

PENSION AND DISABILITY INSURANCE LAW¹

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I BASIC PROVISIONS

Article 1

Pension and disability insurance in Montenegro shall consist of:

- 1) mandatory pension and disability insurance based on generational solidarity,
- 2) mandatory pension and disability insurance based on individual capitalized savings;
- 3) voluntary pension insurance based on individual capitalized savings.

Article 2

This Law shall govern mandatory pension and disability insurance based on generational solidarity.

Article 3

Mandatory pension and disability insurance based on individual capitalized savings and voluntary pension and disability insurance based on individual capitalized savings shall be governed by a separate law.

Article 4

Mandatory pension and disability insurance based on generational solidarity (hereinafter: pension and disability insurance), founded on the principles of reciprocity and solidarity, shall secure rights for Participants based on work, time period for which contributions were paid and the amount of the base on which contributions were paid for pension and disability insurance, in the event of old-age, disability and physical impairment, and rights to members of their families in the event of a Participant’s or Beneficiary’s death.

¹ Pursuant to the Law on Unified Registration and the System of Reporting on Calculation and Collection of Taxes and Contributions (“Official Gazette of the Republic of Montenegro”, no. 29/05), the provisions of the Pension and Disability Insurance Law (“Official Gazette of the Republic of Montenegro”, no. 54/03 and 39/04), relating to registration of tax payers and Participants and submitting of application for calculation and payment of taxes and contributions, which are in conflict with this Law ceased to be valid.

Article 5

Rights arising from pension and disability insurance shall be personal and inalienable rights.

Rights arising from pension and disability insurance shall not expire, except the rights on claims of due but outstanding amounts under circumstances determined by this Law.

Article 6

Pension and disability insurance resources shall be funded by contributions paid by Participants and employers.

In particular cases and under conditions determined by this Law pension and disability insurance resources shall be funded by the state, or other duty-bound institutions.

Article 7

Funds for pension and disability insurance shall be provided in the budget of Montenegro.

Rights arising from pension and disability insurance shall be realized within the Pension and Disability Insurance Fund of Montenegro (hereinafter: the Fund).

Article 8

Rights arising from pension and disability insurance shall be accrued, realized and used only under conditions and in a manner determined by this Law and cannot be regulated by any other regulations.

Accrued rights arising from pension and disability insurance may be revoked only under circumstances stipulated by this Law.

II PARTICIPANTS

Article 9

For the purposes of this Law, Participants shall be:

1. employees (hereinafter: Participant – Employee)
2. persons performing independent activities (hereinafter: Participant – Self-Employed Person).
3. farmers (hereinafter: Participant – Farmer)

If a person is eligible at the same time for insurance on several bases under paragraph 1 of this Article, the base of insurance shall be determined in such manner that the existence of insurance basis according to previous point shall exclude the insurance base from the following point.

Obligations towards payment of contributions based on insurance shall be determined in compliance with this Law.

Article 10

Participants – Employees shall be:

1) persons employed in business organization, other legal entity, state body, local government unit or with private individual (hereinafter: the Employer)

2) professional civil servants in service with the Army of Montenegro and military units and military institutions;

3) elected or appointed persons, if entitled to wage for the performed functions;

4) Members of the Board of Directors in a business organization and other legal entity and members of Managing Boards in public companies and institutions who are entitled to compensation for their work, unless insured on other basis;

5) employed persons sent to work abroad, i.e. employees in a business organization, or other legal entity that perform activity or services abroad, unless insured according to regulations of that country or unless specified otherwise by international agreement;

6) citizens of Montenegro, on the territory of Montenegro, employed with foreign or international organizations and institutions, foreign diplomatic and consular representative offices or with foreign legal entities or physical persons, unless specified otherwise by international agreement;

7) citizens of Montenegro employed abroad, if during that time they are not insured on mandatory basis at a foreign Pension fund or if the rights arising from pension and disability insurance, pursuant to regulations of that country, cannot be realized or used outside its territory, and shortly before they went abroad they were insured in Montenegro, i.e. if they were residents of Montenegro before going abroad;

8) foreign citizens and persons without citizenship employed with foreign legal entities and private individuals on the territory of Montenegro, unless specified otherwise in an international agreement, i.e. unless insured according to the regulations of another country;

9) foreign citizens and persons without citizenship employed with international organizations and institutions and foreign diplomatic and consular representative offices on the territory of Montenegro, if such insurance is specified by international agreement;

10) persons whose services are no longer needed, i. e. who stopped performing entrepreneur activities, while they are entitled to an allowance according to regulations pertaining to labor and employment.

