reproduction in writing. The identity of a person wishing to open a pension account shall be established by the account administrator on the basis of an identity document.

[RT I, 26.06.2017, 1 – entry into force 01.05.2018]

(5) A person may submit an application for opening a pension account directly to the registrar if:

- 1) he or she has been issued a certificate for giving a digital signature pursuant to the requirements of the Electronic Identification and Trust Services for Electronic Transactions Act and the application is submitted with a digital signature through the web page of the registrar using the software application designated therefor, or
- 2) his or her identity is established by means of relevant organisational and hardware and software tools pursuant to the agreement between the registrar and the account administrator and the application is submitted in a format that enables reproduction in writing and identification of a person.

[RT I, 26.06.2017, 1 – entry into force 01.05.2018]

(6) The holder of a pension account is required to immediately notify the account administrator or registrar of every change in the data submitted upon the opening of his or her pension account. The account administrator shall forward the changes in data immediately to the registrar.

[RT I, 26.06.2017, 1 – entry into force 01.05.2018]

§ 54¹. Assessment of suitability and relevance of units of voluntary pension fund

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(1) Before making recommendations to a person for acquisition or change of the units of the voluntary pension fund the pension management company is required to assess the suitability of the units of the pension fund for the person (hereinafter assessment of suitability) in order to make sure that they are in compliance with the risk tolerance and loss absorbing capacity of the person. Upon assessment of the suitability, it is required to identify the person's:

- 1) investment knowledge and experience in order to find out whether the person understands the risks related to the acquisition of the units of the voluntary pension fund;
- 2) investment objectives and risk tolerance and the desirable duration of the investment.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(2) If the pension management company does not give recommendations to the person on the units of the voluntary pension fund, the pension management company is required to assess the relevance of such units only for the person (hereinafter assessment of relevance). Upon assessment of the relevance it must be established if the person has investment knowledge and experience in order to find out whether the person understands the risks related to the acquisition of the units of the voluntary pension fund.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(3) The pension management company shall warn the person if:

- 1) on the basis of the received information there is reason to believe that the units of the voluntary pension fund are not relevant for the person;
- 2) the information submitted by the person is insufficient or the person has failed to submit information, therefore, it is impossible to assess the relevance of the units of voluntary pension fund.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(4) The pension management company may present the warning specified in subsection 3 of this section in a standard form.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(5) The pension management company cannot favour a failure to provide information necessary for the assessment of the suitability of the units of the voluntary pension fund. The pension management company has the right to base on the information submitted by the person upon the assessment of the suitability of the units of the voluntary pension fund, except in cases the pension management company knew or should have known that the respective information is outdated, inaccurate or incomplete.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(6) The pension management company does not have to evaluate the relevance of the units of the voluntary pension fund if the person has himself or herself expressed a wish to acquire the units of the voluntary pension fund and the pension management company has warned the person that in such case the assessment of the suitability of the units of the voluntary pension fund is not required and the person's interests could be less protected.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(7) The pension management company does not have to assess the suitability or relevance of the units of the voluntary pension fund if only the employer chooses the voluntary pension fund and starts making the contributions to such pension fund for the person.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(8) The provisions of this section also apply to the account administrator if the units of the voluntary pension fund are offered by the account administrator, as well as to the person who acts in the name of the pension management company or the account administrator.

[RT I, 17.11.2017, 3 – entry into force 01.10.2018]

(9) If a person submits an application for acquisition or change of the units of voluntary pension fund directly to the registrar, the registrar is not required to assess the suitability or relevance of these units to the person. The registrar shall warn the person that the registrar is not required to assess the suitability or relevance of the units of the voluntary pension fund and therefore the person's interests could be less protected.

[RT I, 26.06.2017, 1 – entry into force 01.09.2018]

§ 55. Bases for change of units of voluntary pension fund

(1) Under the conditions and pursuant to the procedure provided in this section and §§ 56 and 57 of this Act, the units of a voluntary pension fund may be changed only for the units of another voluntary pension fund.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(1¹) In case of exchange of voluntary pension fund units, the units of one pension fund are withdrawn and the units of the other pension fund are issued. As a result, the person acquires the corresponding number of units of

another pension fund for the redemption price of the pension fund units, paying for the latter within the net value of the same day.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(2) Units of voluntary pension fund may be changed for the units of an occupational pension fund if according to its rules the employer of the unitholder is the employer making contributions to such occupational pension fund.

(3) If the rules of a voluntary pension fund provide for the age from which the payments to a unit holder are allowed or the making of payments is connected to the work ability of the unitholder, the units of such type may be changed only for the units of another voluntary pension fund which are subject to similar or stricter conditions for payments.

(4) Voluntary pension fund units are exchanged in accordance with the procedure prescribed in the Investment Funds Act and the terms and conditions of pension funds, and the provisions of subsections 2 and 3 of § 23 and the first sentence of subsection 2 and subsections 3-5 of § 26 of this Act on the exchange of mandatory pension fund units are applied to the exchange, without taking into account the exchange deadline provided in subsection 5 of § 24.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(5) In case the voluntary pension fund is not a pension fund registered as a PEPP, the units thereof cannot be exchanged for the units registered as a PEPP.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

(6) The units of a pension fund registered as a PEPP can be exchanged for units of another pension fund registered a PEPP, taking account of the provisions of Article 44 of Regulation (EU) 2019/1238 of the European Parliament and of the Council, or transfer the amount received from the withdrawal of units during the exchange of the PEPP providers to another PEPP contract in accordance with the procedure provided in Articles 52-56 of the same regulation.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

§ 56. Terms and conditions for change of units of voluntary pension funds

(1) Restrictions may be imposed in respect of the units of an occupational pension by the rules of a voluntary pension fund in the following:

- 1) the limits to the number of units changed at any one time;
- 2) the limits to the frequency of change of units.

(2) It is not allowed to apply the restrictions specified in subsection 1 of this section in respect of the units of an occupational pension fund, the unitholder of which is no longer an employee, public servant or a member of the management and control body of the employer making contributions to such pension fund.

