**(UNOFFICIAL CONSOLIDATED TEXT)**

**LAW ON PAYMENT OF PENSIONS AND PENSION BENEFITS FROM FULLY FUNDED PENSION INSURANCE**

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**Part I**

 **Chapter 1**

 **General Provisions**

 Article 1

**Subject**

This Law shall regulate the manner 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 a pension from a 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 a voluntary fully
funded pension insurance;

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

3. "Insurance company" is an insurance company that has a license from 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 a company for management of voluntary pension funds and/or a company for management of mandatory and voluntary pension funds;

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

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

7. "Lifelong annuity" is a type of annuity by which the insurance company guarantees to the pension beneficiary a lifelong, monthly pension payment or pension benefit, regardless of their real longevity;

8. "Temporary annuity" is a type of annuity by which the insurance company guarantees to the pension beneficiary the payment of a pension or pension benefit for a predetermined number of periods;

9. "Individual annuity" is a type of annuity that the insurance company pays to only one pension beneficiary;

10. "Joint annuity" is a type of annuity that the insurance company pays to the pension beneficiary and after their death to a beneficiary designated by the pension beneficiary;

11. "Immediate annuity" is a type of annuity that the insurance company starts to pay no later than the month following the month in which the premium is transferred by the pension company to the insurance company;

12. "Deferred annuity" is a type of annuity that the insurance company starts to pay in the month following the month in which the deferral period ends. The deferral period 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 that has a predefined period of months in which it will be obligatorily paid regardless of whether the pension beneficiary is alive. If the pension beneficiary dies, the insurance company shall pay the annuity to the designated beneficiary until the end of the guaranteed period. The amount of the annuity 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 no later than the month following 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 that does not have a predefined period of months in which it is obligatorily paid and is paid while the pension beneficiary is alive. The insurance company shall start to pay the annuity no later than the month following the month in which the premium is transferred by the pension company to the insurance company;

15. "Fixed annuity" is a type of annuity that is paid monthly in a fixed amount expressed in denars or euros with denar counter value;

16. "Fixed annuity adjusted to the cost of living" is a type of annuity adjusted for the change in the cost of living and is paid monthly in denars or euros with denar counter value;

17. "Fixed annuity with profit sharing" is a type of annuity that the insurance company pays monthly and which includes a minimum guaranteed payment and a percentage of the realized profit of the insurance company;

18. "Variable annuity" is a type of annuity that the insurance company pays monthly with a variable amount of the annuity depending on the market value of the investment fund assets. The annuity is expressed in units or shares of an investment fund, and the amount of the pension is determined as a result of the number of units (shares) and the market value of the unit (share);

19. "Programmed withdrawals" is a type of pension or pension benefit payment that is paid monthly by the pension company for the rest of life or while there are funds in the pension fund member’s account. The amount of the programmed withdrawals is initially calculated at the moment of realization of the pension or the pension benefit and is recalculated every 12 months by the pension company. The
payment of the programmed withdrawals shall cease when the individual, voluntary
individual or professional account of the pension beneficiary is fully depleted. If the case of the pension beneficiary’s death, the remaining funds shall be inherited in accordance with the law;

20. "Temporary programmed withdrawals in combination with deferred lifelong annuity" is a type of pension or pension benefit payment that begins with the payment of programmed withdrawals over a predetermined number of years and continues with a deferred lifelong annuity. The period of deferral in the payment of annuity funds is equal to the period of payment of temporary programmed withdrawals and is expressed as a whole number of years or a number divisible by 12 months. The selection of temporary programmed withdrawals and deferred annuity is made simultaneously;

21. "Lump sum payment" is a lump sum withdrawal of all funds from a voluntary individual or professional account of a pension fund member;

22. "Multiple payment" is the withdrawal of funds from a 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.

23. "Responsible person in the case of an infraction" is:

a) a member of the managing body and/or a member of the supervisory body of a company or a person authorized by it;

b) a member of the managing body and/or a member of the supervisory body of an insurance company or a person authorized by it;

c) a member of the managing body and/or a member of the supervisory body of an insurance brokerage company or a person authorized by it;

d) a member of the managing body and/or a member of the supervisory body of an insurance agency or a person authorized by it;

e) director or head of an organizational unit responsible for custody of the property of the custodian or a person authorized by them;

f) director, assistant director or other person in a managerial position of the Pension and Disability Insurance Fund of the Republic of North Macedonia;

g) manager of the Listing Center or a person authorized by them.

**Part II**

**Pensions from mandatory fully funded pension insurance**

 **Chapter 2**

**Second pillar pension payments**

 Article 3

**Types of second pillar pension payments**

 (1) The insurance companies and the pension companies shall pay the second pillar pension only by using one of the following types of payments, at the choice of the pension fund member:

a) lifelong immediate annuity;

b) programmed withdrawals and

c) temporary programmed withdrawals in combination with a lifelong deferred annuity.

 (2) The annuity referred to in paragraph (1) items a) and c) of this Article may be fixed adjusted for the cost of living or with a profit share. Depending on the payment period, the annuity can be guaranteed or non-guaranteed.

 Article 4

**Change in the type of pension payment**

 (1) The annuity policy is an unbreakable contract. An insurance company cannot terminate the annuity policy, even in case of consent of the pension beneficiary.

 (2) The pension beneficiary may replace the lifelong programmed withdrawals provided by one pension company by using the remaining available funds from the individual account for purchase of lifelong programmed withdrawals from another pension company, purchase of a lifelong annuity from an insurance company or purchase of temporary programmed withdrawals combined with a lifelong deferred annuity.

 (3) If the pension beneficiary has chosen temporary programmed withdrawals in combination with a lifelong deferred annuity, they may, at any time, replace the temporary programmed withdrawals provided by one pension company by using the remaining available funds from the individual account for purchasing temporary programmed withdrawalsfrom another pension company for the remaining period. The deferred annuity policy cannot be terminated.

 (4) The Agency for Supervision of Fully Funded Pension Insurance (hereinafter: MAPAS) shall prescribe the manner of change of the programmed withdrawals and the change in another type of pension payment.

 **Chapter 3**

 **Annuity rules**

 Article 5

**Guaranteed annuity**

 (1) If the annuity is guaranteed, the pension beneficiary in the annuity policy shall determine a beneficiary who in case of their death will use the annuity until the end of the guaranteed period.

 (2) As an exception to paragraph (1) of this Article, the pension beneficiary in the annuity policy may determine several beneficiaries and the order of use in case of death, who will use the annuity until the end of the guaranteed period.

 (3) The guaranteed annuity period has duration of up to 240 months.

 Article 6

**Fixed annuity adjusted to the cost of living**

 (1) The insurance company shall be obliged to periodically adjust the amount of the pension through a fixed annuity adjusted to the cost of living in one of the following two ways:

a) according to the increase of the cost of living index in the previous semester compared to the previous semester in the Republic of Macedonia, on 1st of January and 1st of July each year or

b) fixed nominal adjustment, at least on 1st of January and 1st of July each year. The adjustment percentage shall be determined on the date of purchase of the annuity policy and shall be fixed over the duration of the policy. At the end of each year, the Insurance Supervision Agency (hereinafter: ISA) with the prior consent of MAPAS, shall determine the minimum percentage of nominal adjustment for fixed annuities that will be sold during the following calendar year. The minimum percentage of nominal adjustment shall apply to all policies for this type of annuities that will be sold during the next year and cannot be lower than 1% nor exceed 3% on the annual level. Insurance companies may offer a higher percentage of nominal adjustment, but cannot offer a percentage lower than the minimum percentage set by the ISA for each calendar year.