Persons under paragraph 1 point 7 of this Article shall be insured at the personal request as of the day of the employment, and earliest from January 1 of the year in which the insurance application is submitted.

Article 11

Participants – self -employed persons shall be:

- 1) persons that, in compliance with the law, shall perform commercial or other activity independently, unless insured on mandatory basis based on employment;
- 2) persons performing jobs based on service contract, i.e. author's contract, as well as jobs based on other contracts, for the performance of which they are entitled to a compensation (hereinafter: contracted compensation), and are not insured on other basis;
- 3) priests, clergymen, monks unless insured on other basis.

Article 12

Participants – farmers shall be persons dealing with agricultural activities (farmers, members of farmer's household and members of a mixed household) as the only or main profession who are not Participants – employees, self –employed, pension Beneficiaries and persons at school and having overall working capacity.

The household, as under paragraph 1 of this Article, shall be deemed to be a community of living, earning and spending of income realized through work of its members, regardless of kinship.

The public administration authority competent for activities of agriculture, forestry and water-supply shall prescribe by a regulation what is regarded to be agricultural activity as the only and main activity and shall keep the register of persons from the paragraph 1 of this Article.

The act under paragraph 3 of this Article shall be passed by the public administration authority competent for pension and disability insurance affairs.

Article 13

The status of a Participant shall be acquired as of the first day of employment, and shall cease as of the day of termination of employment or performance of self-employment activities, i.e. entrepreneurship, i.e. performance of contracted jobs.

The status of a Participant – farmer shall be acquired as of the day of entry into the register under Article 12, paragraph 3 of this Law.

The status of a Participant shall be established on the basis of an insurance application, or a notice of insurance termination, in accordance with this Law.

The status of a Participant cannot be acquired under the age of 15.

III PERSONS ENTITLED TO RIGHTS IN THE EVENT OF DISABILITY AND PHYSICAL IMPAIRMENT

Article 14

In the event of disability and physical impairment rights arising from an injury at work or a professional disease shall be realized by persons:

1) who are undertaking professional training, additional training or retraining, sent by the Employment Office of Montenegro (hereinafter: the Employment Office);

2) pupils and students, when engaged, pursuant to the law, in compulsory manufacturing work, specialist practical training or practical instruction;

3) persons serving a prison sentence, while employed in a commercial unit of the institution for serving a prison sentence /workshop, work-site, etc./.

Contributions for persons under paragraph 1, point 1 of this Article shall be paid the Employment Office.

The resources necessary for the realization of the rights under paragraph 1, points 2 and 3 of this Article, and the rights under Article 42 paragraph 2 of this Law in the event of death of a person under paragraph 1 points 2 and 3 of this Article, shall be funded by the Budget of Montenegro (hereinafter: the Budget).

Article 15

Rights in the event of disability and physical impairment shall be realized by Participants and persons who suffer an injury at work while participating in:

1) rescue or defense operations in the event of a natural disaster or accident;

2) military training or performing other duties in the area of state defense, as determined by law;

3) other activities and tasks determined by law as being in the general interest.

The resources necessary for realizing the rights under paragraph 1 of this Article, and the rights under Article 42 paragraph 2 of this Law in the event of death of a person under paragraph 1 of this Article shall be funded by the Budget.

IV ENTITLEMENTS ARISING FROM PENSION AND DISABILITY INSURANCE

Article 16

Entitlements arising from pension and disability insurance shall be:

1) in the event of old age – entitlement to an old-age pension and early old age pension;

2) in the event of disability – entitlement to a disability pension;

3) in the event of death:

- entitlement to a survivor's pension;

- entitlement to funeral cost compensation;
- 4) in the event of physical impairment caused by injury at work or professional disease – entitlement to subsidy for physical impairment.

1. OLD-AGE PENSION

Article 17

A Participant shall become entitled to an old-age pension upon reaching the age of 67 and accruing at least 15 years of pension service.