(3) Establishment of restrictions specified in subsection 1 of this section is not allowed in the rules of other voluntary pension funds.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

§ 57. Procedure for change of units of voluntary pension funds

(1) In order to change units of a voluntary pension fund, a unitholder shall submit an application in a form that enables written reproduction to the account administrator or registrar.

[RT I, 26.06.2017, 1 – entry into force 01.09.2018]

(2) The following shall be set out in an application:

- 1) the name of the unitholder;
- 2) his or her personal identification code;
- 3) the name of the pension fund the units of which the unitholder wishes to change;
- 3¹) the type of units the change of which the unitholder applies for if the pension fund has several types of units;

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

- 4) the number of units the unitholder wishes to change;
- 5) the name of the pension fund the units of which the unitholder wishes to acquire;
- 5¹) the type of units which the unitholder wishes to acquire if the pension fund has several types of units;

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

- 6) other information prescribed in the pension fund rules and the legislation;
- 7) the date of submission of the application;
- 8) the signature of the unitholder.

(3) The change of units of a voluntary pension fund shall be organised by the registrar under the terms and pursuant to the procedure prescribed in the pension fund rules, but not later than two months after the submission of an application specified in subsection 1 of this section.

[RT I, 26.06.2017, 1 – entry into force 01.09.2018]

(4) Upon the change of units of voluntary pension funds the redemption and the issue fee are charged to the pension management company at the expense of the unitholder in the amount prescribed in the rules and prospectus of the respective pension fund, whereupon the amount of the redemption fee may differ depending on the time of acquisition of the units of voluntary pension fund which are to be changed.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(5) Upon the calculation of the fees specified in subsection 4 of this section the provisions of §§ 55, 56 and 65 of the Investment Funds Act apply.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

§ 58. Succession and redemption of units of voluntary pension fund

(1) In the event of the death of a unitholder of a voluntary pension fund, a successor has the right to demand transfer of all the inherited units or of a part thereof into the pension account of the successor, or the redemption of the units.

[RT I, 26.06.2017, 1 – entry into force 01.09.2018]

(2) In order to redeem units a successor shall submit an application and a succession certificate to the account administrator or registrar.

[RT I, 26.06.2017, 1 – entry into force 01.09.2018]

(3) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(4) [Repealed – RT I 2010, 38, 231 – entry into force 01.07.2010]

§ 59. Redemption of units of mandatory pension fund at request of legal person

(1) A successor who is a legal person has the right to demand monetary payment for each unit inherited by the successor in the amount of the redemption price on the date that the demand is submitted.

(2) A successor may submit the claim specified in subsection 1 of this section within one year as of the day following the date of opening of the succession if his or her certificate of succession of his or her right of succession has been verified, but not later than ten years after the opening of the succession.

[RT I 2010, 38, 231 – entry into force 01.07.2010]

(3) The money that is not claimed within the term provided in subsection 2 of this section shall remain in the pension fund, and the corresponding units shall be cancelled.

§ 60. Bases for making payments from voluntary pension fund

(1) Payments from a voluntary pension fund shall be made to a unitholder pursuant to the procedure provided for in this subchapter and the rules of the pension fund.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

(2) The rules of a voluntary pension fund may provide for from what age a unitholder is entitled to payments from the voluntary pension fund, as well as whether the unitholder is entitled to payments in the case of partial or no work ability. The right to the payments of the supplementary fund pension provided for in § 60¹ of this Act arises when the unitholder has five years left until reaching the pensionable age provided for in the State Pension Insurance Act, also if the unitholder has been established no work ability.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

(3) Payments from a voluntary pension fund shall be made to a unitholder for the redemption price of the units specified in § 56 of the Investment Funds Act, taking account of the provisions of § 59 of the same act.

(4) Payments shall not be made if the redemption of the units of the voluntary pension fund has been suspended on the basis of § 57 or 173 of the Investment Funds Act.

(5) Upon liquidation of a voluntary pension fund, payments shall be made pursuant to the provisions of § 178 of the Investment Funds Act.

(6) Upon succession of units of a voluntary pension fund, payments shall be made under the conditions and pursuant to the procedure provided for in §§ 58 and 59 of this Act.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

§ 60¹. Supplementary funded pension

(1) A unitholder may use a funded pension (hereinafter supplementary funded pension) to obtain a supplementary funded pension from all voluntary pension funds the units of which they own.

(2) The term of a supplementary funded pension is determined in years as of the first day of the month following the month in which the application for a supplementary fund pension is submitted. By default, the term of the supplementary funded pension is determined at the time of agreeing on payments for the previous calendar year corresponding to the age of the unitholder, rounded to full years on the basis of the average survival years of men and women published by Statistics Estonia.

(3) A unitholder may set a shorter or longer term for a supplementary funded pension than provided for in the second sentence of subsection 2 of this section.

(4) Whether payments are made once a month, every three months or once a year shall be determined by the unitholder. If payments are made every three months or once a year, the payment will be made in the last month corresponding to the selected frequency.

(5) The number of units on which payments are based shall be determined each time before the payment is made by dividing the number of units held by the unitholder by the number of payments still to be made, taking into account the term of the supplementary funded pension and the selected frequency of payments.

(6) If a unitholder holds units of several voluntary pension funds, the number of units held by the unitholder which shall be redeemed upon making a payment shall be found for each pension fund pursuant to the provisions of subsection 5 of this section. A voluntary pension fund whose redemption is prohibited under the Investment Funds Act is not taken into account.

(7) The registrar shall organize the redemption of voluntary pension fund units and the payment to the unitholder of each supplementary fund pension from the 15th to the 20th day of the month based on the selected frequency of payments, legislation, voluntary pension fund conditions and tripartite contracts between the registrar, pension management company and pension fund depositary.

(8) If a supplementary fund pension has already been agreed and the unitholder acquires units of a voluntary pension fund or has units in the pension account the redemption of which was prohibited pursuant to the Investment Funds Act but the redemption restrictions have expired, these units shall be taken into account in finding underlying number of units upon making the next payment.