The ISA shall, with the prior consent of MAPAS, prescribe the manner of adjustment to the cost of living for the second pillar pensions which are paid through annuities at the end of each year. The minimum percentage of nominal adjustment for the fixed nominal adjustment policies that will be sold in the following calendar year shall be published on the ISA website.

 Article 7

**Entities through which annuities can be sold**

 (1) The annuity policies for the second pillar are sold by the insurance companies. The insurance companies sell the annuity policies through an insurance agent, an insurance agency and an insurance brokerage company that is established and operates in accordance with the Law on Insurance Supervision.

 (2) The insurance company, insurance agent, insurance agency and insurance brokerage company may not offer discounts, refunds or other benefits to a pension fund member when selling annuities.

 Article 8

**Commission from sale of annuities**

 (1) The entities referred to in Article 7 of this Law for the sale of annuities shall charge their services in the form of salary or commission and may not charge them from the pension beneficiary or pension fund member.

 (2) The highest amount of commission for sale of a second pillar annuity that can be collected from an insurance company is 2.5% of the premium.

 Article 9

**Determining the amount of annuities**

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

 (2) When determining the amount of deferred annuity in combination with temporary programmed withdrawals, the insurance company shall be obliged to determine the amount in such a way that part of the accumulated funds on the individual account of the pension fund member will be transferred to the insurance company and the other part shall remain in the pension fund to finance the payment of temporary programmed withdrawals. When determining the part that 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 deferral period, defined by the pension beneficiary. In the annuity offer, in addition to the amount of the pension through the temporary programmed withdrawals and the amount of the pension through a deferred annuity, the insurance company shall state the amount of accumulated funds on the individual account of the member remaining in the pension fund and the amount transferred to the insurance company. The absolute amounts of the pension thus determined through the temporary programmed withdrawals and the pension through the deferred annuity should correspond to the relative ratio of the pension through the temporary programmed withdrawals and the pension through the deferred annuity.

 Article 10

 **Annuity payment fees**

The insurance company may not charge fees for the payment of second pillar annuities, except for transaction costs.

 Article 11

**Determining the pension amount through a fixed annuity with a profit share**

 (1) The insurance company shall be obliged to use simulations and projections with allowed parameters and assumptions when calculating the amount of the pension through a fixed annuity with a profit share.

 (2) The ISA shall, with the prior consent of MAPAS, prescribe the permitted parameters regarding the percentage of profit sharing and return that insurance companies and their intermediaries may use in marketing materials, simulations and projections about the amount of pensions to be paid through fixed annuity with a profit share.

 (3) The ISA shall, with the prior consent of MAPAS, prescribe the assumptions to be used and stated by the insurance companies, in particular the assumptions regarding the return on investment used in several "scenarios", as follows: “basic", "optimistic" and "pessimistic". The return for the "baseline scenario" is determined based on the performance of a portfolio of assets with a similar portfolio composition offered under a fixed annuity policy with a profit share realized in at least the last ten years. In addition to the average return, the simulations and projections should also indicate the variability of the return and the consequences of such variability in the amount of the pension and use assumption for a higher return in the "optimistic “scenario than the return used for the "basic" scenario and in the "pessimistic" scenario, use the assumption of a lower return than the return used in the "basic" scenario.

 (4) When calculating a fixed annuity with a profit share in the pension simulations and projections, the insurance company shall be obliged to include costs for the operation of the insurance company and to list 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 amount of the pension annuity due to change in the amount of funds on the individual account**

 (1) If the amount of the funds from the individual account that are transferred from the pension company to the insurance company selected by the member differs from the amount of the pension annuity for which the insurance companies have previously submitted offers, the insurance company selected by the member shall be obliged to proportionally adjust the amount of the annuity that will be paid from the stated offer. If the amount transferred is greater than the amount stated in the offer, the annuity shall be proportionally increased, and if the transferred amount is less than the amount stated in the offer, the annuity shall be proportionally reduced.

 (2) The insurance company shall keep records of the data used for the proportional adjustment, in a manner prescribed by the ISA.

 Article 13

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

 (1) The provisions of the Law on Insurance Supervision that refer to bankruptcy and liquidation of an insurance company shall be appropriately applied in case of bankruptcy or liquidation of an insurance company that provides second pillar pensions.

 (2) The claims of the beneficiaries of a second pillar pension and persons designated by them shall have the right of priority of settlement in relation to the other creditors of the insurance company.

 **Chapter 4**

**Rules regarding programmed withdrawals**

 Article 14

**Types of programmed withdrawals**

 (1) The pension company may offer the following types of programmed withdrawals:

a) lifelong programmed withdrawals which may be an independent product; and

b) temporary programmed withdrawals which can only be combined with

lifelong deferred annuity from an insurance company.

 (2) The pension company shall pay the total amount remaining on the individual account after the death of a pension beneficiary with programmed withdrawals, as an inheritance, in accordance with the law.

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

 Article 15

**Companies for payment of programmed withdrawals**

 (1) Pension companies established in accordance with 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 shall be obliged to appoint a person for calculation and payment of pensions through programmed withdrawals. Calculation of pensions through programmed withdrawals can be performed by a person who has a license as an authorized actuary.

 (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 shall be obliged to use the following parameters: the total amount of the funds on the individual account, annuity factor for individual pension, age of the pension beneficiary and the market rate of return.

(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 rate of return.

 (4) The pension company shall be obliged to use a formula for calculation of the monthly pension through lifelong programmed withdrawals for the month *t*, which is paid during the next 12 months and is based on dividing the total amount of funds on the individual account of the pension beneficiary with a factor that represents the required capital per unit of pension and this amount is divided by 12, as follows:

**Pension \_t** = (Total \_ amount \_t /Unit \_t)/1

where:

 ***Total\_amount\_t*** = Total amount of funds on the individual account of the pension beneficiary per month

 ***Unit \_t*** = Necessary capital for unit of 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 required capital per unit of pension, through lifelong programmed withdrawals (*Unit \_ t*) is equal to the actuarial annuity factor for ordinary annuity:

*a x* =

*w*− *x* −1

∑ *t E x*

*w*− *x* −1

= ∑

*D*

1

*x* +*t* =

*w*− *x* −1

∗ ∑ *Dx* +*t*

*t* =1

*t* =1 *Dx*

*Dx t* =1

 (6) The annuity factor for ordinary annuity includes a measure of the probability that the pension beneficiary really survives any future year until the end of the mortality table and the long-term real return rate.

 (7) The formula used by the pension company for calculating the pension through temporary programmed withdrawals for the month *t*, which will be paid during the next 12 months, is based on dividing the net amount of funds on the individual account of the pension beneficiary after the reduction of the part of the amount of funds for financing the lifelong deferred annuity, with a factor that represents the required capital per unit of pension and dividing this amount by 12 as follows:

*Pension*

*t* = (*Net amount*

*t* / *Unit* \_ *t* )/ 12

where:

*Net*

*amount t*

= net amount of funds on the individual account of the pension beneficiary in month *t* after reduction of the premium for financing the lifelong deferred annuity

*Unit*\_ *t*

*Pension*

\_ *t*

= required capital per unit of pension in month *t*

= monthly pension to be paid from month *t* to month *t*

 (8) The formula used by the pension company for the required capital per unit of pension, through temporary programmed withdrawals (*Unit \_ t*) is equal to the actuarial annuity factor for ordinary temporary annuity obtained during the following *n* years, where *n* is the remaining period of deferral expressed in number of years:

*a x*:*n*

*N* − *N*

= *x* +1 *x* + *n* +1

*D*

*x*

where:

*w*− *x*

*N x* = ∑ *Dx* +*i*

*i* =1

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

 (10) The pension company shall be obliged to use the prescribed rates referred to in paragraph (9) of this Article for determining the pension through lifelong programmed withdrawals and through temporary programmed withdrawals during the next 12 months.

