



ANNEX 13

Twinning Project AZ/13/ENP/SO/24

Support to the State Social Protection Fund on the introduction of funded element within the insurance-pension system, establishment of non-state pension funds and development of legal framework for regulating their activity

The Closing Event

Draft Law on Funded Part of Labour Pensions

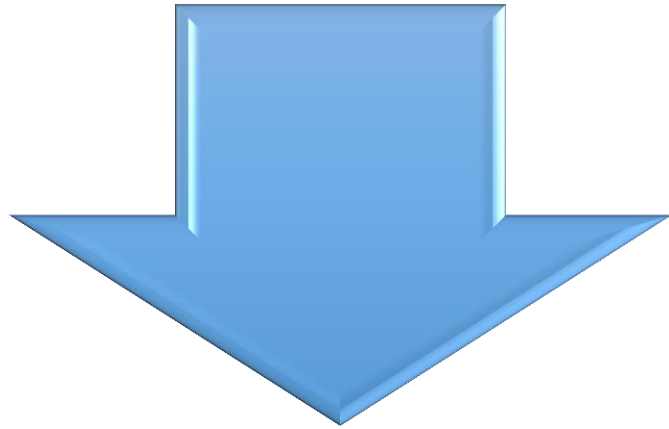
Jana Muizniece
Director of Department of Social Insurance
of the Ministry of Welfare of Republic of Latvia
28th October, 2015



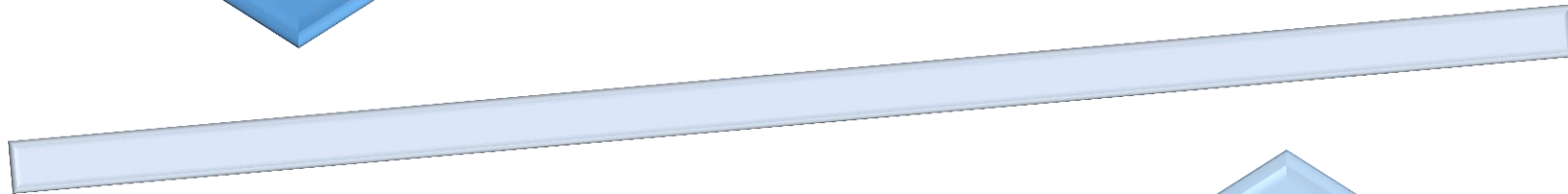
Gesellschaft für
Versicherungswissenschaft
und -gestaltung e.V.



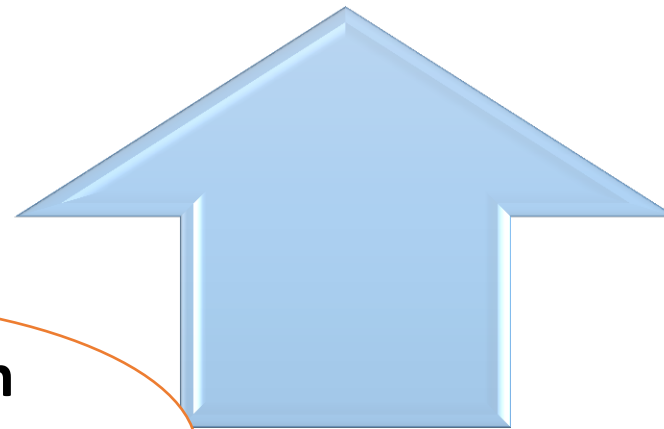
Role of funded part in the Republic of Azerbaijan



