



Prospectus

for Institutions for occupational retirement provision registered in other Member States of the EEA, providing cross-border services, based on Article 83 of Act CXVII of 2007 on Occupational Pension and the Related Institutions

(Modified in February 2011)

Pursuant to Article 83 of Act CXVII of 2007 on Occupational Pension and the Related Institutions (hereinafter: the Act) supervision of institutions for occupational retirement provision (IORPs) registered in other Member States of the European Economic Area providing their services in Hungary on a cross-border basis, and employers paying contributions to any of these organizations, shall be exercised by the Hungarian Financial Supervisory Authority (hereinafter: the Authority).

If the competent authorities of an EEA state, where an institution for occupational retirement provision is registered, notify the Authority of the intention of this institution for occupational retirement provision to accept payment in the frame of cross-border services from an employer, it shall inform the authority that sent the notification within two month after the day following the arrival of said notification on the Hungarian social and labour rules which affect the operation of the institution for occupational retirement provision that was registered in another EEA member state, on the requirements related to the information of the members, as well as about rules pertaining to the investment of the assets of the institution for occupational retirement provision.

The Authority hereby discloses information on the Hungarian social and labour rules that affect the operation of the institution for occupational retirement provision that was registered in another EEA member state, on the requirements related to the information of the members, as well as about rules pertaining to the investment of the assets of the institution for occupational retirement provision.

I.

Applicable social and labour law regulations

1. Membership in an institution for occupational retirement provision

Pursuant to the Act, 'member' means a natural person, who obtains eligibility or is expected to acquire eligibility due to conditional eligibility for occupational pension plan benefits laid down in the statutes, joining agreement between the employer and the institution for occupational retirement provision, employment contract, and collective agreement based on his/her employment or employment described by the legislation of other EEA states.

a) Becoming a member of an IORP

Pursuant to Article 26, Paragraph (1) of the Act, members may be persons employed by a founder or an employer joining later in accordance with Article 2, Point 23, and whose

employment agreement includes the employer's commitment to pay the contribution. The employer may undertake to pay contributions taking into account the provisions of the relevant law regarding the principle of equal treatment (for further details see section III).

Pursuant to Article 26, Paragraph (2) of the Act, membership starts with the conclusion or the amendment of an employment agreement with the employer. The employer shall notify the institution for occupational retirement provision immediately after the conclusion or the amendment of the employment agreement.

As a consequence of these legislations and regulations, members of institutions for occupational retirement provision may only be those persons who are employed by a founder or an employer joining later in accordance with Article 2, Point 23 of the Act, and whose employment agreement includes the employer's commitment to pay the contribution.

Pursuant to Article 2, Point 23 of the Act, employment relationship means:

- **employment under Act XXII of 1992 on the Labour Code, and all other legal relationship in relation to employment for which the provisions of the Labour Code apply;**
- **civil service as described by Act XXIII of 1992 on the Legal Status of Civil Servants,**
- **public employment as described by Act XXXIII of 1992 on the Legal Status of Public Employees,**
- **prosecutorial service relations as described by Act LXXX of 1994 on the Prosecutorial Service Relations and Prosecutorial Data Management,**
- **service relations as described by Act LXVII of 1997 on the Legal Status and Remuneration of Judges,**
- **the service relations of law enforcement employees as described by Act LXVIII of 1997 on the Service Relation of Law Enforcement Employees,**
- **service relations as described by Act XLIII of 1996 on the Conditions of Service for Members of the Regular Armed Forces,**
- **service relations as described by Act XCV of 2001 on the Conditions of Service for Members of the Regular and Contractual Armed Forces;**
- **by the Act persons in the service of a church shall be considered employed.**

Any employer (hereinafter: joining employer) may join the institution for occupational retirement provision in a way laid down in the statutes. The joining employer shall enter into an agreement with the institution for occupational retirement provision, in which it undertakes to pay contribution for its employees. The employer that has joined an institution for occupational retirement provision may enter another one.. In this case the agreement concluded with the original institution for occupational retirement provision may be terminated only after an agreement for joining the recipient institution for occupational retirement provision is entered into. In the agreement for joining another institution, the procedure to be followed for the transfer of the pension schemes shall also be provided for. When transferring to another institution, the eligibility of the members cannot be curbed.

