Private Pensions Funds in Latvia

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- licensing
- set of prudential regulations
- off-site supervision
- on-site examinations
Establishment and activity
- Law “On private pension funds”
- Law “On non-profit organisations”
- Law “On stock companies”

Taxes
- Law “On Enterprise Income Tax”
- Law “On Personal Income Tax”
- Law “On Mandatory Social Insurance Contributions”
Pension Fund and Pension Plan

**Pension fund:**
- is a legal entity, which accumulates and invests voluntary money facilities, contributions made by and on behalf of their members with a purpose to provide these members the old age additional pension capital
- can have one or more pension plans
- is licenced by FCMC

**Pension plan:**
- is a body of systematized rules for the pension benefits accumulation with the pension fund, their investment and benefits payments
- is licenced by FCMC
Pay-out of Accrued Pension Capital

The retirement age – 55

**Accrued pension capital could be paid out before the retirement age in such cases:**
- participant is qualified as disabled for the lifetime period
- employer is declared bankrupt
- participant’s death

**Accrued pension capital could be paid out in such ways:**
- lump sum payment
- transferring to a life insurance company
- transferring to the 1st tier pension scheme
Number of Participants in Pension Funds

![Bar chart showing the number of participants in pension funds over time.]

- **31.12.1999**: 4000
- **31.12.2000**: 6000
- **30.09.2001**: 8000
- **31.12.2001**: 10000

- PF Lattelekom
- Total
Accrued Pension Capital

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mln EUR

- PF Lattelekom
- Total assets

Average Accrued Pension Capital (30.09.2001)
Investment Portfolio (30.09.2001)

- Cash and its equivalents: 4%
- Term deposits: 5%
- Stock: 28%
- Securities with fixed profitability: 63%
Geographical Distribution of Investments (30.09.2001)

- Latvia: 3%
- Lithuania and Estonia: 3%
- OECD countries: 94%
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