

Information

relevant to the field of occupational pensions applicable to institutions for occupational retirement provision from other European Union Member States or other states that are parties to the Agreement on the European Economic Area carrying out cross-border activities in the territory of the Czech Republic

The requirements applying to institutions for occupational retirement provision from other European Union Member States or other states that are parties to the Agreement on the European Economic Area carrying out cross-border activities in the territory of the Czech Republic, are harmonised at the following levels:

- Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs) (hereinafter “**Directive 2016/2341**”), and
- the transposition of this Directive into rules at the national level through Act No. 340/2006 Coll., on the activities of institutions for occupational retirement provision, as amended (hereinafter “**Act No. 340/2006 Coll.**”).

Pursuant to Act No. 340/2006 Coll., institutions for occupational retirement provision from another European Union Member State or another state that is a party to the Agreement on the European Economic Area carrying out cross-border activities in the territory of the Czech Republic, must comply with the following requirements:

A. Requirements of social and labour law of the Czech Republic relevant to the field of occupational pensions

(See Article 11(7) of Directive 2016/2341 in conjunction with Article 4(a)(1) of Act No. 340/2006 Coll.)

These requirements are implemented into Czech law by Articles 6(2), (3), (4) and (5) and Articles 6a to 6c of Act No. 340/2006 Coll.:

Article 6 Pension schemes

(1) The participation of employees in occupational retirement provision and sponsoring undertakings in the Czech Republic is voluntary.

(2) Pension schemes of institutions for occupational retirement provision in the Czech Republic must comply with the conditions pursuant to Articles 6a and 6b and must always provide for

- a) provision of retirement benefits at least for the case of reaching a specified age and death; the specified age must not be higher than 65 years,
- b) forms of paid retirement benefits; one of the forms of paid retirement benefits must be life-time annuity,
- c) the possibility to transfer retirement benefits from the pension scheme to another institution in the case of termination of employment of a member at the sponsoring undertaking if the member so requests; the retirement benefits of the member may be reduced only by the costs

connected with this transfer and the types of these costs must be specified in the pension scheme,

d) reclaim of the contributions paid by a member in cases where

1. the member was also paying contributions and a right to a pension benefit was not created, or

2. the member and sponsoring undertaking agree with this reclaim under conditions set by the pension scheme,

e) the procedure for calculating the value of deferred pension rights.

(3) Articles 6a, 6b and 7a do not apply to disability or survivors' benefits, unless determined otherwise below.

(4) Articles 6a, 6b and 7a do not apply to pension schemes of institutions where measures are in force intended to maintain or restore the financial stability of the institution or where the institution has entered liquidation.

(5) Institutions shall publish on their websites general information about the pension scheme including, in particular, information about the conditions pursuant to paragraph 2 and information pursuant to Article 7(3).

Article 6a

Conditions for the acquisition of pension rights

(1) Where the acquisition of pension rights is conditional on

a) a period for the acquisition of pension rights or a waiting period, the total sum of these periods for a departing employee may not exceed three years,

b) attaining a minimum age, the determined minimum age for a departing employee may not be higher than 21 years.

(2) Where the employment or self-employment ended before the departing employee acquired pension rights, they will acquire, in accordance with the pension scheme of the institution, the right

a) to the reimbursement of the contributions they have already paid or that were paid on behalf of the departing employee in accordance with the collective or other agreement that governs the rights and obligations of occupational retirement provision, or

b) to the total amount of contributions paid, or to the investment value of these contributions as of the date of termination of employment, where investment risk is borne by the departing employee.

Article 6b

Preservation of deferred pension rights

(1) In the case of deferred pension rights, the initial value of those rights is calculated as of the date of termination of the current employment of the departing employee.

(2) The institution shall treat the deferred pension rights of a departing employee and their survivors or their value in a similar manner to the value of the pension rights of active members or in accordance with the development of retirement benefits paid out, or in the manner pursuant to paragraphs 3, 4 or 5.

(3) Where pension rights are acquired as the right to a nominal amount, at least the nominal value of the deferred pension rights must be maintained.

(4) Where the value of accumulated pension rights changes over time, the value of deferred pension rights must be adjusted by an interest rate or investment income.

(5) Where the value of accumulated pension rights is adjusted according to the inflation rate or the level of wages and salaries, the value of deferred pension rights must be adjusted accordingly.

Article 6c

Other arrangements in the collective agreement

The collective agreement may determine rules that differ from those laid down pursuant to Articles 6a or 6b if they are not less favourable for the departing employee and do not create obstacles to the free movement of persons.