 Article 17

**Fees charged for programmed withdrawals**

 (1) The pension companies shall collect benefits from the pension beneficiaries with programmed withdrawals from the second pillar in accordance with Article 98 paragraph (1) item b) of the Law on Mandatory Fully Funded Pension Insurance.

 (2) Pension companies may collect transaction costs for payment of pensions 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 in accordance with 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 a crime of fraud, theft or embezzlement, the Budget of the Republic of Macedonia, shall pay funds to the mandatory pension fund from which a pension is paid in the form of programmed withdrawals, in a procedure determined 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 beneficiary may use the accumulated funds on the individual account for acquiring two types of pension payment in combination of temporary programmed withdrawals offered by a pension company and a lifelong deferred annuity offered by an 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 should be a whole number of years or a 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 a lifelong deferred annuity, where this ratio may not be greater than 1.5/1 and may not be less than 0.65/1 for each pension beneficiary entitled to the lowest pension amount.

 (4) The amount of the pension through temporary programmed withdrawals and the first pillar pension must be equal to or greater than the minimum pension amount determined by law.

 (5) The pension company shall be obliged to check whether the sum of the pension determined through temporary programmed withdrawals and the pension from the first pillar is equal to or greater than the minimum pension amount determined by law. If these conditions are not met, the pension company will not accept temporary programmed withdrawals combined with a deferred annuity and the member must make another choice or start a new second pillar pension listing procedure.

 (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 of annuities by an insurance company, taking into account the total amount of funds on the individual account, the duration of the deferral period and the relative levels of both pensions. The insurance companies that perform listing for temporary programmed withdrawals in combination with deferred annuity shall make separate offers for each pension company which may provide temporary programmed withdrawals.

 **Chapter 6**

**Common provisions for annuities and programmed withdrawals**

 Article 21

**Individual pensions**

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

 (2) With the exception of paragraph (1) of this article, when the pension beneficiary chooses a guaranteed annuity, they shall determine several beneficiaries and the order of use in case of death, which 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 determining the mortality tables shall be determined by the ISA and MAPAS under the same conditions for the insurance companies and the pension companies, having in mind:

a) the specificity of the population composed of pensioners receiving a pension through

annuity and their beneficiaries and

b) improving longevity.

 (2) The ISA shall prescribe the rules and the minimum standards for calculation of technical reserves, and the insurance company shall be obliged to use mortality tables for calculation of the reserves for annuities in accordance with the minimum standards prescribed by the ISA.

 (3) MAPAS shall prescribe the rules and the minimum standards for the mortality tables, and the pension company shall be obliged to use the mortality tables for calculation of the annuity factor for second pillar pensions through lifelong and temporary programmed withdrawals, in accordance with the minimum standards prescribed by MAPAS.

 (4) The insurance companies and the pension companies shall keep records and statistical data on the actual mortality of the pension beneficiaries and shall be obliged to submit the statistical data to the ISA and MAPAS in a period and form prescribed by the ISA and MAPAS.

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

a) the interest rate used for calculation of the reserves, i.e., the annuity factor which cannot be higher than the prevailing market real return rate on long-term debt securities; and

b) long-term and medium-term real return rates are based on the prevailing nominal market return rates for long-term and medium-term debt instruments reduced by the estimated cost of living for the same periods and the estimate of future prevailing market rates without long-term and medium-term riskless debt securities, represented in the portfolios of pension funds and insurance companies.

 (6) The ISA shall prescribe the rules and minimum standards for determining interest rates, and the insurance company shall be obliged to use interest rates for the calculation of the reserves for annuities in accordance with the rules and minimum standards prescribed by the ISA.

 (7) MAPAS shall prescribe the rules and minimum standards for determining interest rates, and the pension company shall be obliged to use interest rates in accordance with the rules and minimum standards prescribed for calculating the annuity factor for second pillar pensions through lifelong and temporary programmed withdrawals.

 **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 the second and third pillar, with a contract, shall establish an electronic listing center (hereinafter: Listing Center).

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

 (3) The listing center referred to in paragraph (1) of this article shall be established as a non-profit entity and shall acquire the status of a legal entity upon entry in the Central Register 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 adopt a Statute approved by MAPAS.

(6) MAPAS shall control the operation of the Listing Center.

(7) MAPAS shall prescribe the manner of performing the control referred to in paragraph (6) of this article.

 Article 24

**Activities of the Listing Center**

The listing center shall perform the following activities:

a) establish and maintains a software for electronic connection of all insurance companies and pension companies that are founders of the Listing Center;

b) receive and record listing requests submitted electronically 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 that has submitted for a listing request;

e) perform activities that are of mutual interest of the insurance companies and the pension companies;

f) adopt a code of conduct for insurance companies and pension companies in the listing process;

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

h) perform other activities in accordance with this Law.

 Article 25

**Funding of the Listing Center**

 (1) The funds for performing the activities of the Listing Center shall be provided by the founding companies referred to in Article 23 paragraph (1) of this Law on a proportional basis.

(2) The listing center may not charge fees from the pension fund members or the pension beneficiaries or pension benefit from the second and third pillar.

(3) The listing center shall prepare an annual work plan and an annual financial plan and submit them to MAPAS no later than December 31 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, in accordance with the Law on Accounting for Non-Profit Organizations.

(2) The listing center shall prepare an annual account and an annual report for the business year and submits them by March 31 of the current year for the previous year.

 Article 27

**Contract for establishment of the Listing Center**

The contract for establishment of the Listing Center regulates:

a) the activities it performs;

b) the manner of funding;

c) the organization;

d) management and decision making;

e) general acts of the Listing Center;

f) the manner of admission of new co-founding companies;

g) the withdrawal and exclusion of the founding companies and

h) other issues related to the operation of the Listing Center.

 Chapter 8

**Manner and procedure for exercising the right to an old-age pension from the second pillar**

 Article 28

**Initiating a procedure for exercising the right to an old-age pension**

 (1) The procedure for exercising the right to a pension from the second pillar begins with submitting a request by the pension fund member for exercising the right to old age pension to the Pension and Disability Insurance Fund of Macedonia (hereinafter: the PDIF).

 (2) After the conducted procedure, the PDIF shall submit a copy of the adopted decision recognizing or not recognizing the right to 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 by decision or court procedure, another decision is made for the right to old age pension, the PDIF is again obliged to submit a copy of the decision to the pension company referred to in paragraph (2) of this article, within three days from the day of receiving the decision.

 Article 29

**Mandatory participation of pension fund members**

 (1) The listing center is mandatory for each 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) A pension fund member that has an individual account in a pension fund shall submit a request to the pension company which on their behalf shall start a listing in the Listing Center. In the request, the pension fund member shall determine which payment types they would like to be included in the listing.

 (3) Within five days of the receipt of the request referred to in paragraph (2) of this Article, the pension company shall be obliged to submit a request for listing in the Listing Center with a listing 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 that has chosen a combination of temporary programmed withdrawals and lifelong deferred annuity shall define both the deferral period and the ratio between these two types of pensions. The pension fund member may require several different 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 the pension companies are obliged to present their offers within five days of the submission of the request for listing in the Listing Center.

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

 (3) All offers presented by the insurance companies and the pension companies shall show the initial pension of each offered type of pension payment and the projected pension that will be paid in 10 and 20 years. For programmed withdrawals, projections of the amounts on the individual account at the end of the period of ten and 20 years shall also be presented. The initial pension and the projected pensions and amount on the individual account for the programmed withdrawals in 10 and 20 years shall be expressed in denars with constant purchasing power, adjusted to the current purchasing power of the denar.