A Participant shall become entitled to old age pension upon reaching 40 years of insurance service.

A Participant shall become entitled to old age pension upon reaching 30 years of insurance service, with minimum 20 years working effectively in working positions for which in mines the insurance service period is calculated at accelerated rate.

Article 17a

A Participant shall become entitled to early old-age pension upon reaching the age of 62 and minimum 15 years of pension service.

Article 18

For a Participant whose years of service are accrued at accelerated rate, the retirement age for entitlement to old age pension, determined under Article 17 paragraph 1 of this Law, shall be reduced in proportion to the degree of accelerated rate per one year, as follows:

- 1) for each six years spent on working position, i.e. job where the effectively spent 12 months are accrued as 14 months of insurance service;
- 2) for each five years spent on working position, i.e. job where effectively spent 12 months are accrued as 15 months of insurance service;
- 3) for each four years spent on working position, i.e. job where effectively spent 12 months are accrued as 16 months of insurance service;
- 4) for each three years spent on working position, i.e. job where effectively spent 12 months are accrued as 18 months of insurance service.

Article 19

The old-age pension shall be determined on the basis of average wages, or pension insurance bases realized from January 1st 1970 to December 31st of the year that preceding the year when the entitlement is realized.

Article 20

The old-age pension amount shall be calculated by multiplying the Participant's personal points by the pension value of one personal point on the day of the entitlement realization.

Article 21

Personal points of Participants shall be determined by multiplying personal coefficient of a Participant and his/her years of service.

Article 22

Annual personal coefficient shall be determined based on wages, i.e. insurance basis as of January 1st 1970, by dividing the wage, i.e. insurance base determined for each calendar year by the average annual wage in Montenegro for the same calendar year.

Wages, i.e. insurance base determined in the Main Registry for the period from January 1, 1970 to December 31, 2003 shall be divided by average net wage in Montenegro, and wages, i.e. insurance bases determined in the Main Registry for the period as of January 1, 2004 shall be divided by average gross wage in Montenegro.

Annual personal coefficient as under paragraphs 1 and 2 of this Article shall be one when the wage, i.e. insurance base in the calendar year is equal to the average wage of employees in Montenegro in that calendar year.

Wages, wage compensations and insurance basis used for calculation and payment of contributions for pension and disability insurance, that were subject to contributions payment and which are determined in the Main Registry, except for the year when entitlement is realized, shall be used when determining annual personal coefficient.

The data on the average annual wage in Montenegro under paragraphs 1 through 4 of this Article shall be published by the body competent for statistics.

Article 23

Personal coefficient shall be determined by dividing the sum of annual personal coefficients by the period they are calculated for, and each year is calculated as 1, each month of accrued service as 0.0833, and each day as 0.00274.

Article 24

When calculating annual personal coefficients for the period of service accrued from January 1st 1970 to December 31st 2003, during which wage compensations were realized by virtue of remaining work capacity, the bases upon which those compensations were determined shall be used, and in the event of compensation

due to smaller wages at another appropriate job, realized compensation shall also be used for the calculation of annual personal coefficient.

Article 25

During the calendar year when a Participant realizes the wage compensation according to the health insurance regulations, i.e. during the maternity leave, the realized wage compensation shall be taken as the base for calculation of annual personal coefficient for that period.

When a Participant realized wage compensation according to health insurance regulations, i.e. during maternity leave in the period from January 1, 1970 to December 31, 2003, personal coefficient from the period when a Participant realized wage, i.e. base of insurance until December 31, 2003 shall be taken for the calculation of the annual personal coefficient for that period.

Article 26

In case when annual personal coefficient cannot be determined for a Participant in any calendar year, as well as for a Participant who does not have a single year of insurance, the personal coefficient shall be one.

If there is no data on wage, wage compensation, i.e. insurance base for certain calendar years, the personal coefficient from the period in which the Participant realized wage, wage compensation, i.e. insurance base shall be taken for the calculation of annual personal coefficient for that period.

For a Participant exercising the right to be absent from work according to labor regulations, until the child is three years old, a personal coefficient from the period over which a Participant realized wage, wage compensation, i.e. insurance base shall be taken for the calculation of the annual personal coefficient for that period.