B. The range of information that institutions for occupational retirement provision carrying out cross-border activities in the Czech Republic must provide to potential members, members and beneficiaries:

(See Article 11(7) of Directive 2016/2341 referring to Article 36 et seq. of that Directive in conjunction with Article 4(a)(3) of Act No. 340/2006 Coll.)

These requirements are implemented into Czech law by Articles 7 to 7d of Act No. 340/2006 Coll.:

Article 7

Information provided to members and beneficiaries

(1) Information provided by the institution to the members and beneficiaries in the Czech Republic must be provided at least to the extent corresponding to the information requirements prescribed for institutions in the home Member State.

(2) The institution shall ensure, at the establishment of participation in occupational retirement provision, that every member is sufficiently informed about the conditions of the pension scheme, in particular about the rights and obligations of all the parties participating in the pension scheme and about the financial, technical and other risks associated with the pension scheme. The institution shall also inform members and beneficiaries, in writing, about every change to the pension scheme, where such change directly affects the member or beneficiary, and this within two months.

(3) The institution shall provide members and beneficiaries, every year, with information about

- a) the institution, indicating the Member State for which it has authorisation, its financial situation and the name of the competent supervisory authority,
- b) the rights and obligations of the parties involved in the pension scheme,
- c) the investment profile, potentially the option to choose from multiple available investment profiles and the rules used to place members in such profiles,
- d) the nature of the financial risks borne by the members and beneficiaries,

- e) the conditions relating to guarantees under the pension scheme or a certain benefit amount, or that no guarantee is provided under such pension scheme,
- f) the method for protecting acquired pension rights and the method for reducing benefits, if applicable,
- g) the past performance of investments related to the pension scheme for at least the five calendar years immediately preceding the calendar year in which the institution is providing such information, or for the period from the date of establishment of the pension scheme where this period is shorter than five years, where the members bear investment risk or are able to make investment decisions,
- h) the structure of costs incurred by members and beneficiaries in connection with pension schemes that do not ensure a certain level of benefits,
- i) the options for members and beneficiaries in terms of receiving retirement benefits,
- j) supplementary information for members who have the right to transfer pension rights relating to the arrangements for such transfer.

(4) At the request of a member, the institution shall provide such member with detailed and material information about

- a) the amount of potential retirement benefits,
- b) the amount of retirement benefits in the event of termination of employment and other pension rights pursuant to Article 7a,
- c) the regulation of the transferability of pension rights to another institution in the event of the termination of employment with the sponsoring undertaking,
- d) the investment risk, where the member shares in such risk, through information about the selection of potential investment options and about the actual investment portfolio, with a description of the risks and costs associated with the investments.

(5) At the request of members and beneficiaries, the institution shall

- a) send them the annual accounts and the annual reports relating to their particular pension scheme,
- b) inform them about the statement of investment policy principles; this obligation is considered fulfilled if this statement is available at least at the registered office of the sponsoring undertaking,
- c) inform them of the assumptions used to create the projections referred to in Article 7b(3)(g). The request can be made on behalf of the members and beneficiaries by their sponsoring undertaking.

(6) The institution shall inform a member, well in advance of their attaining their retirement age stipulated by law or the pension scheme, about the options for the payment of retirement benefits. At retirement or when other retirement benefits become due, the institution shall provide every beneficiary, in writing, with the necessary information about due retirement benefits and about the options for their payment.

(7) Where the institution makes a decision that will lead to a reduction in due retirement benefits, it shall inform the beneficiaries of this without delay after such decision is adopted, however no later than three months before the date of implementation of such decision.

(8) Where beneficiaries bear investment risk during the period of payment of retirement benefits, the institution shall provide them with the appropriate information on a regular basis.

Article 7a

Information in the event of termination of employment or self-employment

- (1) The institution shall provide a member, upon request, with information regarding how the termination of their employment or self-employment would affect their pension rights.
- (2) The information pursuant to paragraph 1 must include
 - a) the conditions for the acquisition of pension rights and the consequences of their exercise upon termination of employment or self-employment,
 - b) the value of the acquired pension rights as of the date of submission of the request or an assessment of acquired pension rights carried out no later than 12 months before the date of submission of the request, and
 - c) the conditions for the handling of deferred pension rights.
- (3) Where the pension plan allows early access to acquired pension rights through the payment of their capital value, the information pursuant to paragraph 1 must include a recommendation that the member consider the option of consultancy regarding the investing of the indicated capital value for pension purposes.
- (4) The institution shall inform future pension beneficiaries, upon their request, about
 - a) the value of their deferred pension rights as of the date of submission of the request or an assessment of the deferred pension rights carried out no later than 12 months before the date of submission of the request, and
 - b) the conditions for the handling of deferred pension rights.
- (5) In the event of the payment of survivors' retirement benefits, paragraph 4 will apply to the survivors of the future pension beneficiaries in accordance with the pension scheme.
- (6) The information pursuant to paragraphs 1 to 4 must be provided in writing, with sufficient clarity and without undue delay. The pension scheme may determine that the information pursuant to paragraphs 1 to 4 will be provided only once per year.