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

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

(6) The ISA shall prescribe the manner of making projections of pensions through annuities for the period after 10 and 20 years, according to rules and assumptions that are appropriate to the approach for projection of pensions through programmed withdrawals and the amount of the accounts.

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

(8) MAPAS shall closely regulate the manner in which the offers are presented to the pension fund member and the manner in which the projected future pensions are expressed in the current purchasing power of the Denar at 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 of a pension fund member, it may present an offer for one or more types of pension payments for which the member has submitted a request. The offers shall be valid for 30 days from the day of the presentation of the offer. After the expiration of the period of 30 days, the insurance company may refuse to conclude an annuity policy with the member.

(2) The insurance company shall be obliged to present an offer through the Listing Center for concluding an annuity policy.

 Article 32

**Contracts between a pension fund member and insurance companies and pension companies on the type of pension payment**

 (1) The pension company, after receiving the summary table from the Listing Center, shall inform the pension fund member that offers have been received from the insurance company and/or pension company. At the request of the member, the pension company shall be obliged to submit a summary table with all received offers, certified and signed by the company. The summary table contains the identification number of the listing from the request from Article 29 paragraph (3) of this Law.

(2) The pension fund member may in the period of 30 days of validity of the offers,

select an offer stated in the summary table from paragraph (1) of this Article.

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

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

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

(6) An insurance company and a pension company may not refuse to conclude a contract or annuity policy with a member that has chosen its offer.

(7) The pension fund member shall submit copies of the contract with the pension company and/or the 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 obliged to choose an offer received through the Listing Center or an offer received during the negotiations with an insurance company.

(2) If the pension fund member does not make a choice with the pension company that manages that fund, it shall be considered that he has not chosen the type of second pillar pension payment in which case Article 35 of this Law shall apply.

(3) The pension fund member may request a listing through the Listing Center in an unlimited number of times.

 Article 34

**Exercising the right to a pension only from the second pillar**

(1) The pension fund member who has not exercised the right to old age pension in the PDIF, due to non-fulfillment of the legal conditions, shall submit the request for exercising the right to pension only from the second pillar to the pension company that manages the pension fund where he/she is a member.

(2) The request for exercising the right to a pension only from the second pillar shall be submitted after reaching the age of 65. The member of a pension fund referred to in paragraph (1) of this article shall attach to the request referred to in paragraph (1) of this article a statement certified by a notary public that he/she waives the right to a first pillar pension and the right to the lowest pension amount. The pension fund member may choose between:

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

or

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

(3) Within three days of the day of receipt of the request referred to in paragraph (1) of this article, the pension company managing the pension fund of which the applicant is a member shall submit a request to the Pension and Disability Insurance Fund of Macedonia to submit a certificate that the member of the pension fund has not exercised the right to a pension due to non-fulfillment of the conditions regarding the length of the pension service.

(4) The authorized official from the Pension and Disability Insurance Fund of Macedonia shall be obliged to submit the certificate referred to in paragraph (3) of this article within three days of the day of receipt of the request.

 Article 35

**Deferral of the realization of a second pillar pension**

(1) A first pillar pension beneficiary may delay the realization of a pension from the second pillar for a maximum of three years from the day of acquiring the right to an old-age pension from the first pillar. At the end of this period, he/she should choose one of the prescribed types of second pillar pension payment.

(2) If after the expiration of three years the first pillar pension beneficiary does not choose 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 an individual account and the pension company shall start with the payment of the pension.

(3) If the second pillar pension beneficiary fails to inform the pension company referred to in paragraph (2) of this article about the transaction account for transfer of the pension funds, the pension company shall pay the programmed withdrawals to the transaction account to which the PDIF pays the first pillar pension. The Pension and Disability Insurance Fund shall submit data on the address and transaction account of the second pillar pension beneficiary, at the request of the pension company.

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

(5) The pension beneficiary has the right to choose one of the prescribed types of pension payment even after the pension company has started with payment in accordance with paragraph (2) of this article or keeps the funds on the individual account of the second pillar pension beneficiary in accordance with 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 a pension company**

(1) Upon receipt of the annuity policy and/or the contract with a pension company from 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 elected by the member. For the performed transfer, the pension company must not collect fees from the member or from the insurance company, or the pension company selected by the member, except for transaction commissions.

(2) The pension company shall be obliged to transfer the funds to the insurance company or the pension fund within one month from the day of receiving the annuity policy and/or the contract with the pension company.

(3) If the funds are transferred in the first half of a calendar month, the insurance company and/or the pension company shall be obliged to make the first payment of the pension during the second half of that month. If the funds are transferred in the second half of a calendar month, the first payment of the pension shall be in the first half of the following month.

 Article 37

**Records kept by pension companies**

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

The records referred to in paragraph (1) of this article shall also be kept 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 a pension fund member who has exercised a second pillar pension type**

(1) The pension companies and the insurance companies are obliged to notify the Pension and Disability Insurance Fund, once a month, for each pension fund member who has exercised a type of payment of a second pillar pension in that period. The notice shall contain data on the type of selected pension payment, the name of the company or companies selected for payment of the second pillar pension, the amount of the second pillar pension and other characteristics related to the guaranteed period, deferred annuity or immediate annuity, proportionality between temporary programmed and deferred annuity, fixed annuity with profit sharing.

(2) Based on the data referred to in paragraph (1) of this article, the PDIF shall keep records of the need for a surcharge up to the minimum amount of pension for each pension beneficiary individually.

(3) MAPAS shall prescribe the manner of keeping the records and the type of data that the pension companies and the insurance companies shall submit to the PDIF.

 Article 39

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

(1) The pension company shall submit a copy of the decision received from the Pension and Disability Insurance Fund from Article 28 paragraph (2) of this Law to the insurance company or the pension company selected by the pension beneficiary within five days from the day of receiving the data.

(2) After the receipt of the data referred to in paragraph (1) of this article, the insurance company or the pension company shall be obliged to check every month whether the sum of the pension from the second pillar and the pension determined from the first pillar is less than the minimum amount of pension determined by the regulations of the 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 the pension companies are obliged to check whether the second pillar pension beneficiary is entitled to a surcharge to the minimum pension amount in accordance with the Law on Pension and Disability Insurance.

(2) The check referred to in paragraph (1) of this article shall be performed monthly by comparing the sum of the monthly amount of the pension paid from the second pillar and the monthly amount of the pension from the first pillar, with the minimum pension amount. If there is a difference to the minimum pension amount the insurance companies and the pension companies shall inform the PDIF about the monthly amount of second pillar pension and the amount of the pension from the first pillar for each pension beneficiary. This notification shall be performed within three days from the calculation of the second pillar pension.

(3) When performing the calculations, the data on the amount of the minimum pension amount and the data on adjustment of the pensions, published in the "Official Gazette of the Republic of Macedonia" shall be used.

(4) MAPAS shall prescribe the manner in which the pension companies shall compare the monthly amounts of the programmed withdrawals and the pension exercised from the first pillar.

(5) The ISA shall prescribe the manner in which the insurance companies shall compare the monthly amounts of the pension with the annuity and the pension exercised from the first pillar.

 Article 41

**Obligations of the PDIF regarding the difference to the minimum pension amount**

(1) The Pension and Disability Insurance Fund, after receiving the data referred to in article 40 paragraph (2) of this Law and using its own records for payment of first pillar pensions, shall check the calculated difference up to the minimum pension amount.

(2) If the Pension and Disability Insurance Fund determines non-compliance in the calculated difference up to the minimum pension amount by the insurance companies and the pension companies, it shall notify these companies monthly for each beneficiary for which the difference up to the minimum pension amount has been paid.

(3) The PDIF shall be obliged to pay the difference up to the minimum amount of the pension.

