



Pursuant to Article 35, paragraph 1, subparagraph 1.1, of Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No. 10/16 August 2010), Article 20, paragraph 20.1, subparagraph d, and Article 12, paragraph 12.7, of Law No. 04/L-101 on Pension Funds of Kosovo (Official Gazette of the Republic of Kosovo, No. 10/8 May 2012), the Board of the Central Bank of the Republic of Kosovo, in its meeting held on 27 January 2022, approved the following:

REGULATION ON DETERMINATION OF PENSION BENEFICIARIES

Article 1

Purpose and scope

1. The purpose of this Regulation shall be to determine the criteria and conditions for the determination and cancellation of pension beneficiaries in the Kosovo Pension Savings Trust (KPST) according to the provisions of Law No. 04/L-101 on Pension Funds of Kosovo.
2. This Regulation shall apply to the Kosovo Pension Savings Trust (KPST), for the implementation of criteria and conditions for the determination and cancellation of pension beneficiaries.

Article 2

Definitions

1. All terms used in this Regulation shall have the same meaning as the terms set forth in Article 1 of the Law on Pension Funds of Kosovo and/or the following definitions for the purpose of this Regulation:
 - 1.1. **Beneficiary** – shall mean a natural person designated by a Participant, or if the Participant has made no designation or if the designated Beneficiary pre-deceases the Participant, then the Participant's heir who is or may become entitled to pension assets on the basis of the Participant's rights;
 - 1.2. **Determination of beneficiary** – shall mean the document signed by the participant archived in the KPST, by which he appoints the beneficiary;
 - 1.3. **Primary beneficiary** – shall mean the natural person entitled to receive the pension benefit of the deceased participant excluding all other beneficiaries;
 - 1.4. **Potential beneficiary** – shall mean the natural person who will receive the right of the beneficiary in case there is no primary beneficiary entitled, according to the legislation in force, to receive the pension benefit of the deceased participant;

- 1.5. **Spouse** – shall mean the person with whom the participant is legally married or the person with whom the participant cohabits and who is recognized as a spouse according to the cohabitation certificate, valid according to the laws of Kosovo;
- 1.6. **Cancellation of beneficiary** – shall mean the document archived in the KPST by the participant who cancels, changes or in any other way changes the appointed beneficiary;
- 1.7. **Natural person** – shall mean natural persons excluding natural persons organized as business organizations;
- 1.8. **KPSF** – shall mean the Kosovo Pension Savings Trust;
- 1.9. **Law on Pension Funds of Kosovo** – shall mean Law No. 04/L-101 on Pension Funds of Kosovo and subsequent laws amending and/or supplementing it;
- 1.10. **Participant** – shall mean a natural person on whose behalf the employer or participant pays contributions to the Kosovo Pension Savings Fund.

Article 3 Determination of Beneficiary

1. The conditions for determination of the natural person as the primary beneficiary in the KPST are as follows:
 - 1.1. The natural person appointed by the participant must submit a copy of the identity card and/or the civil status certificate and/or the cohabitation certificate;
 - 1.2. The participant who at the time of determining the beneficiary is married, he/she must appoint his/her spouse as the primary beneficiary;
 - 1.3. The spouse with whom the participant was married or with whom he/she cohabited for at least one (1) year before his/her death and who was designated by the participant as a beneficiary has priority over the rights of all other beneficiaries;
 - 1.4. The spouse with whom the participant was married or with whom he/she cohabited at least one (1) year before his/her death is the primary beneficiary, regardless of whether the participant has made his/her designation as such beneficiary and has priority over the rights of all other potential beneficiaries;
 - 1.5. The spouse with whom the participant was married or cohabited for at least one (1) year prior to the death of the participant and was not designated by the participant as a beneficiary shares an equal right with the other primary beneficiary (beneficiaries) that have been previously designated as beneficiaries by the participant;
 - 1.6. The participant who at the time of designating the beneficiary is unmarried but has one or more children must designate all of his or her children as the beneficiaries;
 - 1.7. The participant, who at the time of designating the beneficiary is not married and has no children, can designate any natural person as beneficiary. In case there is no primary beneficiary at the time of payment of pension benefits, all designated persons must have an equal share;
 - 1.8. The child of the participant, regardless of whether it is designated or not, will be considered as the primary beneficiary (beneficiaries), if the participant does not have a spouse who can exercise the right of the primary beneficiary at the time of payment of the pension benefit;