Article 27

The value of pension for one personal point for the first six months in 2004 shall amount 2.97 Eur.

Article 27a

Early old-age pension shall be determined in the same manner as for determining old-age pension, but the amount of that pension shall be reduced for each month of earlier retirement prior to reaching the age of 67 by 0.35%.

The pension amount determined pursuant to paragraph 1 of this Article shall also be retained after reaching the age of 67.

1) Maximum Pension

Article 28

The maximum old-age pension amount shall be determined as prescribed under Article 20 of this Law, but the average coefficient of a Participant may not exceed 4.

2) Minimum Pension

Article 29

A Participant, whose pension is determined pursuant to Article 20 of this Law and lower than the minimum pension, shall be granted the minimum pension.

The minimum old- age pension shall be determined as prescribed under Article 20 of this Law and the personal coefficient of a Participant shall be 0.5.

The pension under paragraph 2 of this Article cannot be lower than 45 Eur.

The provision under paragraph 3 of this Article shall also refer to early pension and survivor's pension.

The amount under paragraph 3 of this Article shall be indexed in the same manner as the indexation of pension value for one personal point.

The provision of paragraph 3 of this Article shall not apply to proportional pensions realized in implementation of international agreements.

2. DISABILITY PENSION

Article 30

A disability shall be deemed to exist when a Participant, due to health changes that cannot be eliminated by treatment or medical rehabilitation, suffers complete loss of working capacity.

A disability shall also be deemed to exist when a Participant, due to health changes that cannot be eliminated by treatment or medical rehabilitation, suffers a partial loss of working capacity of 75%.

A disability as under par.1 and 2 of this Article may arise as a consequence of an injury at work, professional disease, an injury away from work or a disease.

The Fund shall set a mandatory control check-up of a Beneficiary, within three years after the day the disability was determined to exist the latest, except in cases prescribed by the Fund regulation under Article 85 paragraph 1 of this Law.

Article 31

A Participant who has suffered complete loss of working capacity under Article 30 paragraph 1 of this Law shall be entitled to a full disability pension.

A Participant who has suffered partial loss of working capacity under Article 30 paragraph 2 of this Law shall be entitled to a partial disability pension

Article 32

A work-disabled person, under this Law, shall be deemed to be a Participant who is entitled to disability pension based on his/her disability.

Article 33

If it is determined that a Participant has suffered a loss of working capacity as the one referred to in Article 30 paragraph 2 of this Law, he/she may be employed for a quarter of full time hours.

Article 34

For the purposes of this Law, an injury at work shall be deemed to be an injury sustained by the Participant in direct, causal, spatial and time connection with the performance of the job by virtue of which he/she is insured, and which is caused by an immediate and brief mechanical, physical or chemical cause, sudden changes in body position, sudden weighing down of the body or by other changes in the physiological condition of the body.

An injury at work shall also be deemed to be an injury caused in the manner under paragraph 1 of this Article which the Participant sustains while doing a job he/she is not assigned to, but which he/she does in the interest of the employer with whom he/she is employed.

An injury at work shall also be deemed to be an injury caused in the manner under paragraph 1 of this Article which the Participant sustains on his/her regular way from home to work, and back, on a journey undertaken for the purpose of carrying out official business or on a journey undertaken to commence work, as well as under other circumstances determined by this Law.

An injury at work shall also be deemed to be the illness of a Participant which arises immediately after or as the sole consequence of an accident or a force majeure in the course of job performance by virtue of which he/she is insured or linked to that job.

Article 35

An injury at work shall also be deemed to be an injury caused in the manner stipulated under Article 34 of this Law that the Participant sustains in connection with exercising the entitlement to health care.

An injury at work shall also be deemed to be an injury caused in the manner stipulated under Article 34 of this Law that a person sustains while participating in the activities established under Articles 14 and 15 of this Law.

Article 36

Professional diseases, for the purpose of this Law, shall be certain diseases that have arisen during the insurance period, caused by longer direct influence of processes and conditions at the work-place, or in the jobs a Participant performed.