 **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 amount of pension, the pension company shall be obliged to increase the payment through programmed withdrawals with surcharge so that the sum of the pension through programmed withdrawals and the pension from the first pillar be equal to the amount of the minimum amount of pension determined by the Law on Pension and Disability Insurance. The payment of the programmed withdrawal with a surcharge up to the amount of the minimum amount of pension shall be made by the pension company as long as 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 no longer pay the pension through programmed withdrawals and shall notify the PDIF within three days. The PDIF shall be obliged to pay a pension from the first pillar to the pension beneficiary and a difference up to the minimum amount of pension.

 Article 43

**Payment of the difference up to the minimum pension amount when the second pillar pension is paid as a pension annuity**

(1) If the sum of the pension through pension annuities and the pension from the first pillar is less than the lowest pension amount, the PDIF shall be obliged to pay in addition to the pension from the first pillar a difference to the lowest pension amount based on data obtained from the insurance company.

 (2) MAPAS shall prescribe the manner of checking and surcharge to the minimum pension amount by the pension companies. With the prior consent of MAPAS, the ISA shall prescribe the manner for checking the minimum pension amount by the insurance companies.

 Article 44

**Exception to the application of the right to the minimum pension amount when the realization of a second pillar pension is postponed**

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

 **Chapter 13**

**Selection of a type of second pillar pension by a person who has exercised the right to disability or family pension**

 Article 45

**Retention of the second pillar funds**

(1) When submitting a request for disability or family pension to the PDIF, the pension fund member who seeks to exercise the right to disability pension or the person requesting to receive a family pension from a pension fund member shall submit the name of the pension company that manages with the pension fund in which the members’ individual account is.

(2) The PDIF shall submit to the pension company data on the amount of the pension that would be paid from the first pillar, the address of the pension fund member who seeks to exercise the right to disability or the person seeking to exercise the right to family pension, also shall provide data on date of birth, gender and period of use of the pension for each beneficiary for a family pension. The period of using the family pension can be temporary if the pension is used by children during schooling or for life for other family members.

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

a) if there is at least one beneficiary who will use the family pension for life, an individual lifelong pension is calculated through programmed withdrawals for the youngest beneficiary who will use the pension for life. If the family pension calculated in this way is greater than or equal to the pension determined by the Pension and Disability Insurance Fund, then the holder of the right to a family pension has the right to choose whether:

1) will keep the funds from the members’ individual account and will give up on the family pension from the first pillar, after which the pension company shall start with the payment of programmed withdrawals or

2) the funds from the members’ individual account will be transferred to the PDIF

after which the PDIF shall start with the payment of family pension and

b) if there are no beneficiaries who will use the family pension lifelong, an individual temporary pension shall be calculated through programmed withdrawals for the youngest beneficiary who will use the pension temporarily. If the family pension calculated in this way is greater than or equal to the pension determined by the Pension and Disability Insurance Fund, then the holder of the right to a family pension has the right to choose whether:

1) will keep the funds from the members’ individual account and will give up on the family pension from the first pillar, after which the pension company shall start with the payment of programmed withdrawals or

2) the funds from the members’ individual account will be transferred to the PDIF after which the PDIF shall start with the payment of family pension.

(4) The pension company shall calculate the disability pension for the member as an individual lifelong pension through programmed withdrawals. If the disability pension calculated in this way is greater than or equal to the pension determined by the PDIF, then the member of the second pillar has the right to choose whether:

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

b) the funds from the members’ individual account will be transferred to the PDIF after which the PDIF shall start with the payment of family pension.

(5) The pension company shall inform the pension fund member who requests to exercise the right to a disability pension or the person who requests to exercise a family pension from a pension fund member for the performed calculations from paragraphs (3) and (4) of this article.

(6) If from the calculations referred to in paragraphs (3) and (4) of this article it is determined that the pension from the second pillar is less than the amount of the pension from the first pillar, the funds of the pension fund member shall be transferred to the PDIF after which the PDIF shall begin with the payment of disability or family pension.

(7) If from the calculations referred to in paragraphs (3) and (4) of this article it is determined that the pension from the second pillar is higher than the pension from the first pillar, the pension fund member who seeks to exercise the right to disability pension or the person requesting to exercise a family pension shall choose one of the possibilities from paragraphs (3) and (4) of this article.

(8) The pension fund member who seeks to exercise the right to disability pension or the person who seeks to exercise a family pension from a pension fund member shall make the choice in the pension company through a statement, and the pension company shall submit a copy of the statement to the PDIF and MAPAS.

 Article 46

**Determination and payment of the second pillar pension**

(1) If the person requesting to receive a family pension has given up on the first pillar pension and has chosen to use a second pillar pension, the pension company shall calculate the second pillar pension according to the following rules if:

a) there is at least one beneficiary who will use the family pension for life, the pension company shall calculate an individual lifelong pension through programmed withdrawals based on the data for the youngest lifelong beneficiary and shall pay the pension monthly to the pension holder;

b) all lifelong beneficiaries die or there are no lifelong beneficiaries, the pension company shall calculate an individual temporary pension through programmed withdrawals, based on the data for the youngest temporary beneficiary and shall pay the pension monthly to the pension holder and

c) there are no lifelong and temporary users, all remaining funds on the individual account of the member shall be inherited in accordance with law.

(2) If the person applying for a disability pension has given up the first pillar pension and has chosen to use a second pillar pension, the pension company shall calculate the disability pension for the member as an individual lifelong pension through programmed withdrawals. If the beneficiary of a second pillar pension dies, all remaining funds on his/her individual account shall be inherited in accordance with the law.

 (3) The pension company shall make the payment of the pension on a transaction account of the beneficiary, i.e., the pension holder.

 Article 47

**Formulas for calculating a second pillar disability or family pension**

The determination of the programmed withdrawals from Articles 45 and 46 of this Law shall be done in accordance with Article 16 of this Law.

 **Chapter 14**

**Payment of second pillar pensions**

 Article 48

**Currency used for the payment of second pillar pensions**

(1) All second pillar pensions shall be paid in denars.

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

(3) In fixed annuities with a profit share, the amount of the pension shall be expressed in “shares” or “units”, but shall be paid in denars, depending on the choice of the currency for conversion of the “share/unit” made by the pension beneficiary on the day of purchase.

 Article 49

**Dates and manner of payment of second pillar pensions**

(1) The pension company shall be obliged to pay the programmed withdrawals monthly, no later than the 25th of the month for the previous month, by transferring funds to the transaction account of the pension beneficiary.

(2) The insurance company shall be obliged to pay the annuities monthly, no later than the 25th of the month for the previous month, by electronic transfer of the funds to the transaction account of the pension beneficiary, in a manner and procedure determined by the ISA.

 Article 50

**Taxation of second pillar pensions**

Second pillar pensions that are paid through programmed withdrawals and annuities shall be subject to personal income tax in accordance with the Law on Personal Income Tax. The pension company or the insurance company that pays the pensions shall be obliged to calculate and pay the personal income tax on behalf and in the name of the account of the pension beneficiary.

 Article 51

**Prohibition on encumbering second pillar pensions**

(1) The second pillar pensions, through annuities or programmed withdrawals, may not be pledged, bought off or be subject to execution.

(2) Second pillar annuity policies may not be bought off.

(3) The second pillar funds intended for pensions through programmed withdrawals may not be pledged, bought off or be subject to execution.

**Part III**

**Pension benefits from voluntary fully funded pension insurance**

 **Chapter 15**

**Payment of pension benefit**

 Article 52

**Types of payment of pension benefit**

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

a) annuities;

b) programmed withdrawals;

c) lump sum payments;

d) multiple payments and

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

(2) When choosing an annuity, the pension fund member should choose an annuity that will contain one characteristic of each type of annuity listed in the following items:

a) individual and joint annuities;

b) lifelong and temporary annuities;

c) immediate and deferred annuities;

d) with or without a guaranteed period and

e) fixed annuities, variable annuities or fixed annuities with profit sharing.