(9) The payment of a supplementary funded pension shall be terminated:

- 1) after the redemption of the last units belonging to the unitholder and the making of a corresponding payment to the unitholder;
- 2) in the event of the death of the unit – holder, or
- 3) upon submission of a corresponding application by the unitholder.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

§ 60². Application for supplementary funded pension

(1) In order to receive a supplementary funded pension, a person shall submit an application to the account administrator or registrar in a form that allows reproduction in writing, which shall set out:

- 1) the name of the person;
- 2) the personal identification code of the person;
- 3) contact information of the person;
- 4) the bank account number of the person and, if necessary, the business name, address and other information necessary for the making of the bank transfer where the bank account is opened;
- 5) the term of the supplementary funded pension;
- 6) the frequency of making payments;
- 7) the date of submission of the application;
- 8) the signature of the person.

(2) In order to terminate the payment of a supplementary funded pension, a person shall submit an application to the account administrator or registrar in a form that allows reproduction in writing, in which the information specified in clauses 1–3, 7 and 8 of subsection 1 of this section is indicated.

(3) The information specified in subsections 1 and 2 of this section shall be submitted in an application in the form provided by the registrar.

(4) The registrar shall refuse to accept an application for termination of payment of a supplementary funded pension if the application does not comply with the requirements established in this section. The registrar shall refuse to accept an application for a supplementary funded pension if:

- 1) the application is submitted by a person who does not have the right to submit the application;
- 2) the application submitted to the registrar or forwarded through the account administrator does not comply with the requirements established in this section;
- 3) the person already uses a supplementary funded pension in order to receive payments.

(5) The registrar shall immediately notify the submitter of the application or the account administrator of the refusal to accept the application and forward the corresponding electronic error message through the information system. The account administrator shall immediately forward the error message to the person who submitted the application.

(6) The error message specified in subsection 5 of this section shall contain:

- 1) the legal basis for refusing to accept the application;
- 2) the grounds for refusing to accept the application.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

§ 61. Payments from voluntary pension fund

[Repealed – RT I, 18.02.2011, 1 – entry into force 01.08.2011]

Subchapter 3

Insurance Contract for Supplementary Funded Pension

§ 62. Insurance contract for supplementary funded pension

(1) An insurance contract for a supplementary funded pension (hereinafter in this Subchapter contract) is an insurance contract with the mandatory terms provided in this Act, which provides for the payment of a pension to an insured person from the due date designated in the contract.

(2) Insurers who deal in life insurance and to whom an activity licence for pension insurance has been issued pursuant to the Insurance Activities Act have the right to enter into contracts.

[RT I 2008, 48, 269 – entry into force 14.11.2008]

§ 63. Mandatory conditions of contract

(1) The policyholder and the insured shall be natural persons.

(2) A policyholder is required, pursuant to the contract, to pay insurance premiums pursuant to the procedure prescribed by law and in the contract. An employer of the unitholder may pay the insurance premiums therefor. The insurer is required to pay an insurance pension pursuant to the procedure provided in the contract from the due date provided in the contract.

[RT I, 29.03.2012, 1 – entry into force 30.03.2012]

(2¹) At the request of a person the employer who paid insurance premiums on behalf of him or her is required to explain to the person in a format that enables reproduction in writing what the possibilities are to continue payment of insurance premiums after leaving employment and the rights relating to the insurance contract for a supplementary funded pension and recommend that they consider solutions which enable the person to use the sum insured in particular at the pensionable age.

[RT I, 03.07.2017, 2 – entry into force 21.05.2018]

(3) The payment of an insurance pension may be commenced either within the term provided for in the contract (hereinafter in this section *pensionable age*), but not before the policyholder has five years until attaining the pensionable age established in the State Pension Insurance Act or in the event that no work ability is established for the policyholder, as of the establishment of no work ability.

[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

(4) A pension shall be paid periodically at least once every three months until the death of the policyholder, unless otherwise prescribed in the contract.

(5) A policyholder has the right to cancel a contract at any time until he or she attains pensionable age.

(5¹) In order to receive a supplementary funded pension a policyholder has the right to:

1) use the total surrender value or part of the surrender value of the cancelled contract for payment of the insurance premium of another contract or of a new signed contract of the policyholder.

[RT I, 29.03.2012, 1 – entry into force 30.03.2012]

2) use the total of the surrender value or part of the surrender value of the cancelled contract for the acquisition of the units of a voluntary pension fund.

[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

(5²) The amounts indicated in subsection 5¹ of this section shall not be paid out to the policyholder and the insurer of the cancelled contract shall transfer respectively the total surrender value or part of the surrender value of the contract within the term prescribed in the contract but not later than within two months after receipt of the application for the cancellation of the contract, to the insurer of the contract as the insurance premium to another contract concluded by the policyholder or as the contribution of the policyholder into the voluntary pension fund approved by the pension management company of a voluntary pension fund chosen by the policyholder.

[RT I, 29.03.2012, 1 – entry into force 30.03.2012]

(5³) Upon termination of the contract the provisions of subsection 5² of this section may be applied at the request of the policyholder also in respect of the pension subject to payment under such contract.

[RT I, 31.12.2016, 3 – entry into force 10.01.2017]

(5⁴) The insurer may preclude payment of the surrender value of the cancelled contract to the policyholder and provide for the transfer of the surrender value in the terms of the contract pursuant to the provisions of subsection 5² of this section to another contract entered into by the policyholder the surrender value of which is subject to the same conditions, or for acquisition of the units of voluntary pension fund chosen by him or her from which payments shall not be made before attainment of the pensionable age.

[RT I, 03.07.2017, 1 – entry into force 13.07.2017]

(5⁵) In the case provided in subsection 5⁴ the policyholder shall have the right, in addition to the transfer of the surrender value, to release the contract from insurance premiums.

[RT I, 03.07.2017, 1 – entry into force 13.07.2017]

(6) The proprietary rights arising from a contract shall not be security for a loan or be encumbered in any other way.

(7) Upon entry into a contract, the parties may only agree on the terms that do not contradict the provisions of this Act.

(8) In the event of the death of a policyholder, payments shall be made to a beneficiary designated by the policyholder pursuant to the conditions determined in the insurance contract for a supplementary funded pension.

§ 64. Redemption of units upon entry into contract

(1) Under the conditions provided in this Act a unitholder may enter into the contract upon the redemption of the units of a voluntary pension fund held by the unit holder for the redemption price of the units.