Professional diseases, work-places, and jobs at which these diseases arise and the conditions under which they are regarded as professional diseases, as under paragraph 1 of this Article, shall be determined by the public administration body competent for pension and disability insurance activities, upon obtaining the findings of the public administration authority competent for health affairs.

Article 37

A Participant who suffered a loss of working capacity as under Article 30 paragraphs 1 and 2 of this Law, shall be entitled to a disability pension:

- 1) if the disability was caused by an injury at work or professional disease – regardless of the accrued pension service;
- 2) if the disability was caused by an injury away from work or a disease – provided that the loss of working capacity occurred prior to the prescribed retirement age for entitlement to the old-age pension under Article 17 paragraph 1 of this Law and provided that his/her accrued pension service is at least equal to a third of his/her working life.

A Participant whose disability has been caused by a disease or an injury sustained away from work before reaching the age of 30 he/she shall become entitled to a disability pension:

- 1) if the disability occurred before the age of 20 – regardless of accrued insurance service;
- 2) if the disability occurred between the age of 20 and 30 – provided that prior to the disability he/she accrued at least a total of one year of insurance service, if that is more favorable to the Participant than the requirement under paragraph 1 point 2 of this Article.

Article 38

A working life shall be deemed to be the number of full years in the period from the day the Participant reached the age of 20, or the age of 23 if he/she completed two years of college education, or the age of 26 if he/she obtained university qualifications in regular education, until the time when the disability occurred.

A Participant who served the army after reaching the age of 20 shall be entitled to a reduction of the working life for the time spent serving the army.

Article 39

A disability pension in the event of the disability under Article 30 paragraph 1 of this Law caused by an injury at work or professional disease shall be set at the

same level as the old-age pension that the Participant would receive for 40 years of pension service.

A disability pension in the event of the disability under Article 30 paragraph 1 of this Law caused by an injury away from work or disease shall be set pursuant to implementation of provisions under Articles 19 through 27 of this Law, and when determining personal points, years of pension service shall be added from the day of the disability occurrence as follows:

- 1) a Participant under 55 years of age shall be provided with additional $\frac{2}{3}$ of the pension service he/she lacks until 55 years of age and $\frac{1}{2}$ of the pension service he/she lacks from 55 years of age to the age of 60.
- 2) A Participant over 55 years of age shall be provided with additional $\frac{1}{2}$ of pension service lacking until 60 years of age.

Pension service under paragraph 2 points 1 and 2 of this Article may be added maximum up to 40 years.

When determining the amount of disability pension in the event of disability under Article 30 paragraph 1 of this Law that arose as a consequence of injury away from work or a disease, the retirement age for the old age pension under Article 18 paragraph 1 of this Law shall be reduced for a Participant who completed the years of service at an accelerated rate shall be entitled to the reduction of retirement age of 55, i.e. 60 years of age under paragraph 2 points 1 and 2 of this Article to which, i.e. out of which, when determining personal points, years of pension service are added for the period that based on completed insurance period accrued at accelerated rate.

A Participant eligible to disability pension entitlement with respect to the pension service and who is disabled partially due to an injury at work or professional disease, and partially due to a disease or injury away from work shall be entitled to one disability pension that consists of proportional parts determined based on injury at work or professional disease, i.e. based on disease or injury away from work according to their influence to the total disability, and such calculated pension cannot exceed the pension set for 40 years of pension service.

For a Participant who is disabled partially due to an injury at work or professional disease, and partially due to an injury away from work or disease and who is eligible to be entitled to disability pension only on the basis of disability due to an injury at work or professional disease, disability pension shall be determined in the percentage that the injury at work or professional disease affected the total disability.

Article 40

Disability pension in the event of disability under Article 30 paragraph 2 of this Law shall be determined, with respect to the cause of the disability, in the amount of 75% of disability pension under Article 39 of this Law.

Article 41

Provisions of Articles 28 and 29 of this Law shall be accordingly applied when determining the maximum and minimum full disability pension.

3. SURVIVOR'S PENSION

Article 42

Entitlement to a survivor's pension may be realized by family members of:

- 1) a deceased Participant who had at least five years of accrued insurance service or at least ten years of pension service or who was eligible to old-age or disability pension;
- 2) a deceased Beneficiary of an old-age or disability pension.