(3) The pension beneficiary, in case of a combined pension benefit, shall decide on how many types of pensions benefits the funds from his/her individual account will be divided and shall determines the share for each of the types.

 Article 53

**Change in the type of payment of pension benefit**

(1) The annuity policy is an unbreakable contract and may not be terminated even in case of consent from both the pension beneficiary and the insurance company.

(2) The pension beneficiary may at any time replace the programmed withdrawal provided by one pension company by using the remaining available funds from the voluntary individual and/or professional account for purchasing programmed withdrawals from another pension company, purchasing an annuity from an insurance company or with lump sum or multiple payment from the pension company.

(3) The pension beneficiary may replace the multiple payment by using the remaining available funds from the voluntary individual and/or professional account for purchasing an annuity from an insurance company, purchasing programmed withdrawals from a pension company, with a multiple payment from another pension company or with lump sum payment.

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

(5) MAPAS shall prescribe the manner of replacing programmed withdrawals from one pension company with programmed withdrawals from another pension company, with annuity or with lump sum or multiple payment by a pension company.

(6) MAPAS shall prescribe the manner of replacing the multiple payment by a pension company with programmed withdrawals from another pension company, with an annuity or with a lump sum or multiple payment by 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 who in case of his/her death shall use the annuity until the end of the guaranteed period. The guaranteed period for an annuity shall last for at most 240 months.

(2) As an exception to paragraph (1) of this article, the pension beneficiary in the annuity policy may determine several beneficiaries and order of use in case of death, who shall use 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 determine one or more beneficiaries who in case of his/her death shall use the annuity. Each beneficiary shall receive a part of the pension benefit in the amount defined by the pension fund member in the policy, and the sum of all parts received by the beneficiaries cannot exceed 100% of the amount of the pension benefit.

(4) If the annuity is a guaranteed joint annuity, after the death of the pension fund member, the designated beneficiaries shall receive, until the end of the guaranteed period, the pension benefit in the amount of 100% which shall be distributed to each beneficiary, in accordance with the amounts of pension benefit defined by the pension fund member in the policy. At the end 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 guaranteed period shall begin with the end of the deferral period.

 Article 55

**Entities through which annuities can be sold**

(1) Third pillar annuity policies shall be sold by the insurance companies. The insurance companies shall sell the annuity policies through an insurance agent, an insurance agency and an insurance brokerage company that is established and operates in accordance with the Law on Insurance Supervision.

(2) The insurance company, insurance agent, insurance agency and insurance brokerage company may not offer discounts, refunds or other benefits to a pension fund member when selling annuities.

 Article 56

**Determining the level of the annuities and collection of expenses**

The insurance companies shall determine the level of the annuities, decide on mortality tables, interest rate assumptions, management costs and other assumptions used in determining the amount of the offered pension.

 Article 57

**Fees for the payment of annuities**

The insurance company shall not charge fees for the payment of third pillar annuities, except for transaction costs.

 Article 58

**Determining of the level of pension benefit paid through variable annuity and fixed annuity with a profit share**

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

(2) The ISA with prior consent of MAPAS shall prescribe the allowed parameters that insurance companies and other authorized persons can use in marketing materials, simulations and projections for the amount of the pension that will be paid in the future through variable annuity and fixed annuity with profit sharing.

(3) The ISA shall, with the prior consent of MAPAS, prescribe the assumptions to be used and stated by the insurance companies and other authorized persons, in particular the assumptions regarding the return on investment used in several "scenarios", as follows: "basic", "optimistic" and "pessimistic". The return for the "baseline scenario" shall be determined on the basis of the performance of a portfolio of assets with a similar portfolio composition offered under the variable annuity and fixed annuity policies achieved for at least the last ten years. The simulations and projections should state not only the average return, but also the variability of the return 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 case of bankruptcy or liquidation of an insurance company**

(1) The provisions of the Law on Insurance Supervision that refer to bankruptcy and liquidation of an insurance company shall be appropriately applied in case of bankruptcy or liquidation of an insurance company that provides third pillar pension benefits.

(2) The claims of the beneficiaries of the third pension 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 types of programmed withdrawals:

a) lifelong programmed withdrawals and

b) temporary programmed withdrawals.

(2) The pension companies shall use the formulas referred to in article 16 of this Law for initial calculation and for annual calculation of the level of the pension benefit from the programmed withdrawal.

(3) The pension company shall pay pension benefit through programmed withdrawals on a monthly basis, by transferring funds to a transaction account determined by the pension beneficiary.

 Article 61

**Fees charged for programmed withdrawals**

(1) The pension companies shall collect fees from the funds for programmed withdrawals from the third pillar, in accordance with Article 117 paragraph (1) item b) of the Law on Voluntary Fully Funded Pension Insurance.

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

 Article 62

**Investing of the funds kept 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 minimum standards and rules for determining the mortality tables shall be determined by the ISA and MAPAS under the same conditions for the insurance companies and the pension companies having in mind the following:

a) the specificity of the population composed of pensioners who receive a pension through an annuity and their beneficiaries; and

b) improving longevity.

(2) The ISA shall prescribe the rules and the minimum standards for calculation of technical reserves, and the insurance company shall be obliged to use the mortality tables for calculation of the reserves for the annuities in accordance with the minimum standards prescribed by the 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 statistical data on the actual mortality of the pension beneficiaries and shall be obliged to submit the statistical data to the ISA and MAPAS in a period and form prescribed by the ISA and MAPAS.

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

a) the interest rate used for calculation of the reserves, i.e., the annuity factor, which may not be higher than the prevailing market real rate of return on long-term debt securities; and

b) 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 instruments reduced for the estimated cost of living for the same periods and the estimated future prevailing market rates without long-term and medium-term debt securities, represented in the portfolios of pension funds and insurance companies.

(6) The ISA shall prescribe the rules and minimum standards for determining interest rates, and the insurance company shall be obliged to use interest rates for the calculation of the reserves for annuities in accordance with the rules and minimum standards prescribed by the ISA.

(7) MAPAS shall prescribe the rules and minimum standards for determining interest rates, and the pension company shall be obliged 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 relating to lump sum and multiple payments**

 Article 64

**Companies that provide lump sum and multiple payments**

Lump sum and multiple payments of pension benefits can be made only by companies for management of mandatory and voluntary pension funds or companies for management of voluntary pension funds.

 Article 65

**Investing funds held for lump sum or multiple payments**

Pension companies shall invest the funds they manage for the payment of lump sum or multiple payments in accordance with the Law on Voluntary Fully Funded Pension Insurance.

 Article 66

**Fees charged from lump sum and multiple payments**

The pension companies shall charge fees from the funds for lump sum and 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 benefit**

 Article 67

**Procedure for acquiring the right to a pension benefit**

(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 request referred to in paragraph (1) of this article may be submitted no later than the completion of 70 years of age of the pension fund member.

(3) If the conditions for the right to pension benefit are met, the pension company shall issue a certificate for the amount of the funds on its voluntary individual and/or professional account and shall determine the identification number of the listing.

(4) The pension fund member may decide to request a listing in the Listing Center for selection of the type of pension benefit, in person or through a pension company and to request from the pension company an identification number of the listing.

(5) If the member decides to personally request a listing in the Listing Center for selection of the type of pension benefit, he/she shall use the certificate referred to in paragraph (3) of this article.

(6) If the pension fund member decides to request a listing through a pension company, he/she shall authorize the company in writing to request 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 of the day of receipt of the request referred to in paragraph (6) of this article, the pension company shall be obliged to submit a request for listing in the Listing Center with a listing number and the following data: the amount of funds of the individual account, gender and date of birth of the member, the type of pension benefit or their combination determined by the pension fund member.

