



# Romania introduces optional fourth pillar occupational pensions

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4 Jun 2020

Romania has introduced a new “fourth pillar” that provides occupational pensions employers can voluntarily offer to employees. This is in addition to the public and private pensions provided the other three pension pillars provide. The [law](#) (Romanian), effective 7 Feb 2020, implements the [European Union's \(EU's\) IORP II directive](#).

## Highlights

- Employers may establish a scheme for employees, and either agree to the scheme's terms with individual employees, or incorporate the provisions into a collective bargaining agreement. Employers must assign the scheme's management to a fund provider regulated either by the Romanian Financial Supervisory Authority, or by another EU member state's authority.
- Employees and employers contribute to the scheme, with contributions capped at one-third of the employee's gross monthly salary and amounting to no more than one-half of the employee's net monthly salary. Employers must invite all employees to participate, but they can designate different contribution rates depending on the employee's seniority, salary and job role.
- Employees can request in writing to cease paying contributions to the scheme, and employers can notify employees of changes to the contribution rates or the scheme's cessation, subject to meeting the notification requirements.
- Scheme participants are eligible for payments once they reach the normal retirement age, or the age the employer specifies in the scheme.

As a reminder, under third pillar private pension schemes, contributions are capped at 15% of the employee's gross monthly salary, and payment is made when the scheme participant reaches age 60 years and has paid 90 monthly contributions or more.

## Related resources

- [Law No 1/2020 \(Romanian\) \(Official Journal, 8 Jan 2020\)](#)
- [Directive \(EU\) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision \(IORPs\) \(EurLex, 23 Dec 2016\)](#)

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