Law on Payment of Pensions and Pension Benefits from Fully Funded Pension Insurance

Part I

Chapter I
General Provisions

Article 1
Subject

This Law shall regulate the method of payment of pensions from mandatory fully funded pension insurance (hereinafter: second pillar) and pension benefits from voluntary fully funded pension insurance (hereinafter: third pillar).

Article 2
Terms

Certain terms used in this Law shall have the following meaning:

1) "Pension fund member" is a person who has an individual account in a mandatory pension fund and has not acquired pension from mandatory fully funded pension insurance or has a voluntary individual and/or professional account in a voluntary pension fund and has not acquired pension benefit from voluntary fully funded pension insurance.

2) "Pension beneficiary" is a person who has acquired pension from second pillar or pension benefit from third pillar.

3) "Insurance company" is an insurance company which holds a license issued by the Insurance Supervision Agency for insurance activities in the annuity insurance class and pays annuities to pension beneficiaries.

4) "Pension company" is a company for management of mandatory pension funds and/or company for management of voluntary pension funds and/or company for management of mandatory and voluntary pension funds.

5) "Policy" is a contract for payment of annuity signed between an insurance company and pension beneficiary.

6) "Annuity" is a type of pension or pension benefit payment which is paid monthly by the insurance company to the pension beneficiary or beneficiary designated by the pension beneficiary.

7) “Lifelong annuity” is a type of annuity with which the insurance company guarantees the pension beneficiary a lifelong, monthly payment of pension or pension benefit, regardless on his/her real longevity.

8) “Temporary annuity” is a type of annuity with which the insurance company guarantees the pension beneficiary payment of pension or pension benefit in previously defined number of periods.

9) “Individual annuity” is a type of annuity which is paid by the insurance company to only one pension beneficiary.

10) “Joint annuity” is a type of annuity which is paid by the insurance company to the pension beneficiary, and after his/her death to a beneficiary appointed by the pension beneficiary.

11) “Direct annuity” is a type of annuity which the insurance company starts to pay not later than the month after the month in which the premium is transferred to the insurance company by the pension company.

12) “Deferred annuity” is a type of annuity which the insurance company starts to pay in the month after the month in which the period of deferral ends. The period of deferral is measured in months and starts in the month in which the premium is transferred by the pension company to the insurance company.

13) “Annuity with guaranteed period” is a type of annuity with previously defined period of months in which it will be paid regardless on the fact if the pension beneficiary is alive. If the pension beneficiary dies, the insurance company will pay the annuity to the designated beneficiary until the end of the guaranteed period. The amount of the annuity which will be received by the designated beneficiary is equal to the amount of the annuity received by the pension beneficiary. The insurance company shall start to pay the annuity not later than in the month after the month in which the premium is transferred by the pension company to the insurance company.

14) “Annuity without guaranteed period” is a type of annuity without previously defined period in months in which it will be paid and is paid until the pension beneficiary is alive. The insurance company shall start to pay the annuity not later than in the month after the month in which the premium is transferred by the pension company to the insurance company.

15) “Fixed annuity” is a type of annuity which is paid monthly in a fixed amount expressed in Denars or Euros with Denar equivalent.

16) “Fixed annuity indexed with costs of living” is a type of annuity indexed with the trends in the costs of living and it is paid monthly in Denars or Euros with Denar equivalent.

17) “Fixed annuity with share in the profits” is a type of annuity which is paid monthly by the insurance company and which includes minimum guaranteed payment and a percent of the profits realized by the insurance company.

18) “Variable annuity” is a type of annuity which is paid monthly by the insurance company with variable amount of the annuity depending on the market value of the investment fund assets. The annuity is expressed in investment fund units or shares and the amount of the pension is determined as a result of the number of units (shares) and market value of the unit (share).

19) “Programmed withdrawals” is a type of pension or pension benefit payment which is paid monthly by the pension company to the end of the life or until there are funds on the pension fund member’s account. The amount of the programmed withdrawals is initially calculated by the pension company in the moment of realization of the pension or pension benefit and it is recalculated every 12 months. The payment of programmed withdrawals shall cease when the individual, voluntary individual or professional account of the pension beneficiary is fully depleted. In case of death of the pension beneficiary, the remaining funds shall be inherited according to the Law.

20) “Temporary programmed withdrawals combined with deferred lifelong annuity” is a type of pension or pension benefit payment which starts with payment of programmed withdrawals in previously determined number of years and continues with deferred lifelong annuity. The period of deferral of the payment of the annuity funds is equal to the period of payment of the temporary programmed withdrawals and is expressed in whole number of years or number divisible by 12 months. The selection of temporary programmed withdrawals and deferred annuity is made simultaneously.

21) “Lump sum payment” is one time withdrawal of all funds on the voluntary individual or professional account of a pension fund member.

22) “Multiple payment” is withdrawal of funds from voluntary individual or professional account of a pension fund member in several equal or different installments in equal or different periods until the account is completely depleted. All funds on the account are paid with the last installment. Mortality tables shall not be used in the determination of the amounts, number and periods of payment.

Part II
Pensions from fully funded pension insurance

Chapter 2
Payment of second pillar pensions

Article 3
Types of payment of second pillar pensions

(1) Insurance companies and pension companies shall pay the second pillar pensions using only one of the following types of payments, chosen by the pension fund member:

a) lifelong direct annuity;
b) programmed withdrawals; and
c) temporary programmed withdrawals combined with lifelong deferred annuity.

(2) The annuity stipulated in paragraph (1) item a) and b) of this article may be fixed indexed with the costs of living or with share in the profits. Depending on the period of payment, the annuity may be guaranteed or unguaranteed.

Article 4
Change of the type of payment of the pension

(1) The annuity policy is an unbreakable agreement and cannot be terminated even if both the pension beneficiary or the insurance company provide their consent

(2) The pension beneficiary can replace lifelong programmed withdrawal provided by one pension company and use the remaining available funds from the individual account to purchase lifelong programmed withdrawals from another pension company, purchase annuities from an insurance company or purchase temporary programmed withdrawals combined with lifelong deferred annuity.

(3) If the pension beneficiary has chosen temporary programmed withdrawal combined with lifelong deferred annuity, he/she may, at any time, replace the temporary programmed withdrawals provided by one pension company and use the remaining available funds from the individual account to purchase programmed withdrawals from another pension company for the remaining period. The deferred annuity policy is unbreakable.

(4) The Agency for Supervision of the Fully Funded Pension Insurance (hereinafter: MAPAS) shall prescribe the method of replacement of the programmed withdrawal and the replacement with other type of pension payment.

Chapter 3
Annuity rules

Article 5
Guaranteed annuity

(1) In case of guaranteed annuity, the pension beneficiary, in the annuity police, shall designate a beneficiary, who shall use the annuity in case of death of the pension beneficiary, until the end of the guaranteed period.

(2) Notwithstanding paragraph 1 of this article, the pension beneficiary, in the annuity police, may appoint several beneficiaries and order of use in case of death, who will use the benefit until the end of the guaranteed period.

(3) The guaranteed annuity period duration shall not be longer than 240 months.

Article 6
Fixed annuity indexed with costs of living

(1) The insurance company is obligated to make periodic indexation of the pension amount through fixed annuity indexed with costs of living in one of the following two ways:

a) according to the growth of the costs of living index in the previous semester compared to the semester before that, in the Republic of Macedonia, on 1st of January and 1st of July of every year or

b) fixed nominal indexation, at least on 1st of January and 1st of July of every year.

The indexation percent shall be determined on the date of purchase of the annuity policy and is fixed during the duration of the policy. At the end of each year, the Insurance Supervision Agency (hereinafter: ISA), upon preliminary consent by MAPAS, shall prescribe the minimum percent of nominal indexation of the fixed annuities which will be sold during the following calendar year. The minimum percent of nominal indexing shall be applied to all policies of this type of annuities which will be sold during the following year and cannot be lower than 1% nor exceed 3% on annual level. Insurance companies may offer higher nominal indexing percent but they cannot offer percent lower than the minimum percent prescribed by ISA for each calendar year.

(2) ISO, upon preliminary consent by MAPAS, shall prescribe the method of indexing with the costs of living of the second pillar pensions which are paid through annuities at the end of each year. The minimum percent of nominal indexing of the policies with fixed nominal indexing which will be sold in the following calendar year shall be published on the ISA website.

Article 7
Entities that may sell annuities

(1) The annuity policies for second pillar shall be sold by insurance companies. The insurance companies shall sell the annuity policies through insurance agents, insurance representative (agent) company and insurance brokerage company established and operating according to the Law on Insurance Supervision.

(2) During sale of annuities, the insurance companies, insurance agents, insurance representative (agent) company and insurance brokerage company may not offer discounts, money refunds or other favors to pension fund members.

Article 8
Commission from sale of annuities

(1) The entities that sell annuities stipulated in article 7 of this Law shall charge for their services as salary or commission and they must not charge them from the pension beneficiaries or pension fund members.

(2) The highest amount of commission for sale of second pillar annuity which may be charged from the insurance company is 2.5% of the premium.

Article 9
Determination of annuity amounts

(1) The insurance company shall determine the amount of annuities, decide upon the mortality tables, interest rate assumptions, management costs and other premises that are used for determination of the amount of the pension offered.

