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Funded Pensions Act¹

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Amended by the following acts

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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, partially01.01.2011
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, partially28.02.2011 and 01.01.2012
23.02.2011	RT I, 24.03.2011, 1	03.04.2011, partially01.08.2011
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, partially16.07.2012
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 1.07.2016 [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, partially 01.05.2018 and 01.09.2018
19.06.2017	RT I, 03.07.2017, 2	13.07.2017, partially 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
21.11.2018	RT I, 07.12.2018, 1	17.12.2018, partially 01.01.2019

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 periodic 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, and which is paid from the pension fund or by an insurer.

(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, and which is subject to the tax incentives provided in the Income Tax Act.

§ 3. Pension fund

(1) A pension fund is a contractual investment fund the principal objective of which is to provide unit-holders 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 retirement pension fund.

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

(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 2 (3) 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]

§ 4. Name of pension fund

[Repealed - RT I, 31.12.2016, 3 – entry into force 10.01.2017]

§ 5. Application of Investment Funds Act and Administrative Procedure Act

(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 units of pension funds 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 64 (11)-(13) 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]

(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 Investment Funds Act and the Financial Supervision Authority Act.

Chapter 2 MANDATORY FUNDED PENSIONS

Division 1 Contributions to Mandatory Funded Pensions

§ 6. Obligated persons

Resident natural persons provided in subsection 6 (1) 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 2 (1) 1)-6), 8) and 9) and clause 6 (1) 2) 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 2 (1) 7) 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) Contributions shall be made on amounts received on 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.

[RT I, 07.07.2017, 2 - entry into force 01.01.2018]

(3) The obligation to make contributions arises on 1 January of the year following the year during which an obligated person attains 18 years of age, and extinguishes on 31 December of the year of the first redemption day of pension fund units belonging to the obligated person pursuant to subsection 40 (2) of this Act.

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

§ 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. Rate of contribution

The rate of contribution is 2 per cent of the remuneration specified in subsection 7 (1) of this Act.

§ 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 shall be 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, guardian or foster parent for the purposes of subsection subsection 45⁵(2) 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, 28.11.2017, 2 - jõust. 01.01.2018]

(2) The average monthly income subject to social tax in Estonia shall be calculated by the Social Insurance Board according to § 38 of the Family Benefits Act.
[RT I, 08.07.2016, 1 – entry into force 01.01.2017]

(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 27 (1) 2) and 3) 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 the right of custody over person, data on residence permit or right of residence and citizenship;
- 2) data on residence within the meaning of subsection 6 (1) the Income Tax Act;
- 3) data concerning social tax of a person;
- 4) data on registration of a person as a caregiver;
- 5) data concerning the joining with the mandatory funded pension of a person who was born before 1 January 1983;
- 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 month of birth of the child and in the month of attaining 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, 02.07.2012, 2 – entry into force 01.01.2013]

(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]

(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 24 (1¹) 2) 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 24 (6) 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 19 (3) 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 raising a child of up to three years of age residing in Estonia provided in subsection 6 (1) of the Income Tax Act raising, who is not yet an obligated person for the purposes of this Act.
[RT I, 02.07.2012, 2 – entry into force 01.01.2013]

(14) The Social Insurance Board shall send a notification of the commencement of supplementary contributions at the email address, or shall forward the notice in a manner specified in clauses 27 (1) 2) and 3) 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 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, 08.07.2016, 1 – entry into force 01.01.2017]

(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

(1) Obligated persons who meet the conditions provided by Regulation (EEC, Euratom, ECSC) No 259/68 of the Council 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 (Staff Regulations of Officials) (OJ L 56, 4.03.1968, pp. 1–7) (hereinafter Council Regulation) have the right to transfer 6/22 of the total of the pension funds accrued during the time of their employment by the institutions of the European Community to the mandatory pension fund pursuant to the procedure established by subsection 12 (2¹) of the State Pension Insurance Act.

(2) An obligated person acquires units of a pension fund provided in subsection 19 (3) of this Act for the contributions specified in subsection (1) of this section.
[RT I 2007, 62, 395 - entry into force 01.01.2008]

§ 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 2 (1) 1), 3), 8) and 9) and clause 6 (1) 2) of the Social Tax Act is an obligated person, and withhold contributions on such remuneration of the obligated person at the rate specified in § 9 of this Act;

[RT I 2006, 26, 193 - entry into force 01.01.2007]

2) check on the basis of a person's personal identification code whether a recipient of remuneration specified in clauses 2 (1) 4) and 6) of the Social Tax Act is an obligated person, and withhold contributions on such remuneration of the obligated person at the rate specified in § 9 of this Act, 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 bailiff and the remuneration is his or her business income;

[RT I, 23.12.2013, 1 - entry into force 01.01.2014]

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 10 (3) 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 10 (1) 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 (1) 4) 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 responsible for the area shall establish by a regulation:

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

2) the standard format of the certificate specified in clause (1) 5) 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 contribution on income specified in clause 2 (1) 5) of the Social Tax Act at the rate provided in § 9 of this Act on the basis of an income tax return for natural persons and information in the register of taxable persons, and is required to issue a tax notice concerning the amount of the contribution to be made to the sole proprietor 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, 07.12.2018, 1 - entry into force 01.01.2019]

(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 responsible for the area.

(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 money received upon the payment of contributions, supplementary contributions and the contributions provided by subsection 10¹(1) of this Act into the bank account of the registrar of the pension register (hereinafter registrar) within fifteen working days as of the receipt of such money.

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

(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) the amount of the contribution provided in subsection 10¹(1) of this Act.
[RT I 2007, 62, 395 - entry into force 01.01.2008]
- 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 responsible for the area 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 10 (4) and (41) 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.

Division 2 Submission of Choice Application and Opening of Pension Account

§ 14. Choice of pension fund

(1) In order to acquire units of a pension fund, a person shall submit a corresponding application (hereinafter choice application).

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

(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 units of a pension fund, 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 subsections 131 (1) or 188 (1) 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 contributions to a mandatory funded pension to the pension fund indicated in the choice application under the conditions and pursuant to the procedure provided in this Act.

(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 or holding a unit of the pension fund may not be a prerequisite for entry into or amendment of the insurance, finance or investment services agreement or gaining other profit beside the payments of mandatory pension fund, as well as the conditions or terms of the named agreements or obtaining the profit beside the mandatory pension fund unit may not be subject to submission of the choice application or holding the mandatory pension fund unit.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(6) Upon failure to submit a choice application, subsection 19 (3) 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]
- 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 rules of the pension fund chosen by him or her;
- 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 format provided by the registrar, thereby the official names of all mandatory pension funds which are published on the webpage of the Financial Supervision Authority and the conditions of which have been registered with the Financial Supervision Authority, shall be set out in the choice application in alphabetical order and on equal basis.

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

§ 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 14 (2¹) 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 a fee for submission of the choice application uniformly and in the same amount regardless of which mandatory pension fund the choice application has been submitted to. [RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(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 to keep account of the pension fund units belonging to the person.

(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 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.

(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) The registrar shall open pension accounts for other obligated persons in addition to for obligated persons who have submitted a choice application. Pension accounts shall be opened on the basis of information received from the Tax and Customs Board pursuant to subsection 12 (2) of this Act.