[RT I, 26.06.2017, 1 – entry into force 06.07.2017]

(1¹) If it is prescribed in the conditions of the voluntary pension fund that the unit holder shall be made payments after attaining a certain age or in the case the unit holder has a partial or no work ability, the redemption of units for entering into a contract is allowed if the unit holder complies with the specified conditions.

[RT I, 26.06.2017, 1 – entry into force 06.07.2017]

(2) [Repealed – RT I, 18.02.2011, 1 – entry into force 01.01.2012]

(3) Entry into a contract under the terms and conditions provided in this Subchapter is not allowed if the redemption of the units of a voluntary pension fund has been suspended on the basis of the Investment Funds Act.

[RT I 2008, 48, 269 – entry into force 14.11.2008]

(4) Upon the redemption of units payments shall not be made to unitholders from a voluntary pension fund.

§ 65. Procedure for redemption of units

(1) An application shall be submitted for redemption of units as follows:

- 1) an insurer with respect to whom the status of the account administrator is applied on the basis of § 371 of the Securities Register Maintenance Act shall submit an application to the registrar;
- 2) a unitholder of a voluntary pension fund shall submit an application to the account administrator.

(2) An application shall set out the following:

- 1) the name of the unitholder;
- 2) personal identification code;

- 3) the type of units the redemption of which the unitholder applies for in order to enter into the contract if the pension fund has several types of units;
- 4) the number of units the redemption of which the unitholder applies for in order to enter into the contract;
- 5) the name of the insurer with whom the unitholder wishes to enter into contract;
- 6) other data prescribed in the terms and conditions of the pension fund and the legislation;
- 7) the date of submission of the application.

(3) The redemption of units and transfer of the insurance premium prescribed in the contract to the insurer shall be organised by the registrar with the approval of the insurer under the terms and pursuant to the procedure prescribed in the pension fund rules, but not later than two months after the submission of the application specified in subsection 1 of this section.

[RT I, 26.06.2017, 1 – entry into force 01.09.2018]

Subchapter 4

Payments from PEPP contract

[RT I, 17.03.2023, 5 - entry into force 27.03.2023]

§ 65¹. PEPP payments

(1) The terms and conditions of the PEPP contract may provide the age from which the PEPP saver specified in clause 3 of Article 2 of Regulation (EU) 2019/1238 of the European Parliament and of the Council is entitled to PEPP pension payments provided in clause 9 of the same article or other PEPP benefits provided in clause 10.

(2) The right to the PEPP pension payments specified in subsection 1 of this section arises in case the PEPP saver has five years left until reaching the old-age pension age provided in the State Pension Insurance Act, as well as in case the saver has been established as having a no work ability.

[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

Chapter 4

IMPLEMENTING PROVISIONS

§ 66. Implementation of obligation to make contribution and specification of submission of choice application in 2002-2010

[RT I, 03.01.2019, 1 – entry into force 13.01.2019]

(1) Persons born before 1 January 1983 are not required to make contributions to a mandatory funded pension.

(2) Persons specified in subsection 1 of this section are entitled to make contributions to a mandatory funded pension and to acquire units of a mandatory pension fund if they submit a choice application as follows:

- 1) persons born in 1942–1956, not later than 31 October 2002;
- 2) persons born in 1957–1961, not later than 31 October 2003;
- 3) persons born in 1962–1964, not later than 31 October 2004;
- 4) persons born in 1965–1967, not later than 31 October 2005;
- 5) persons born in 1968–1970, not later than 31 October 2006;
- 6) persons born in 1971–1973, not later than 31 October 2007;
- 7) persons born in 1974–1976, not later than 31 October 2008;
- 8) persons born in 1977–1979, not later than 31 October 2009;
- 9) persons born in 1980–1982, not later than 31 October 2010.

(3) The provisions of this Act concerning obligated persons together with the specifications arising from this section apply to persons who have submitted a choice application specified in subsection 2 of this section.

[RT I 2008, 48, 269 – entry into force 14.11.2008]

(4) A person specified in subsection 3 of this section shall have the right and obligation to make contributions to a mandatory funded pension as of 1 January of the year following the year during which the choice application is submitted, provided that the choice application is submitted by 31 October at the latest. A person who has submitted a choice application between 1 November and 31 December is required to make contributions as of 1 January of the second year following submission of the application.

(5) If a choice application is submitted according to the conditions provided in subsections 2 and 4 of this section, but the registrar has received the information set out in the choice application after 31 October of the year of submission of the choice application, the right and obligation to make contributions to a mandatory funded pension arise as of 1 January of the year following the year of receipt of the information.

(6) A choice application that has been submitted cannot be withdrawn. A person may amend his or her application until 31 October of the year preceding the year when the obligation to make contributions arises.

(7) Obligated persons born in 1983 have the right and obligation to make contributions to a mandatory funded pension as of 1 July 2002.

(8) A payer of social tax provided in § 4 of the Social Tax Act shall check with the Estonian Central Register of Securities whether a person specified in subsection 1 of this section is required to make contributions to a mandatory funded pension.

(9) Supplementary contributions specified in subsection 2 of § 66¹ of this Act shall be made into the mandatory pension fund for a person specified in subsection 4 of this section during the period of payment of the benefit specified in subsection 2 of § 66¹ of this Act as of the grant of the benefit but not before 1 January of the year following the year during which the choice application is submitted, provided that the choice application is submitted and the data set out in the application is received by the registrar by 31 October at the latest.
[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(10) The rights provided in § 44 of this Act shall extend to all applications for the transfer of pension funds that are submitted after 1 May 2004.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 66¹. Making supplementary contribution

(1) The supplementary contribution established in § 10 of this Act shall not be made in respect of the children who were born before 1 January 2013

(2) An obligated person who receives parental benefit pursuant to the Family Benefits Act for raising a child specified in subsection 1 of this section (hereinafter *benefit*) shall be additionally allocated from the state budget one per cent of the amount of the benefit per each child born, for making contributions to mandatory pension fund.
[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(3) If the right to receive parental benefit on the basis of subsection 10 of § 34 of the Family Benefits Act arises for the obligated person during raising a child specified in subsection 1 of this section and payment of the parental benefit continues in connection with raising the second child, the supplementary contributions in respect of the child specified in subsection 1 of this section shall be made at the rate provided in subsection 2 of this section until the termination of the right for parental benefit in connection with raising that child, but from the amount of the parental benefit assigned for raising the second child.
[RT I, 26.10.2018, 1 – entry into force 01.04.2022, amended in part [RT I, 31.03.2022, 1]]

(4) The supplementary contributions into pension fund specified in subsections 2 and 3 of this section shall be made for the obligated person during the period of the payment of benefit as of the assignment of the benefit.