- 1.9. The distribution of pension benefits to all primary beneficiaries, if there is more than one, should be done equally.
2. The natural person designated as a potential beneficiary must meet the following criteria:
 - 2.1. The potential beneficiary (beneficiaries) is designated by the participant and/or according to the legislation in force;
 - 2.2. The existence of the primary beneficiary (beneficiaries) excludes the rights of the potential beneficiary (beneficiaries);
 - 2.3. The distribution for potential beneficiaries should be equal for all;
 - 2.4. Potential beneficiaries are entitled to receive the deceased participant's pension benefits only in the absence of the primary beneficiary or when there is no effective designation of the primary beneficiary.
3. Beneficiary (beneficiaries) of the deceased participant who does not have a spouse and who has not designated the beneficiary, shall be all his or her children, or if he or she dies without having children, his/her closest heir which can be determined according to the law applicable in the Republic of Kosovo.

Article 4

Cancellation of beneficiaries

1. The participant shall have the right to cancel the designation of a beneficiary, subject to the following limitations:
 - 1.1. The participant can cancel at any time the appointment of the beneficiary but not of the spouse with whom he/she is married;
 - 1.2. The participant may not cancel the appointment of the spouse with whom he/she is legally married, as a beneficiary of his or her pension benefit;
 - 1.3. A final divorce judgment may not act as an annulment of the beneficiary's appointment;
 - 1.4. The participant who is a party to the divorce may cancel the appointment of her/his spouse (the party to the divorce) after the final court decision according to the procedures set out in Article 5 of this Regulation;
 - 1.5. If this cancellation was not made before the death of the participant, the divorced spouse cannot exclude the rights of other primary beneficiaries such as the legal spouse at the time of death or the children.

Article 5

Requirements for valid and effective appointment or cancellation of the beneficiary

1. The appointment and cancellation of the beneficiary, to be valid and effective, must be in accordance with the following requirements:
 - 1.1. Must have been made by the participant while he/she was alive and before starting to receive the pension benefit;
 - 1.2. Must not change the rights of the participant's spouse at the time of appointment;

- 1.3. Must be in writing and signed by the participant and accepted by the KPST;
- 1.4. Must comply with the applicable requirements of the KPST beneficiary appointment rules that are in accordance with this Regulation, the Law on Pension Funds of Kosovo and applicable law.

Article 6 **Fulfilment of obligations**

Pension benefit payment or payments made by the KPST in accordance with this Regulation fulfil the obligations of custodians to any person who makes a claim as a beneficiary of a deceased participant.

Article 7 **Phased payment**

1. Phased payments can be made if the value of the individual account exceeds the value of the threshold or limit approved by the CBK.
2. Phased payments to beneficiaries if the phased payment of benefits has started to be made through another institution and the participant dies before receiving all payments, that institution must comply with the requirements for determining the beneficiary (beneficiaries) set out in this Regulation and pay beneficiary (beneficiaries), the remaining payments. The institution should keep records of the beneficiary determination and provide the possibility to cancel the beneficiary determination if required.

Article 8 **Implementation and remedial measures**

Violations of the provisions of this Regulation shall be subject to the measures set forth in the Law on the Central Bank of the Republic of Kosovo and the Law on Pension Funds of Kosovo.

Article 9 **Repeal**

With the entry into force of this Regulation, Rule 25 on Amending the Rule on Determination of Beneficiaries of Pensions of 17 April 2003, adopted on 16 March 2006, shall be repealed.

Article 10 **Entry into force**

This Regulation shall enter into force fifteen (15) days from the date of its approval.

Flamur Mrasori

Chairperson of the Board of the Central Bank of the Republic of Kosovo