
FAQ

When does the Guarantee Fund become liable to compensate pension fund unit-holders?

The Guarantee Fund is obliged to compensate a unit-holder of a mandatory pension fund for the loss incurred after ten working days from the expiry of the term established by the Financial Supervision and Resolution Authority in its precept if the pension management company has not complied with the Financial Supervision and Resolution Authority's precept and has not itself compensated the unit-holder for the loss within the term established in the precept.

How are unit-holders informed?

The Guarantee Fund is obliged to publish two notices in two national daily newspapers within three working days of the date of receipt of the notification from the Financial Supervision and Resolution Authority. The notice must contain at least the following information:

- the name of the pension fund in respect of which the decision was taken;
- when and how unit-holders can obtain information on the compensation awarded to them;
- the compensation terms and procedures.

The Guarantee Fund and the Financial Supervision and Resolution Authority publish this information on their websites without delay.

Following the determination of the compensation, the Guarantee Fund must, at the request of the unit-holder, inform the unit-holder of the amount of the compensation awarded to them and of the related circumstances.

How is the compensation determined?

The Guarantee Fund determines the amount of compensation to be paid to each person on the basis of the information provided by the Financial Supervision and Resolution Authority, the pension management company, the registrar of the pension register, and other persons, based on the provisions of the Guarantee Fund Act.

What loss must a unit-holder of a pension fund be compensated for?

A unit-holder of a pension fund is compensated for losses where the Financial Supervision

and Resolution Authority has identified a breach of the requirements laid down in legislation and in the terms and conditions of the pension fund, which has caused a loss to the unit-holders of the pension fund. The amount of the loss is determined by taking into account the total proprietary loss suffered, including loss of income, compared with the situation whereby the breach had not occurred and the assets of the pension fund involved in the breach had been invested in a similar way to the other assets of the pension fund.

What the maximum amount of loss for which the Guarantee Fund compensates a unit-holder?

- The Guarantee Fund reimburses a unit-holder for any loss up to a maximum of 10,000 euros.
- The amount of loss suffered by a unit-holder in excess of 10,000 euros per specific loss event is compensated up to 90%.

How is compensation paid?

In return for the amount of compensation determined, the registrar of the pension register acquires for the unit-holder a maximum whole number of units of the pension fund to which the unit-holder contributes to the funded mandatory pension scheme at the time of compensation.

If the unit-holder is or has been paid from the pension fund(s), or if the unit-holder is deceased, the unit-holder receives units in the existing pension fund of which they were the last unit-holder, or a transfer is made to their pension investment account to which their last contributions to the funded mandatory pension scheme were paid. If all the pension funds of which the unit-holder has acquired units have been liquidated and all the unit-holder's pension investment accounts have been closed, the compensation amount is transferred to the unit-holder's pension account.

In the event of the death of a unit-holder and/or a person who has used a pension investment account, the units and/or the funds in their pension investment account and the financial assets acquired with it pass to their heir.

What are the terms for compensation?

The term is calculated from the date of compensation

Date of compensation – The term established by the Financial Supervision and Resolution Authority in the precept for the pension management company to compensate the unit-holder for the loss and the Financial Supervision and Resolution Authority's notice of non-compensation of the loss to the Guarantee Fund

within 3 working days

The Guarantee Fund publishes a notice on the conditions for compensation of unit-holders in national newspapers and on its website

no later than 45 calendar days

- The Guarantee Fund forwards the names of eligible unit-holders and the amounts of

the compensation granted to them to the registrar of the pension register, who transfers the amount needed for compensation to the bank account of the registrar of the pension register

- The registrar of the pension register compensates the loss. The unit-holder receives units in the pension fund in return for the determined amount of compensation within 10 working days of receipt of the data and funds.

When does a pension fund unit-holder's right of claim expire?

If the Guarantee Fund has not compensated the beneficiary within the time limit provided for in the Guarantee Fund Act, the beneficiary is entitled to bring a claim against the Guarantee Fund, which is subject to a limitation period of five years.

Claims against a fund participant by entitled persons not compensated by the Guarantee Fund are subject to the provisions of the Bankruptcy Act and other laws.

The term is calculated from the date of compensation

up to 5 years

The unit-holder has the right to file a claim against the Guarantee Fund if the Guarantee Fund has failed to compensate the loss within the specified term.

Which unit-holders are not covered by the Guarantee Fund?

No compensation is paid from the resources of the Guarantee Fund (Pension Protection Sectoral Fund) to a unit-holder who, during the period in which the loss occurred, was:

1. a member of the management or supervisory board or an auditor of the pension management company which caused the loss
2. a member of the management or supervisory board of the depositary of said pension fund
3. the fund manager of said pension fund
4. the spouse or registered partner of the person mentioned in points 1-3
5. a member of the management or supervisory board of the parent undertaking of the pension management company which caused the loss or the spouse or registered partner of a member of the management board

Who compensates losses not covered by the Guarantee Fund?

Entitled persons' claims against a fund participant that the Guarantee Fund does not compensate for will be compensated for under the Bankruptcy Act or other laws.

Does the Guarantee Fund protect the assets of voluntary funded pension fund unit-holders?

The protection of the Guarantee Fund does not extend to the assets of voluntary funded pensions funds.

Page last edited on 03/03/2025