(8) If the pension fund member decides not to request a listing in the Listing Center, he/she shall submit a request to the pension company for payment of the funds through programmed withdrawals, lump sum or multiple.

 Article 68

**Voluntary listing for annuities**

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

(2) The insurance companies may present offers for one or more types of pension benefit 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 obliged to present offers in the Listing Center for lifelong and temporary programmed withdrawals for a pension beneficiary and their offers shall be valid for 30 days from the day of listing.

 Article 70

**Listing for 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

**Pension benefit arrangements**

(1) After the end of the listing period, the pension company shall receive from the Listing Center a summary table with all received offers for the pension fund member.

(2) The pension company shall be obliged 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 has chosen to receive the pension benefit as programmed withdrawals or as a lump sum or multiple payment, he/she shall conclude a contract with a pension company whose offer he/she has accepted.

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

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

(6) An insurance company and pension company must not refuse to conclude a contract or annuity policy with a member who has chosen his/her offer.

(7) The pension fund members shall submit copies of the contract and/or the annuity policy

to the pension company that manages the pension fund of which he/she is a member.

(8) If the pension fund member has chosen to receive pension benefit as a lump sum or multiple payment from the pension company, he/she shall conclude a contract with a pension company whose offer he/she has accepted. After the payment, the pension company shall issue a certificate stating that all funds from the voluntary individual and/or professional account have been paid. The pension company shall submit a copy of the certificate to MAPAS.

 Article 72

**Right to repeat the listing process**

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

 Article 73

**Mandatory acquisition of the right to a pension benefit**

(1) The pension fund member shall mandatorily exercise the right to pension benefit when he/she reaches 70 years of age.

(2) The pension company shall be obliged to address the pension fund member who

has reached 70 years of age for the purpose of exercising the right referred to in paragraph (1) of this article.

(3) If the pension fund member chooses the type of pension benefit, the procedure referred to in article 71 of this Law shall apply.

(4) If the pension fund member does not choose the type of pension benefit, it shall be considered that he/she has chosen a lump sum payment from the pension company that manages the pension fund where the member has a voluntary individual and/or professional account and the payment shall be made on his transaction account.

 (5) If the pension fund member does not inform the pension company about the transaction account to which his funds should be transferred as a lump sum, the pension company shall keep the funds on the voluntary individual and/or professional account of the member.

 Article 74

**Transfer of funds**

(1) Upon receipt of the annuity policy and/or the contract with a pension company from 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 insurance company and/or the account of the pension fund managed by the pension company selected by the member. For the performed transfer, the pension company must not collect fees from the member or from the insurance company, or the pension company selected by the member, except for transaction fees.

(2) The pension company shall be obliged to transfer the funds to the insurance company or the pension fund within one month from the day of receiving the policy for annuity and/or contract with a pension company.

(3) If the funds are transferred in the first half of a calendar month, the insurance company shall be obliged to make the first payment of the annuity, and the pension company shall be obliged to make the first payment of programmed withdrawals, during the second half of that month. If the funds are transferred in the second half of a calendar month, the companies shall be obliged to make the first payment of the annuity or the programmed withdrawals in the first half of the following month.

 Article 75

**Change in the pension benefit level due to change in 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

**Records kept by pension companies for realization of a pension benefit**

(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

**Currency used for the payment of pension benefits**

(1) All pension benefits shall be paid in denars.

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

(3) In case of variable annuities, the amount of the pension shall be expressed in “shares” or “units”, but shall be paid in denars, depending on the choice of the currency for conversion of the “share / unit” made by the pension beneficiary on the day of the purchase.

 Article 78

**Dates and manner of payment of pension benefits**

(1) The pension company shall be obliged to pay the programmed withdrawals monthly, no later than the 25th of the month for the previous month, by transferring funds to the transaction account of the pension beneficiary.

(2) The insurance company shall be obliged to pay the annuities monthly, no later than the 25th of the month for the previous month, by electronic transfer of the funds to the transaction account of the pension beneficiary, in a manner and in a procedure determined by the ISA.

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

 Article 79

**Taxation of pension benefits**

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

**Part IV**

 **Chapter 22**

**Penal and misdemeanor provisions**

 Article 80

**Crime**

A responsible person in a pension company, insurance company or PDIF who, by falsely presenting or concealing the facts, by misleading or otherwise illegally, influences a decision for retirement or the choice of a type of pension payment or pension benefit and with those activities caused financial damage to the pension fund member, shall be punished by imprisonment of one to three years.

 Article 81

Settlement and Misdemeanor Commission

(1) The provisions of the Law on Mandatory Fully Funded Pension Insurance that refer to settlement shall be applied in the procedures related to the misdemeanors prescribed by this Law.

(2) The provisions of the Law on Insurance Supervision that refer to mediation and settlement shall be applied in the procedures related to the misdemeanors prescribed by this Law.

 Article 82

(1) A fine in the amount of EUR 2,000 to 4,000 in MKD counter value shall be imposed for a misdemeanor on an insurance company, if:

1) when determining the amount of deferred annuity, it acts contrary to article 9 paragraph (2) of this Law;

2) it fails to harmonize the amount of the annuity that will be paid in accordance with article 12 paragraph (1) of this Law;

3) it fails to submit statistical data to the ISA in the period and form prescribed by the ISA in accordance with article 22 paragraph (4) of this Law, and

4) it fails to submit statistical data to the ISA in the period and form prescribed by the ISA in accordance with article 63 paragraph (4) of this Law.

(2) A fine in the amount of EUR 300 to 400 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in an insurance company.

(3) A fine up to double the amount referred to in paragraph (1) of this article shall be imposed on an insurance company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 83

(1) A fine in the amount of EUR 3,000 to 5,000 in MKD counter value shall be imposed for a misdemeanor on an insurance company, if:

1) it terminates an annuity policy contrary to article 4 paragraph (1) of this Law;

2) it performs harmonization of a fixed annuity adjusted for the costs of living contrary to article 6 paragraph (1) of this Law;

3) it offers a discount, refund of funds or other benefits contrary to article 7 paragraph (2) of this Law;

4) it collects fees contrary to article 10 of this Law;

5) it calculates the amount of the pension for the second pillar through a fixed annuity with profit share contrary to article 11 paragraphs (1) and (4) of this Law;

6) it fails to present an offer within the deadline determined in article 30 paragraph (1) of this Law;

7) it fails to make the first payment of the annuity within the deadline determined in article 36 paragraph (3) of this Law;

8) it fails to notify the Pension and Disability Insurance Fund of North Macedonia in accordance with article 38 paragraph (1) of this Law;

9) it fails to check the amount of the second pillar pension in accordance with article 39 paragraph (2) of this Law;

10) it fails to perform inspections in accordance with article 40 paragraph (1) of this Law;

11) it pays annuities contrary to article 49 paragraph (2) of this Law;

12) it fails to reduce the tax on the payment of second pillar pensions and third pillar pension benefits in accordance with articles 50 and 79 of this Law;

13) it terminates an annuity policy contrary to article 53 paragraph (1) of this Law;

14) it offers a discount, refund of funds or other benefits contrary to article 55 paragraph (2) of this Law;

15) it collects fees contrary to article 57 of this Law;

16) it fails to make the first payment of the annuity within the deadline determined in article 74 paragraph (3) of this Law;

17) it fails to harmonize proportionally the amount of the annuity in a manner determined by 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 EUR 300 to 400 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in an insurance company.