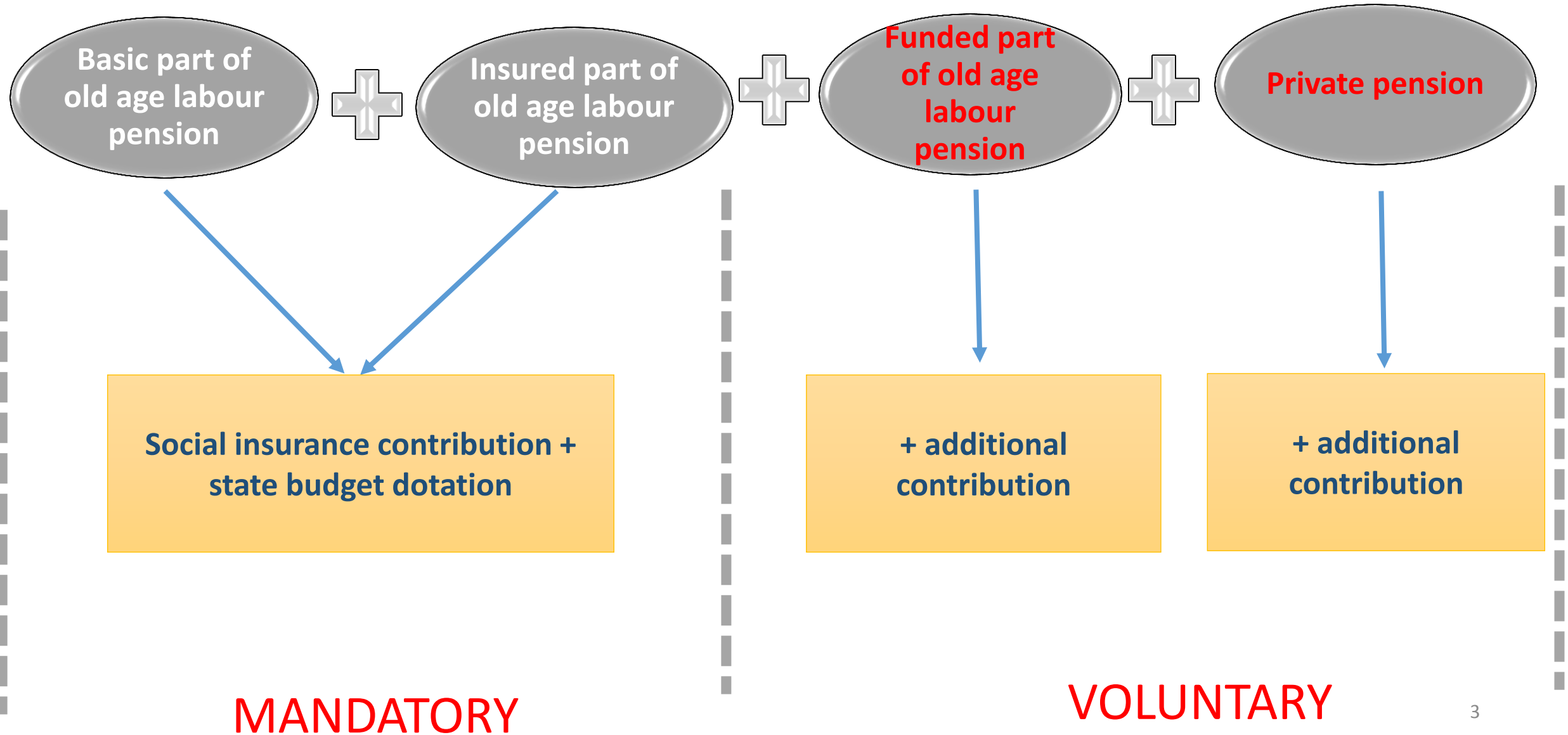
To promote pension system financial stability in long term - diversification of demographical and economical risks