(6) A pension account shall be opened immediately after the registrar receives the information indicated in the choice application or the information specified in subsection 12 (2) of this Act, except in the case specified in subsection (2) of this section.

(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 16 (3) of this Act, the registrar immediately of any changes to the information set out in the choice application or the application provided in subsections 21 (1), 25 (1) and 29 (1) of this Act.

(10) The registrar shall forward, once a year not later than by 1 December, information specified in clauses 15 (1) 1) and 2) of this Act concerning holders of pension accounts who have submitted choice applications during the period from 1 November of the previous year until 31 October of the year when information is forwarded to the Tax and Customs Board.

Division 3

Acquisition of Units of Pension Fund

§ 18. Contributions to pension funds

Contributions to a pension fund shall be made:

- 1) upon the receipt of money specified in § 12 of this Act and in subsections 10 (4) and (4¹) of the Social Tax Act by the registrar;
- 2) upon the exchange of the units of a pension fund by a unit-holder according to the provisions of §§ 23-27 of this Act;
- 3) upon the acquisition of units of a pension fund by a pension management company pursuant to the provisions of §§ 68-71 of the Investment Funds Act;
[RT I, 31.12.2016, 3 – entry into force 10.01.2017]
- 4) upon the acquisition of units if another pension fund is liquidated pursuant to the provisions of §§ 37-39 of this Act;
- 5) upon the acquisition of units for the purposes of compensating for loss pursuant to the procedure provided in §§ 34 and 35 of this Act and §§ 70-73 of the Guarantee Fund Act.

§ 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.

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

(3) Contributions shall be made to the mandatory pension fund indicated in the choice application or, in the absence of a choice application, to a pension fund determined by the registrar by the drawing of lots. The procedure for the drawing of lots shall be established by the minister responsible for the area on the proposal of the registrar.

(4) If 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 immediately, but not later than on the third working day after accepting the choice application by the registrar.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(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 units of a pension fund shall be prescribed in the rules of a pension fund.

§ 21. Contributions to new pension fund

(1) An obligated person may begin to make contributions to a new pension fund for which the person shall submit a new choice application to the account manager or the registrar.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(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 applicant of the choice application or the account administrator immediately about the refusal to accept a choice application and of the reasons therefor by forwarding an electronic error

notice through the information system. The account administrator shall immediately notify the applicant of the error notice. In order to commence the making of contributions to a new pension fund, a person shall submit a new, valid choice application.

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

(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 where the obligated person is making contributions by the pension fund noted in the new choice application immediately, but not later than on the third working day after accepting the choice application by the registrar.

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

(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 units of pension fund

(1) The issue of units of a pension fund 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 depository of the pension fund.

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

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 depository of the pension fund;

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

3) forward, to the depository 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 unit-holder.

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

Division 4 Exchange of Units of Pension Fund

§ 23. Bases for exchange of units of pension fund

(1) A unit-holder has the right to exchange units of a pension fund only for units of another pension fund under the conditions and pursuant to the procedure provided in this Division.

(2) The exchange of units of a pension fund is not permitted if the redemption or issue of units of either of the pension funds involved in the exchange is prohibited pursuant to the Investment Funds Act.

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

(3) No payments shall be made to unit-holders from pension funds upon the exchange of units of a pension fund.

(4) Units of pension funds shall be exchanged pursuant to the procedure prescribed in this Act, the Investment Funds Act and in the pension fund rules of the pension funds involved in the exchange.

§ 24. Conditions for exchange of units of pension fund

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

(2) All or part of the units of a unit-holder in a pension fund may be exchanged.
[RT I 2008, 48, 269 1 - entry into force 01.01.2011]

(3) A unit holder has the right to exchange the units of pension funds three times a year. The units of pension fund shall be exchanged on the first working day following 1 January and 1 May, and on 1 September or the first working day following if 1 September is not a working day.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(4) Upon an exchange of units of a pension fund, the pension fund to which the contributions of the person to a mandatory funded pension are made or should be made shall remain the same.

§ 25. Application for exchange of units of pension fund

(1) In order to exchange units of a pension fund, a unit-holder shall submit an application for the exchange of units of a pension fund (hereinafter in this section application) to the account administrator or registrar. The provisions of subsections 14 (2)-(3) and 16 (1)-(8) of this Act apply to such applications.
[RT I, 02.07.2012, 2 - entry into force 01.01.2013]

(1¹) Upon submission of an application for a successor with restricted active legal capacity, also upon the grant of written permission of a legal representative for submission of the application to a person under 18 years of age the legal representative shall have the consent of the court provided in subsections 131 (1) or clause 188 (1)8) of the Family Law Act.
[RT I, 02.07.2012, 2 - entry into force 01.01.2013]

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

- 1) the name and personal identification code of the unit-holder;
- 2) the contact details of the unit-holder;
- 3) the preferences of the person regarding the manner in which notices are to be submitted to him or her and regarding the corresponding authority;
- 4) the name of the pension fund the units of which the unit-holder wishes to exchange;
- 5) the name of the pension fund the units of which the unit-holder wishes to acquire upon the exchange;
- 5¹) the number of the units which the unit-holder wishes to exchange;
[RT I 2008, 48, 269 - entry into force 01.01.2011]
- 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 rules of the pension fund chosen by him or her;
- 8) the date of submission of the application;
- 9) the signature of the unit-holder unless the application is submitted in a manner which enables written reproduction and identification of the person.

(2¹) The provisions of subsection 14 (5¹) and subsection 16 (7¹) of this Act apply to the application.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(3) The registrar shall refuse to accept an application if the 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 the person wishes to acquire for the units belonging to him or her is prohibited pursuant to the circumstances provided in subsection 23 (2) of this Act. The registrar shall also refuse to accept the application forwarded to the registrar through the account administrator if the date of submission of the application is earlier than the date of acceptance of the application by the registrar.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(4) Upon refusal to accept an application, the registrar shall notify the applicant 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 applicant of the error notice. In order to exchange units of a pension fund, a person shall submit a new, valid application.

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

- 1) the legal basis for refusal to exchange units of a pension fund;
- 2) the reasons for refusal to exchange units of a pension fund;
- 3) the date of forwarding the error notice.

(6) A valid application shall be submitted and the registrar shall receive the information set out in the application at the latest:

- 1) on 30 November for exchange of units of pension fund on the first working day following 1 January;
- 2) on 31 March for exchange of units of pension fund on the first working day following 1 May;

3) on 31 July for exchange of units of pension fund on 1 September or on the first working day following if 1 September is not a working day.

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

(7) Until the date provided submission of the application in subsection (6) of this section 31 October, a person may amend his or her application by submitting a new application provided in subsection (1) of this section.

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

(8) The data specified in subsection (2) of this section shall be presented in the choice application in a format provided by the registrar, thereby the official names of all mandatory pension funds which are published on the webpage of the Financial Supervision Authority and the conditions of which have been registered with the Financial Supervision Authority, shall be set out in the choice application in alphabetical order and on equal basis.