Self-employers may join the institutions for occupational retirement provision, too. The joining self-employers are treated in the same way as members; however, such persons shall also meet the obligations of the employers set forth under Article 55.

Pursuant to the Act, self-employer means persons listed by Article 4, Paragraph b), Points 1-6 of Act LXXX of 1997 on Eligibility to Social Security Services and Private Pension, and the Funding for These Services (hereinafter Act LXXX of 1997).

Based on Article 4, Paragraph b), Points 1-6 of Act LXXX of 1997 on Eligibility to Social Security Services and Private Pension, and the Funding for These Services and pursuant to the Act, the following persons may be considered self-employers:

- any natural person listed in the Private Entrepreneur Registered as per Act CXV of 2009 on Private Entrepreneurs and Sole Proprietorships;
- private persons who are authorized to engage in private practice providing veterinarian services, pharmaceutical services, private persons who are authorized to engage in community caretaker/administrator activities, farm caretaker/administrator activities, and in providing social services (hereinafter referred to collectively as “medical contractor”);
- attorneys covered by the Act on Attorneys, and European Community jurists (hereinafter referred to collectively as “attorney”);
- private patent attorneys;
- public notaries performing their activities not on behalf of a notary’s office;
- independent court bailiffs performing their activities not on behalf of a court bailiffs’ office.

‘Business partnership’ shall mean:

- any unlimited partnership;
- any limited partnership;
- any private limited-liability company;
- any joint company;
- any professional association, including European economic interest groupings;
- the business partnerships listed under Points 1-6 when functioning as pre-companies;
- any patent agency company or patent attorneys’ office;
- any private driving school;
- any association of private educators;
- any law firm or notaries’ office;
- any court bailiffs’ office,
- any sole proprietorship.

b) Termination of membership in an institution for occupational retirement provision

Based on Article 29, Paragraph (1) of the Act, membership is terminated when:

- a) the member dies;
- b) the member’s employment is terminated during the conditional eligibility period;
- c) the member joins another institution for occupational retirement provision;
- d) the provision of pension plan benefits to the member is finished.

ba) Procedure to be followed if the member dies

Procedures to be followed if the member dies in the case of defined contribution pension schemes

Pursuant to Article 31, Paragraph (1) of the Act, in accordance with the operational rules and this Act, the member may designate a natural person as his beneficiary by a unilateral declaration in an authentic instrument or a private document with full probative force in the case of his death (death beneficiary). The declaration shall include the beneficiary's name, place and date of birth, mother's name and address.

The designation of the beneficiary is subject to be confirmed by the institution for occupational retirement provision and shall be effective retroactively as of the date when filed. In addition to the member's data the declaration shall include the name, data of the designated beneficiary, the rate of his/her eligibility, and the date of the designation of the beneficiary.

In case a member has designated more than one beneficiary without further instructions, the beneficiaries designated shall have an equal share of the account. The member may designate new beneficiaries at any time under the conditions laid down in Article 31, Paragraph (1) of the Act.

The designation of the beneficiary shall be annulled, if

- a) the member cancels the designation of the beneficiary,
- b) the member designates another beneficiary,
- c) the beneficiary predeceases the member,
- d) the beneficiary is found guilty by a court of law for the murder of the member. In this case, the beneficiary may not benefit from the member's account.

When more beneficiaries are appointed and one of them dies, the share of the deceased payee shall be divided among the surviving beneficiaries in accordance with their respective percentage of eligibility. If the member did not designate a beneficiary, or if the designation was terminated under Article 31, Paragraph (5), Points a), c) and d), the member's lawful heir shall be considered the beneficiary based on his share of the inheritance. If the member does not have a natural person who could become his lawful heir, the amount on the member's account shall be passed to the institution for occupational retirement provision, and the institution for occupational retirement provision will credit it on the accounts of the members in employment relation with the member's employer in proportion to the their balances outstanding when the amount is credited.