(2) During the determination of the amount of deferred annuity combined with temporary programmed withdrawals, the insurance company is obligated to determine the amount in a way that part of the funds accumulated on the pension fund member's individual account will be transferred to the insurance company and the reminder shall remain in the pension fund to finance the payment of the temporary programmed withdrawals. During the determination of the part which will be used for deferred annuity, the insurance company shall consider the relative ratio between the pension through the temporary programmed withdrawals and the pension through the deferred annuity, as well as the duration of the period of deferral, defined by the pension beneficiary. In the offer of the annuity amount, in addition to the amount of the pension through the temporary programmed withdrawals and the amount of the pension through deferred annuity, the insurance company shall state the amount of the funds accumulated on the member's individual account that will remain in the pension fund and the amount transferred to the insurance company. The absolute amounts of the determined pension through temporary programmed withdrawals and the pension through deferred annuity should correspond to the relative ratio of the pension through temporary programmed withdrawals and the pension through deferred annuity.

Article 10
Annuity payment fees

The insurance company must not charge fees for payment of annuity from second pillar, except transaction costs.

Article 11

Determination of the pension amount through fixed annuity with share in profits

(1) During the calculation of the amount of the pension through fixed annuity with share in profits, the insurance company is obligated to use simulations and projections with permitted parameters and assumptions.

(2) ISA, upon preliminary consent by MAPAS, shall prescribe the permitted parameters in regard to the percent of the share in the profits and yield which may be used by the insurance companies and their representatives in the marketing materials, simulations and projections about the amount of pensions to be paid through fixed annuity with share in profits.

(3) ISA, upon preliminary consent by MAPAS, shall prescribe the assumptions which should be used and stated by the insurance companies, especially assumptions regarding yields of the invested funds used in several “scenarios” such as: “basic”, “optimistic” and “pessimistic”. The yield for the “basic scenario” shall be determined based on the performances of a portfolio of funds with composition similar to the portfolio offered according to the policy with fixed annuity with share in profits realized at least during the last 10 years. The simulations and projections, in addition to the average yield, should state the variability of the yield and the consequences of such variability for the amount of the pension and use assumption for yield higher than the yield used in the “basic” scenario for the “optimistic” scenario and assumption for yield lower than the yield in the “basic” scenario for the “pessimistic” scenario.

(4) In the calculation of the fixed annuity with share in profits in the pension simulations and projections, the insurance company is obligated to include costs of operations of the insurance company and state them in the policy. The amount of pension offered to the pension beneficiary shall be expressed in net amount, previously reduced for the amount of the costs.

Article 12

Change of the pension annuity due to change of the amount of the funds on the individual account

(1) If the amount of funds from the individual account which are transferred from the pension company to the insurance company chosen by the member, differ from the pension annuity amount for which the insurance companies have submitted offers, the insurance company chosen by the member is obligated to proportionally harmonize the annuity amount which will be paid according to the offer. If the amount which is transferred exceeds the amount stated in the offer, the annuity shall be proportionally increased and if the transferred amount is lower than the amount stated in the offer, the annuity shall be reduced proportionally.

(2) The insurance company shall keep records about the data used for proportional harmonization in a method prescribed by ISA.

Article 13

Special rights of the pension beneficiaries from second pillar in case of bankruptcy or liquidation of an insurance company

(1) The provisions of the Law on Insurance Supervision regarding bankruptcy and liquidation of an insurance company shall apply in case of bankruptcy or liquidation of an insurance company which provides second pillar pensions.

(2) The receivables of the pension beneficiaries from second pillar and persons designated by them shall have the right of preference in the settlement before the other creditors of the insurance company.

Chapter 4
Rules of programmed withdrawals

Article 14
Types of programmed withdrawals

(1) Pension companies may offer the following types of programmed withdrawals:

a) Lifelong programmed withdrawals, which may be independent product; and

b) Temporary programmed withdrawals which may only be combined with lifelong deferred annuity from insurance company.

(2) The pension company shall pay the total amount remaining on the individual account after the death of the pension beneficiary with programmed withdrawals, as inheritance, according to the Law.

(3) If, at the end of the temporary period for payment of the programmed withdrawal, there are funds left on the pension beneficiary's account, they shall be paid to the pension beneficiary as final payment of the temporary programmed withdrawals. If the funds on the pension user's individual account are spend before the expiration of the withdrawal period, the payment of temporary programmed withdrawal shall cease.

Article 15
Programmed withdrawals payment companies

(1) The pension companies established according to the Law on Mandatory Fully Funded Pension Insurance and the Law on Voluntary Fully Funded Pension Insurance may offer programmed withdrawals.

(2) The pension company is obligated to appoint a person for calculation and payment of pensions through programmed withdrawals. A person holding a license for authorized actuary may perform calculations of pensions through programmed withdrawals.

(3) MAPAS shall issue authorization to the person stipulated in paragraph (2) of this article.

Article 16
Calculation and recalculation of pensions through programmed withdrawals

(1) The amount of the payment of the lifelong programmed withdrawals shall be calculated by the pension company for the first time on the day of realization of the right to a second pillar pension and it shall be recalculated every 12 months.

(2) During the first calculation of the programmed withdrawals, the pension company is obligated to use the following parameters: the total amount of funds on the individual account, annuity factor for individual pension, age of the pension beneficiary and market yield rate.

(3) During the recalculation of the programmed withdrawals, the pension company is obligated to use the following parameters: the new amount of funds on the individual account, the new annuity factor for individual pension, the new age of the pension beneficiary and the new conditions for market yield rate.

(4) The pension company is obligated to use formula for calculation of the monthly pension through lifelong programmed withdrawals for month *t,* which is paid during the following 12 months and is based on dividing the total amount of funds on the individual account of the pension beneficiary with a factor which represents the necessary capital for unit pension and that amount is divided by 12, in the following way:

$$Pension\_t = (Total\_amount\_t / Unit\_t)/12$$

Where:

$Total\_amount\_t$ = Total amount of funds on the pension beneficiary's account in month t

$Unit\_t$ = Necessary capital for unit pension in month t

$Pension\_t$ = Monthly pension which is paid from month t to month t + 11

(5) The formula used by the pension company for calculation of the necessary capital for unit pension, through lifelong programmed withdrawals (*Unit_t*) equals the actuary annuity factor for ordinary annuity:

$$a_x = \sum_{t=1}^{w-x-1} {}_tE_x = \sum_{t=1}^{w-x-1} \frac{D_{x+t}}{D_x} = \frac{1}{D_x} * \sum_{t=1}^{w-x-1} D_{x+t}$$

(6) The annuity factor for ordinary annuity shall include measure of probability that the pension beneficiary really survives any future year to the end of the mortality table and long term real yield rate.

(7) The formula used by the pension company for calculation of pension through temporary programmed withdrawals for month *t*, which will be paid during the

following 12 months, is based on division of the net amount of funds on the pension beneficiary's individual account after the reduction of the part from the amount of funds for financing of the lifelong deferred annuity with a factor that represents the necessary capital for unit pension and division of that amount by 12, in the following way:

$$Pension\_t = \left(Net\_amount\_t / Unit\_t\right)/12$$

Where:

Net_amount_t = Net amount of funds on the pension beneficiary's account in month t after the deduction of the premium for financing of the lifelong deferred annuity

$Unit\_t$ = Necessary capital for unit pension in month t

$Pension\_t$ = Monthly pension which is paid from month t to month t + 11

(8) The formula used by the pension company for the necessary capital for unit pension, through temporary programmed withdrawals, (*Unit_t*) equals the actuary annuity factor for ordinary temporary annuity which is received during the next n years, where n is the remaining period of deferral expressed in number of years:

$$a_{x:n} = \frac{N_{x+1} - N_{x+n+1}}{D_x}$$

Where:

$$N_x = \sum_{i=1}^{w-x} D_{x+i}$$

(9) The annuity factor for ordinary temporary annuity shall include measure of probability that the pension beneficiary really survives any year of the temporary period and medium term real yield rate.

(10) For determination of the pension through lifelong programmed withdrawals and through temporary programmed withdrawals during the following 12 months, the pension company is obligated to use the prescribed rates stipulated in paragraph (9) of this article.

Article 17

Fees charged for programmed withdrawals

(1) The pension companies shall charge fees from the pension beneficiaries with programmed withdrawals from second pillar according to article 98 paragraph (1) item b) of the Law on Mandatory Fully Funded Pension Insurance.

(2) The pension companies may charge transaction costs for payment of pension through programmed withdrawals.

Article 18
Investing of the funds kept for programmed withdrawals

The pension companies shall invest the funds they manage for the types of programmed withdrawals from the second pillar according to the Law on Mandatory Fully Funded Pension Insurance.

Article 19
Guarantees

If the funds of the mandatory pension fund are reduced as a result of crime – fraud, theft or embezzlement, the Budget of the Republic of Macedonia shall pay funds to the mandatory pension fund which pays pension as programmed withdrawals, in a procedure prescribed by the Law on Mandatory Fully Funded Pension Insurance.

Chapter 5
Combination of temporary programmed withdrawals and lifelong deferred annuity

Article 20
Combination of temporary programmed withdrawals and lifelong deferred annuity and division of funds

(1) The pension user may use the funds accumulated on the individual account to acquire two types of pension in combination: temporary programmed withdrawals offered by pension company and lifelong deferred annuity offered by insurance company.

(2) The pension beneficiary should determine the period of temporary programmed withdrawals which should be harmonized with the period of deferral of the lifelong deferred annuity and to be a whole number of years or number divisible by 12 months.