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

§ 26. Procedure for exchange of units of pension fund

(1) Upon an exchange of units of a pension fund, the units of one pension fund are redeemed and the units of another pension fund are issued.

(2) As a result of an exchange, a person shall acquire, for the redemption price of the units of a pension fund, a corresponding number of units of another pension fund, and payment for the units of the other pension fund shall be made at the net asset value of the same day.

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

(3) An exchange of units of a pension fund shall be organised by the registrar together with the depositary of the pension fund.

(4) If the redemption of units of a pension fund the units of which a unit-holder wishes to exchange is prohibited under circumstances provided in subsection 23 (2) of this Act, the registrar shall organise the exchange at the earliest opportunity after such circumstances cease to exist.

(5) If the issue of units of a pension fund the units of which a unit-holder wishes to acquire for the units belonging to him or her is prohibited under circumstances provided in subsection 23 (2) of this Act on the date of the exchange of the units of the pension fund provided in subsection 24 (3) of this Act, the registrar shall refuse to exchange the units of the pension fund and shall notify the applicant or the account manager immediately thereof. The account administrator shall immediately notify the applicant of the refusal to exchange units.

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

§ 27. Fees charged upon exchange of units of pension fund

(1) Upon the exchange of units of a pension fund, a redemption fee shall be paid for the units at the expense of the unit-holder of the pension fund up to the amount prescribed in the rules and prospectus of the corresponding pension fund.

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

(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]

Division 5

Succession of Units of Pension Fund and Use of Inherited Units

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

§ 28. Bases for succession

(1) In case of the death of the unit-holder the units of pension funds shall transfer to the successor.

(2) The successor has the right to transfer the inherited units to his or her pension account or redeem under the terms and conditions specified in this Act. An application for transfer or redemption of the units of pension fund is a unilateral transaction for the purposes of the General Part of the Civil Code Act.

(3) The registrar shall cancel the units of a pension fund belonging to the inheritance on its own initiative if the units of a pension fund are not redeemed or transferred into the pension account of a successor within ten years as of the opening of the succession.

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

(4) In the cases provided in subsection (3) of this section the rights and obligations arising from the units of a pension fund shall be deemed to be extinguished and the money corresponding to the units shall remain in the pension fund.

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

§ 29. Transfer of units of pension fund to pension account of successor Bases for succession

(1) A successor may transfer the units of the pension fund belonging to the inheritance on his or her pension account if he or she:

- 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 to 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 6 (1) of the Income Tax Act.

(2) Upon submission of the application for the transfer of units of a pension fund, 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 units of pension fund

(1) The successor may demand that the units of the pension fund belonging to the inheritance be redeemed within one year after his or her certificate of succession of his or her right of succession has been verified.

(2) The term provided in subsection (1) of this section is not applied to the successor who has no opportunity to transfer the units of the pension fund into his or her pension account pursuant to subsection 29 (1) of this Act, as well as with regard to the successor who during verification of the certificate of succession is in compliance with the terms and conditions specified in clause 29 (1) 3) of this Act.

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

§ 31. Procedure for transfer and redemption of units of pension fund

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

(1) In order to transfer the units of a pension fund 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 units of a pension fund 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 131 (1) or clause 188 (1) 8) 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 units of a pension fund 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 units of a pension fund 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]

(5) The specific procedure for the handling the application provided in subsection (1) of this section shall be established by the minister responsible for the area, by the procedure related to the units of a mandatory pension fund to be established pursuant to subsection 12 (3) of this Act.
[RT I 2010, 38, 231 - entry into force 01.07.2010]

(6) The data specified in subsection (1) of this section shall be submitted in an application form provided by the registrar.
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

Division 6

Compensation for Loss Caused to Unit-holders 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 unit-holder of the pension fund, the pension fund management company or a persons who has operated as pension management company (hereinafter both in this Division 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 unit-holder of the pension fund the new units of pension fund 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 unit-holders provided in § 62 of the Guarantee Fund Act shall not be compensated for pursuant to the procedure provided in this Division.

(4) The provisions of this Division 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 unit-holders 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 unit-holder;
- 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 unit-holders

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

(1) The units provided in subsection 35 (1) 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 33 (1) 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 unit-holder;
- 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 unit-holders 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 unit-holders 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 33 (2) 3) of this Act and in clause (1) 4²) 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 unit-holders

[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 unit-holder shall be issued to the unit-holder in the amount of the loss suffered. If the unit-holder has entered into a pension contract for a mandatory funded pension, agreed to the pension fund, applied for single payments or if the unit-holder 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]

(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 Division, 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 unit-holders shall be established by the procedure related to the units of a mandatory pension fund to be established pursuant to subsection 12 (3) 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 34 (1) 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 unit-holders of which the damage caused shall be compensated for;
- 2) the procedure for notifying the unit-holders;
- 3) the terms for compensation for damages to the unit-holders.

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

Division 7

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

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

(1) If a pension fund is liquidated every unit-holder 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 unit-holder 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 unit-holder shall choose a new pension fund by submitting an application which complies with the conditions provided in subsections 16 (1) and (3) of this Act within two months after publication of the liquidation notice in at least one daily national newspaper, unless the Financial Supervision Authority specifies a longer term. The provisions of subsections 14 (5) and (5¹) and subsections 16 (7¹) of this Act shall be applied to the submission of the application.

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

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

- 1) the name of the unit-holder;
 - 2) the personal identification code of the unit-holder;
 - 3) the contact details of the unit-holder;
 - 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;
 - 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) confirmation that the person agrees to the rules of the new pension fund chosen by him or her;
 - 9) the date of submission of the application;
 - 10) the signature of the unit-holder.

(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 unit-holder has failed to submit an application provided in subsection (2) of this section during the prescribed term, the unit-holder shall acquire units of the pension fund into which the mandatory funded pension contributions made by the unit-holder 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 unit-holder 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 unit-holder within five working days as of expiry of the term for submission of an application provided in subsection (2) of this section.

§ 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 unit-holders 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 unit-holders 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.

§ 39. Contributions upon liquidation of pension fund

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

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

(2) As of the day following the date of drawing lots for a new pension fund provided in subsection 37 (7) of this Act, a unit-holder shall acquire units of the new pension fund set out in subsection 37 (2) of this Act or determined on the bases provided in subsections 37 (5)-(7) of this Act for the money specified in subsection (1) of this section and subsequent contributions.

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

Division 8 Mandatory Funded Pension Payments

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

Subdivision 1 General Provisions

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

§ 40. Entitlement to mandatory funded pension payments

(1) A unit-holder shall be entitled to mandatory funded pension payment when the person has reached the pensionable age (hereinafter pensionable age) provided in the State Pension Insurance Act.

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

(2) To get the mandatory funded pension payment the unit holder of the pension fund is entitled to conclude a pension contract under the terms and conditions and the procedure provided in this Division, agree upon a fund pension with the pension management company or apply for a single payment form the pension fund.

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

§ 41. Pension contract

(1) A pension contract is an insurance contract for a mandatory funded pension signed between the unit-holder of a mandatory funded pension and the insurer on the basis of which the insurer undertakes to make pension payments to the unit-holder who signed the contract (hereinafter *policyholder*) under the terms and conditions and the procedure agreed upon in the contract until his or her death and the policyholder undertakes to pay insurance premiums to the insurer. Under the conditions provided in § 48¹ of this Act the pension contract may also be entered into for a specified term.