The beneficiary becomes the sole owner of the member's account upon the death of the member. The institution for occupational retirement shall accommodate the beneficiary's decision made according to Article 31, Paragraph (9) within three working days upon proving his/her eligibility with checking the document held by the institution on the designation of the beneficiary.

The beneficiary shall declare in writing whether

- a) he/she uses the amount due to him/her as occupational pension plan benefits, or
- b) if the operational rules allows it, leaves the amount with the institution for occupational retirement provision, either continuing the aggregation or not, or
- c) transfers it to another institution for occupational retirement provision, or
- d) withdraws the amount on the member's account in a lump sum payment.

The beneficiary may make this declaration specified in Article 31, Paragraph (9) at any time. If the beneficiary does not make a declaration within thirty days upon the documented receipt of the written request of the institution for occupational retirement provision, the institution for occupational retirement provision acts as if the beneficiary elected the procedure referred to in Article 31, Paragraph (9), Point b). If the beneficiary chooses the procedure specified in Article 31, Paragraph (9), Point b), he/she shall be treated similarly to members from the date of the declaration.

Without prejudice to Article 31, Paragraphs (1) to (11), the pension scheme may include provisions under which the member cannot appoint a beneficiary in the case of his death. In such a case, the amount on the member's account shall pass to the institution for occupational retirement provision, and the institution for occupational retirement provision shall credit it on the accounts of the members in the pension scheme of the deceased person in proportion to their balances outstanding when the amount is credited. If the employer links the payment of the contribution to the employee's additional voluntary contribution, the pension scheme cannot contain a provision stating that no beneficiary may be designated.

Procedures to be followed if the member dies in the case of defined benefit pension schemes

Pursuant to Article 32, Paragraph (1) of the Act, if the defined benefit pension scheme provides for the eligibility of a relative, his eligibility becomes accessible upon the death of the member.

The member may designate a beneficiary for dependant's benefit in accordance with Article 31, Paragraphs (1) to (6). If the member does not designate a beneficiary, or the designation becomes void, the close relative of the member shall be eligible to receive the benefit. If the pension scheme does not provide for the eligibility of a relative, the eligibility for the benefit becomes void. If the employer links the payment of the contribution to the employee's additional voluntary contribution, the eligibility for a relative cannot be excluded.

bb) Conditional eligibility

Pursuant to the Act, 'conditional eligibility period' means the minimum period spent in labour relations after which the ownership of the credited contributions paid by the employer, the related yields and the eligibility generated during this period are transferred to the members.

The conditional eligibility period may not exceed five years. If the employer links the payment of the contribution to the employee's additional voluntary contribution, and the employment terminates before the conditional eligibility period expires, the institution for occupational retirement provision shall repay the additional voluntary contributions paid by the employee on the member's request in a lump-sum payment together with the yields on the additional voluntary contributions to the member's account in the case of defined contribution pension schemes, or together with the yield realized on the mathematical provisions in proportion to the additional amount paid by the employee in the case of defined benefit pension schemes.

If membership terminates during the conditional eligibility period due to the member's death, the amount specified in the previous section shall be paid to the beneficiary designated by the member or the heir, if no valid appointment was made.

If membership terminates during the conditional eligibility period, the institution for occupational retirement provision

a) in the case of defined contribution pension schemes, shall credit the contribution paid by the employer together with the related yield on the accounts of the members belonging to the former member's pension scheme in proportion to their balances outstanding at the time of crediting,

b) in the case of defined benefit pension schemes, shall distribute the capital value of the former member's recorded eligibility to the members who have not received pension plan benefits yet in the form of an increase of their eligibility at an equal rate at the time of crediting, and transferred to the mathematical provisions.

c) Principles of additional voluntary contributions paid by the member

The member may undertake to pay additional voluntary contributions in addition to the amount paid by the employer. Such additional voluntary contribution may be a lump sum payment or made on a regular basis. The member may suspend such payments at any time. The employer may link the payment of the contribution to the employee's additional voluntary contributions. This condition and the legal consequences of the failure to pay such additional contributions shall be ordered in the employment or the collective agreement.

The member shall not be liable to pay additional voluntary contributions for periods when the employer does not pay the contribution referred to in the employment or the collective agreement.