(3) The pension beneficiary should determine the initial ratio between the pension through temporary programmed withdrawals and the pension through lifelong deferred annuity and this amount cannot exceed 1.5/1 and cannot be less than 0.65/1 for any pension beneficiary who has the right to the lowest amount of pension.

(4) The amount of the pension through temporary programmed withdrawals and the pension from first pillar has to be equal or more than the lowest amount of pension prescribed by Law.

(5) The pension company is obligated to check whether the sum of the pension determined through temporary programmed withdrawals and the pension from the

first pillar is equal or more than the lowest amount of pension prescribed by Law. If these conditions are not met, the pension company shall not accept temporary programmed withdrawals in combination with deferred annuity and the member has to make another choice or start a new procedure for listing for second pillar pension.

(6) The division of funds between the amount of pension through temporary programmed withdrawals and the amount of pension through deferred annuity shall be determined through the listing for annuities by an insurance company, taking into account the total amount of funds on the individual account, the duration of the period of deferral and the relative levels of both pensions. The insurance companies that perform listing of temporary programmed withdrawals combined with deferred annuity shall make separate offers for any pension company which may provide temporary programmed withdrawals.

Chapter 6
Common provisions for annuities and programmed withdrawals

Article 21
Individual pensions

(1) Second pillar pension through lifelong programmed withdrawals, through lifelong annuities and through combination of temporary programmed withdrawals and lifelong deferred annuities may be determined only for one person who is a pension beneficiary.

(2) Notwithstanding the paragraph (1) of this article, if the pension user choses guaranteed annuity, he shall determine several beneficiaries and order of use in case of death, who shall use the annuity until the end of the guaranteed period.

Article 22
Mortality tables and interest rates for second pillar pensions

(1) The minimum standards and rules for determination of mortality tables shall be determined by ISA and MAPAS under the same conditions for the insurance companies and pension companies, considering the following:

a) specificity of the population composed of pensioners who receive pensions through annuities and beneficiaries thereof; and

б) improvement of the longevity.

(2) ISA shall prescribe the rules and minimum standards for calculation of technical reserves and the insurance company, for the purposes of calculation of the reserves for the annuities, is obligated to use the mortality tables according to the minimum standards prescribed by ISA.

(3) MAPAS shall prescribe the rules and minimum standards for mortality tables, and the pension company, for the purposes of calculation of the second pillar pension

annuity factor through lifelong and temporary programmed withdrawals, is obligated to use mortality tables according to the minimum standards prescribed by MAPAS.

(4) The insurance companies and pension companies shall keep records and statistical data about the factual mortality of the pension beneficiaries and are obligated to submit the statistical data to ISA and MAPAS in a period and form prescribed by ISO and MAPAS.

(5) The minimum standards and rules for determination of the interest rates shall be prescribed by ISA and MAPAS under the same conditions for the insurance companies and pension companies, considering the following:

a) The interest rate used for calculation of the reserves i.e. annuity factor which may not exceed the prevailing market real rate of return of the long term debt securities; and

b) Long term and medium term real yield rates are based on the prevailing nominal yield market rates for long term and medium term debt instruments reduced by the estimate of the cost of living rate for the same periods and on the assessment of the future prevailing market rates for long term and medium term riskless debt securities, represented in the portfolios of the pension funds and insurance companies.

(6) ISA shall prescribe the rules and the minimum standards for determination of interest rates and the insurance company, for the purposes of calculation of the reserves for the annuities, is obligated to use interest rates according to the rules and minimum standards prescribed by ISA.

(7) MAPAS shall prescribe the rules and minimum standards for determination of interest rates, and the pension company, for the purposes of calculation of the second pillar pension annuity factor through lifelong and temporary programmed withdrawals, is obligated to use interest rates according to the rules and minimum standards prescribed by MAPAS.

Chapter 7
Electronic listing system center

Article 23
Establishment of an Electronic listing system center

(1) The insurance companies and the pension companies that pay pensions from second and third pillar, with a contract, shall establish an Electronic listing system center (hereinafter: Listing center).

(2) Any future insurance company and pension company which will pay pensions from second and third pillar shall become founder of the Listing center.

(3) The listing center stipulated in paragraph (1) of this article shall be established as a non-profit entity and shall acquire a status of legal entity with its registration in the Central Registry of the Republic of Macedonia.

(4) A manager shall manage the Listing center. The manager shall be appointed by the companies – founders stipulated in paragraph (1) of this article.

(5) The Listing center shall enact its Statute which should be endorsed by MAPAS.

(6) MAPAS shall control the operations of the Listing center.

(7) MAPAS shall prescribe the method of control stipulated in paragraph (6) of this article.

Article 24
Activities of the Listing center

The Listing center shall perform the following activities:

a) establish and maintain a software for electronic connection of all insurance companies and pension companies which are founders of the Listing center;

b) receive and record listing requests submitted by electronic means by the pension companies;

c) receive and record offers for annuities and programmed withdrawals submitted by insurance companies and pension companies;

d) submit summary tables with all received offers for the member who has submitted a listing request;

e) perform activities which are of common interest for the insurance companies and pension companies;

f) issues a behavior code for the insurance companies and pension companies in the listing process;

g) cooperate with MAPAS and ISA in issues in the area of realization of pensions from second pillar and pension benefits from third pillar; and

h) perform another activities according to this Law.

Article 25
Financing of the Listing center

(1) The funds for financing of the operations of the Listing center shall be provided by the companies – founders stipulated in article 23 paragraph (1) of this Law, on proportional basis.

(2) The Listing center must not charge fees from the pension funds members or pension beneficiaries or pension benefit users from second and third pillar.

(3) The Listing center shall prepare an annual work plan and annual finances plan and submit them to MAPAS by 31 December of the current year for the following year.

Article 26

Business books and reports of the Listing center

(1) The Listing center shall keep business books and prepare annual reports and accounting documents according to the Law on Accounting of Non-profit organizations.

(2) The Listing center shall prepare an annual account and annual report for the business year and submit them by 32 March of the current year for the previous year.

Article 27

Contract establishing the Listing Center

The contract establishing the Listing center shall regulate:

a) the activities it performs;
b) the method of financing;
c) the organization;
d) the management and decision making;
e) the general acts of the Listing center;
f) the method of admittance of new companies – co-founders;
g) the quitting and expelling of the companies – founders;
h) other issues regarding the operations of the Listing center.

Chapter 8
Method and procedure for acquiring of the right to an old age pension from second pillar

Article 28
Initiating a procedure for acquiring of the right to an old age pension

(1) The procedure for realization of the right to a pension from the second pillar shall start with a request submitted by the pension fund member for realization of the old age pension rights to the Pension and Disability Insurance Fund of Macedonia (hereinafter: PDI Fund).

(2) After the procedure, the PD Fund shall submit a copy of the decision accepting or refusing the right to an old age pension, to the pension company that manages the pension fund where the applicant is a member.

(3) If, after a second instance procedure, with a decision or court procedure, a different decision for the old age pension right is issued, the PDI Fund, is obligated to submit a copy of the decision to the pension company stipulated in paragraph (2) of this article.

Article 29
Mandatory participation of pension fund members

(1) The listing center is mandatory for any pension fund member during the first choice of one of the pension payment types and in case of change of the pension payment type.

(2) The pension fund member who has an individual account in pension fund shall submit a request to the pension company, which, in their behalf, will initiate listing in the Listing center. In the request, the pension fund member shall determine which payment types he/she would like to be included in the listing.

(3) Within five days from the receipt of the request stipulated in paragraph (2) of this article, the pension company is obligated to submit a listing request to the Listing center with listing identification number and the following data: the amount of funds on the individual account, gender and date of birth of the pension fund member and the types of pension payment.

(4) The pension fund member which has chosen a combination of temporary programmed withdrawals and lifelong deferred annuity shall also define the period of deferral and the ratio between these two types of pensions. The pension fund member may request several various types of annuities to be listed by the insurance companies.

Article 30
Listings for pensions by insurance companies and pension companies

(1) The insurance companies and pension companies are obligated to present all their offers, within five days from entering of the listing request in the Listing center.

(2) The offers for lifelong annuities and temporary programmed withdrawals combined with lifelong deferred annuity shall be presented by the insurance companies, while the offers for temporary programmed withdrawals shall be presented by the pension companies. The insurance companies that present offers for temporary programmed withdrawals combined with lifelong deferred annuity shall present separate offers for each pension company.

(3) All the offers presented by the insurance companies and pension companies shall present the initial pension for any of the pension payment types offered and the projected pension paid in 10 and 20 years. For the programmed withdrawals, projections of the amounts on the individual account at the end of the 10 and 20 years period shall be presented. The initial pension and the projected pensions and amount on the individual assets for the programmed withdrawals in 10 and 20 years, shall be expressed in Denars with constant purchasing power, harmonized with the present Denar purchasing power.

(4) The projected pensions and amounts on the individual amount at the end of the 10 and 20 years period shall be calculated using the following assumptions: the formula for programmed withdrawals will respectively apply to every 12 months, the fund earns a real yield rate which is used in the calculation of the first pension, the current fees charged by any pension company shall be charged in future and the pension beneficiary will survive the end of any projected year.

(5) MAPAS shall prescribe the method of performing projections of the pensions and the amount on the individual account at the end of the 10 and 20 years period for programmed withdrawals.

(6) ISA shall prescribe the method of projecting the pensions through annuities for 10 and 20 years period, according to the rules and assumptions relevant to the approach for projecting of the pensions through programmed withdrawals and the amount on the accounts.