(2) The insurer that is established in Estonia and has the activity licence for annuity payments and the Estonian subsidiary of the insurer that is established in the Contracting State of the European Economic area, which is the fund participant of the pension contracts prescribed by the Guarantee Fund Act and which has a valid contract specified in subsection 37¹(1) of the Securities Register Maintenance Act with the registrar, is entitled to conclude a pension contract.

(3) Upon entry into a pension contract all the units of the funded pension belonging to the policyholder shall be redeemed and a single payment in the amount corresponding to the units shall be made to the insurer chosen

by the person unless otherwise determined by the policyholder. The amount corresponding to the units shall be calculated by multiplying the number of units redeemed with their net value. The registrar shall organise the redemption of the units and transfer of money from the pension fund to the insurer.

(4) The insurer is obliged to sign the pension contract if the unit-holder is entitled to the mandatory funded pension on the basis of subsection 40 (1) of this Act. The insurer is not obliged to sign the pension contract if the amount is less than the rate provided in subsection 42 (3) of this Act.

(5) A unit-holder is entitled to enter into several pension contracts and distribute all the units of the pension fund owned or the units of the pension funds corresponding to at least 700-fold the national pension rate (hereinafter the *national pension rate*) established on the basis of the National Pension Insurance Act between the pension contracts entered into.

(6) If, as at the conclusion of the last pension contract or payment of additional insurance premium, the unit-holder already has one or several pension contracts whose total amount of insurance premiums is larger than 700-fold national pension rate, the unit-holder has the right to leave the remaining units into his or her pension account, agree upon the fund pension provided in § 42 of this Act with regard to them, sign the pension contract for a specified term under the conditions provided in § 48¹ or submit an application for single payment in the case provided in § 43..

(7) If the unit-holder uses the right provided in subsection (5) or (6) of this section, he or she shall determine, upon signing the pension contract, the units of which pension funds shall be redeemed to cover insurance premium.

(8) The terms and conditions and the exact procedure for entry into a pension contract and for making pension payments on the basis thereof are regulated in subdivision 2 of this Division.
[RT I, 03.07.2017, 2 - entry into force 01.01.2018]

§ 42. Fund pension

(1) The fund pension is the scheme agreed upon between the unit-holder and the pension management company on the basis of which periodic funded pension payments are made to the unit-holder from the pension fund until the termination of the fund pension.

(2) The fund pension shall include all the pension funds whose units are owned by the unit-holder. The units whose redemption is prohibited by the Investment Funds Act shall not be taken account of.

(3) The unit-holder has the right to agree upon fund pension if the amount obtained by multiplying the number of units in all the pension funds belonging to the unit-holder with their net asset value (hereinafter the *total value of units*) is less than 50-fold national pension rate before signing the first pension contract. The units whose redemption is prohibited according to the Investment Funds Act shall not be taken into account upon determination of the total value of units.
[RT I, 03.07.2017, 2 - entry into force 01.01.2018]

(4) The unit-holder has the right to agree upon fund pension if he or she uses the right provided in subsection 41 (6) of this Act.

(5) Upon making payments of the fund pension to the unit-holder the number of units prescribed shall be redeemed and the payment shall be made in the amount corresponding to these units. The registrar shall organise the redemption of units and making the payments to the unit-holder.

(6) The amount corresponding to the units indicated in subsection (5) of this section is gained by multiplying the number of the units to be redeemed with their net value.

(7) Agreement to the terms and conditions and the exact procedure for making payments on the basis thereof are regulated in subdivision 3 of this Division.
[RT I 2008, 48, 269 - entry into force 14.11.2008]

§ 43. Single payment from pension fund

(1) If the total value of the units owned by the unit-holder equals tenfold of the national pension rate or is lower, the person is entitled to demand the redemption of all the units and the payment of the corresponding amount in a single payment (hereinafter single payment).

(2) If the unit-holder acquires additional units after submission of the application for single payment but before the payment is made:

1) all the units belonging to the unit-holder shall be redeemed and a single payment shall be made if the value of additionally acquired units is not larger than tenfold the national pension rate;

2) all the units belonging to the unit-holder upon submission of the application for a single payment shall be redeemed and a single payment shall be made if the value of additionally acquired units is larger than tenfold national pension rate;

(2¹) For redemption of the units acquired after single payment the unit-holder has the right to submit an application for getting a single payment, agree upon the fund pension or enter into a pension contract under the terms and conditions provided in this Act.

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

(2²) In case in the pension account of the unit-holder as at 1 April of the year following the year of expiry of the obligation to make contributions there are units in the pension account of the unit-holder whose total value equals tenfold the national pension rate or is lower, the registrar shall organise the redemption of the units within one month and shall make a single payment to the unit-holder in the corresponding amount.

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

(3) The provisions of this section shall also be applied in the case the total value of units has decreased to the amount specified in subsection (1) as a result of the payments of the fund pension.

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

§ 44. Redemption of units upon commencement of employment by institutions of European Community

(1) An obligated person who meets the conditions provided by the Council Regulation specified in subsection 10¹(1) of this Act has the right for redemption of all the pension units belonging to him or her and to enter the total amount of the units in the pension scheme of the institutions of the European Community pursuant to the procedure provided by subsection 12 (2¹) of the State Pension Insurance Act.

(2) All the expenses related to the redemption of the units and the making of the transfer specified in subsection (1) of this section shall be borne by the obligated person.

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

Subdivision 2 Payments Pursuant to Contract

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

§ 45. General conditions for entry into pension contract

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

(2) Calculating the longevity risk the insurer is obliged to use the mortality rate that describes the life expectancy of the same value with regard to men and women of the same age. The changes in the mortality rates used may only be applied with regard to the pension contracts that are signed after making the changes in mortality rates as well as with regard to the pension contracts profit by which the pension payments shall be increased.

[RT I, 07.07.2015, 1 - entry into force 01.01.2016]

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

(3¹) The guaranteed interest rate of the pension contract may not be negative.

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

(4) A policyholder can only be a natural person who is entitled to funded pension payments from mandatory pension fund pursuant to subsection 40 (1) of this Act.

(5) The pension payments under the pension contract must be in compliance with the following conditions:

1) pension payments shall be made only to the policyholder;

2) pension payments are made in equal amounts that may differ only based on the amount of the pension contracts profit distributed by the insurer;

[RT I, 07.07.2015, 1 - entry into force 01.01.2016]

3) pension payments shall be made periodically to the policyholder pursuant to the pension contract at least once every three months until the death of the policyholder, including for the period of payment during which the policyholder dies;

4) the first pension payment shall be made in the first pension year of the pension contract;

5) pension payments shall be made on the day of month agreed upon between the insurer and the policyholder that must fall within the period between the 10th and 15th day of the calendar month.

(6) A pension year is a one-year period the calculation of which under the pension contract commences upon entry into the pension contract.

