Pursuant to the provisions of UNMIK Regulation No. 2005/20, On Pensions in Kosovo, dated of 29 April 2005, on Amending UNMIK Regulation No 2001/35,

For the purpose of implementing Section 13.6 of UNMIK Regulation No. 2005/20, on Beneficiary designations.

The Governing Board of the Banking and Payment Authority of Kosovo, at its meeting held on March 16, 2006 adopts the following:

**Rule 25 on Amending Rule on Designating Pensions Beneficiaries dated April 17, 2003**

**Section 1**
**Scope and Purpose of this Rule**

**1.1 Scope of Rule**

This Rule applies to Beneficiary designations for the Kosovo Pension Savings Trust (“the Trust”).

**1.2 Purpose of the Rule**

This Rule prescribes requirements for Beneficiary designations and revocations pursuant to Section 12.6 and reflects Section 12.7.

**Section 2**
**General Provisions**

**2.1 Definitions**

All terms used in this Rule are as defined in the Pensions Regulation and/or as further defined in this Rule.

“Beneficiary” means a natural person entitled to receive pension benefits upon the death of a Participant. Participant may designate one or more beneficiaries.
“Beneficiary designation” means a document signed by a Participant filed with the Trust naming a Beneficiary.
“Contingent beneficiary” means a natural person who will acquire beneficiary rights in the event that no primary beneficiary is entitled to receive a deceased participant's pension benefits.
“Primary beneficiary” means a natural person entitled to receive a deceased participant's pension benefits to the exclusion of all other named beneficiaries.
“Revocation of beneficiary” means a document filed with the Trust by a Participant canceling, changing, or otherwise altering a previously named Beneficiary.
“Spouse” means a person to whom the participant is legally married or a person with whom the participant cohabits and who is recognized as a spouse pursuant to a certificate of cohabitation valid under the laws of Kosovo.

Section 3
Beneficiary Designation

3.1 Primary Beneficiary

a) A participant, if married at the time of making the beneficiary designation, must name his or her spouse as a beneficiary.
b) A surviving spouse to whom a participant has been married or with whom he has cohabited for at least one (1) year prior to the death of such participant, is a primary beneficiary whether or not the participant made such beneficiary designation and supercedes the rights of all other beneficiaries.
c) A surviving spouse, to whom a participant has been married or with whom he has cohabited for less than one (1) year prior to the death of the participant and who has been designated by the participant as his or her beneficiary supercedes the rights of all other beneficiaries.
d) A surviving spouse, to whom the participant has been married or with whom he has cohabited for less than one (1) year prior to the death of the participant and not designated by the participant as his or her beneficiary shares equally per capita with other primary beneficiary(ies), if any, or the contingent beneficiary(ies), if any.
e) A participant, if unmarried at the time of making the designation but having a child or children must designate all his or her children as beneficiary(ies).
f) The surviving children of the Participant, whether designated or not, shall be considered primary beneficiary(ies) in the event that there is no surviving spouse who can exercise the right of primary beneficiary at the time of pension benefits payment.
g) A participant, if unmarried at the time of making the beneficiary designation and without issue (children), may designate any natural person as his or her beneficiary(ies). In the event that there is no primary beneficiary at the time of pension benefits payment, all persons so designated shall share equally, per capita.
h) The sharing of pension benefits for all primary beneficiaries, if more than one shall be equally, per capita.

3.2 Contingent beneficiary.

a) A participant may designate any natural person or persons as contingent beneficiary(ies).
b) The share of all contingent beneficiaries shall be equally, per capita.
c) The existence of primary beneficiary(ies) excludes the rights of contingent beneficiary(ies).
d) Contingent beneficiaries have rights to receive the pension benefits of a deceased participant only in the absence of a primary beneficiary or when there is no effective primary beneficiary designation.

3.3. Absence or Invalidity of Beneficiary Designation

The beneficiary(ies) of a deceased participant, who had no surviving spouse and who did not designate a beneficiary, are all his or her children, or if he or she dies without issue, then his or her next of kin or heirs pursuant to applicable law.

Section 4
Revocation of Beneficiaries

4.1 Limitations on a Participant’s Right to Revoke Beneficiary Designation

The participant has the right to revoke his or her beneficiary designations, subject to the following limitations:
a) A participant cannot revoke the designation of his or her spouse to whom he or she is legally married, as beneficiary to his or her pension benefit.
b) A lawful decree of order of divorce shall not operate as a revocation of beneficiary designation. The participant who is a party to a divorce may revoke the designation of his or her former spouse following the procedures prescribed under Section 5 of this Rule. If such revocation has not taken place before the participant’s death, such spouse shall not exclude rights of other primary beneficiaries, such as a subsequent spouse or child.
c) A participant may revoke the designation of a beneficiary other than his or her spouse, to whom the participant is married, at any time.

Section 5
Requirements for a Valid and Effective Beneficiary Designation or Revocation

5.1 Requirements

The designation and revocation of beneficiaries to be valid and effective must conform to the following requirements:
a) It must be made by the participant while alive and before commencement of pensions.
b) It must be in writing signed by the participant and received by the Trust.
c) It must not alter the rights of the spouse of the participant at the time of designation.
d) It must comply with the applicable requirements of the beneficiary designation rules of the Trust that are consistent with this Rule and the Pensions Regulation.

Section 6
Discharge

6.1 A payment or payments of pension benefits made by the Trust in accordance with this Rule discharges the obligations of the Trustees towards any person making a claim as beneficiary of the deceased participant.

Section 7
Phased Payments

7.1 Phased Payments

Phased payments may be made if the amount on the individual account exceeds a threshold amount approved by the BPK but is insufficient to purchase an annuity.

7.2 Payment of Phased Payments to Beneficiaries

If a phased payment of benefits is made through another institution, and the participant dies prior to receipt of all payments, that institution must comply with requirements for beneficiary designation set forth in this Rule and pay the remaining payments to a beneficiary. The institution must maintain records of beneficiary designation and provide opportunity to revoke a designation as necessary.

Section 8
Entry into Force

This Rule as amended shall enter into force on April 01, 2006.

Michel Svetchine
Managing Director