(7) After the end of the listing period, the Listing center shall submit the pension company a summary table with all received offers for the pension fund member.

(8) MAPAS shall closely regulate the method of presentation of the offers to the pension fund member and the way in which the projected future pensions are expressed in present purchasing power of Denar in the time of listing of the pension.

Article 31
Voluntary listings by insurance companies

(1) If the insurance company wants to present an offer, upon request by a pension fund, it may present offer for one or several types of pension payments requested by the member. The offers shall be valid for 30 days from the day of presentation of the offer. After the expiration of the 30 days period, the insurance company may refuse to sign an annuity policy with the member.

(2) Друштвото за осигурување е должно да презентира понуда преку Центарот за котација заради склучување полиса за ануитет.

Article 32
Agreements between a pension fund member and insurance companies and pension companies for the pension payment type

(1) The pension company, after it receives the summary table from the Listing center, shall inform the pension fund member that it has received offers from insurance company and/or pension company. Upon request by the member, the pension company is obligated to submit a summary table will all the received offers certified and signed by the company. The summary table shall include the listing identification number stipulated in article 29 paragraph (3) of this Law.

(2) The pension fund member, during the 30 days of the offers validity, may select an offer stated in the summary table stipulated in paragraph (1) of this article.

(3) If the pension fund member has chosen to receive pension from second pillar through programmed withdrawals he/she shall sign a contract with the pension company whose offer he/she has accepted.

(4) If the pension fund member has chosen to receive pension from second pillar through annuity, he/she shall sign an annuity policy with the insurance company whose offer he/she has accepted.

(5) If the pension fund member has chosen to receive pension from second pillar as a combination of programmed withdrawals and lifelong deferred annuity, he/she shall sign contract with the pension company and sign an annuity policy with the insurance company whose offers he/she has accepted.

(6) Insurance companies and pension companies may not refuse signing of a contract or annuity policy with a member who has chosen its offer.

(7) The pension fund member shall submit copies of the contract with the pension company and/or annuity policy to the pension company that manages the pension fund where he/she is a member.

Article 33

Right to a repeat of the listing process for a pension fund member

(1) The pension fund member is not obligated to select an offer received through the Listing center or an offer received during the negotiations with the insurance company.

(2) If the pension fund member fails to make a selection with the pension company that manages that fund, it shall be deemed that he/she has not chosen a second pillar pension payment type and in that case article 35 shall apply.

(3) The pension fund member may request a listing through the Listing center for unlimited number of times.

Article 34

Realizing the pension right only from one pillar

(1) The pension fund member who has failed to realize a right of an old age pension from the PFI Fund, because he/she does not meet the legal conditions, he/she shall submit the request only for a second pillar pension to the pension company that manages the pension fund where he/she is a member.

(2) The request for realization of a pension right only from the second pillar shall be submitted after the age of 65 is reached. In addition to the request, the member shall submit a receipt issued by PDI Fund that he/she has not realized a pension right because he/she does not meet the conditions regarding the employment duration and a statement certified by a notary public that he/she gives up from the right to a first pillar pension and minimum pension. The pension fund member may choose between the following:

a) lump sum payment of the funds from the second pillar from their individual account: and

b) realization of a pension only from the second pillar funds if the pension exceeds or is equal to 40% of the minimum pension amount on the day of realization of the pension from second pillar.

Article 35

Deferral of the realization of the pension from second pillar

(1) A first pillar pension beneficiary may delay the realization of the second pillar pension for not more than three years from the day of acquiring of the right to an old age pension from first pillar. After the expiration of this period, he/she should select one of the prescribed second pillar pension payment types.

(2) If, after the expiration of three years, the first pillar pension beneficiary fails to select one of the prescribed types of pension payment, he/she shall become a second

pillar pension beneficiary through lifelong programmed withdrawals from the pension fund where he/she has individual account and the pension company shall start with payment of pension.

(3) If the second pillar pension beneficiary fails to inform the pension company stipulated in paragraph (2) of this article about the transaction account for transfer of the pension amounts, the pension company shall pay the programmed withdrawals on the transaction account where the PDI Fund pays the first pillar pension. The PDI Fund shall submit data about the address and transaction account of the second pillar pension beneficiary, upon request by the pension company.

(4) If the PDI Fund does not perform payment of first pillar pension, the pension company shall not perform payment of the programmed withdrawals and keep the funds on the individual account of the second pillar pension beneficiary.

(5) The pension user has the right to select one of the prescribed types of pension payment even after the pension company has started the payment according to paragraph (2) of this article or keeps the funds on the individual account of the second pillar pension beneficiary according to paragraph (4) of this article.

Chapter 9
Transfer of funds and records kept by the pension companies

Article 36
Transfer of funds from a pension company to an insurance company and/or pension company

(1) After the receipt of the annuity policy and/or contract with a pension company stipulated in article 32 of this Law, the pension company shall transfer the funds from the individual account of the pension fund member to the transaction account of the insurance company and/or to the account of the pension fund managed by the pension company selected by the member. For the transfer, the pension company may not charge fees from the member or from the insurance company or the pension company selected by the member, except transaction commissions.

(2) The pension company is obligated transfer the funds to the insurance company or pension fund within one month from the day of receipt of the annuity policy and/or contract with the pension company.

(3) If the funds are transferred during the first half of a calendar month, the insurance company and/or pension company is obligated to make the first pension payment during the second half of the same month. If the funds are transferred during the second half of a calendar month, the firs pension payment is in the first half of the following month.

Article 37

Records kept by the pension companies

(1) The pension company which has managed the pension fund where the member has had an individual account during the realization of the second pillar pension, is obligated to keep and safeguard the complete records with all the data regarding the process of selection of the second pillar pension type. The records shall be kept for 50 years. The records shall be kept for each pension fund member and shall include the following: the selected type of second pillar pension type or combination thereof; the total amount of funds on the individual account; the name of the company/companies selected for payment of second pillar pension; the amount of the realized second pillar pension; annuity characteristics such as guaranteed period, period of deferral, fixed or variable annuity, designated beneficiary/beneficiaries for guaranteed annuity; basic characteristics of the temporary programmed withdrawals combined with lifelong deferred annuity; the amount of pension which is received from any type of pension payment and ratio thereof.

(2) The records stipulated in paragraph (1) of this article shall be kept even in case of lump sum payment of the funds from the individual account of the pension fund member.

Chapter 10

Data exchange and application of minimum pension amount

Article 38

Data exchange for pension fund member who has realized a second pillar pension type

(1) The pension companies and insurance companies are obligated to inform the PDI Fund, once a month, about each pension fund member who has realized a type of second pillar pension payment in that period. The information shall include data about: the type of the selected pension payment, the name of the company or companies selected for second pillar pension payment, the amount of the second pillar pension payment and other characteristics relating to the guaranteed period, deferred annuity or direct annuity, the ratio between the temporary programmed withdrawals and deferred annuity, fixed annuity with share in profits.

(2) Based on the data stipulated in paragraph (1) of this article, the PDI Fund shall keep records about the need for surcharge to the minimum pension amount for any individual pension beneficiary.

(3) MAPAS shall prescribe the method of keeping records and the type of data which the pension companies and insurance companies submit to the PDI Fund.

Article 39

Data submitted by the pension company to the insurance company and the pension company

(1) The pension company shall submit a copy from the decision received from the PDI Fund stipulated in article 28 paragraph (2) of this Law to the insurance company or pension company selected by the pension beneficiary within five days from the day of receipt of the data.

(2) After the receipt of the data stipulated in paragraph (1) of this article, the insurance company or pension company is obligated to make monthly checks whether the sum of the pension from the second pillar and the pension from the first pillar is lower than the minimum amount of pension, prescribed with the regulations for pension and disability insurance.

Chapter 11
Application of the right to a minimum pension amount

Article 40
Obligations of the insurance companies and pension companies for application of the right to a minimum pension amount

(1) The insurance companies and pension companies are obligated to check whether the second pillar pension beneficiary has the right to a surcharge to the minimum pension amount according to the Law on Pension and Disability Insurance.

(2) The checks stipulated in paragraph (1) of this article shall be performed on monthly basis through comparison of the monthly pension amount paid from the second pillar and the monthly pension amount from the first pillar with the minimum pension amount. If there is a difference to the minimum pension amount the insurance companies and pension companies shall inform the PDI Fund about the monthly amount of second pillar pension and the amount of the pension from the first pillar for each pension beneficiary. This is done within three days from the day of calculation of the second pillar pension.

(3) The data about the amount of the minimum pensions and the data about the indexation of the pensions published in the Official Gazette of the Republic of Macedonia shall be used for the calculations.

(4) MAPAS shall prescribe the method in which the pension companies make comparisons of the monthly amounts of the programmed withdrawals and the pension realized from the first pillar.

(5) ISA shall prescribe the method in which the insurance companies make comparisons of the monthly amounts of the pension with annuity and the pension realized from the first pillar.

Article 41

Obligations of the PDI Fund regarding the difference to the minimum pension amount

(1) PDI Fund, after it receive the data stipulated in article 40 paragraph (2) of this Law and using its own records for payment of first pillar pensions, shall check the calculated difference to the minimum pension amount.

(2) If the PDI Fund finds inconsistence in the calculated difference to the minimum pension amount made by the insurance companies and pension companies, it shall inform them, on monthly basis, for each beneficiary who has been given surcharge to the minimum pension amount.