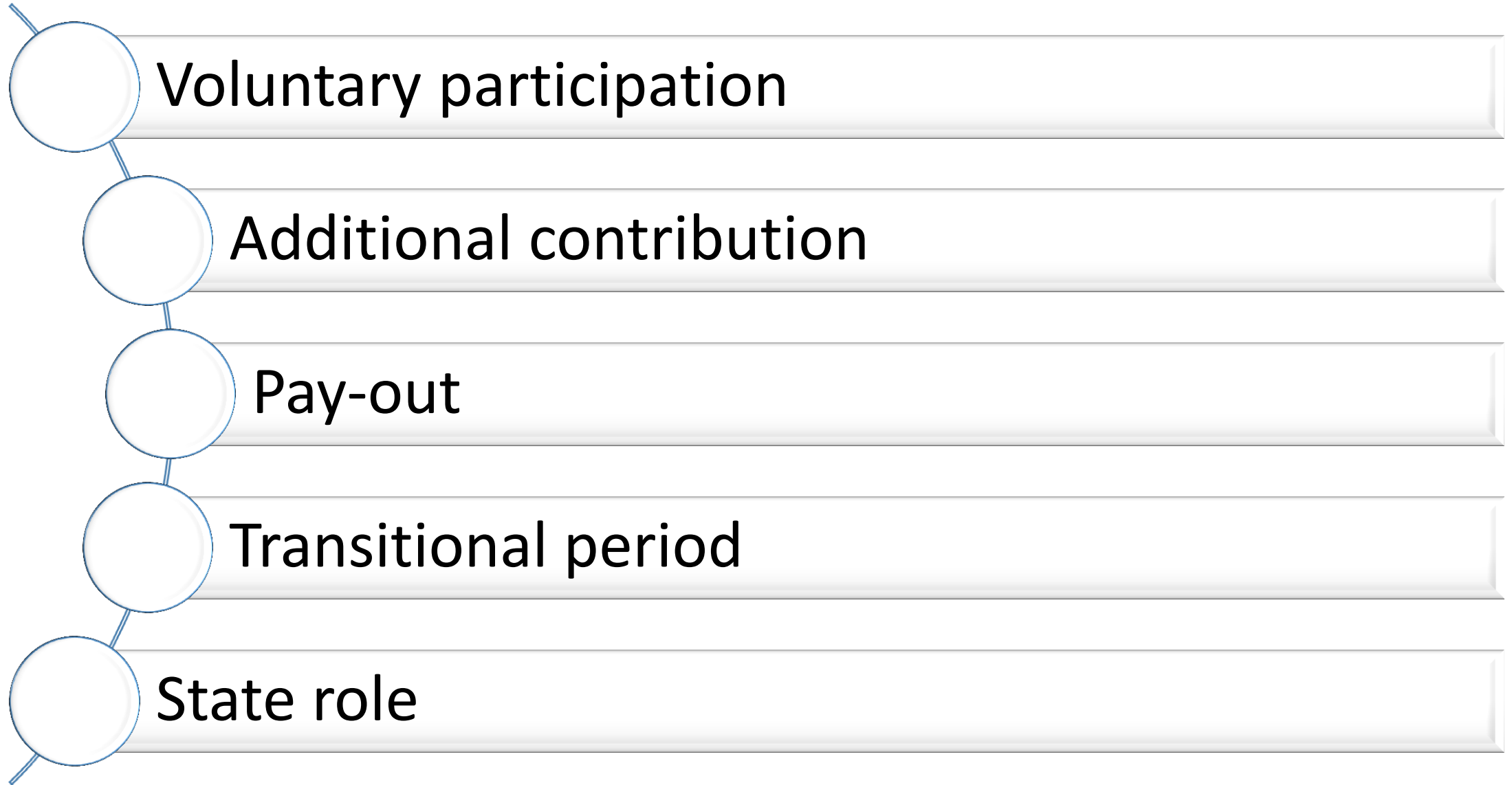
To provide an additional income in an old age