(5) An obligated person shall acquire pension fund units specified in subsection 3 of § 19 of this Act for supplementary contribution.

(6) The Social Insurance Board is required to check on the basis of the personal identification code whether the recipient of the benefit specified in subsections 2 and 3 of this section is an obligated person, calculate the amount of supplementary contribution from the benefit paid to the obligated person at the rate provided in subsection 2, transfer the withheld supplementary contribution into the bank account of the Tax and Customs Board by the tenth day of the month following the month in which the payment was made and submit the declaration to the bank account of the Tax and Customs Board by the same date.

(7) The Social Insurance Board is required to issue to a person for whom the supplementary contributions provided in subsections 2 and 3 of this section were made, at the request of the person, a certificate with regard to supplementary contributions 1 February of the following year.

(8) The minister in charge of the policy sector shall establish by a regulation:
1) the standard format of the declaration specified in subsection 6 of this section;
2) the standard format of the certificate specified in subsection 7 of this section
[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

§ 67. Making of contributions to mandatory funded pension by sole proprietors

Obligated persons who are sole proprietors shall make contributions to a mandatory funded pension on business income starting with business income from 2004.

§ 67¹. Temporary suspension and reduction of obligation to make contributions in 2009–2011

[RT I, 21.04.2020, 1 – entry into force 01.07.2020]

(1) Contributions on the fees paid from 1 June 2009 until 31 December 2010 specified in subsection 1 of § 7 of this Act or supplementary contributions specified in § 10 of this Act shall not be made.

(2) A sole entrepreneur shall make a contribution on 5/12 of the profit of the year 2009 specified in clause 5 of subsection 1 of § 2 of the Social Tax Act (hereinafter business income) at the rate specified in § 9 of this Act. A sole entrepreneur shall not make contributions from business income of the year 2010.

(3) The contribution specified in § 9 of this Act shall be made at the rate of 1% on the fees specified in subsection 1 of § 7 of this Act that are paid in 2011.

(4) An obligated person has the right from 1 October until 30 November 2009 to submit an application to the account administrator or the registrar to make contributions. Written applications may be submitted to the account administrator at the latter's consent from 1 August 2009. The submitted applications cannot be withdrawn.

(5) The application specified in subsection 4 of this section shall set out the information provided in clauses 1, 2 and 8–11 of subsection 1 of § 15 of this Act. The provisions of subsection 5¹ of § 14 and subsections 1–8 of § 16 of this Act shall be provided in respect of the application. The information of the written applications submitted from 1 August until 30 November 2009 shall be forwarded by the account administrator to the registrar at the earliest opportunity. The format of the application shall be established by the minister in charge of the policy sector.

(6) In case of a person who has submitted the application specified in subsection 4 of this section, the contributions shall be made at the rate provided in § 9 of this Act on the fees specified in subsection 1 of § 7 of this Act that are paid from 1 January 2010. With regard to the specified person the provisions of subsections 1–3 of this section shall not be applied from 1 January 2010.
[RT I 2009, 26, 161 – entry into force 28.05.2009]

§ 67². Temporary increase in contribution rate

(1) From 15 May until 15 September 2013 the obligated persons have a right to submit an application for a temporary increase in the contribution rate specified in § 9 of this Act to the account administrator or the registrar to make a contribution at the rate of 3%. The submitted application cannot be withdrawn.

(2) The person who submitted an application for a temporary increase in the contribution rate shall make a contribution at the rate specified in subsection 1 of this section on the fees specified in subsection 1 of § 7 of this Act paid in four consecutive years as of the year of the submission of the application.

(3) The obligated person born in the years 1942–1954 who submitted the application specified in subsection 4 of § 67¹ of this Act has no right to submit an application for a temporary increase in the contribution rate.

(4) The provisions of the first and second clause of 67¹ of this Act shall be applied in respect of the application for a temporary increase in the contribution rate. The format of the application shall be established by the minister in charge of the policy sector.

(5) A temporary increase in the contribution rate provided in subsection 1 of this section shall be postponed by a year if the nominal growth of the GDP of the year 2012 and the respective subsequent year is less than 5 %. The temporary increase in the contribution shall not be applied later than from the year 2017.

(6) In the case specified in subsection 5 the new term for submission of the application for a temporary increase in the contribution rate shall be established by a regulation of the Government of the Republic by 15 April of the year preceding the year of the introduction of the temporary increase in the contribution rate.

(7) The postponement of the term for submission of the application for a temporary increase in the contribution rate according to subsection 5 of this section shall not be applied in respect of the persons who submitted applications on the basis of subsection 4 of § 67¹ of this Act who were born in the year 1955 or later.
[RT I 2009, 26, 161 – entry into force 28.05.2009]

§ 67³. Temporary suspension and reduction of obligation to make contributions from 1 December 2020 to 31 August 2021

(1) An obligated person shall have the right in October 2020 to submit an application to the account administrator or the registrar for non-payment of contributions.

(2) The application specified in subsection 1 of this section shall set out the information provided for in clauses 1, 2, 10 and 1 of subsection 1 of § 15 of this Act. The data shall be submitted in the application in the form provided by the registrar and the provisions of subsection 5¹ of § 14 and § 16 of this Act shall apply to the application.

(3) A person who has submitted the application specified in subsection 1 of this section shall not pay contributions specified in subsection 1 of § 7 of this Act on the fees received from 1 December 2020 to 31 August 2021.

(4) A person who has submitted the application specified in subsection 1 of this section shall not pay contributions specified in subsection 2¹ of § 7 of this Act on the amounts received in his or her business account from 1 December 2020 to 31 August 2021.