(3) The PDI Fund is obligated to perform payment of the difference to the minimum pension amount.

Chapter 12
Rules for payment of the difference to the minimum pension amount

Article 42
Payment of the difference to the minimum pension amount when the second pillar pension is paid as programmed withdrawal

(1) If the sum of the pension through programmed withdrawals and the pension from the first pillar is lower than the minimum pension amount, the pension company is obligated to increase the payment through programmed withdrawals with surcharge to make the sum of the pension through programmed withdrawals and the first pillar pension equal to the minimum pension amount prescribed in the Law on Pension and Disability Insurance. The pension company shall make payments of the programmed withdrawal with surcharge to the minimum pension amount until there are funds on the individual account of the second pillar pension beneficiary.

(2) If the funds on the individual account of the pension beneficiary are spent, the pension company shall cease to pay pension through programmed withdrawals and shall inform the PDI Fund, within three days. The PDI Fund is obligated to pay the pension beneficiary a first pillar pension to the minimum pension amount.

Article 43
Payment of difference to the minimum pension amount when the second pillar pension is paid as pension annuity

(1) If the sum of the pension through pension annuities and the first pillar pension is lower than the minimum pension amount, the PDI Fund, in addition to the first pillar pension, is obligated to pay the difference to the minimum pension amount based on data received from the insurance company.

(2) MAPAS shall prescribe the method of control and surcharge to the lowest pension amount by the pension companies. ISA, after a preliminary consent by MAPAS,

shall prescribe the method of check of the minimum pension amount by the insurance companies.

Article 44
Exempt from the application of the right to a minimum pension amount when the realization of the second pillar pension is delayed

If a first pillar pension beneficiary delays the realization of the second pillar pension, the minimum pension amount shall not be paid until the second pillar pension payment commences.

Глава 13
Selection of second pillar pension by a person who has acquired a right to a disability or survivor pension

Article 45
Retention of the second pillar funds

(1) When submitting a request for disability or survivor pension to the PDI Fund, the pension fund member who applies for a right to a disability pension or the person who applies for a survivor pension from a pension fund member, shall submit the name of the pension company that manages the pension fund where the member's individual account is.

(2) The PDI Fund shall submit the pension company data about the amount of the pension which would be paid from the first pillar, the address of the pension fund member who applies for the right to a disability or the person who applies for the right to survivor pension, and for the survivor pension it shall additionally submit data about: date of birth, gender and period of use of pension for each beneficiary. The period of use of the survivor pension may be temporary if the pension is used by children during education or lifelong for the other family members.

(3) The pension company shall calculate the survivor pension through programmed withdrawals from the funds on the individual member in the second pillar according to the following rules:

a) If there is at least one beneficiary who will use the survivor pension lifelong, a single lifelong pension shall be calculated through programmed withdrawals for the youngest beneficiary who will use the pension lifelong. If the survivor pension calculated in this way exceeds or is equal to the pension determined by PDI Fund, than the holder of the right to survivor pension has the right to choose whether:

1) will keep the funds on the individual account of the member give up from the first pillar survivor pension, and the pension company shall start with payment of programmed withdrawals or

2) the funds from the individual account of the member will be transferred to the PDI Fund and the PDI Fund will start to pay the survivor pension.

b) If there are no users who will use the survivor pension lifelong, an individual temporary pension is calculated through programmed withdrawals for the youngest user who will use the pension temporarily. If the survivor pension calculated in this way exceeds or is equal to the pension determined by PDI Fund, than the holder of the right to survivor pension has the right to choose whether:

1) will keep the funds on the individual account of the member give up from the first pillar survivor pension, and the pension company shall start with payment of programmed withdrawals or

2) the funds from the individual account of the member will be transferred to the PDI Fund and the PDI Fund will start to pay the survivor pension.

(4) The pension company shall calculate the disability pension for the member as single lifelong pension through programmed withdrawals. If the disability pension

calculated in this way exceeds or is equal to the pension determined by PDI Fund, than the holder of the right to survivor pension has the right to choose whether:

a) will keep the funds of the individual account and will give up from the first pillar disability pension and the pension company shall start with payment of programmed withdrawals or

b) the funds from the individual account of the member will be transferred to the PDI Fund and the PDI Fund will start to pay the disability pension.

(5) The pension and disability fund shall inform the pension fund member who applies for a disability pension right or the person who applies for the survivor pension right from a pension fund member about the calculations stipulated in paragraphs (3) and (4) of this article.

(6) If the calculations stipulated in paragraphs (3) and (4) of this article show that the second pillar pension is lower that the first pillar pension amount, than the member's funds in the pension fund shall be transferred to the PDI Fund and the PDI fund shall commence with payment of disability i.e. survivor pension.

(7) If the calculations stipulated in paragraphs (3) and (4) of this article show that the second pillar pension is higher that the first pillar pension amount that the pension fund member who applies to realize the disability pension right or the person who applies to realize survivor pension shall select one of the options stipulated in paragraph (3) and paragraph (4) of this article.

(8) The pension fund member who applies to realize the disability pension right or the person who applies to realize survivor pension from pension fund member shall make the selection in the pension company with a statement and the pension company shall submit a copy of the statement of the PDI Fund and MAPAS.

Article 46
Determining and payment of the second pillar pension

(1) If the person who applies to realize survivor pension has given up from the first pillar pension and has chosen to use the second pillar pension, the pension company shall calculate the second pillar pension according to the following rules:

a) If there is at least one survivor pension beneficiary who will use the survivor pension lifelong, the pension company shall calculate single lifelong pension through programmed withdrawals based on the data for the youngest lifelong beneficiary and shall pay it to the pension holder on monthly basis;

b) If all lifelong beneficiaries die or there are not lifelong beneficiaries, the pension company shall calculate single temporary pension through programmed withdrawals based on the data for the youngest temporary beneficiary and shall pay it to the pension holder on monthly basis; and

c) In case there are no lifelong and temporary users, all the remaining funds on the individual account of the member shall be inherited according to the Law.

(2) If the person who applies to realize disability pension gives up from the first pillar pension and has chosen to use second pillar pension, the pension company shall calculate the disability pension of the member as single lifelong pension through

programmed withdrawals. If the second pillar pension beneficiary dies, all the remaining funds on his/her individual account shall be inherited according to the Law.

(3) The pension company shall pay the pension to the transaction account of the beneficiary i.e. pension holder.

Article 47
Formulas for calculation of disability or survivor pension from second pillar

The determination of the programmed withdrawals stipulated in article 45 and 46 of this Law shall be performed according to article 16 of this Law.

Chapter 14
Payment of second pillar pensions
Article 48
Currency unit for payment of the second pillar pensions

(1) All the pensions from the second pillar shall be paid in Denars.

(2) The annuity policies from the second pillar may be denominated in Euros, but the pensions shall be paid in Denars, using the average exchange rate of the National Bank of the Republic of Macedonia.

(3) For the fixed annuities with share in profits, the pension amount shall be denominated in “shares” or “units”, but will be paid in Denars, depending on the selection of the currency unit for conversion of the “share/unit” made by the pension beneficiary on the day or purchase.

Article 49
Dates and methods of payment of the second pillar pensions

(1) The pension company shall be obligated to pay out the programmed withdrawals on a monthly basis, not later than the 25th of the month for the previous month, by transferring the funds to the transaction account of the pension beneficiary.
(2) The insurance company shall be obligated to pay the annuities on a monthly basis, not later than the 25th of the month for the previous month, by an electronic transfer of the funds on the transaction account of the pension beneficiary, in a manner and procedure specified by ISA.

Article 50
Taxing of the second pillar pensions

The second pillar pensions paid out through programmed withdrawals or through annuities shall be subject to taxation with personal income tax in accordance with the Law on Personal Income Tax. The pension company or the insurance company that pays out the pension benefits shall have an obligation to calculate and pay the personal income tax on behalf and for the account of the pension beneficiary

Article 51
Ban of burden of the second pillar pensions

(1) The second pillar pensions through annuities or programmed withdrawals may not be pledged, bought off nor be a subject of enforcement.

(2) The annuity policies from the second pillar may not be bought off.

(3) The second pillar funds for pensions through programmed withdrawals may not be pledged, bought off nor be a subject of enforcement.

Part III
Pension benefits from voluntary fully funded pension insurance

Chapter 15
Payment of the pension benefit

Article 52
Types of pension benefit payments

(1) The insurance companies and the pension companies shall pay the benefit using one of the following types of payments, chosen by the pension fund member:

a) annuities;

b) programmed withdrawals;

c) single payments;

d) multiple payments and

e) a combination of items a), b) c) and d) of this paragraph.

(2) When choosing annuity, the pension fund member shall select an annuity that contains one feature from each annuity type listed in the following items:

a) Individual and joint annuities;

b) Lifelong and temporary annuities;

c) Immediate or deferred annuities;

d) With a guarantee period or without a guarantee period; and

e) Fixed annuities, variable annuities or fixed annuities with profit shares.

(3) The pension beneficiary, in the case of a combined pension benefit, shall decide the number on pension benefit types in which the funds from his/her individual account shall be divided, and shall also determine the share of each part.

Article 53
Modification of the pension benefit payment type

(1) The annuity policy is an unbreakable agreement and cannot be terminated even if both the pension beneficiary or the insurance company provide their consent.

(2) The pension beneficiary can, at any time, replace programmed withdrawal provided by one pension company and use the remaining available funds from the voluntary individual and/or professional account to purchase programmed withdrawals from another pension company, purchase annuities from the insurance company or with a single or multiple payments from the pension company.