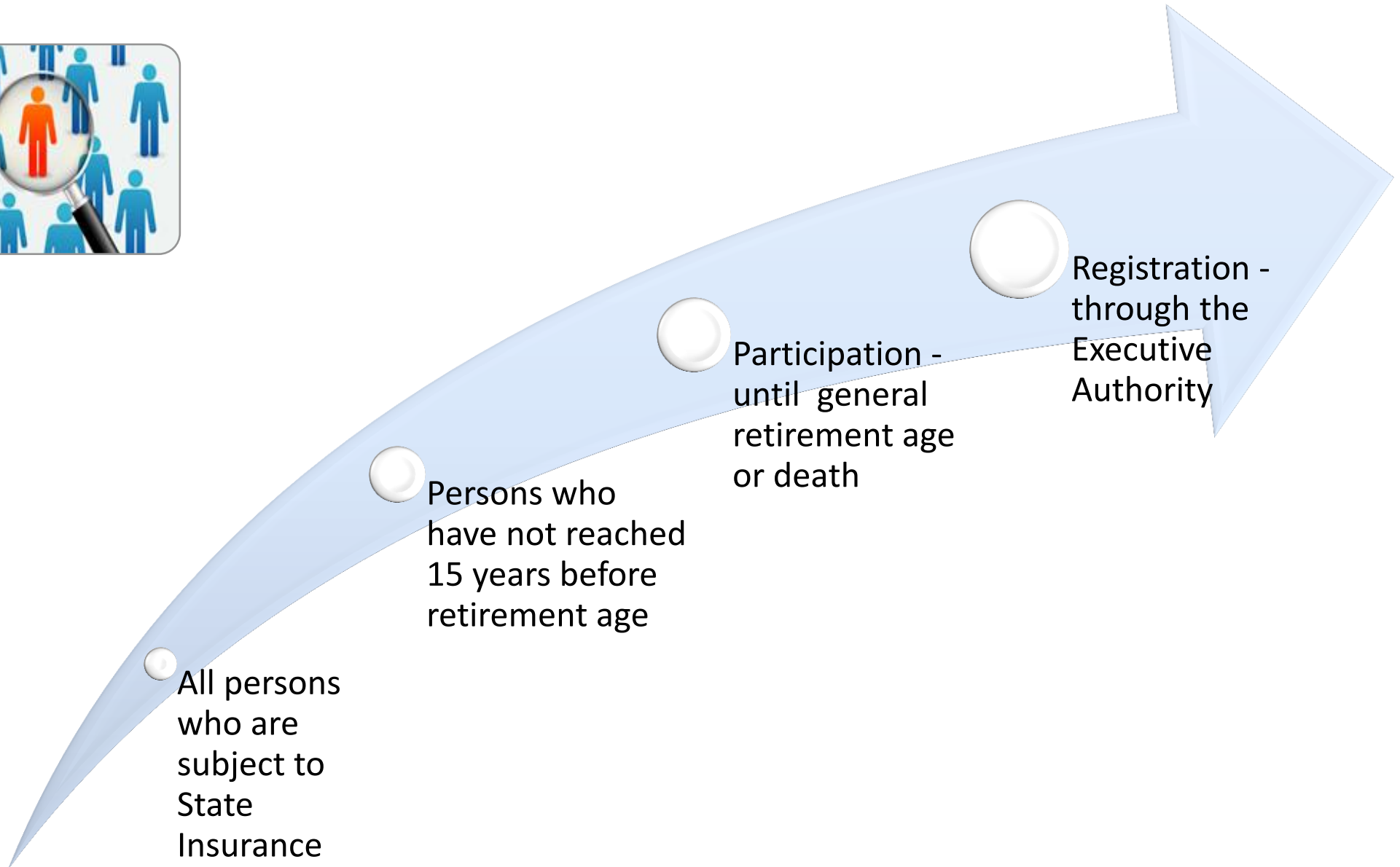
Diverse pension pillars can help achieve both goals



General framework of funded part



Participation



Contributions



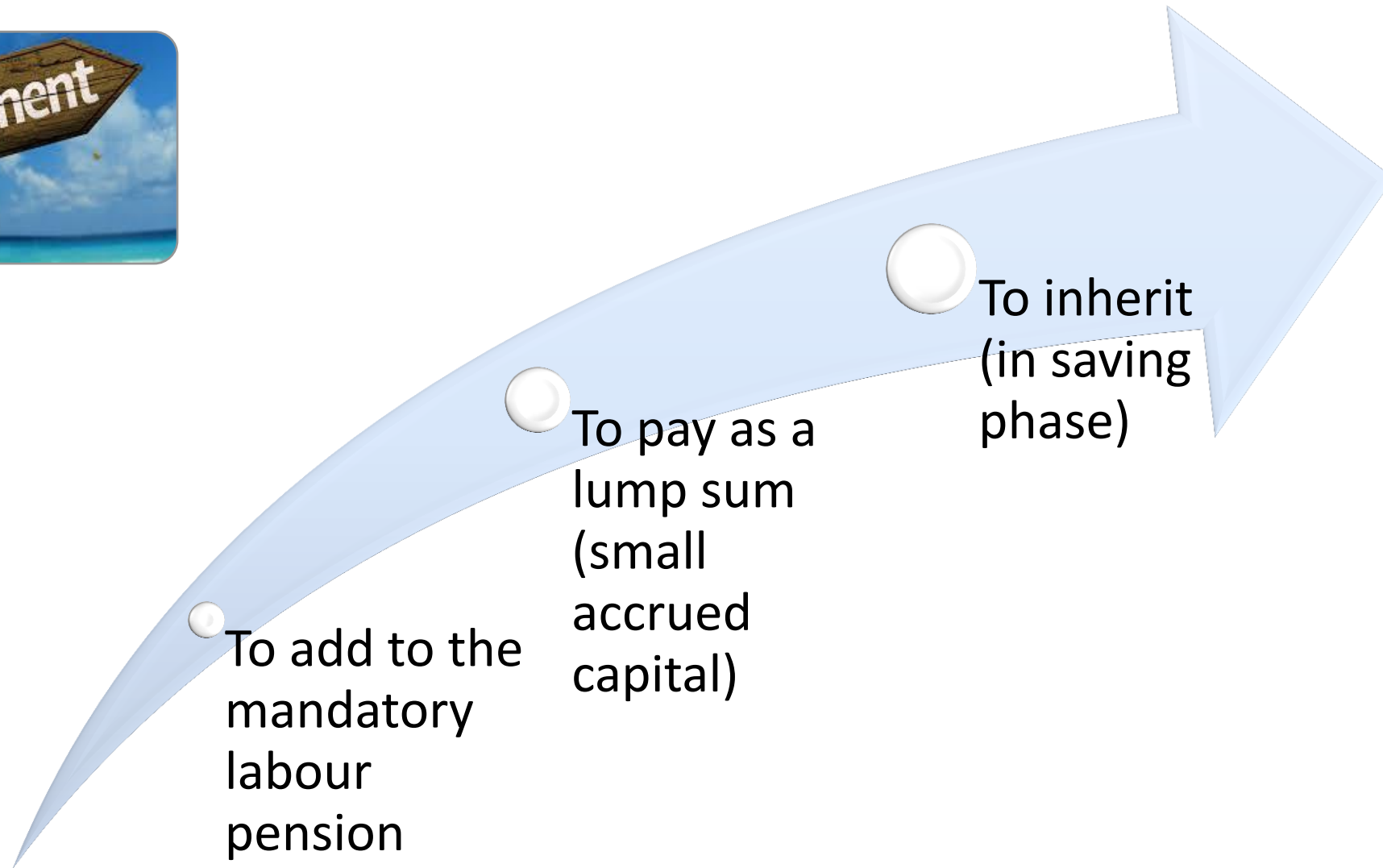
Contributions rate - 4 % of the participant's earned wages and incomes