Where the death of a Participant or a person under Articles 14 and 15 of this Law arose as a consequence of an injury at work or professional disease, members of his/her family shall become entitled to a survivor's pension, regardless of the pension service length of the Participant, or the person.

Article 43

Family members of a deceased Participant, or a Beneficiary under Article 42 of this Law shall be deemed to be:

- 1) the spouse;
- 2) the children (born in wedlock or out of wedlock or adopted and stepchildren who were the Participant's or Beneficiary's dependents).

A spouse from a divorced marriage may also be entitled to a survivor's pension, under the conditions stipulated in Articles 44 and 45 of this Law, provided that his/her right to financial maintenance was established by an effective court verdict.

Article 44

A widower, i.e. a widow shall be entitled to a survivor's pension, provided that:

- 1) he/she reached the age of 52 prior to the death of his/her spouse;
- 2) prior to the death of his/her spouse or within one year following the death of his/her spouse he/she became totally incapable of working;
- 3) following the death of his/her spouse, there is one or more children who are entitled to a survivor's pension based on that spouse, and the widower, i.e. the widow is performing the parental duty for them. A widower, i.e. a widow who has become totally incapable of working while exercising his/her right on the above mentioned basis shall remain entitled to a survivor's pension as long as the incapability exists.

A widower, i.e. a widow who has reached the age of 52 in the course of the exercise of entitlement to survivor's pension in accordance with paragraph 1 points 2 and 3 of this Article shall remain permanently entitled to a survivor's pension.

Article 45

A widow who is pregnant, as well as a widow who gave birth to the child of a deceased Participant or Beneficiary after his death, shall also be entitled to a survivor's pension, commencing from the death of the Participant or Beneficiary.

Where the child was stillborn or dies prior to reaching the age of six months, the widow shall be entitled to a survivor's pension until expiry of the six months following the birth.

Article 46

A child shall become entitled to a survivor's pension and shall have a right to it up to the age of 19.

Beyond the age of 19 the child shall become entitled to survivor's pension and shall have right to it until completing education, but until reaching the age of 24, if attending university studies, the latest.

Exceptionally, if the child is attending university studies with duration of more than four years he/she has the right to receive survivor's pension until reaching the age of 25.

A child shall become entitled to a survivor's pension and shall have right to it over the period of inability for independent life and work, occurred until reaching the age up to which children are entitled to survivor's pension.

A child shall become entitled to a survivor's pension and shall have the right to it over the period of inability for independent life and work, occurred after reaching the age up to which children are entitled to survivor's pension, and prior to death of the Participant or the Beneficiary, provided that the Participant or Beneficiary supported the child until his/her death.

A disabled child, in compliance with regulations on classification of children with impediments, shall become entitled to a survivor's pension and shall have a right to it as of the day of termination of employment, or self-employment.

The child whose education was interrupted due to illness is entitled to a survivor's pension for the duration of this illness until reaching the age from paragraphs 2 and 3 of this Article, as well as above that age, but not longer than the duration of the interruption due to illness.

Article 47

A survivor's pension shall be determined on the basis of the old-age or disability pension that the Participant would have been entitled to at the time of death, or on the basis of the pension the Beneficiary was entitled to at the time of death, in the

percentage that is determined based on the number of family members who are entitled to that pension, as follows:

- for one member 70%;
- for two members 80%;
- for three members 90%;
- for four or more members 100%.

If both a spouse and a divorced spouse of a deceased Participant or Beneficiary are entitled to a survivor's pension, one survivor's pension shall be determined in the amount that one family member is entitled to and shall be divided in equal shares.

Article 48

The old age pension of a deceased Participant determined for 20 years pension service shall be taken as the minimum base for determination of survivor's pension

Article 49

Children without both parents, in addition to a survivor's pension on the basis of one parent, shall also be entitled to a survivor's pension on the basis of the other parent as follows:

- for one child 20%,
- for two children 40%,
- for three children 60%,

for four or more children 100% of the old age or disability pension under Article 47 paragraph 1 of this Law.

The pension under paragraph 1 of this Article shall be determined as one pension, the amount of which may not exceed the amount of the maximum old age pension for the pension service of 40 years.