Article 7b

Overview of retirement benefits

- (1) The institution shall prepare an overview of retirement benefits which, for the purposes of this Act, means a document containing key information for the member. When preparing the overview of retirement benefits, the institution shall take into account the specific nature of the national pension systems and the relevant national social, labour and tax laws.
- (2) The institution shall provide a member with an overview of retirement benefits at least once per year. Where the institution provides the overview of retirement benefits in electronic form, it shall also provide it to the member in paper form if the member so requests.
- (3) The overview of retirement benefits will contain at least
 - a) the words "Overview of retirement benefits" as the title of the document,
 - b) the date to which the information contained in the overview of retirement benefits relates; this date will be presented more prominently than the other information in the overview of retirement benefits,

- c) the identification data of the member, including unambiguous data about the statutory retirement age, the retirement age specified in the pension scheme or estimated by the institution, or the retirement age determined by the member,
- d) the name and contact address of the institution,
- e) designation of the member's pension scheme,
- f) where applicable, information about full or partial guarantees under the pension scheme and potentially where supplementary information can be obtained,
- g) information about the projection of retirement benefits in relation to the retirement age indicated under letter c) and a declaration that this projection may differ from the final value of paid benefits; where pension benefit projections are based on economic scenarios, this information will also include an estimate of the best-case scenario and an unfavourable scenario in relation to the specific nature of the pension scheme,
- h) information about acquired entitlements or accumulated capital in relation to the specific nature of the pension scheme,
- i) information about contributions made to the pension scheme by the sponsoring undertaking and the member, and this for at least the 12 calendar months preceding the date pursuant to letter b), while taking into account the specific nature of the pension scheme,
- j) a breakdown of the costs deducted by the institution, and this for at least the last 12 months,
- k) information about the overall level of funding of the pension scheme.

(4) The overview of retirement benefits will also contain data about where and how supplementary information can be obtained, including

- a) additional practical information about the options available to the member under the pension scheme,
- b) information about the annual accounts, annual reports and statements of investment policy principles,
- c) information about the assumptions used for the amounts expressed as annuities, in particular as regards the annuity rate, the type of provider and the annuity duration, if applicable,
- d) information about the benefits amount in the event of termination of employment or self-employment,
- e) information that the member has been assigned a specific investment option pursuant to the rules of the specific pension scheme, if applicable.

(5) When preparing projections of retirement benefits, the institution shall take into account information relating to the development of inflation published by the Czech National Bank.

(6) Every material change to information contained in the overview of retirement benefits compared to the preceding year must be clearly indicated.

Article 7c

Information provided to potential members

(1) Where potential members are not automatically placed in a pension scheme, before they become members the institution shall provide them with information about

- a) the options available to them, including investment options,
- b) the content of the pension scheme, including the type of benefits,
- c) whether and how the relevant investment approach takes into account environmental, climate and social factors, and factors relating to the administration and management of the institution,
- d) where supplementary information can be obtained.

(2) Where potential members are automatically placed in a pension scheme, the institution shall provide them with information pursuant to paragraph 1 without delay after they become members. Where a person authorised to distribute insurance is also active in the automatic placement, they shall provide, without delay, information about themselves pursuant to the Act on Distribution of Insurance and Reinsurance.

(3) Where members bear investment risk or where they may make investment decisions, the institution shall provide potential members with information about the past performance of investments related to the pension scheme for at least the five calendar years immediately preceding the calendar year in which the institution is submitting the information, or for the period since the establishment of the pension scheme where such period is shorter than five years, and about the structure of the costs borne by the members and beneficiaries.

Article 7d

Common provisions on the method of providing information

Information pursuant to Articles 7 to 7c is provided free of charge in electronic form on a durable data carrier or via a website, in the Czech language, in a clear, concise and comprehensible manner, and must be up-to-date and easy to read with uniform terminology and content, must not be deceptive or misleading, and must not contain jargon or technical terms if common wording can be used instead. It must be provided in paper form free of charge upon request.

C. Information on investment restrictions to be met by institutions for occupational retirement provision operating in the Czech Republic

(See Article 4(a)(2) of Act No. 340/2006 Coll.)

The Czech Republic does not apply any additional investment restrictions.