(3) The pension beneficiary can replace the multiple payments and use the remaining available funds from the individual and/or professional account to purchase annuity from an insurance company, purchase programmed withdrawals from a pension company, with a multiple payment from another pension company or a single payment.

(4) The funds that remain on the voluntary and/or professional account of the pension beneficiary after his/her death, shall be part of the inheritance estate and any such funds shall be dealt with in accordance with the Law on Inheritance.

(5) MAPAS shall prescribe the method for replacing programmed withdrawals from one pension company with programmed withdrawals from another pension company, with annuities or with a single or multiple payments from the pension company.

(6) MAPAS shall prescribe the method for replacing multiple payments from the pension company with programmed withdrawals from another pension company, with annuity or with single or multiple payments from another pension company.

Chapter 16
Rules for annuities

Article 54
Types of annuities

(1) If the annuity is guaranteed, the pension fund member in the annuity policy shall determine a beneficiary that, in the event of the members death, shall benefit from the annuity until the end of the guaranteed period. The guaranteed period for an annuity shall last for at most 240 months.

(2) Notwithstanding paragraph (1) of this article, the pension beneficiary in the annuity policy can determine multiple beneficiaries and a sequence of benefits in the event of the original member's death, that will benefit from the annuity until the end of the guaranteed period.

(3) If the annuity is a joint annuity, then the pension fund member in the annuity policy shall specify one or more beneficiaries that shall benefit from the annuity in the event of the member's death. Each beneficiary shall receive a part of the pension benefit commensurate to the level defined by the pension fund member in the annuity policy and the sum of all parts received by the beneficiaries cannot exceed 100% of the level of the pension benefit.

(4) If the annuity is a guaranteed joint annuity, then, after the pension fund member dies, the specified beneficiaries shall receive, until the end of the guarantee period, the pension benefit in the amount of 100%, and this shall be distributed to each beneficiary, in accordance with the parts defined by the pension fund member in the policy. After the completion of the guaranteed period, each beneficiary shall receive the part of the pension benefit defined by the pension fund member in the policy.

(5) If the annuity is a guaranteed deferred annuity, the guarantee period shall when the deferral period has ended.

Article 55
Entities through which annuities can be sold

(1) The annuity policies for the third people shall be sold by the insurance companies. The insurance companies shall sell the annuity policies through an insurance agent, insurance agent company or an insurance brokerage company that has been established and operates in accordance with the Law on Insurance Supervision.

(2) The insurance company, insurance agent, insurance agent company or the insurance brokerage company, when selling annuities, shall not offer any discounts, refunds or other benefits to pension fund members.

Article 56
Determination of the level of the annuities and cost recovery

The insurance companies shall determine the level of the annuities, shall decide about the mortality tables, the interest assumptions, the management costs and other assumptions used to determine the level of the pension offered.

Article 57
Fees for payment of annuities

The insurance company shall not charge any fees when paying annuities from the third pillar, except for transaction costs.

Article 58
Determination of the level of the pension benefit through a variable annuity and a fixed annuity with profit shares

(1) When determining the level of the pension benefit paid through a variable annuity or a fixed annuity with profit shares, simulations and projections with allowed parameters and assumptions shall be used.

(2) ISA, upon a previous agreement with MAPAS shall prescribe the allowed parameters that insurance companies and other authorized persons can use in the marketing materials, simulations and projections of the pension levels that shall be paid out in the future through the use of a variable annuity or a fixed annuity with profit shares.

(3) ISA, upon a previous agreement from MAPAS shall prescribe the assumptions that shall be used and specified by the insurance companies and other authorized persons, especially the assumptions regarding the yield from the invested funds used in several “scenarios” as follows: “basic”, “optimistic”, and “pessimistic”. The yield for the “basic scenario” shall be determined on the basis of the performances of a fund portfolio similar to the portfolio offered in accordance to the variable annuity policy or the policy with fixed annuity with profit shares, achieved within at least the last 10 years. The simulations and projections should specify not only the average yield, but also the variability of the yield and the consequences of such variability on the level of the pension.

(4) All fees, commissions and costs shall be stated in the policy and included in the calculation of the variable annuity or the fixed annuity with profit shares. The level of the pension benefit offered to the potential pension beneficiary shall be expressed as a net amount netted of all fees, commissions and costs.

Article 59
Procedure in the event of bankruptcy or liquidation of the insurance company

(1) The provisions from the Law on Insurance Supervision that refer to bankruptcy and liquidation of an insurance company shall appropriately apply in the

event of bankruptcy of liquidation of an insurance company that provides pension benefits from the third pillar.

(2) The claims of the pension beneficiaries from the third pillar, and all persons specified by them, shall have priority during settlement with respect to other creditors in the insurance company.

Chapter 17
Rules regarding programmed withdrawals

Article 60
Types of programmed withdrawals

(1) The pension companies shall offer the following programmed withdrawals:

a) lifelong programmed withdrawals and

b) temporary programmed withdrawals.

(2) The pension companies shall use the formulae specified in article 16 of this law for the initial calculation and the annual calculation of the level of the pension benefit in the programmed withdrawal.

(3) The pension company shall pay out pension benefits through monthly programmed withdrawals, by transferring the funds to a transaction account specified by the pension beneficiary.

Article 61
Fees levied against programmed withdrawals

(1) The pension companies shall levy fees against the funds for programmed withdrawals from the third pillar, according to article 117, paragraph (1), item (b) of the Law on Voluntary Fully Funded Pension Insurance.

(2) The pension companies can levy transaction costs for payment of pension benefits through programmed withdrawals.

Article 62
Investing of the funds reserved for programmed withdrawals

The pension companies shall invest the funds they manage for the different types of programmed withdrawals from the third pillar in accordance with the Law on Voluntary Fully Funded Pension Insurance.

Chapter 18
Common provisions for annuities and programmed withdrawals

Article 63

Mortality tables and interest rates for pension benefits

(1) The minimal standards and rules for determining the mortality tables shall be determined by ISA and MAPAS under equal conditions for the insurance companies and pension companies, having in mind the following:

a) specificity of the population comprising pensioners receiving pensions through annuities and their beneficiaries; and

b) improvement of longevity.

(2) ISA shall prescribe the riles and minimal standards applicable to the calculation of technical reserves and the insurance company shall be obligates, for the purposes of calculating the annuity reserves, to use mortality tables in accordance with the minimal standards prescribed by ISA.

(3) MAPAS shall prescribe the rules and minimum standards for mortality tables, and the pension company, for the purposes of calculation of the annuity factor for third pillar pension benefits through lifelong and temporary programmed withdrawals, is obligated to use mortality tables according to the minimum standards prescribed by MAPAS.

(4) The insurance companies and the pension companies shall keep records and statistics about the actual mortality of the pension beneficiaries and shall be obligated to submit such statistical data to ISA and MAPAS in intervals and form prescribed by ISA and MAPAS.

(5) The minimal standards and rules for determining the interest rates shall be determined by ISA and MAPAS under equal conditions for insurance companies and pension companies, having in mind the following:

a) The interest rate to be used for calculating the reserves and the annuity factor that cannot be greater than the prevailing market real rate of return of long term debt securities; and

b) The long term and medium term real rates of return shall be based on the prevailing nominal market rates of return for long term and medium term debt facilities less the estimates for the cost of living rates for those periods and the estimates of the future prevailing market rates for long term and medium term debt securities, represented in the portfolios of the pension funds and insurance companies.

(6) ISA shall prescribe the rules and minimal standards for determining the interest rates, and the insurance company shall be obligated, for the purposes of calculating the annuity reserves, to use interest rates in accordance with the rules and minimal standards prescribed by ISA.

(7) MAPAS shall prescribe the rules and minimal standards for determining interest rates, and the pension company shall be obligated, for the purposes of calculating the annuity factor for third pillar pension benefits paid through lifelong and temporary programmed withdrawals, to use interest rates in accordance with the rules and minimal standards prescribed by MAPAS.

Chapter 19
Rules that refer to single and multiple payments

Article 64
Companies that provide single and multiple payments

Single and multiple payments of pension benefits can be done only by the companies for management of mandatory pension funds and voluntary pension funds or companies for management of voluntary pension funds.

Article 65
Investing the funds reserved for single or multiple payments

The pension companies shall invest the funds they manage for the purposes of making single or multiple payments in accordance with the Law on Voluntary Fully Funded Pension Insurance.

Article 66
Fees levied against single or multiple payments

The pension companies shall levy fees against the funds for single or multiple payments in accordance with article 117, paragraph (1), item b), of the Law on Voluntary Fully Funded Pension Insurance.

Chapter 20
Acquiring the right to pension benefits

Article 67
Procedure for acquiring the right to pension benefits

(1) A pension fund member shall submit an application to acquire the right to pension benefits to the pension company that manages the pension fund where the pension fund member has a voluntary or professional account, if the member fulfills the conditions for receiving pension benefits in accordance with the law. If the pension fund member has a voluntary and a professional account, then he/she can request a merger of these two accounts. If the accounts are in two different pension companies, the application shall be submitted to one of the pension companies.

(2) The application stipulated in paragraph (1) of this article can be submitted no later than the moment when the pension fund member turns 70 year of age.

(3) If the conditions for acquiring the right to pension benefits have been fulfilled, then the pension fund shall issue a certificate about the level of the funds in

his/her voluntary individual and/or professional account and it shall determine a listing identification number.