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

(8) The insurer is obliged to distribute at least 50% of the pension contracts profit of each financial year to the policyholders of pension contracts and the beneficiaries increasing all the future pension payments in the financial year following the year of the creation of the profit. The distribution of the profit between policyholders and beneficiaries shall be based on the percentage of each pension contract in the creation of the pension contracts profit.

[RT I, 07.07.2015, 1 - entry into force 01.01.2016]

(8¹) Should the future pension payments under the pension contract increase less than 5% at the expense of the distributed profit, the insurer may make the payment of the distributed profit respectively to a policyholder or a beneficiary together with the next pension payment under the pension contract

[RT I, 07.07.2015, 1 - entry into force 01.01.2016]

(9) The proprietary rights arising from a contract shall not be security for a loan or be encumbered in any other way or belong to the joint property of spouses.

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

(11) The insurer who enters into pension contracts is required to offer pension contracts which at least correspond to the conditions established in subsections (1)-(10) of this section. The condition that diverges from the specified conditions is void unless such condition was agreed upon pursuant to § 46 of this Act.

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

§ 46. Specifications of pension contract

(1) Upon conclusion of the pension contract the policyholder and the insurer may agree upon the suspension of pension payments in which case the pension payments shall be made after the period designated in the pension contract has elapsed from the entry into of the pension contract.

(2) A pension contract may be entered into as a pension contract with variable pension payments where:

- 1) the policyholder bears the investment risk (hereinafter *a unit-linked pension contract*);
- 2) the increase of pension payments or inflation indexation has been agreed upon;
- 3) it has been agreed that the insurer has the right to change the guaranteed interest rate after the period established in the pension contract on condition that it is not negative, or
- 4) pension payments are dependant on investment results but the pension payments to the policyholder are guaranteed at least in the amount corresponding to the pension payments calculated with the guaranteed zero per cent interest rate.

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

(3) The pension contract may be concluded as a joint pension contract under the terms and conditions provided in § 47 of this Act.

(4) A pension contract may be concluded with a prescribed guarantee period under the terms and conditions provided in § 48 of this Act.

(5) A pension contract may be entered into for a specified term under the conditions provided in § 48¹ of this Act.

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

§ 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.

(2) The underlying assets of a unit-linked pension contract may only be the units of the mandatory pension fund.

(3) Acquisition, redemption and exchange of the units of a pension fund is made pursuant to the agreement entered into between the insurer, registrar and the management company, upon the exchange of units taking account of the terms of the exchange of units provided in subsection 25 (6) of this Act.

(4) If the management company of the pension fund belonging to the same consolidation group with the insurer makes repayment of pension 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, 03.07.2017, 2 - entry into force 01.01.2018]

§ 47. Joint pension contract

(1) A policyholder is entitled to conclude a joint pension contract:

- 1) together with a natural person (hereinafter an insured person) chosen by himself or herself on the basis of which the insurer undertakes to make pension payments until the death of the policyholder and the insured person, and the policyholder undertakes to pay insurance premium to the insurer;
- 2) together with another policyholder chosen by himself or herself on the basis of which the insurer undertakes to make pension payments to the policyholders until their death, and the policyholders undertake to pay insurance premium to the insurer.

(2) In case of the death of the policyholder the rights arising from his or her pension contract shall transfer to the insured person.

(3) The insured person need not be a unit holder or at pensionable age during the entry into the joint pension contract or in the case provided in subsection (2) of this Act but the right for pension payments shall arise at attainment of the pensionable age.

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

§ 48. Pension contract with guarantee period

(1) For the purposes of this Act, a guarantee period is a period of time for which a contract specifies a beneficiary or beneficiaries who are entitled to payments made pursuant to the contract if the policyholder dies during the guarantee period, or in the case provided in § 47 of this Act both policyholders, or the policyholder and the insurer die during the guarantee period.

(2) In the case specified in subsection (1) of this section pension payments shall be made to the beneficiary until the expiry of the guarantee period or he or she shall be made a single payment.

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

(3) The policyholder has the right to name several beneficiaries. A legal person cannot be a beneficiary.

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

§ 48¹. Pension contract for specified term

(1) The unit-holder has the right to enter into the pension contract for a specified term (hereinafter in this section *pension contract for a specified term*) if the total value of units belonging to the unit-holder is less than 50-fold national pension rate before signing the first pension contract or if he or she has already entered into one or several pension contracts whose total amount of insurance premiums is at least 700-fold the national pension rate.

(2) If the total value of units is less than 50-fold national pension rate, upon entry into a pension contract for a specified term all the units of the pension fund belonging to the policyholder shall be redeemed and a single payment in the amount corresponding to the units shall be made to the insurer chosen by the person. The registrar shall organise the redemption of the units and transfer of money from the pension fund to the insurer.

(3) The amount corresponding to the units indicated in subsection (2) of this section shall be calculated by multiplying the number of units redeemed with their net value.

(4) A pension contract for a specified term shall be entered into for at least:

- 1) the duration provided in subsection 52³(3) of this Act if the total value of the units is less than 50-fold national pension rate;
- 2) the duration provided in subsection 52³(4) of this Act if the right provided in subsection 41 (6) is used.

(5) If, pursuant to the duration of the pension contract provided in subsection (4) of this section, the amount of pension payments of one pension year is less than threefold national pension rate, the unit-holder has the right to determine, upon the entry into the pension contract for a specified term, that the amount of his or her pension payments of one pension year would not be less than the specified limit. Upon the implementation of the condition provided in this section the term of the contract shall decrease correspondingly.

(6) If, on the basis of the pension contract for a specified term, the policyholder keeps the right to receive pension payments in the total amount not exceeding the tenfold national pension rate, he or she has the right to cancel the pension contract for a specified term and receive payment to the extent of the surrender value of such contract.

(7) A pension contract for a specified term may not be entered into under special conditions provided in subsections 46 (1)-(3) of this Act.

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

§ 49. Entry into pension contract

(1) For entry into a pension contract a unit-holder of a pension fund shall submit a standard format application to the insurer chosen by himself or herself.

(2) The insurer is obliged to determine the policyholder's requirements to the pension contract on the basis of the information provided by the unit-holder at least to the extent provided in clause 50 (1) 2) of this Act and make a signed written offer to the unit-holder for the entry into the contract in compliance with these requirements to the greatest extent possible.

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

(4) Upon agreement to the offer made by the insurer the unit holder shall return it with his or her signature to the insurer.

(5) Immediately after the offer has been signed by the unit holder the insurer shall submit to the registrar an application for the transfer of the insurance premium in correspondence with the provisions of subsection 52 (4) of this Act. The pension contract is deemed to be entered into upon acceptance of the application by the registrar.

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

- 1) the unit- holder is not at the pensionable age;
- 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 52 (4) of this Act;
- 4) the unit-holder already has a valid pension contract and he or she does not have units to enter into the new pension contract.

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

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.

(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 52 (4) 1)-4) and 11) of this Act.

(10) Upon a failure of the insurer to use the right of withdrawal provided in subsection (9) of this section, the registrar shall satisfy the application submitted by the insurer and organise the redemption of the units and shall transfer the respective amount that corresponds to the total value of units or the amount determined upon entry into the pension contract to the bank account of the insurer within five working days after 14 days have elapsed from the entry into pension contract.