(3) A fine up to double the amount referred to in paragraph (1) of this article shall be imposed on an insurance company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 84

(1) A fine in the amount of EUR 8,000 to 10,000 in MKD counter value shall be imposed for a misdemeanor on an insurance company, if:

1) it pays a type of second pillar pension or third pillar pension benefit contrary to articles 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 the interest rates in accordance with article 63 paragraph (6) of this Law.

(2) A fine in the amount of EUR 400 to 500 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in an insurance company.

(3) A fine up to double the amount referred to in paragraph (1) of this article shall be imposed on an insurance company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 85

(1) A fine in the amount of EUR 2,000 to 4,000 in MKD counter value shall be imposed for a misdemeanor on a pension company, if:

1) it fails to submit statistical data to MAPAS in the period and form prescribed by MAPAS in accordance with article 22 paragraph (4) of this Law;

2) it fails to maintain and keep records in a manner determined in article 37 paragraph (1) of this Law;

3) it fails to submit statistical data to MAPAS in the period and form prescribed by MAPAS in accordance with article 63 paragraph (4) of this Law, and

4) it fails to maintain and keep records in a manner determined in article 76 paragraph (1) of this Law.

(2) A fine in the amount of EUR 300 to 400 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in a pension company.

(3) A fine up to twice the amount referred to in paragraph (1) of this article shall be imposed on a pension company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 86

(1) A fine in the amount of EUR 3,000 to 5,000 in MKD counter value shall be imposed on a pension company for a misdemeanor, if:

1) it fails to appoint a person who has a work permit as an authorized actuary in accordance with article 15 paragraph (2) of this Law;

2) during the first calculation for programmed withdrawals it uses parameters and formula contrary to article 16 paragraphs (2) and (4) of this Law;

3) when recalculating for programmed withdrawals, it uses parameters and formula contrary to article 16 paragraphs (3) and (4) of this Law;

4) it collects fees contrary to article 17 paragraph (1) of this Law;

5) it fails to check the sum of the pension in accordance with article 20 paragraph (5) of this Law;

6) it fails to submit a request for listing in accordance with article 29 paragraph (3) of this Law;

7) it fails to present an offer within the deadline determined 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 collects fees for transfer of funds contrary to article 36 paragraph (1) of this Law;

10) it fails to transfer the funds within the deadline determined in article 36 paragraph (2) of this Law;

11) it fails to notify the Pension and Disability Insurance Fund of North Macedonia in accordance with article 38 paragraph (1) of this Law;

12) it fails to check the amount of the second pillar pension in accordance with article 39 paragraph (2) of this Law;

13) it fails to perform inspections in accordance with article 40 paragraph (1) of this Law;

14) it fails to increase the payment of programmed withdrawals in accordance with article 42 paragraph (1) of this Law;

15) it makes payment of programmed withdrawals contrary to article 49 paragraph (1) of this Law;

16) it does not reduce the tax on the payment of second pillar pensions and third pillar pension benefits in accordance with articles 50 and 79 of this Law;

17) it fails to submit a request for 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 an individual voluntary or professional account to 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 deadline determined in article 74 paragraph (2) of this Law;

22) it fails to make the first payment of programmed withdrawals within the deadline determined in article 74 paragraph (3) of this Law, and

23) it makes payment of programmed withdrawals contrary to article 78 paragraph (1) of this Law.

(2) A fine in the amount of EUR 300 to 400 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in a pension company.

(3) A fine up to twice the amount referred to in paragraph (1) of this article shall be imposed on a pension company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 87

(1) A fine in the amount of EUR 8,000 to 10,000 in MKD counter value shall be imposed on a pension company for a misdemeanor, if:

1) it pays a type of second pillar pension or third pillar pension benefit contrary to articles 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 the interest rates referred to in article 63 paragraph (7) of this Law.

(2) A fine in the amount of EUR 400 to 500 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in a pension company.

(3) A fine up to double the amount referred to in paragraph (1) of this article shall be imposed on an insurance company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 88

(1) A fine in the amount of EUR 3,000 to 5,000 in MKD counter-value shall be imposed for a misdemeanor on an insurance agency or an insurance brokerage company, if:

1) offers a discount, refund of funds or other benefits contrary to Article 7 paragraph (2) of this Law;

2) charge a commission from an insurance company contrary to Article 8 paragraph (2) of this Law, and

3) offers a discount, refund of funds or other benefits contrary to Article 55 paragraph (2) of this Law.

(2) A fine in the amount of EUR 300 to 400 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article to a responsible person for a misdemeanor in an insurance agency or an insurance brokerage company.

(3) A fine up to double the amount referred to in paragraph (1) of this article shall be imposed on an insurance agency or an insurance brokerage company if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(4) For the misdemeanors determined in this article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a competent court.

 Article 89

(1) A fine in the amount of EUR 3,000 to 5,000 in MKD counter value shall be imposed for a misdemeanor to the Pension and Disability Insurance Fund of North Macedonia, if:

1) it fails to submit a copy of the decision, i.e., the resolution to the pension company in accordance with article 28 paragraphs (2) and (3) of this Law;

2) it does not check the calculated difference up to the minimum pension amount in accordance with article 41 paragraph (1) of this Law;

3) it fails to pay the difference up to the minimum pension amount in accordance with article 41 paragraph (3) of this Law;

4) it fails to pay the difference to the pension in accordance with article 42 paragraph (2) of this Law, and

5) it fails to pay the minimum pension amount in accordance with article 43 paragraph (1) of this Law.

(2) A fine in the amount of EUR 300 to 400 in MKD counter value shall be imposed for a misdemeanor referred to in paragraph (1) of this article and to a responsible person for a misdemeanor in the Pension and Disability Insurance Fund of North Macedonia.

(3) A fine in the amount of EUR 25 to 50 in MKD counter value shall be imposed for a misdemeanor on an authorized official in the Pension and Disability Insurance Fund of North Macedonia, if within three days of the day of receipt of the request he/she does not act in accordance with article 34 paragraph (4) of this Law.

(4) A fine up to double the amount referred to in paragraph (1) of this article shall be imposed on the Pension and Disability Insurance Fund of North Macedonia if with the misdemeanor referred to in paragraph (1) of this article it has acquired greater property gain or caused greater damage.

(5) For the misdemeanors determined in this Article, a misdemeanor procedure shall be conducted and a misdemeanor sanction shall be pronounced by a 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 performing insurance activities in the annuity class and shall pay annuities to pension beneficiaries.

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

 Article 92

The bylaws whose adoption is provided by this law shall be adopted within two years from the day this law enters into force.

 Article 93

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

 Article 94

(Article 10 of the "Official Gazette of the Republic of Macedonia" No. 147/15)

The Legislative-Legal Commission of the Assembly of the Republic of Macedonia is authorized to determine a consolidated text of the Law on Payment of Pensions and Pension Benefits from Fully Funded Pension Insurance.

 Article 95

(Article 11 of the "Official Gazette of the Republic of Macedonia" No. 147/15)

This Law shall enter into force on the day of its publication in the "Official Gazette of the Republic of Macedonia".

 Article 96

(Article 4 of the "Official Gazette of the Republic of Macedonia" No. 30/2016)

The initiated procedures will be completed by the day of starting the application of this law

in accordance with the law under which they were initiated.

 Article 97

(Article 5 of the "Official Gazette of the Republic of Macedonia" No. 30/2016)

This Law shall enter into force on the eighth day from the day of its publication in the "Official Gazette of the Republic of Macedonia", and shall start apply with the beginning of the application of the Law on General Administrative Procedure in accordance with Article 141 of the Law on General Administrative Procedure ("Official Gazette of the Republic of Macedonia” No. 124/15).

 Article 98

(Article 12 of the "Official Gazette of the Republic of Macedonia" No. 103 / 2021)

This Law shall enter into force on the day of its publication in the "Official Gazette of the Republic of North Macedonia ".