

## **PRIVATE PENSION FUNDS IN ALBANIAN. A COMPARATIVE PERSPECTIVE BETWEEN THE ALBANIAN LEGISLATION AND THE EU LEGAL FRAMEWORK**

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### **Abstract**

This paper aims to analyse the private retirement (pension) funds in Albania. A public pension fund is one that is regulated under public sector law while a private pension fund is regulated under private sector law. The private pension funds in Albania are regulated by the law no. 10 197, date 10.12.2009 “On voluntary pension funds” (FVP Act). This Act creates a legal framework for the private pension funds. The purpose of the Act is to establish the standards necessary for effective management of voluntary pension funds, through diversification of investments, with the aim of increasing the contributions made to the pension fund; supervision of voluntary pension fund business with defined contribution, in order to ensure the protection of the member of the pension fund; the promotion of the stability, security and good governance of pension fund assets; as well as licensing and oversight of the pension fund management company and professional pension plan, the depositary assets pension funds and all related issues. According to this law, there are two types of pension funds: voluntary pension fund and professional’s pension fund. Private pension fund consists in a group of assets owned by the members of the fund, where each member has a portion of its own. While on the other hand the professional pension fund represents a pension fund to which the employer has contracted with the company management, to offer its employees a retirement professional plan. The paper will also study the FVP act approach with European Council Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision. This directive represents a first step on the way to an internal market for occupational retirement provision organised on a European scale. Through the legal analysis and the comparative method this paper aims to present the Albanian legal framework and the European Directives that regulate the private pension funds. The paper is based also in the study of an Albanian management company, “SIGAL-Life UNIQA Group AUSTRIA”. It was licensed on 30 March 2011 by the Financial Supervisory Authority to operate as a management company voluntary pension funds, for the collection and investment of pension funds and pension payments. Increasing the number of operators in the voluntary pension market, will play an important role in the development of this market and will further enhance public confidence in the investment of funds in voluntary pension scheme.

**Keywords:** *private pension fund, assets, retirement plan, management institutions, EU directive.*