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

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

§ 50. Notification of unit-holder before entry into pension contract

(1) Each time before entry into pension contract with the unit-holder the insurer is required to:

- 1) notify the unit-holder of his or her contact information including the address of the office where the pension contract is entered into if it is not done at the seat of the insurer;
- 2) identify the unit-holder's requirements to the pension contract, including the terms and conditions of making pension payments and a wish to use the special conditions offered by the insurer provided in § 46 of this Act;

- 3) submit to the unit-holder, as a comparison, the amount of pension payments that corresponds to the pension contract complying to the conditions provided in § 45 of this Act if the offer includes some of the special conditions provided in § 46 of this Act and give explanations about the difference between the pension contract offered and the pension contract provided in comparison;
- 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 the principles of the formation of the pension payments to the unit-holder;
- 6) notify the unit-holder of the possibility of the change in the amount of the insurance premiums and pension payments provided in subsection 51 (2) of this Act after entry into a pension contract;
- 7) explain to the unit-holder the principles of the formation of the surrender value of pension contract;
- 8) explain to the unit-holder the principles of determination and distribution of the pension contracts profit;
[RT I, 07.07.2015, 1 - entry into force 01.01.2016]
- 9) explain to the unit-holder the general principles of the taxation of pension payments;
- 10) explain to the unit-holder his or her right not to agree with the offer of the insurer, as well as notify of the right to withdraw from the entered into contract within 14 days as of entry into the contract;
- 11) submit the contact information of the competent supervisory body where the unit-holder may submit a complaint about the activities of the insurer;
- 12) consult the unit-holder in other issues related to the pension contract.

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

- 1) make the conditions, prospectuses and key information of the pension funds belonging to the choice of underlying assets of the contract available to the unit-holder;
- 2) provide information to the unit-holder 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 decisions, 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;
- 3) assess the suitability of a unit-linked pension contract and its underlying assets to the unit-holder pursuant to the provisions of § 222 of the Insurance Activities Act.
[RT I, 03.07.2017, 2 - entry into force 01.01.2018]

(2) The advice and recommendations given to the unit-holder must be submitted in such details that correspond to the complexity of the pension contract and the competence of the unit-holder.

(3) The information disclosed to the unit-holder shall be presented in writing or in a format that enables reproduction in writing, is explicit, synoptically structured and compiled in the Estonian language or in another language agreed upon with the unit-holder.

(4) Provisions of subsections 428 (1) and (2) of the Law of Obligations Act are not applied to the notification of the unit-holder.

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

§ 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 unit-holder may submit a complaint on the activities of the insurer.

(1¹) On the policy of a unit-linked pension contract the amount of the pension payment shall be expressed in the number of the pension fund units subject to redemption..

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

(1²) It is required that the policy of the pension contract entered into for a specified term shall set out the maximum duration of the contract in addition to the provisions of subsection (1) of this section.

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

(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 redemption of the units provided in subsection 49 (10) of this Act.

(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 about pension contract and units of pension fund acquired after entry into contract

(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 pension contracts profit assigned to the policyholder during the period and the part of profit distributed pursuant to subsection 45 (8) of this Act;

[RT I, 07.07.2015, 1 - entry into force 01.01.2016]

- 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 50 (3) 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) the name of the insured person if a joint pension contract is entered into with the insured person;
 - 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 maximum duration of the contract if the contract is entered into for a specified term;
- [RT I, 03.07.2017, 2 - entry into force 01.01.2018]
- 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;
 - 11) the date of submission of the application.

(5) The registrar is required to submit by 31 January to the policyholder who gave an order upon the entry into the pension contract to withdraw all the pension fund units belonging to him or her but who has acquired new units of the pension fund after the entry into the pension contract, the following information:

- 1) the total value of units as at 31 December;
- 2) information about the rights provided in subsection 52¹(1) of this Act;
- 3) the term provided in subsection 52¹(4) of this Act during which the policyholder may use his or her rights.

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

(6) The information specified in subsection (5) of this section must be in compliance with the conditions provided in subsection 50 (3) of this Act.

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

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

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

(1) If the policyholder has units of a pension fund in the pension account after the entry into a pension contract, the policyholder has the right to enter into a new pension contract or submit an application to the insurer who entered into the pension contract for payment of additional insurance premium.

(2) The insurer shall submit to the registrar an application for getting additional insurance premium in conformity with the requirements provided in subsection 52 (4) 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 from the insurer provided in subsection (2) of this section, taking account of the provisions of subsections 49 (6) and (7) of this Act.

(4) If the policyholder, who gave an order upon the entry into the pension contract to withdraw all the pension fund units belonging to him or her, wishes to use the right provided in subsection (1) of this section, he or she is required to enter into a new pension contract or submit an application for payment of additional insurance premium before 1 April.

(5) If the policyholder, specified in subsection (4) of this section, fails to enter into a new pension contract and the registrar has not received an application for the payment of additional insurance premium, the registrar shall organise the redemption for the units of the pension fund belonging to the policyholder and transfer of the amount corresponding to their total value within five working days as of 1 April to the insurer as an additional insurance premium of the pension contract last entered into by the policyholder.

(6) Upon the transfer of the amount corresponding to the total value of the units belonging to the policyholder or by transferring to the insurer the amount that corresponds to the units determined by the policyholder the pension contract shall be amended and the insurer shall calculate the amount of the new pension payment.

(7) If the insurer has amended the principles of calculating the amount of the pension payment between the entry into and the amendment of the pension contract, the insurer has the right to apply the new principles only to the pension payments that correspond to the additional insurance premium.

(8) The provisions of subsection (5) of this section shall not be applied in the case of death of the policyholder, except in the case of a joint pension contract where the insured person is still alive.

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

§ 52². Cancellation of pension contract and entry into new contract

(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.

(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 new pension contract, the surrender value of the cancelled pension contract shall not be transferred or paid out. In case of the joint pension contract the surrender value of the cancelled pension contract shall be transferred after the death of the policyholder as an insurance premium of the other pension contract to the insurer who entered into pension contract with another policyholder or the insured person.

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

(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 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 termination of the contract by submitting an application in which the information specified in clauses 52 (4) 1)-5), 8), 10) and 11) of this Act is stated.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

(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 45 (3) 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 shares or stocks of the investment fund 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, 03.07.2017, 2 - entry into force 01.01.2018]

(8) A new pension contract is entered into upon termination of the cancelled pension contract. The provisions of subsections 49 (1)-(9) and (11) of this Act are applied to the entry into a new pension contract. The application specified in subsection 49 (5) of this Act sets out the information provided in clauses 52 (4) 1)-5), 9) and 11).

(8¹) A new pension contract may be entered into with a guarantee period pursuant to the provisions of § 48 of this Act or by suspension of pension payments pursuant to the provisions of subsection 46 (1) if the cancelled pension contract had been entered into under the same conditions.

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

(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.

(12) The insurer has the right to implement more favourable conditions for withdrawal from the pension contract than provided in subsections (1), (2) and (7) of this section with regard to the policyholder.