Article 50

When financial support is a condition for becoming entitled to a survivor's pension, it shall be deemed that the deceased Participant, or Beneficiary of the right to a pension, financially supported a family member, if the own average monthly income of the family member for the previous year did not exceed 25% of average monthly salary in Montenegro for the previous year.

The income under paragraph 1 of this Article shall not include the following: pecuniary social security and child benefits; subsidy for aid and care; subsidy for physical impairment; income in the form of awards; severance pay due to retirement, and income arising from pupil or student status.

Article 51

When education is a condition for exercising the right to a survivor's pension, the education that a child continues in a school of a lower or the same level as one he/she has already completed shall not be considered as the aforementioned education.

4. SUBSIDY FOR PHYSICAL IMPAIRMENT

Article 52

Physical impairment is deemed to exist when a Participant experiences a loss, a severe injury or a considerable disability of certain organs or parts of the body, making the normal activity of the body difficult and requiring more effort in realizing living needs, regardless of the fact whether it causes disability or not.

A Participant or a person under Articles 14 and 15 of this Law with physical impairment caused by an injury at work or professional disease of at least 50% shall be entitled to a subsidy.

Article 53

A list of bodily injuries under Article 52 of this Law, as well as percentages of those injuries shall be determined by the public administration authority competent for pension and disability insurance, upon previously obtained approval of the public administration authority competent for health matters.

Article 54

Physical impairment shall be classified based on impediments in six degrees, as follows:

- 1) first degree - 100% of physical impairment;
- 2) second degree - 90% of physical impairment;
- 3) third degree - 80% of physical impairment;
- 4) fourth degree - 70% of physical impairment;
- 5) fifth degree - 60% of physical impairment;
- 6) sixth degree - 50% of physical impairment.

Article 55

A Participant with physical impairment caused at an earlier date due to injury at work or professional disease under 50% experiencing deterioration of that physical impairment or in the event of a new physical impairment caused by injury at work or professional disease, so that the total physical impairment is 50% or more, shall be entitled to subsidy for physical impairment in the adequate percentage according

to the new degree of physical impairment that is established based on the new condition of the total physical impairment.

Article 56

The base for determining subsidy for physical impairment for the first six months in 2004 shall amount 114.61 EUR.

Subsidy for physical impairment shall be determined on the base under paragraph 1 of this Article, and shall amount:

- 1) for 100% of physical impairment - 40% of the base;
- 2) for 90% of physical impairment - 36% of the base;
- 3) for 80% of physical impairment - 32% of the base;
- 4) for 70% of physical impairment - 28% of the base;
- 5) for 60% of physical impairment - 24% of the base;
- 6) for 50% of physical impairment - 20% of the base.

The base under paragraph 1 of this Article shall be indexed in the same manner as for pensions.

5. ENTITLEMENT TO FUNERAL COSTS ALLOWANCE

Article 57

In the event of death of Beneficiary, the person who settles the funeral costs shall be entitled to funeral cost allowance.

The allowance for funeral costs shall be equal to the amount of three average pensions in Montenegro paid out in the month prior to death of the Beneficiary.

The request for allowance for funeral cost shall be submitted within 60 days as of the day of Beneficiary's death.

V. INDEXATION

Article 58

The pension value of one personal point shall be indexed as of January 1 of the current year, on the basis of statistical data, by developments in the cost of living and average salary of those employed in the territory of Montenegro for the previous year compared to the year prior to it, in the percentage representing the sum of 75% of the percentage increase, i.e. decrease in the cost of living and 25% of the percentage of increase, i.e. decrease of wages.

Indexation of pensions shall be performed in a manner and timeline stipulated in paragraph 1 of this Article.

Notwithstanding paragraphs 1 and 2 of this Article, if the percentage representing the sum of 75% of the percentage increase, i.e. decrease in the cost of

living and 25% of the percentage of increase, i.e. decrease of wages from paragraph 1 of this article, leads to a negative adjustment, the pension value for one personal point and pensions are not adjusted.

The regulations on indexation of pensions and value of pensions for one personal point shall be adopted by the Fund.

Article 59

The subsidy for physical impairment shall be indexed in a manner stipulated for pension indexation.