The employer shall pay the contribution and the member shall supplement this as described in the previous paragraph until the employment is terminated.

Neither the member's creditors, nor external third parties' creditors may lay claims to receivables recorded on the member's account.

2. Collective Agreement

Pursuant to Article 30 of Act XXII of 1992 on the Labour Code, collective agreements may govern:

a) rights and obligations originating from employment relationships, the method of exercising and fulfilling and the procedural order of such relationships;

b) the relations between the parties to the collective agreement.

Pursuant to Article 31 of Act XXII of 1992 on the Labour Code, a collective agreement may be concluded, on the one hand, by an employer, an employer interest representation organization, or several employers, and on the other hand by a trade union or several trade unions.

Pursuant to Article 2 of Act XXXIII of 1992 on the Legal Status of Public Sector Employees, issues related to the legal status of the public Sector employees shall be regularized by law, government decree, ministerial decree, furthermore, collective agreement and statutes for

public Sector employees. The collective agreement and the statutes for public Sector employees may not conflict with the law.

3. Principles of equal treatment

Pursuant to Article 26, Paragraph (1) of the Act, the employer may undertake to pay contributions only taking into account the provisions regarding the principle of equal treatment of the relevant legislation.

Pursuant to Article 5 of Act XXII of 1992 on the Labour Code, in connection with employment relations the principle of equal treatment must be strictly observed (Principle of Equal Treatment). Any consequences of the breach of the principle of equal treatment shall be properly remedied; the remedy shall not result in any violation of or derogation from the rights of another employee.

Pursuant to Article 142/A of Act XXII of 1992 on the Labour Code, in respect of the remuneration of employees for the same work or for work to which equal value is attributed the principle of equal treatment must be observed (principle of equal pay). The equal value of work for the purposes of the principle of equal treatment shall be determined based on the nature of work, its quality and quantity, working conditions, vocational training, physical and intellectual efforts, experience and responsibilities. For the purposes of Paragraph (1) 'wage' shall mean any remuneration provided to the employee directly or indirectly in cash or in kind, as well as social benefits, based on his/her employment. The wages of employees - whether based on the nature or category of the work or on performance - shall be determined in compliance with the principle of equal treatment (Article 5).

Pursuant to Article 21, Paragraph f) of Act CXXV of 2003 on Equal Treatment and Promotion of Equal Opportunities, it is considered a violation of the principle of equal treatment in particular if the employer inflicts direct or indirect negative discrimination upon an employee, especially when establishing and providing allowances due on the basis of the employment relationship or other relationship related to work, particularly in establishing and providing wages/salaries defined in Article 142/A, Paragraph (3) of Act XXII of 1992 on the Labour Code.

Pursuant to Article 6 of Act XLIII of 1996 on service of official members of the armed forces, and to Article 6 of Act XCV of 2001 on the status of official and contractual soldiers, the principle of equal treatment shall be enforced in respect to the service relations.

4. Payment eligibility

Pursuant to the Act, a member shall be eligible for occupational pension plan benefits when the retirement age defined in Article 2, Point 25 is reached, a medical certificate in case of his/her disability the rate of which exceeds the degree specified in the pension scheme is submitted, and when the waiting period passes (if there is such provision in the pension

scheme), or in case of pension plan benefits available to relatives, the relative shall be eligible when the member dies.

Waiting period:

Pursuant to Article 2, Point 35 of the Act, waiting period means a time of membership defined by the pension scheme starting with the date when the person becomes a member, after which the member may have access to the occupational pension plan benefit the earliest, upon the fulfilment of other conditions.

Payments made by the institution for occupational retirement provision

The pension plan benefits may be

- a) lump-sum pension plan benefit,**
- b) benefit for a defined period,**
- c) annuity, or**
- d) a combination of the above.**

Payments made by the institution for occupational retirement provision may be in the form of defined contribution pension or defined benefit pension.

Pursuant to Article 33, Paragraph (5) of the Act, in the cases of pension schemes offered by institutions for occupational retirement provision headquartered in another state through a branch office or in the form of cross-border services, the regulations of the home state shall apply to the maximum rate of the technical interest rate.