(5) A sole proprietor who has submitted the application specified in subsection 1 of this section shall not pay contributions on the income specified in clause 5 of subsection 1 of § 2 of the Social Tax Act in the amount of one twelfth of the income received in 2020 and two thirds of the income received in 2021.

(6) An obligated person born in 1961 or later shall be additionally allocated from the state budget for the payment of mandatory funded pension contributions in 2023 twice the amount of contributions paid from 1 July 2020 to 31 August 2021 multiplied by the increase in the average net asset value of units in all mandatory pension funds in the period from 1 July 2020 to 31 December 2022.
[RT I, 16.12.2022, 6 – entry into force 01.01.2023]

(7) A person born in 1961 or later and to whom a mandatory funded pension payment is made in 2021 or 2022 shall be paid additionally from the state budget twice the amount of contributions paid by the person from 1 July 2020 to 31 August 2021. The provisions of this subsection shall not apply to a payment which is made to a successor of the obligated person or to a person who is entitled to a mandatory funded pension pursuant to the provisions of this Act.

(8) The minister in charge of the policy sector may establish by a regulation a more detailed procedure for payment of contributions specified in subsections 6 and 7 of this section.
[RT I, 21.04.2020, 1 – entry into force 01.07.2020]

§ 68. Specification for change of pension fund units

(1) Units of mandatory pension funds may be changed as of 1 January 2005 pursuant to the procedure provided in this Act.

(2) Applications may be submitted for partial change of the units of the mandatory pension fund from 1 August 2011.
[RT I, 18.02.2011, 1 – entry into force 28.02.2011]

(3) On the basis of the application for the change of the units of the mandatory pension fund submitted to the registrar from 1 November 2010 until 31 July 2011 the units of the pension fund noted in the application shall be changed for the units of another pension fund on 1 September 2011.
[RT I, 18.02.2011, 1 – entry into force 01.08.2011]

§ 68¹. Specification of making contributions into new pension fund and pension investment account

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(1) If an obligated person has submitted an application from 1 November 2010 to 31 July 2011 to the registrar for making contributions to a new pension fund, the registrar shall replace the pension fund to which the obligated person has made contributions with a new pension fund within three working days as of 1 August 2011.

(2) In order to make contributions to the pension investment account, the choice application specified in § 15 of this Act may be submitted and contributions to the pension investment account may be made as of 1 September 2021. Until the specified date, contributions shall be made only to the pension fund specified in the choice application or, in the absence of a choice application, to the pension fund determined by lots by the registrar.

(3) In the absence of a choice application, contributions shall be made to the pension investment account opened on or after 1 September 2021 pursuant to the first sentence of subsection 3 of § 19 of this Act, or to the pension investment account opened later together with which a pension account was also opened for a person pursuant to the provisions of the second sentence of subsection 5 of § 17.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 69. Specification for succession of units of mandatory pension funds

[RT I 2008, 48, 269 – entry into force 14.11.2008]

Payments from mandatory pension funds to be made pursuant to subsection 1 of § 29 and subsection 1 of § 30 of this Act shall not be made before 1 January 2007. In such case, the terms provided in the specified subsections shall be calculated as of 1 January 2007.

§ 69¹. Specifications of change transactions related to opening pension investment account and pension investment account

(1) The pension investment account specified in § 3¹ of this Act cannot be opened before 1 April 2021.

(2) In order to perform a change transaction specified in subsection 2 of § 24 of this Act, an application for change specified in § 25 may be submitted as of 1 April 2021.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 70. Specifications for payments

(1) The pension contracts provided in § 41 of this Act shall not be concluded, the funded pension provided in § 42 of this Act shall not be agreed upon and the payment corresponding to § 41 of this Act shall not be made from the mandatory pension funds before 1 January 2009.

(2) Withdrawal of the units of the mandatory pension fund units in the case provided in § 44 of this Act is allowed from 1 January 2008.

[RT I 2008, 48, 269 – entry into force 14.11.2008]

(3) The payments provided for in § 43¹ of this Act shall be made during September 2021 and in January, May and September of 2022.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(4) As of 1 January 2021, an insurer shall have no obligation to distribute profit to the policyholders and beneficiaries of pension contracts entered into before the specified date. The provisions of this subsection shall apply to profit generated in 2020 and later.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) A funded pension for a specified term provided for in subsection 3 of § 52³ of this Act may be agreed upon as of 1 January 2021. Until then, the term of the funded pension is determined by the unitholder.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(6) The funded pension payments agreed upon before 6 November 2020 shall be made taking into account the estimated duration of the funded pension determined upon agreeing on the funded pension and the limit of the chosen units.

[RT I, 28.12.2020, 1 – entry into force. 02.01.2021]

§ 70¹. Specifications of calculating surrender value of pension contract

The surrender value of pension contract entered into before 1 January 2018 may not be lower than the current value of the future cash flows of this contract:

1) upon calculation of which the guaranteed interest rate of the contract has been used and from which the fee for cancellation of the contract may be deducted, and

2) upon calculation of which the risk-free interest rate term structure established in subsection 3 of § 45 of the Insurance Activities Act is used and from which the fee for cancellation of the contract may be deducted.

[RT I, 03.07.2017, 2 – entry into force 01.01.2018]

§ 71. Limit of issue fee

Until 1 January 2007, the issue fee rate of pension fund units shall not exceed 3 per cent.

§ 72. Repeal of Funded Pensions Act

[Omitted from this text.]

§ 72¹. Calculation of average income subject to social tax for year 2013-03-23

The Social Insurance Board shall calculate the average monthly income subject to social tax in Estonia specified in subsection 1 of § 10 of this Act for the year 2013 on the basis of the data of the social tax of the year 2011 pursuant to subsection 2 of the same section at the last test by 10 January in the year 2013.

