

Amendments to the Individual Pension Savings and Investment System Law and Certain Laws and Decree Law numbered 375

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Law numbered 7351 on Amendments to Individual Pension Savings and Investments Systems Law and Certain Laws and Decree Law numbered 375 ("**Amendment Law**"), published in Official Gazette dated 22 January 2022 and numbered 31727, introduced the below-mentioned amendments and additions to the procedure of the individual pension:

- Some definitions in Individual Pension Savings and Investment System Law numbered 4632 have been changed and the concepts of Ministry or Minister, Institution, Board, Participant, Portfolio Manager and Custodian have been explained. For example, while the concept of "Undersecretariat" was used before the amendment, the terms "Ministry" or "Institution" are now used. While the "Insurance and Private Pension Regulation and Supervision Agency" is defined as the "Institution"; "Insurance and Private Pension Regulation and Supervision Board" is expressed as the "Board".
- In some cases, the participant may request that the savings in the individual retirement account be paid to him/her. Participant may be partially paid up to 50% of the savings amount in his/her account without leaving the system. However, amounts in the state contribution account will be excluded. It is possible to cover this partially paid amount from the amount in the state contribution account provided that it does not exceed a quarter. The principles and procedures regarding this matter will also be determined by the Institution.
- The principles on custody of fund equity, fund portfolio and fund assets have been edited. According to the Turkish Code of Obligations, the principles, and procedures regarding the exercise of rights such as qualify for a pension, paying a salary, paying the savings in the individual pension account, transferring the savings in their own account to another pension company, in case of transfer of individual pension contracts or the receivables arising from these contracts, shall be determined by the Institution.
- The pension monitoring center calculates the amount corresponding to 30% of the contributions paid to the individual pension account as state contribution on behalf of Turkish national participants and the participants who lost their Turkish citizenship by obtaining a renunciation permit. The calculated amount is paid to the same center to be transferred to the relevant accounts of the participants through the companies. Those paid by the employer are the exception. The president has the authority to reduce payments made in foreign currency. Except for payments made in foreign currency, the amount corresponding to 25% for those transferred to company accounts before 22 January 2022, and 30% for those transferred to company accounts after this date, will continue to be calculated as state contribution.
- The article on the calculation of the State contribution has been added with the Law. Accordingly, the total amount of contributions paid for a participant in a year cannot exceed the total amount corresponding to the calculation period of the gross minimum wage valid at the end of the calculation period for that year. For the contributions exceeding the limit, the State contribution and calculation and payment can also be made in the years following the year in which the contribution is paid. Excessive and improper payments made by pension companies to the account of the ministry are paid to the pension monitoring center to be sent to the relevant accounts of the pension companies.

Please see this link for full [text](#) of the Law (Only available in Turkish).

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