5. Retirement age

Pursuant to the Act, ‘retirement age’:

- a) means the age specified by Act LXXXI of 1997 on social security retirement provision as a precondition for old-age pension,**
- b) shall be considered on an equal footing with the time from which the member receives social security pension, i.e. old-age pension (including pensions received in the case of early retirement or advanced retirement, miners' pension, old-age pension payable in certain fields of art, old-age pension provided by the Public Foundation for Art and Community Culture, and service pension), disability and accident-related disability pension (including regular disability benefits provided by the Public Foundation for Art and Community Culture), as well as increased old-age and disability pension,**
- c) means the old-age retirement age relevant to the member under the social and labour laws of the state where the employer is headquartered in the case of cross-border activities;**

Old-age pension

In case of old-age pension assessed for any period after 31 December 2008:

Pursuant to Article 18, Paragraph (1) of Act LXXXI of 1997, eligibility for old-age pension provided by social security shall be subject to the following retirement ages:

- a) 62 years if born before 1 January 1952,**

- b) 62 years plus 183 days if born in 1952,
- c) 63 years if born in 1953,
- d) 63 years plus 183 days if born in 1954,
- e) 64 years if born in 1955,
- f) 64 years plus 183 days if born in 1956,
- g) 65 years if born in or after 1957.

Full old-age pension shall be granted to those who

- a) have reached retirement age as specified in Paragraph (1) of Article 18 of Act LXXXI of 1997 (hereinafter retirement age), and
- b) have at least twenty years of service time
- c) as of the commencement day of full old-age pension and provided they are not in a legal relationship that is subject to insurance under the social security system as per points a)-b) and e)-g) of Paragraph 1 in Article 5 of Act LXXX of 1997.

Pursuant to Paragraph (2a) in Article 18 of Act LXXXI of 1997, **old-age pension shall be granted to women regardless of their age if they**

- a) have at least forty years of service time, and
- b) they are not, as of the commencement day of full old-age pension, in a legal relationship that is subject to insurance under the social security system as per points a)-b) and e)-g) of Paragraph 1 in Article 5 of Act LXXX of 1997.

In respect of Paragraph (2a) in Article 18 of Act LXXXI of 1997, the eligibility period shall include service time acquired by way of a social security relationship that involves paid work or by an equivalent legal relationship or by way of time spent on maternity leave or under childcare benefit, childcare aid, child-raising support and caretaking benefit provided to an own or adopted severely disabled child.

Pursuant to Paragraph (2a) in Article 18 of Act LXXXI of 1997, **full old-age pension cannot be granted** if the service time acquired by way of a social security relationship that involves paid work or by an equivalent legal relationship does not reach thirty-two years or, in the case of a woman to whom caretaking benefit was provided for an own or adopted severely disabled child, thirty years.

The eligibility period required in the previous paragraph is to be reduced by one year if the beneficiary raised five children in her own household and for one additional year for each additional child. This reduction, however, must not exceed seven years in total. A child raised in the beneficiary's own household is defined as an own or adopted child who lived habitually with the beneficiary and was only out of her care on a regular basis during daytime, or a child that complies with the conditions set out in Paragraph (2) in Article 12 of Act LXXXIV of 1998 on Family Support.

Partial old-time pension shall be granted to those who

- a) have reached retirement age and
- b) have at least fifteen years of service time, and
- c) are not, as of the commencement day of partial old-age pension, in a legal relationship that is subject to insurance under the social security system as per points a)-b) and e)-g) of Paragraph 1 in Article 5 of Act LXXX of 1997.

Full old-time pension or partial pension shall not be granted to

- a) persons subject to EU regulations on the coordination of social security systems and the implementation thereof (hereinafter EU regulations) and
- b) persons subject to the social policy (social security) treaty unless otherwise provided therein

who are, in an EEA state or in a in a state that signed the treaty, respectively, as of the commencement day of old-age pension, in a legal relationship that is subject to insurance under the social security system as per points a)-b) and e)-g) of Paragraph 1 in Article 5 of Act LXXX of 1997 based on the applicant's declaration or on data provided by the competent foreign organ.