(4) The pension fund member can decide to ask for a listing in the Listing Center regarding the choice of the pension benefit type, personally or through a pension company, and he/she can also ask for a listing identification number from the pension company.

(5) If the pension fund member decides to personally ask for a listing in the Listing Center regarding the choice of pension benefits, then he/she shall use the certificate stipulated in paragraph (3) of this article.

(6) If a pension fund member decides to ask for a listing through a pension company, then he/she shall authorize the company, in writing, to seek a listing and shall specify the types of pension benefits and determine the parts of the funds from the voluntary and/or professional account applicable to each of the pension benefit types.

(7) Within five days after the receipt of the application stipulated in paragraph (6) of this article, the pension company shall be obligated to submit an application for a listing to the Listing Center with a listing identification number as well as the following information: amount of the funds in the individual account, the gender and the date of birth of the pension fund member, the type of the pension benefits or their combination specified by the pension fund member.

(8) If the pension fund member decided not to ask for a listing from the Listing Center, then he/she shall submit an application to the pension company for payment of the funds through single or multiple programmed withdrawals.

Article 68
Voluntary annuity listing

(1) The insurance companies shall not be obligated to present offers to pension beneficiaries, but if they are listed in the Listing Center then their offers shall be valid for a period of 30 days from the day of listing.

(2) The insurance companies can present offers related to one or more pension benefit types requested by the pension fund member, personally to the member, or to a pension company authorized by the member.

Article 69
Mandatory listing for programmed withdrawals

The pension companies shall be obligated to present offers in the Listing Center, for lifelong and temporary withdrawals for pension beneficiaries and their offers shall be valid for a period of 30 days from the day of the listing.

Article 70

Listing of annuities and programmed withdrawals

The insurance companies and pension companies shall, within five days from the day of application, present their offers through the Listing Center either to a pension company or personally to the pension fund member.

Article 71

Negotiating pension benefits

(1) After the completion of the listing period, the Listing Center shall provide the pension company a cumulative table with all of the received offers for the pension fund member.

(2) The pension company shall be obligated to present the summary table to the pension fund member and shall submit to the member, a copy of the summary table, properly notarized and signed by the pension company.

(3) If the pension fund member chose to receive the pension benefit in the form of a programmed withdrawal or a single or multiple payment, then he/she shall sign a contract with the pension company whose offer he/she accepted.

(4) If the pension fund member chose to receive the pension benefit in the form of an annuity then he/she shall sign an annuity policy with a pension company whose offer he/she accepted.

(5) If the pension fund member chose to receive the pension benefit in the form of a combination of programmed withdrawals and annuities, then he/she shall sign a contract and shall sign an annuity policy with the pension company whose offers he/she accepted.

(6) An insurance company or a pension company shall not refuse the signing of a contract or an annuity policy with a member that accepted its offer.

(7) The member of the pension fund shall submit copies of the contract and/or annuity policy to the pension company that manages the pension fund of the member.

(8) If the member of the pension fund chose to receive the pension benefit as a single or multiple payments from the pension company, then he/she shall sign a contract with the pension company whose offer he/she accepted. After the payment, the pension company shall issue a receipt confirming that all funds from the voluntary and/or individual account have been paid out. The pension company shall submit a copy of the receipt to MAPAS.

Article 72

Right to repeat the listing process

A member of a pension fund shall not be obligated to choose an offer through the Listing Center and can request an unlimited number of listings from the Center.

Article 73

Mandatory acquisition of the right to pension benefits

(1) A pension fund member shall mandatorily acquire the right to pension benefits when he/she becomes 70 years of age.

(2) The pension company shall be obligated to appeal to any pension fund member who turned 70 years of age, with reference to the acquisition of the right stipulated in paragraph (1) of this article.

(3) If a pension fund member chooses a pension benefit type, then the procedure stipulated in article 71 of this law shall apply.

(4) If a pension fund member does not choose a pension benefit type, then it shall be considered that the pension fund member chose a single payment from the pension company that manages the pension fund where the pension fund member has a voluntary and/or a professional account and the payment shall be made to his/her transaction account.

(5) If the pension fund member fails to inform the pension company about the transaction account onto which his/her funds should be transferred in a single transaction, then the pension company shall keep the funds to the voluntary individual and/or the professional account of the member.

Article 74
Transfer of the funds

(1) After receiving the annuity policy and/or the contract with the pension company stipulated in article 71 of this law, the pension company shall transfer the funds from the voluntary individual and/or professional account of the pension fund member to the transaction account of the pension company and/or the account of the pension fund managed by the pension company selected by the member. For such a transaction, the pension company shall not levy any charges to the pension fund member or the insurance company, or the pension company selected by the member, except for transaction fees.

(2) The pension company shall be obligated to transfer the funds to the insurance company or the pension fund within one month after it received the annuity policy and/or the contract with the pension company.

(3) If the funds have been transferred in the first half of a calendar month, the insurance company shall be obligated to make the first annuity payment, and the pension company shall be obligated to perform the first programmed withdrawal payment, in the second half of that month. If the funds have been transferred in the second half of a calendar month, the companies shall be obligated to pay the annuity or the programmed withdrawal in the first half of the following month.

Article 75
Modification of the pension benefit level due to a modification of the amount in the voluntary individual and/or professional account

If the amount of the funds in the voluntary individual and/or professional account that the pension company transferred to the insurance company is different from the amount based on which offers were provided, then the insurance fund selected by the pension fund member shall be obligated to proportionally adjust the annuities to be paid out. If the obtained amount is higher than the amount used in the listings, the annuity shall be increased proportionally and if the obtained amount is lower than the amount in the listing then the annuity shall be proportionally reduced.

Article 76
Pension benefits records kept by the pension companies

(1) The pension company that managed the pension fund where a member had a voluntary individual and/or professional account and from which the member received pension benefits, shall be obligated to keep all the records with all the data regarding the process of selection of pension benefits. Records shall be kept for each pension fund member and shall include: the selected type of pension benefit or a combination thereof; the total amount of funds on the voluntary individual and/or professional account; the name of the company or companies selected for payment of the pension benefit; the level of pension benefit received; characteristics of the annuity such as the guarantee period, period of fixed or variable annuity, the specified beneficiary or beneficiaries of the guaranteed annuity and other types of annuities; core characteristics of the temporary programmed withdrawals in combination with deferred annuities; the pension amount received from each type of payment and the proportional share of each of the amounts.

(2) The records stipulated in paragraph (1) of this article shall be kept even in the case of single or multiple payments of the funds from the voluntary individual and/or professional account of the pension fund member.

Chapter 21
Payment of pension benefits

Article 77
Monetary unit for payment of pension benefits

(1) All pension benefits shall be paid out in MKD.

(2) The annuity policies from the third pillar can be expressed in EUR, but the pension benefits shall be paid out in MKD using the average exchange rate of the National Bank of the Republic of Macedonia.

(3) For variable annuities, the amount of the pension shall be expressed in “parts” or “units”, but it shall be paid out in MKD, depending on the selection of a monetary

unit for conversion of the “part/unit” made by the pension beneficiary on the date of purchase.

Article 78
Dates and method of payment of pension benefits

(1) The pension company shall be obligated to pay out the programmed withdrawals on a monthly basis, not later than the 25th of the month for the previous month, by transferring the funds to the transaction account of the pension beneficiary.

(2) The insurance company shall be obligated to pay the annuities on a monthly basis, not later than the 25th of the month for the previous month, by an electronic transfer of the funds on the transaction account of the pension beneficiary, in a manner and procedure specified by ISA.

(3) The single or multiple payments can be performed any day of the month on the transaction account of the pension beneficiary.

Article 79
Taxing pension benefits

The pension benefits paid out through programmed withdrawals or through annuities shall be subject to taxation with personal income tax in accordance with the Law on Personal Income Tax. The pension company or the insurance company that pays out the pension benefits shall have an obligation to calculate and pay the personal income tax on behalf and for the account of the pension beneficiary.

Part IV
Chapter 22
Penalty and misdemeanor procedure

Article 80
Crime

A responsible person in a pension company, an insurance company or the Pension and Disability Insurance Fund of Macedonia, that shall, through false presentation or withholding of facts, misleading or otherwise improperly influence the decision to retire or the selection of a pension type or a pension benefit payment type, and thereby shall cause financial damage to a pension fund member shall be punished with an imprisonment sentence of one to three years.

Article 81
Settlement and Misdemeanor Commission

Regarding the misdemeanors stipulated in articles 82, 83, 84 and 88 of this law, the misdemeanor procedure shall be implemented by and the misdemeanor sanctions shall be imposed by the ISA Misdemeanor Commission.

Regarding the misdemeanors stipulated in articles 85, 86 and 87 of this law, the misdemeanor procedure shall be implemented by and the misdemeanor sanctions shall be imposed by the MAPAS Misdemeanor Commission.

The provisions of the Law referring to the mandatory fully funded pension insurance and referring to settlement and Misdemeanor Commission shall apply in the procedures relates to the misdemeanors stipulated in this law.

The provisions from the Law on Insurance Supervision referring to mediation and the ISA Misdemeanor Commission shall also apply in the procedures related to the misdemeanors stipulated in this law.