[RT I, 02.07.2012, 1 – entry into force 01.01.2013]

§ 72². Person with permanent incapacity for work

The condition of no work ability provided in subsection 1¹ of § 40, subsection 2 of § 60, subsection 3 of § 63, subsection 1¹ of § 64 and § 65¹ of this Act is considered to be fulfilled with regard to a person whose no work

ability has been established on the basis of the State Pension Insurance Act or permanent incapacity for work with 100 per cent loss of work ability on the basis of the Military Service Act.
[RT I, 17.03.2023, 5 – entry into force 02.04.2023]

§ 72³. Specification of submission of choice application in 2020

(1) A person who was born in the period 1970-1982 who did not submit a choice application by the due date specified in subsection 2 of § 66 of this Act shall have the right to pay a mandatory funded pension payment and acquire units of the mandatory pension fund if he or she submits the choice application within the period from 1 January to 30 November 2020.

(2) The provisions in this Act concerning the obligated person shall apply to a person who has submitted a choice application specified in subsection 1 of this section with the specifications arising from this section.

(3) The person who has submitted a choice application shall have the right and obligation to pay the mandatory funded pension payment as of 1 January 2021.

(4) The payer of social tax provided for in § 4 of the Social Tax Act is required to check from the pension register whether the person specified in subsection 1 of this section is required to pay the mandatory funded pension payment.

(5) The additional contributions established in § 10 of this Act shall be paid for the person who submitted the choice application specified in subsection 1 of this section for a child who was born on or after 1 January 2021.

(6) For a child who born between 1 July and 31 December 2020, the person who submitted the application specified in subsection 1 of this section shall have the right to choose between making additional contributions established in § 10 of this Act and the pension supplement payable on the basis of clause 2 of subsection 1¹ of § 24 of the State Pension Insurance Act.

(7) An application specified in subsection 3 of § 10 of this Act shall be submitted to the Social Insurance Board in order to apply for additional contributions.

[RT I, 03.01.2019, 1 – entry into force 13.01.2019]

§ 72⁴. Pension contract entered into before 1 January 2021

(1) A policyholder shall have the right to cancel a pension contract entered into before 1 January 2021 and receive a payment to the extent of the surrender value of the contract. The provisions of subsections 1–4 of § 52² of this Act do not apply to the cancellation of a pension contract pursuant to the provisions of this section.

(2) The insurer shall notify the policyholder not later than by 15 January 2021 in a form that can be reproduced in writing of the change in the terms of his or her pension contract, including the policyholder's right to cancel the pension contract and receive payment to the extent of the surrender value of the contract and of the term for submission of the application to withdraw from the pension contract. The information provided for in this subsection shall also be available to policyholders of pension contracts on the insurer's website from 15 January to 31 March 2021.

(3) The policyholder shall submit an application for cancellation of the pension contract to the insurer in writing or in a form that can be reproduced in writing not later than by 31 March 2021.

(4) A pension contract that is cancelled by a policyholder shall expire on 31 August 2021. The insurer shall pay the surrender value agreed in the pension contract to the policyholder not later than 30 September 2021.

(5) The insurer shall have the right to waive making pension payments on the basis of pension contracts remaining in force, as of 1 February 2022. In such case, the Social Insurance Board shall make pension payments to policyholders and beneficiaries as of 1 February 2022 in the amount agreed upon in the pension contracts.

(6) The Government of the Republic shall establish by a regulation the more detailed terms and conditions and procedure for making the pension payments specified in subsection 5 of this section.

(7) An insurer shall notify the Ministry of Finance not later than on 31 May 2021 of the number of persons who have waived making pension payments to whom the Social Insurance Board continues to make pension payments on the basis of subsection 5 of this section and an estimate of the annual amount of their pension payments and surrender values of their pension contracts as at 30 November 2021.

(8) An insurer shall notify the Financial Supervision Authority of the decision to waive pension payments on 31 May 2021 at the latest.

(9) Not later than on 15 June 2021, the insurer shall notify the policyholders specified in subsection 7 of this section at least in a form that can be reproduced in writing that from 1 February 2022 the Social Insurance Board shall continue to make pension payments instead of the insurer, as well as of the right of the policyholder not to agree to and to cancel the pension contract and of the term for submission of an application for cancellation of the contract. The information provided for in this subsection shall also be available to policyholders of pension contracts on the insurer's website from 15 June to 30 June 2021.

(10) In the case provided for in subsection 9 of this section, the policyholder shall submit an application for cancellation of the pension contract to the insurer in writing or in a form that can be reproduced in writing not later than on 30 June 2021.

(11) A pension contract cancelled pursuant to the provisions of subsection 10 of this section shall expire on 31 August 2021 and the insurer shall pay the surrender value agreed in the pension contract to the policyholders not later than on 30 September 2021.

(12) The insurer shall submit the specified information stated in subsection 7 of this section to the Ministry of Finance not later than on 31 August 2021.

(13) The insurer shall transfer the surrender values agreed upon in the pension contracts based on which the Social Insurance Board begins to make pension payments to the state budget during January 2022 pursuant to the procedure provided for in the regulation specified in subsection 6 of this section.

(14) Pension contracts shall terminate upon making pension payments to policyholders in January 2022 and transferring the amount provided for in subsection 13 of this section to the state budget.

(15) The surrender values of the pension contracts specified in subsections 4 and 11 of this section shall be calculated as at 31 July 2021 and the surrender values of the pension contracts specified in subsection 13 as at 30 November 2021, in both cases taking into account all the pension payments which are made by the insurer pursuant to the provisions of this section before termination of pension contracts.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 72⁵. Specifications for submission of choice application as of 2021

(1) A person born before 1 January 1983 who has not submitted a choice application by the due date provided for in subsection 2 of § 66 or subsection 1 of § 72³ of this Act shall acquire the right and obligation to pay a mandatory funded pension if he or she submits a choice application. The choice application may be submitted from 1 January 2021.

(2) A person who has submitted a choice application specified in subsection 1 of this section shall be applied the provisions of this Act, concerning an obligated person, with the specifications arising from this section.

(3) A person who has submitted a choice application shall have the right and obligation to pay a mandatory funded pension payment starting:

- 1) from 1 January if the choice application has been submitted and the information specified in the application has been received by the registrar not later than on 31 July of the previous year;
- 2) from 1 May if the choice application has been submitted and the information specified in the application has been received by the registrar not later than on 30 November of the previous year;
- 3) from 1 September if the choice application has been submitted and the information specified in the application has been received by the registrar not later than on 31 March.