Age allowance

Entitlements for age allowance are regularized by Articles 8, 8/A and 8/B of Act LXXXI of 1997. The conditions of entitlement to age allowance effective 1 January 2013 are regulated in a separate law

Advanced old-age pension benefits

Pursuant to Article 18/A, Paragraph (1) of Act LXXXI of 1997, advanced old-age pension benefits may be claimed before the retirement age any woman over the age of fifty-nine who was born in 1952 or in 1953 and by any man over the age of sixty who was born in 1950 who has

- a) at least forty years of service time and who is
- b) not, as of the commencement day of advanced old-age pension, in a legal relationship that is subject to insurance under the social security system as per points a)-b) and e)-g) of Paragraph 1 in Article 5 of Act LXXX of 1997.

Reduced advanced old-age pension benefits

Pursuant to Article 18/A, Paragraph (2) of Act LXXXI of 1997, reduced advanced old-age pension benefits may be claimed by any woman over the age of fifty-nine who was born in 1952 or in 1953 and by any man over the age of sixty who was born in 1950 who has

- a) at least thirty-seven years of service time and who is
- b) not, as of the commencement day of reduced advanced old-age pension, in a legal relationship that is subject to insurance under the social security system as per points a)-b) and e)-g) of Paragraph 1 in Article 5 of Act LXXX.

Invalidity benefits

Pursuant to Article 23 of Act LXXXI of 1997, invalidity benefits shall be paid to the person who:

- a) has lost his/her capacity for work to a rate of sixty-seven per cent due to health reasons or some physical or mental disability and no improvement of this condition is expected for a period of one year (hereinafter referred to as "invalid person");**
- b) has acquired the necessary service time; and**
- c) is not working on a regular basis, or whose income is significantly less than it was before he/she became invalid.**

The service time required for the right to invalidity benefits is set forth in Article 24 of Act LXXXI of 1997.

Commencement of rights to invalidity benefits is set forth in Article 26 of Act LXXXI of 1997.

Pursuant to Article 26, Paragraph (1) of Act LXXXI of 1997, the right to invalidity benefits shall open on the day when invalidity is diagnosed by the competent body of rehabilitation experts. If the body of rehabilitation experts did not establish the date of invalidity, it shall be construed as the date of filing the proof of the claim. If the claimant did not accumulate the service time required for eligibility by the date specified in Paragraph (1), entitlement to invalidity benefits shall commence on the day following the date when the prescribed service time is acquired.

Accident-related disability benefits

Pursuant to Article 33 of Act LXXXI of 1997, accident-related disability benefits shall be paid to a person who has lost his/her capacity to work to a degree of sixty-seven per cent primarily due to an accident in working, who is not working on a regular basis, or whose income is significantly less than it was before he/she became invalid.

Accident-related disability benefits shall be paid also to a person who has lost his/her capacity to work to a rate of fifty per cent due to silicosis, who is not working at all,

- a) or not working on a regular basis in a silicosis-free job or workplace, or**
- b) whose income is significantly less than it was before he/she became invalid.**

Pension benefits for miners

Requirements for entitlement for pension benefits for miners are set forth in the Government Decree No. 150/1991 (XII.4.).

Old-age pension benefits for people engaged in art-related activities

Requirements for entitlement for old-age pension benefits for people engaged in art-related activities are set forth in the Government Decree No. 5/1992 (I.13.).

Pension benefits with age allowance

Requirements for entitlement for pension benefits with age-allowance are set forth in the Government Decree No. 181/1996 (XII.6.).

Pension benefits for service years

Requirements for entitlement for pension benefits for service years are set forth in Act XLIII of 1996 on service of official members of the armed forces, and in Act XCV of 2001 on the status of official and contractual soldiers.

6. Labor-related legal disputes

Pursuant to Article 199 of Act XXII of 1992 on the Labour Code, for the enforcement of employment-related claims, or for the enforcement of their claims ensured by this Act, by the collective agreement or operative agreement, employees or trade unions and shop councils

(shop stewards), respectively, may apply for employment-related legal action according to the provisions of this Act. Unless this Act provides otherwise, the employer may apply for legal action in the interest of enforcement of its employment-related claim(s). Employment-related legal disputes shall be decided by a court. An employment-related legal action may be filed against a decision adopted by the employer within its right of discretion if the employer has violated the provisions pertaining to such decisions.