Additional to mandatory contributions paid by person (in general case - 3%)

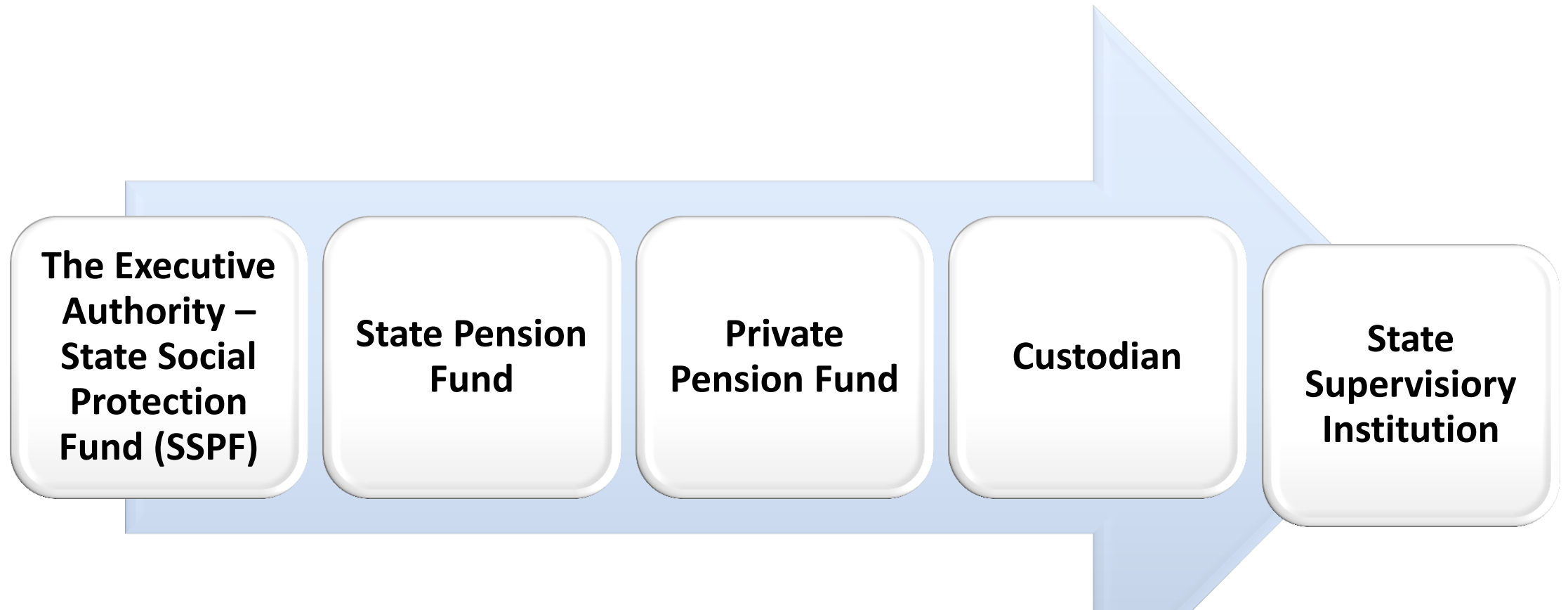
Payment of contributions - through participant's employer or by the participant's themselves (in case of self-employment)