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

Subdivision 3

Payments from Pension Fund

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

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

(1) Upon agreeing on the fund pension the unit-holder shall determine its estimated duration in years that cannot be shorter than the minimum estimated duration of fund pension in years. The estimated duration of fund pension is calculated according to the frequency of payments chosen in months, quarters or pension years.

(2) After the period corresponding to the chosen frequency has elapsed from the time of agreeing on the fund pension the estimated duration of the fund pension decreases by one month, quarter or pension year respectively. A pension year is a one-year period the calculation of which in case of the fund pension commences on the 1st day of the month following the month of submission of the fund pension application.

(3) If the fund pension is agreed upon pursuant to subsection 42 (3) of this Act, the minimum estimated duration of the fund pension is:

- 1) twelve pension years if the unit-holder is 60 years old;
- 2) eleven pension years if the unit-holder is 61–62 years old;
- 3) ten pension years if the unit-holder is 63–64 years old;
- 4) nine pension years if the unit-holder is 65–66 years old;
- 5) eight pension years if the unit-holder is 67–68 years old;
- 6) seven pension years if the unit-holder is 69–70 years old;
- 7) six pension years if the unit-holder is 71–72 years old;
- 8) five pension years if the unit-holder is 73–74 years old;
- 9) four pension years if the unit-holder is 75–76 years old;
- 10) three pension years if the unit-holder is 77–78 years old;
- 11) two pension years if the unit-holder is 79 years old or older.

(4) If the fund pension is agreed upon for additional payments pursuant to subsection 42 (4) of this Act, the minimum estimated duration of the fund pension is:

- 1) five pension years if the unit-holder is 60–64 years old;
- 2) four pension years if the unit-holder is 65–69 years old;
- 3) three pension years if the unit-holder is 70–74 years old;
- 4) two pension years if the unit-holder is 75 years old or older.

(5) Upon agreeing on the fund pension the unit-holder shall determine the frequency of payments based on which the payments shall be made once a month, once a quarter or once 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) The number of units forming the basis for the payments of fund pension shall be calculated each time before making the payment. The unit-holder shall be paid in accordance to the limit of the units.

(7) The limit of units is the largest from the number of the units calculated pursuant to clauses 1) and 2) 1) and 3) and 1) and 4) of this subsection:

- 1) the number of units received by dividing the number of units belonging to the unit-holder with the estimated duration of the fund pension in accordance with the chosen frequency of payments in the respective calculation;
- 2) the number of units received by dividing a quarter of the national pension rate with the net value of the unit if the fund pension payments are made once a month;
- 3) the number of units received by dividing three quarters of the national pension rate with the net value of the unit if the fund pension payments are made once a quarter;
- 4) the number of units received by dividing a three-fold amount of the national pension rate with the net value of the unit if the fund pension payments are made once a pension year.

(8) If a unit-holder has units in several pension funds, the net value of the unit specified in clauses (7) 2) –4) of this section shall be calculated as the average of net values of the units weighted with the number of units belonging to the unit-holder in different pension funds.

(9) A unit-holder is entitled to determine upon agreement on the pension funds that the number of units forming the basis for payments shall be calculated only on the basis of clause (7) 1) of this section.

(10) If a unit-holder has units in several pension funds, the limit of units or the number of units specified in subsection (9) of this section shall be divided between different pension funds in correspondence to the percentage of the number of units belonging to the unit-holder in each pension fund, so determining the units that are redeemed in each pension fund by making a payment.

(11) [Repealed - RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(12) The fund pension ends and the payments are terminated:

- 1) [Repealed - RT I, 18.02.2011, 1 - entry into force 01.08.2011]
- 2) upon redemption of the last units belonging to the unit-holder and making the respective payment;
- 3) upon the death of the unit-holder;
- 4) by submission of the application for termination of the fund pension by the unit-holder;
- 5) in the situation where redemption of all the units of the pension funds belonging to the unit-holder has been suspended pursuant to § 173 of the Investment Funds Act or
[RT I, 31.12.2016, 3 – entry into force 10.01.2017]
- 6) on 1 April when the total value of the units belonging to the unit-holder specified in subsection 52⁵(6) is equal to a 500-fold national pension rate or is larger.
[RT I, 18.02.2011, 1 - entry into force 01.08.2011]

§ 52⁴. Application for fund pension and single payment

(1) In order to agree on payments of fund pension, a unit-holder shall submit a standard format application for fund pension to the account administrator or registrar.

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

- 1) the name of the unit-holder;
- 2) the personal identification code of the unit-holder;
- 3) the contact details of the unit-holder;
- 4) the number of the bank account of the unit-holder 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, 26.06.2017, 1 - entry into force 06.07.2017]
- 5) the estimated duration of the fund pension in years;
- 6) the number of units the unit-holder wishes to redeem;
- 7) the frequency of the periodic payments;
- 8) the date of submission of the application;
- 9) the signature of the unit-holder.

(3) In order to terminate the fund pension the unit-holder shall submit an application to the account administrator or the registrar setting out the data specified in clauses (2) 1)-4), 8) and 9) of this section.
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(4) In order to receive a single payment provided in § 43 of this Act the unit-holder shall submit an application for a single payment to the account administrator or the registrar where the information specified in clauses (2) 1)-4), 6), 8) and 9) of this section is set out.

(5) The provisions of subsection 16 (1)-(4) and 6) of this Act shall be applied with regard to the application for fund pension, termination thereof and the application for a single payment, and the data specified in subsections (2)-(4) of this section shall be presented in the applications in a form provided by the registrar.
[RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(6) The registrar shall refuse to accept the application for termination of the fund pension if the application is not in compliance with the requirements established in this section. The registrar shall refuse to accept an application for a single payment or an application for fund pension if:

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

- 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) granting the application contradicts the provisions of §§ 42, 43 or 52³ of this Act.

(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) Single payments and fund pension payments shall be made by the registrar in the procedure provided in this Act and under the rules of the pension fund.

(2) In order to make payments or specify the conditions therefor, the registrar may request that additional information be submitted by a unit-holder who has submitted an application for fund pension or a single payment.

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

(3) The redemption of the pension fund units shall be organised by the registrar in accordance with the application for fund pension or for a single payment until the 15th to 20th day of the month following the month of the submission of the application, of the last month of the quarter or of the last month of the pension year, pursuant to the legislation, pension fund rules and a tripartite contract entered into between the registrar, the pension management company and the depository of the pension fund.

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

(3¹) The making of a single payment and fund pension payments is based on the unit net value of the units on the day of redemption.

[RT I, 18.02.2011, 1 - entry into force. 01.08.2011]

(4) [Repealed - RT I, 03.07.2017, 2 – entry into force 13.07.2017]

(5) If the unit-holder acquires pension fund units after having agreed on the fund pension, the additionally acquired units shall be taken into account upon making the next payment in the calculation of the number of the units that form the basis for making payments.

(6) The registrar is required to notify in writing or in the form enabling reproduction in writing by 31 January the unit-holder who agreed upon the fund pension on the basis of subsection 42 (3) of this Act, and the total value of whose units as at 31 December is equal to a 50-fold national pension rate or larger, by presenting:

1) the total value of units as at 31 December;

2) [Repealed - RT I, 18.02.2011, 1 - entry into force. 01.08.2011]

3) the basis for termination of the fund pension and the time pursuant to clause 52³(12) 6) of this Act.