Article 82

(1) A fine in the amount of the MKD equivalent of 2,000 to 4,000 EUR shall be levied for a misdemeanor against an insurance company if:

1. It acts contrary to article 9, paragraph (2) of this law when determining the amount of the differed annuity;
2. It fails to harmonize the annuity to be paid out with article 12, paragraph (1) of this law;
3. It fails to submit statistics to ISA in intervals and forms prescribed by ISA in accordance with auricle 22, paragraph (4) of this law; and
4. It fails to submit statistics to ISA in intervals and forms prescribed by ISA in accordance with auricle 63, paragraph (4) of this law.

(2) A fine in the amount of the MKD equivalent of 500 to 700 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the insurance company.

Article 83

(1) A fine in the amount of the MKD equivalent of 10,000 to 20,000 EUR shall be levied for a misdemeanor against an insurance company if:

1. It terminates an annuity policy contrary to article 4, paragraph (1) of this law;
2. It indexes a fixed annuity indexed with the costs of living contrary to article 6, paragraph (1) of this law;
3. It offers discounts, refunds of moneys or other benefits contrary to article 7, paragraph (2) of this law
4. It charges fees contrary to article 10 of this law;
5. It calculates the pension for the second pillar through a fixed annuity with profit shares contrary to article 11, paragraph (1) and (4) of this law;
6. It fails to present an offer within the time period specified in article 30, paragraph (1) of this law;

7. It fails to make the initial annuity payment within the time period specified in article 36, paragraph (3) of this law;
8. It fails to notify the PDI Fund of Macedonia in accordance with article 38, paragraph (1) of this law;
9. It fails to verify the level of the pension from the second pillar in accordance with article 39, paragraph (2) of this law;
10. It fails to make the verifications in accordance with article 40, paragraph (1) of this law;
11. It pays out annuities contrary to article 49, paragraph (2) of this law;
12. It fails to deduct the tax amount when paying the pensions from the second pillar and the pension benefits from the third pillar according to article 50 and 79 of this law;
13. It terminates an annuity policy contrary to article 53, paragraph (1) of this law;
14. It offers discounts, refunds of moneys or other benefits contrary to article 55, paragraph (2) of this law;
15. It charges fees contrary to article 57 of this law;
16. It fails to make the initial annuity payment within the time period specified in article 74, paragraph (3) of this law;
17. It fails to adjust proportionally the amount of the annuity in a manner specified in article 75 of this law; and
18. It pays annuities contrary to article 78, paragraph (2) of this law.

(2) A fine in the amount of the MKD equivalent of 1,000 to 2,000 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the insurance company.

Article 84

(1) A fine in the amount of the MKD equivalent of 30,000 to 40,000 EUR shall be levied for a misdemeanor against an insurance company if:

1. It pays a type of pension from the second pillar or a pension benefit from the third pillar contrary to article 3 and 52 of this law;
2. It fails to use mortality tables in accordance with article 22, paragraph (2) of this law;
3. It fails to use interest rates in accordance with article 22, paragraph (6) of this law;
4. It fails to use mortality tables in accordance with article 63, paragraph (2) of this law; and
5. It fails to use interest rates in accordance with article 63, paragraph (6) of this law.

(2) A fine in the amount of the MKD equivalent of 3,000 to 4,000 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the insurance company.

Article 85

(1) A fine in the amount of the MKD equivalent of 2,000 to 4,000 EUR shall be levied for a misdemeanor against an pension company if:

1. It fails to submit statistics to MAPAS in time intervals and form prescribed by MAPAS in accordance with article 22, paragraph (4) of this law;

2. It fails to maintain and keep records in the manner specified in article 37, paragraph (1) of this law;

3. It fails to maintain and keep records in the manner specified in article 63, paragraph (4) of this law; and

4. It fails to maintain and keep records in the manner specified in article 76, paragraph (1) of this law.

(2) A fine in the amount of the MKD equivalent of 500 to 700 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the pension company.

Article 86

(1) A fine in the amount of the MKD equivalent of 10,000 to 20,000 EUR shall be levied for a misdemeanor against an insurance company if:

1. It fails to specify a person with licensed to work as an authorized actuary in accordance with article 15, paragraph (2) of this law;
2. It uses parameters and formulae contrary to article 16, paragraph (2) and (4) of this law when performing the initial calculations for programmed withdrawals;
3. It uses parameters and formulae contrary to article 16, paragraph (3) and (4) of this law when performing the repeated calculations for programmed withdrawals;
4. It charges fees contrary to article 17, paragraph (1) of this law;
5. It fails to verify the sum of the pension in accordance with article 20, paragraph (5) of this law;
6. It fails to submit an application for a listing in accordance with article 29, paragraph (3) of this law;
7. It fails to present an offer within the time period specified in article 30, paragraph (1) of this law;
8. It fails to submit a summary table in accordance with article 32, paragraph (1) of this law;
9. It charges fees for transferring of the funds contrary to article 36, paragraph (1) of this law;
10. It fails to transfer the funds within the time period specified in article 36, paragraph (2) of this law;
11. It fails to notify the PDI Fund of Macedonia in accordance with article 38, paragraph (1) of this law;
12. It fails to verify the level of the pension from the second pillar in accordance with article 39, paragraph (2) of this law;

13. It fails to perform verifications in accordance with article 40, paragraph (1) of this law;
14. It fails to increase the payment of the programmed withdrawals in accordance with article 42, paragraph (1) of this law;
15. It pays out programmed withdrawals contrary to article 49, paragraph (1) of this law;
16. It fails to deduct the tax amount when paying pensions from the second pillar and the pension benefits from the third pillar, in accordance with article 50 and 79 of this law;
17. It fails to submit an application for a listing in accordance with article 67, paragraph (7) of this law;
18. It fails to present an offer in accordance with article 69 of this law;
19. It fails to present a summary table in accordance with article 71, paragraph (2) of this law;
20. It transfers funds from the individual voluntary or professional account into an entity that is not an insurance company or a pension company, contrary to article 74, paragraph (1) of this law;
21. It fails to transfer the funds within the time period specified in article 74, paragraph (2) of this law;
22. It fails to make the initial payment of programmed withdrawals within the time period specified in article 74, paragraph (3) of this law;
23. It pays programmed withdrawals contrary to article 78, paragraph (1) of this law;

(2) A fine in the amount of the MKD equivalent of 1,000 to 2,000 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the pension company.

Article 87

(1) A fine in the amount of the MKD equivalent of 30,000 to 40,000 EUR shall be levied for a misdemeanor against an insurance company if:

1. It pays a type of pension from the second pillar or a pension benefit from the third pillar contrary to article 3 and 52 of this law
2. It fails to use mortality tables in accordance with article 22, paragraph (3) of this law;
3. It fails to use interest rates in accordance with article 22, paragraph (7) of this law;
4. It fails to use mortality tables in accordance with article 63, paragraph (3) of this law; and
5. It fails to use interest rates in accordance with article 63, paragraph (7) of this law.

(2) A fine in the amount of the MKD equivalent of 3,000 to 4,000 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the insurance company.

Article 88

(1) A fine in the amount of the MKD equivalent of 5,000 to 10,000 EUR shall be levied for a misdemeanor against an insurance agent company or an insurance brokerage company if:

1. It offers discounts, refunds of moneys or other benefits contrary to article 7, paragraph (2) of this law;
2. It charges fees from insurance companies contrary to article 8, paragraph (2) of this law and
3. It offers discounts, refunds of moneys or other benefits contrary to article 55, paragraph (2) of this law.

(2) A fine in the amount of the MKD equivalent of 500 to 1,000 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the an insurance agent company or the insurance brokerage company.

Article 89

(1) A fine in the amount of the MKD equivalent of 10,000 to 20,000 EUR shall be levied for a misdemeanor against the Pension and Disability Fund of the Republic of Macedonia if:

1. It fails to submit a copy of the decision to the pension company, in accordance with article 28, paragraph (2) and (3) of this law;
2. It fails to verify the calculated difference to the lowest pension amount, in accordance with article 41, paragraph (1) of this law;
3. It fails to pay the difference to the lowest pension amount, in accordance with article 41, paragraph (3) of this law;
4. It fails to pay the difference of the pension, in accordance with article 42, paragraph (2) of this law; and
5. It fails to pay the lowest pension amount in accordance with article 43, paragraph (1) of this law;

(2) A fine in the amount of the MKD equivalent of 1,000 to 2,000 EUR shall be levied for the misdemeanor stipulated in paragraph (1) of this article against the responsible person in the Pension and Disability Fund of the Republic of Macedonia.

(3) The authority competent to impose the misdemeanor sanctions stipulated in paragraph (1) of this article shall be the competent court.

Part V

Chapter 22

Transitional and final provisions

Article 90

A pension company established before the legal effectuation of this law, within a period of two years after the day of legal effectuation of this law, shall determine a person for calculation and payment of pensions and pension benefits through programmed withdrawals, before commencing payments of programmed withdrawals for pensioners and pension beneficiaries.

Article 91

(1) The Listing Center shall be established within three months from the day of issuance of the first license for insurance operations in the class of annuities and shall pay out annuities to pension beneficiaries.

(2) Until the establishment of the Listing Center, the collection and the presentation of the offers for pensions from the second pillar shall be performed by the pension company that manages the pension fund where the member has an individual account. The pension fund shall be obligated to establish an electronic venue of communication with all pension companies in order to collect offers and perform tasks in accordance with the provisions of this law.

Article 92

The bylaws that have been envisioned by this law shall be enacted within two years from the day this law enters into force.

Article 93

This law shall enter into force on the eighth day after the day of publication in the Official Gazette of the Republic of Macedonia, and shall apply from the 1st of March 2014.