(4) A payer of social tax provided for in § 4 of the Social Tax Act is required to verify from the pension register whether the person specified in subsection 1 of this section is required to pay a mandatory funded pension.

(5) The additional contributions specified in subsection 1 of § 10 of this Act shall be made on behalf of the person who submitted the choice application, specified in subsection 1 of this section, for a child who was born on or after the day on which the person submitting the choice application became liable to make the contributions.

(6) A person who has submitted a choice application specified in subsection 1 of this section shall have the right to choose, for a child born up to six months before the obligation arose, between making additional contributions established in § 10 of this Act and pension supplement to be paid on the basis of clause 2 of subsection 1¹ of § 24 of the State Pension Insurance Act.

(7) An application specified in subsection 3 of § 10 of this Act shall be submitted to the Social Insurance Board in order to apply for the making of additional contributions specified in subsections 5 and 6 of this section.

(8) A person who has submitted a choice application specified in subsection 1 of this section acquires the right not to make payment on the basis of the provisions of § 27¹ of this Act and the right to withdraw money provided for in § 43¹ ten years after the obligation arose to make the payment.

[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 72⁶. Specifications for submission of applications for making payment or exemption from payment and withdrawal of funds

Applications for making a payment or exemption from payment specified in § 271 of this Act and applications for withdrawal of money specified in § 43¹ may be submitted as of 1 January 2021.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

§ 72⁷. Pensionable age in case of supplementary funded pension

(1) In the case of a supplementary funded pension the pensionable age provided for in the second sentence of subsection 2 of § 60 and subsection 3 of § 63 of this Act, applies to a policyholder whose supplementary funded pension insurance contract has been entered into and to a person who acquires voluntary pension fund units for the first time on or after 1 January 2021.
[RT I, 22.12.2021, 4 – entry into force 01.01.2022]

(2) A policyholder who has entered into a supplementary funded pension insurance contract and a person who has acquired units of a voluntary pension fund for the first time before 1 January 2021 shall have a pensionable age of 55 years in the case of a supplementary funded pension.

(3) If a supplementary funded pension insurance contract is entered into or the units of a voluntary pension fund are acquired on the bases provided for in subsection 5¹ of § 63 or subsection 1 of § 64 of this Act, the pensionable age shall be applied with regard to the policyholder in the case of a supplementary funded pension in accordance with the date of entry into the pension contract for the first time or the first acquisition of units of a voluntary pension fund.

(4) If all the units of a voluntary pension fund belonging to a person have been redeemed and the person later acquires units of a voluntary pension fund again, such acquisition of units is deemed to be the first acquisition of units within the meaning of this section.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

(5) The provisions of this section are not applied to a PEPP contract.
[RT I, 17.03.2023, 5 – entry into force 27.03.2023]

§ 72⁸. Obligation to analyse

By 2023 the Ministry of Finance shall prepare an analysis of the effects of making the mandatory funded pension provided for in this Act voluntary and, if necessary, shall submit proposals for amending legislation.
[RT I, 27.10.2020, 1 – entry into force 06.11.2020]

Chapter 5 AMENDMENT OF ACTS AND ENTRY INTO FORCE OF ACT

§ 73.–§ 76.[Omitted from this text.]

§ 77. Entry into force of Act

(1) This Act enters into force on 1 May 2004.

(2) Until the establishment of the legislation specified in subsection 3 of § 11 of the Social Tax Act provided in clauses 4 and 5 of subsection 1 of § 11, subsection 3 of § 12, subsection 2 of § 15, subsection 9 of § 16, subsection 9 of § 21, subsection 4 of § 35, and clause 3 of § 73 of this Act, the provisions of legislation specified in subsection 2 of § 72 of this Act apply, unless otherwise provided in this Act.

¹Council Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of direct insurance other than life assurance (OJ L 228, 16.8.1973, p 3, amended by: Directive 76/580/EEC OJ L 189, 13.7.1976, p 13; Directive 84/641/EEC OJ L 339, 27.12.1984, p 21; Directive 87/343/EEC OJ L 185, 4.7.1987, p 72; Directive 87/344/EEC OJ L 185, 4.7.1987, p 77; Directive 88/357/EEC OJ L 172, 4.7.1988, p 1; Directive 90/618/EEC OJ L 330, 29.11.1990, p 44; Directive 92/49/EEC OJ L 228, 11.8.1992, p 1; Directive 95/26/EC OJ L 168, 18.7.1995, p 7; Directive 2000/26/EC OJ L 181, 20.7.2000, p 65; Directive 2002/13/EC OJ L 77, 20.3.2002, p 17; Directive 2002/87/EC OJ L 35, 11.2.2003, p 1); – Council Directive 88/357/EEC on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC (OJ L 172, 4.7.1988, p

1, amended by: Directive 90/618/EEC OJ L 330, 29.11.1990, p 44; Directive 92/49/EEC OJ L 228, 11.8.1992, p 1); – Council Directive 92/49/EEC on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and amending Directives 73/239/EEC and 88/357/EEC (third non-life insurance Directive) (OJ L 228, 11.8.1992, p 1, amended by: Directive 95/26/EC OJ L 168, 18.7.1995, p 7; Directive 2000/64/EC OJ L 290, 17.11.2000, p 27; Directive 2002/87/EC OJ L 35, 11.2.2003, p 1); – Directive 2002/83/EC of the European Parliament and of the Council concerning life assurance (OJ L 345, 19.12.2002, p 0001–0051); – Directive 2014/50/EC of the European Parliament and of the Council on minimum requirements for enhancing worker mobility between Member States by improving the acquisition and preservation of supplementary pension rights (OJ L 128, 30.4.2014, pp 1–7); – Directive (EU) 2016/2341 of the European Parliament and of the Council on the activities and supervision of institutions for occupational pensionable provision (OJ L 354, 23.12.2016, pp 37-85); – Directive 2016/2341/EC of the European Parliament and of the Council on the activities and supervision of institutions for occupational pensionable provision (OJ L 354, 23.12.2016, pp 37-85). [RT I, 28.12.2018, 1 – entry into force 13.01.2019];