

Statutory funded pension payments in 2010

Pursuant to the amendment of the Funded Pensions Act, the funded pension payments were temporarily stopped from 1 June 2009 until 31 December 2010.

People who have subscribed to the II pillar have the possibility to continue their contributions starting from year 2010. To continue with the payments one can **submit an application** between 1 October and 30 November this year. There are several possibilities for submitting the application, whether filing the application with account administrator (bank) or with registrar (Pension Centre). At the homepage of the **Pension Centre** www.pensionikeskus.ee choose the heading „My account“.

Attention should be paid to the fact that an application already submitted cannot be taken back. Therefore be sure to be certain of the desire to continue with the payments in 2010, because the state does not contribute its share to the II pillar in 2010. The state continues with its payments **starting from year 2011**. Exception is valid for those born before the year 1954 and who have submitted the application. For them the state will add its share of 4% starting already in 2010. The application forms are enacted by a regulation of the Minister of Finance and published in note 47 of the State Gazette.

Persons who do not submit the application this year and are content with the situation where in 2010 there will be no payments into their II pillar funds, don't have to submit an application for continuing the payments in 2011, since they will continue automatically for the people who have joined the II pillar funds.

How should the employer make sure that the statutory pension payments are accounted for properly regarding the payments starting in January 2010?

In December 2009 the employer must check if any of the employees have applied for the continuation of their funded pension payments in 1 January 2010. **Employer's responsibility** stems from § 11 of the Funded Pensions Act, which states that the employer shall check, on the basis of a person's personal identification code, whether a recipient of remuneration is an obligated person. Employer can make a **simple query** at the Pension Centre homepage by entering the person's personal identification code. The simple query is meant for smaller companies and organisations that have only a few employees. Another possibility is **mass query**, which is meant for companies and organisations with a large number of employees. For mass query the employer submits an application to the fax number +372 640 8801 or by mail to The Estonian Central Depository for Securities (Estonian CDS), Tartu St 2, 10145 Tallinn, Estonia. The application form is at the Pension Centre homepage under the heading „Subscription queries“. With the application employees' personal identification code are submitted in TXT or XLS format to e-mail address info@pensionikeskus.ee. The query results will also be sent in TXT or XLS format to the e-mail address in the employer's contact information. The application for mass query is signed by the person with the authority to sign contracts and other documents related to business activities. The submitter of mass query must pay for receiving the query results to the Estonian CDS a service fee according to the valid price list. Estonian CDS will issue an invoice for the services.

After the query is made, the employer has two schemes for withholding the payments. If the employee has submitted the application, then the employer withholds 2% funded pension on the payments starting from January 2010. If the employee has not submitted the application, then the employer does not withhold funded pension on payments made in 2010. **The funded pension contributions shall be continued in 2011 for the employees who have not submitted the application.**