Mandatory period - the first 3 years of starting contributions payment

Pay-out

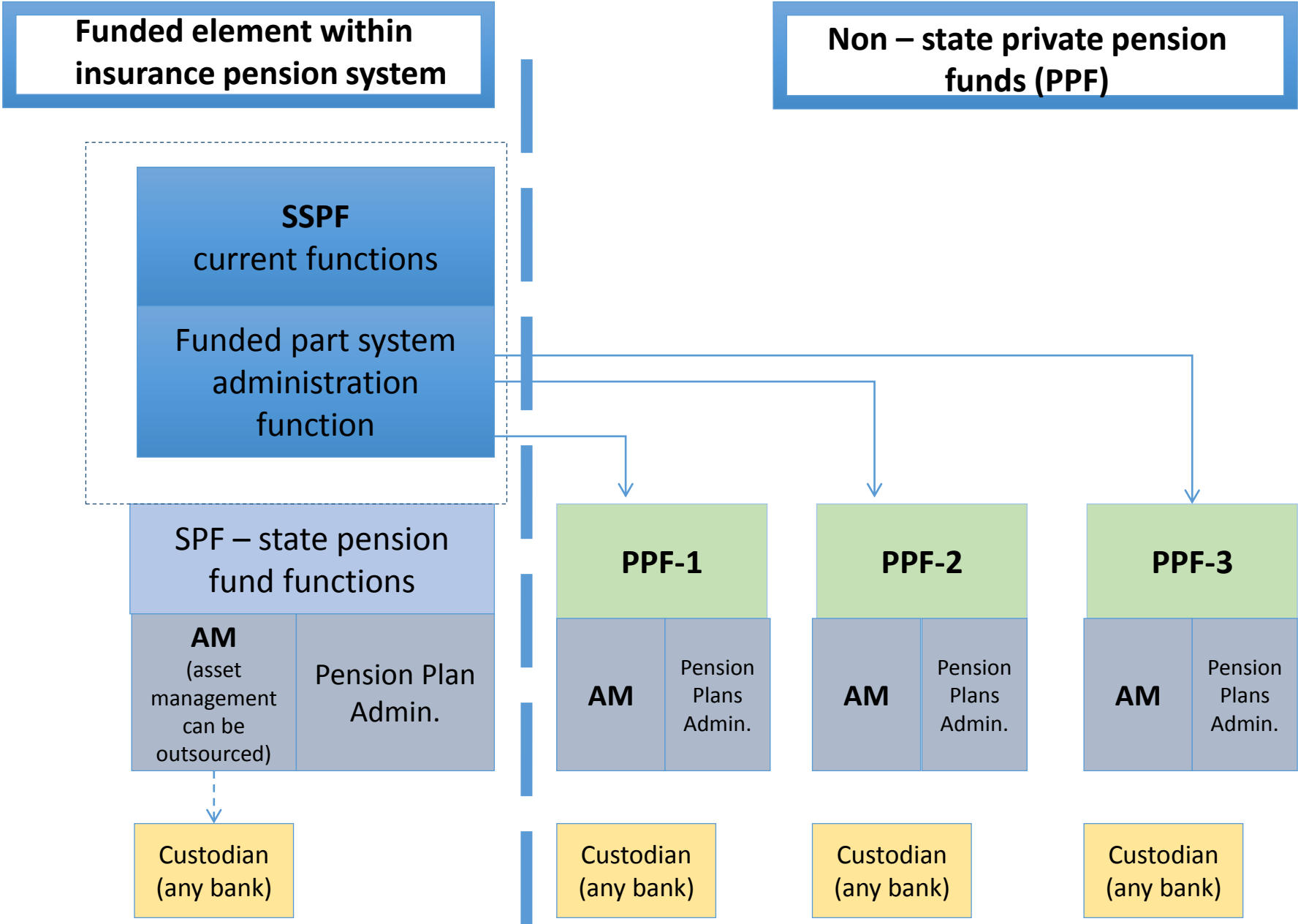


Main bodies involved in the funded part administration



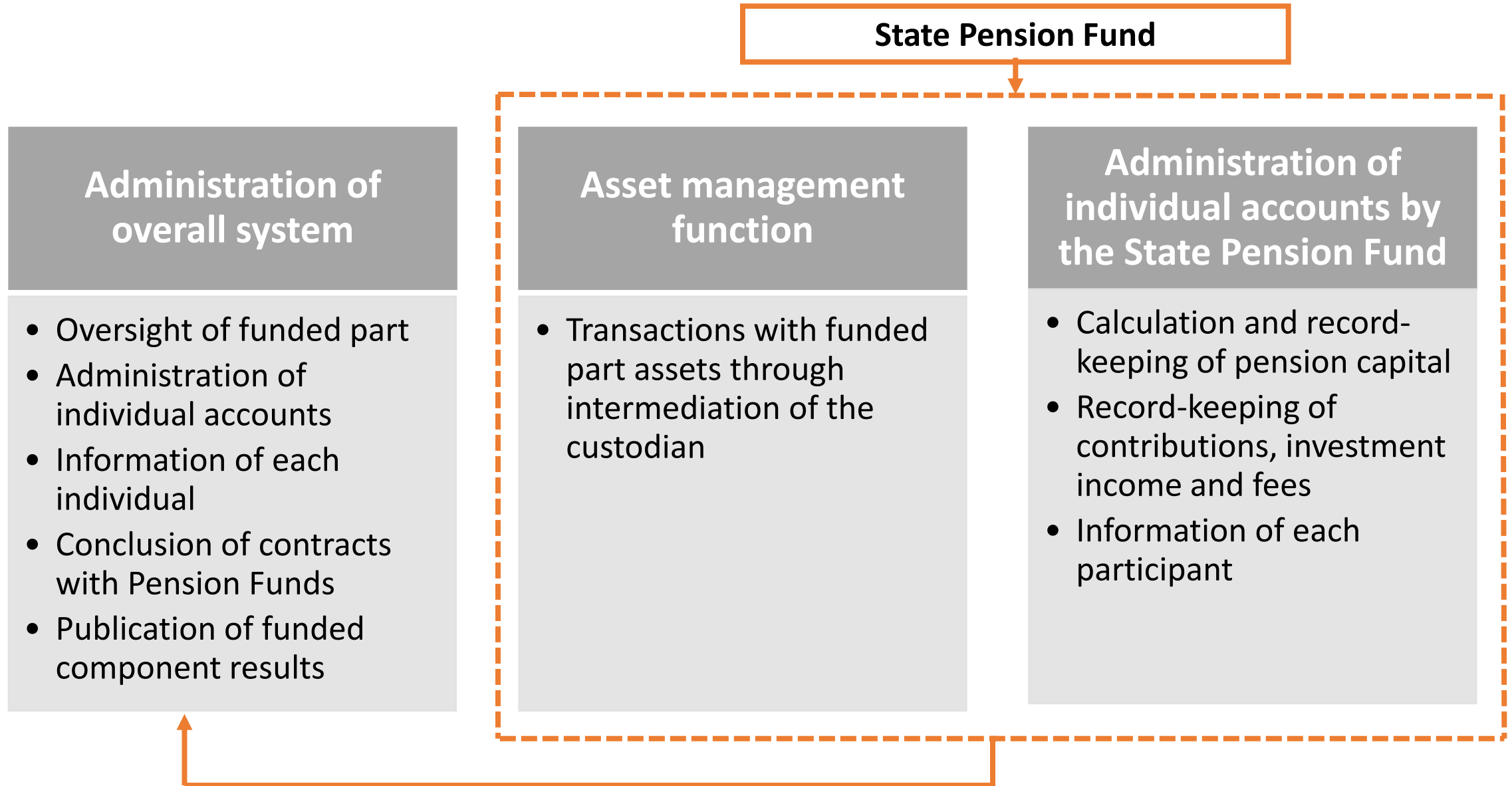
Commissions ceilings:

For the Executive Authority – X% from the contributions of the participants of funded part
For Pension Funds - 2,85% of the average value of the pension plan assets