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

(7) If the total value of the units of the unit-holder specified in subsection (6) of this Act is equal to 50-fold national pension rate or is larger, the fund pension terminates and the unit-holder is entitled to receive the funded pension under the terms and conditions and the procedure provided in §§ 41–43 of this Act.

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

(8) The provisions of subsections (6) and (7) of this section do not apply if the unit-holder is 75 years old or older and the total value of units increases to a 50-fold the national pension rate.

(9) The provisions of subsections (5)-(7) of this section are applied to the units that were left in the pension account of the unit-holder upon agreeing on the fund pension for the reason that the redemption thereof was prohibited pursuant to the Investment Funds Act but the limits of the redemption thereof have ceased to exist.

Chapter 3

SUPPLEMENTARY FUNDED PENSION

Division 1

General Provisions

§ 53. General provisions

(1) In order to receive a supplementary funded pension, a person shall acquire units of a voluntary pension fund or shall enter into an insurance contract for a supplementary funded pension with an insurer.

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

(2) A person may own and acquire units of several different voluntary pension funds and enter into insurance contracts for a supplementary funded pension with one or several insurers at the same time.

(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.

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

(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 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.

Division 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 retirement 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 exchange 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 exchange 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 exchange 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 exchanged only for the units of another voluntary pension fund.

(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 unit-holder 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 unit-holder, the units of such type may be exchanged only for the units of another voluntary pension fund which are subject to similar or stricter conditions for payments.

(4) The provisions of subsections 23 (2)-(4) and § 26 of this Act concerning the exchange of units of mandatory pension funds shall apply to the exchange of units of voluntary pension funds.

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

§ 56. Terms and conditions for exchange 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 exchanged at any one time;
- 2) the limits to the frequency of exchange 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 unit-holder 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 exchange of units of voluntary pension funds

(1) In order to exchange units of a voluntary pension fund, a unit-holder 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 unit-holder;
- 2) his or her personal identification code;
- 3) the name of the pension fund the units of which the unit-holder wishes to exchange;
- 3¹) the type of units the exchange of which the unit-holder 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 unit-holder wishes to exchange;
- 5) the name of the pension fund the units of which the unit-holder wishes to acquire;

5¹) the type of units which the unit-holder 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 unit-holder.

(3) The exchange 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 exchange of units of voluntary pension funds the redemption and the issue fee are charged to the pension management company at the expense of the unit-holder 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 exchanged.

[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 unit-holder 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 unit-holder pursuant to the procedure provided for in the rules of the pension fund.

(2) The rules of a voluntary pension fund may provide for from what age a unit-holder is entitled to payments from the voluntary pension fund, as well as whether the unit-holder is entitled to payments in the case of partial or no work ability.

(3) Payments from a voluntary pension fund shall be made to a unit-holder 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]

§ 61. Payments from voluntary pension fund

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

Division 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 Division 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 unit-holder 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 retirement age.
[RT I, 03.07.2017, 2 – entry into force 21.05.2018]

(3) The payment of a pension may commence at the time provided in the contract (hereinafter in this section pensionable age) but not before the policyholder has attained 55 years of age, or, in the event of no work ability of the policyholder, as of the verification of no work ability.
[RT I, 13.12.2014, 1 – entry into force 01.07.2016 (entry into force amended - RT I, 17.12.2015, 1)]

(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 unit-holder 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 Division 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 unit-holders 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 unit-holder 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 unit-holder;

2) personal identification code;

3) the type of units the redemption of which the unit-holder 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 unit-holder applies for in order to enter into the contract;

5) the name of the insurer with whom the unit-holder 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]

Chapter 4 IMPLEMENTING PROVISIONS

§ 66. Implementation of obligation to make contribution

(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 661 (2) 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 66¹(2) 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 by §§ 101 and 44¹ of this Act shall extend to all applications for the transfer of pension funds that are submitted after 1 May 2004.
[RT I 2008, 48, 269 - entry into force. 14.11.2008]

§ 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 33 (5) 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, 08.07.2016, 1 – entry into force 01.01.2017]

(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 units of pension fund specified in subsection 19 (3) 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 responsible for the area 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

(1) Contributions on the fees paid from 1 June 2009 until 31 December 2010 specified in subsection 7 (1) 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 2 (1) 5) 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 7 (1) 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 15 (1) 1) 2) and 8)-11) of this Act. The provisions of subsections 14 (5¹) and subsection 16 1)-8) 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 responsible for the area.

(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 7 (1) 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 rate of contribution

(1) From 15 May until 15 September 2013 the obligated persons have a right to submit an application for a temporary increase in the rate of contribution 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 rate of contribution shall make a contribution at the rate specified in subsection (1) of this section on the fees specified in subsection 7 (1) 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 67¹(4) of this Act has no right to submit an application for a temporary increase in the rate of contribution.

(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 rate of contribution. The format of the application shall be established by the minister responsible for the area.

(5) A temporary increase in the rate of contribution 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 rate of contribution 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 rate of contribution.

(7) The postponement of the term for submission of the application for a temporary increase in the rate of contribution according to subsection (5) of this section shall not be applied in respect of the persons who submitted applications on the basis of subsection 67¹(4) of this Act who were born in the year 1955 or later.
[RT I 2009, 26, 161 - entry into force. 28.05.2009]

§ 68. Specification for exchange of units of pension funds

(1) Units of mandatory pension funds may be exchanged as of 1 January 2005 pursuant to the procedure provided in this Act.

(2) Applications may be submitted for partial exchange 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 exchange 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 exchanged 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 contributions into new pension fund

If the obligated person has submitted to the registrar from 1 November 2010 until 31 July 2011 an application for making contributions in the new pension fund, the registrar shall replace the pension fund into which the obligated person has made contributions for a new pension fund within three working days from 1 August 2011. [RT I, 18.02.2011, 1 - entry into force 01.08.2011]

§ 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 subsections 29 (1) and 30 (1) 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.

§ 70. Specifications for payments

(1) The pension contracts provided in § 41 of this Act shall not be concluded, the fund 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]

§ 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 45 (3) 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 units of pension funds 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 10 (1) 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 63 (3) of this Act is considered to be fulfilled with regard to a person whose total incapacity for work has been established on the basis of the State Pension Insurance Act.

[RT I, 13.12.2014, 1 – entry into force 01.07.2016 (entry into force amended - RT I, 17.12.2015, 1)]

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 11 (3) of the Social Tax Act provided in clauses 11 (1) 4) and 5), subsection 12 (3), subsection 15 (2), subsection 16 (9), subsection 21 (9), subsection 35 (4), and clause 73 3) of this Act, the provisions of legislation specified in subsection 72 (2) of this Act apply, unless otherwise provided in this Act.

¹– Council 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 2003/41/EC of the European Parliament and of the Council on the activities and supervision of institutions for occupational retirement provision (OJ L 235, 23.9.2003, pp.10–21) [RT I, 29.03.2012, 1 – entry into force 30.03.2012] 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). [RT I, 03.07.2017, 2 – entry into force 21.05.2018]