Pursuant to Article 199/A of Act XXII of 1992 on the Labour Code, a clause ordering the participation of a conciliator in employment-related legal disputes may be included in the collective agreement or in the employment contract for the purpose of attempting to reach an arrangement. Negotiations shall be initiated with the conciliator in compliance with the provisions of this Act. The conciliator shall set down the agreement in writing.

II.

Information provided to members

Pursuant to Article 28, Paragraph (1) of the Act, the institution for occupational retirement provision shall send a notification to the member about the record of his eligibility and changes in the member's account in the year under review at least once a year, until 31 March in the year after the year under review.

The account statement sent to the member shall in particular contain the following (Article 28, Paragraph (2)):

- a) contact information of the institution for occupational retirement provision,
- b) data identifying the member,
- c) start date of the membership,
- d) the website of the Authority, and
- e) changes in legislation affecting the members taking place after the date of the previous account statement.

In the case of defined contribution pension schemes, in addition to those referred to in Article 28, Paragraph (2), the account statement shall include the following:

- a) opening balance of the year under review or claims transferred from another institution for occupational retirement provision in the year under review,
- b) contribution paid by the employer in the year under review and additional voluntary contribution paid by the member in the year under review,
- c) transferred claims credited by right of beneficiary (other incomes credited),
- d) result for the year under review (share of the member account in net yield income from investment activities),
- e) closing value of the member's claim as per record (market value),
- f) valuation difference,
- g) name of the investment portfolio selected by the member, and
- h) amount of the yields accumulated from the start of the membership.

In the case of defined benefit pension schemes, in addition to those referred in Article 28, Paragraph (2), the account statement shall include the following:

- b) contribution paid by the employer and additional voluntary contribution paid by the member in the year under review,
- b) information about the expected amount of the occupational pension plan benefits,
- c) information about the expected amount of the occupational pension plan benefits in case of the termination of the employment,
- d) amount of increase in value from the valorisation of the previous year of pension eligibilities acquired in previous years,
- e) the rate of the pension related provisions of the institution for occupational retirement provision in proportion to commitments related to pension schemes including biometric risks (coverage rate), and
- f) amount transferred from other institution for occupational retirement provision in the year under review and the value of the eligibility converted this way.

In addition to those referred to in Article 28, Paragraph (2), the notification sent to the beneficiary shall include the following:

- a) amount of the pension plan benefits paid in the year under review, and
- b) rate of the benefits expected for the following year.

Upon request, the institution for occupational retirement provision shall provide the members, the beneficiaries and the staff representation bodies with the investment policy, the annual report and the financial statements, notify them about changes in legislation affecting the pension scheme, and disclose information about any pension schemes, if the institution for occupational retirement provision provides various pension schemes.

The employees and the staff representation bodies shall be informed about the contents of the statutes and the agreement between the employer and the institution and the investment policy before entering into an employment or collective agreement, respectively.

In addition to the general information outlined in Article 28, Paragraphs (1) to (5), upon the member's or the beneficiary's request, the institution for occupational retirement provision shall provide information about the following:

- a) portfolios which may be selected in case of systems with optional portfolios, the related risk exposures, the portfolio chosen by the member and the cost of the portfolio selection,
- b) procedure to be followed if employment is terminated and the eligibility is transferred to another institution for occupational retirement provision, methodology for the calculation of the capital value of the eligibility in the case of defined benefit pension schemes.

Upon reaching the retirement age, the institution for occupational retirement provision shall inform the member about the available pension plan benefits, and the way these services may be used.

Information contained in Article 28, Paragraphs (1) to (9) shall be provided to the employees by the employer based on the agreement between the institution for occupational retirement provision and the employer. It shall be recorded in the agreement that every entitled person receives such information.

III.

Investment rules

The Act CXVII of 2007 on Occupational Pension and the Related Institutions does not contain investment rules for institutions for occupational retirement provision registered in other Member States of the European Economic Area, providing cross-border services.

Budapest, March 2011

Hungarian Financial Supervisory Authority