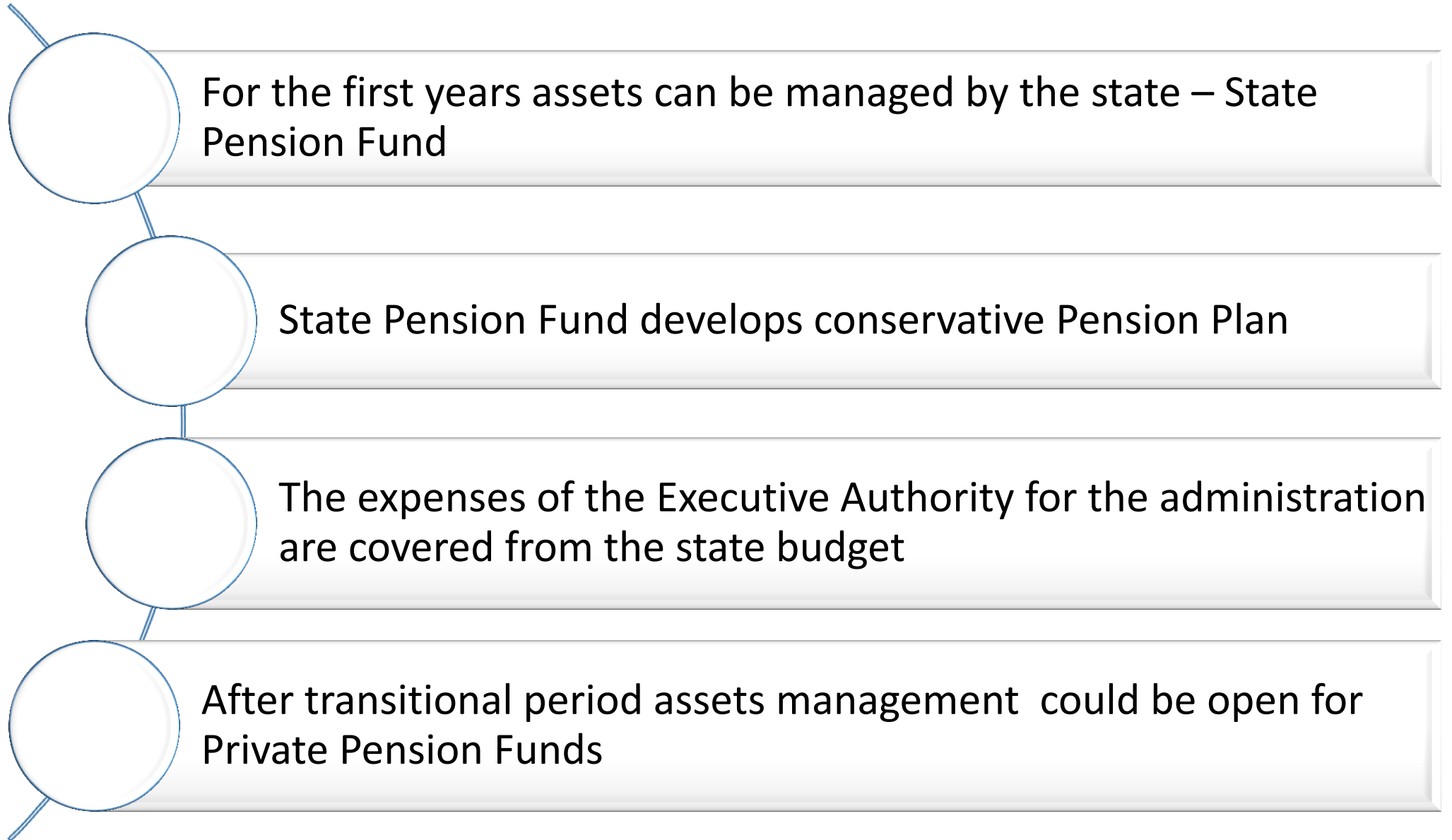


State supervision over pension funds, custodians, asset management functions

Role of the Executive Authority



Transitional period



Incentives for participation in PPF

Tax incentives

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graph TD; A[Tax incentives] --> B[Inheritance]; B --> C[Pension Plan offered by State]; C --> D[Suspension of contribution payment];
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Inheritance

Pension Plan offered by State

Suspension of contribution payment



THANK YOU FOR YOUR ATTENTION!

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