VI PENSION SERVICE

Article 60

Pursuant to this Law, the pension service based on which rights arising from pension and disability insurance are realized shall comprise:

- 1) the period calculated in the insurance service period and special service pursuant to the provisions of this Law;
- 2) the period which, in the form of insurance service and a special service, was calculated in the pension service in accordance with the regulations that were in effect until the effective date of this Law.

Article 61

The insurance service, under Article 60 of this Law, shall include the time spent on work by the Participant based on which he had mandatory insurance and for which pension and disability insurance contributions were paid.

1. The Insurance Service with Effective Duration

Article 62

Time spent on work, i.e. while insured in effective duration shall be calculated for the insurance service as under Article 60 point 1 of this Law.

For the employee who, according to labor regulations, works less than full working hours insurance service shall be counted proportional to the realized working hours.

The insurance service in one calendar year may amount to maximum 12 months.

Article 63

The time during which the Participant referred to in Article 10 paragraph 1 point 10 of this Law is receiving cash compensation in compliance with the labor regulations, shall be included in insurance service.

Article 64

Where the Participant exercises the right to be absent from work until his/her child reaches the age of three, in accordance with the labor regulations, this time shall also be included into insurance service.

The resources necessary for realizing the rights arising from pension and disability insurance on the basis of insurance service under paragraph 1 of this Article shall be funded by the Budget.

Article 65

The period over which a Participant referred to in the Article 11 point 2 of this Law realized a contracted compensation on which contribution was paid shall be included in the insurance service.

The insurance service as under paragraph 1 of this Article shall be proportionally determined in a manner that the amount of the base on which contributions for pension and disability insurance were paid shall be divided by average wage realized in Montenegro in the previous calendar year.

Article 66

For a person whose mandatory insurance was terminated, the time for which contributions are paid following the termination of mandatory insurance (extended insurance) shall also count towards insurance service, in particular for the duration of:

- 1) additional professional training or specialization;
- 2) temporary unemployment, if he/she is registered during that time with the Employment Office, and provided that he/she registered within the legally prescribed time period, up to five years for each individual instance of insurance termination;
- 3) residence abroad as the spouse of a Participant serving abroad with our employer or based on an international agreement;
- 4) care for a child aged up to 15 or older, that owing to full and permanent incapability requires full time care and assistance, but maximum up to five years for each individual instance of insurance termination;
- 5) unpaid leave which the Participant takes in accordance with the labor regulations.

The duration of extended insurance shall be taken into consideration with regard to entitlements to pension and disability insurance and for determining the pension level, but only up to the duration of time equal to the insurance service accrued based on mandatory insurance.

An application for extended insurance shall be submitted not later than six months after the termination of mandatory insurance.

Article 67

Extended insurance contributions shall be paid by the Participants under Article 66 paragraph 1 of this Law at a rate of 21.6% on the base comprised of wage, i.e. insurance base realized in the last month preceding the month when mandatory insurance was terminated.

The base under paragraph 1 of this Article may not be lower than the minimum wage determined by a general collective agreement for the appropriate category of expertise.

The Fund shall specify the method of indexation of the bases under paragraphs 1 and 2 of this Article, as well as the deadlines and method of payment of contributions for extended insurance.

Article 68

A right to extended insurance shall terminate if the appropriate contributions are not paid within six months of due date.

2. Accelerated Accrual of Insurance Service

Article 69

For a Participant working on highly difficult, dangerous and health damaging positions, i.e. jobs and a Participant working on positions, i.e. jobs at which he/she cannot successfully perform his/her professional duty after reaching certain age, the insurance service in the effective duration shall be calculated at an accelerated rate, under conditions stipulated by this Law.

The rate of acceleration of insurance service shall vary with respect to difficulty, danger and damaging effects of the work, i.e. job characteristics, and maximum up to 50%.

Article 70

Working position, i.e. job for which the insurance service is calculated at an accelerated rate due to particular difficulty of the job, danger and damaging effects to Participants health, shall be deemed to be the position, i.e. job at which, regardless of all applied general and specific protection measures determined by regulations, there are substantial damaging effects on health condition and working capacity of a Participant who, during his full time hours, works directly next to the source of damaging influences, in the continuous process of work.

Full working hours as under paragraph 1 of this Article shall also include working hours of less than 40 hours per week established for certain jobs due to specific working conditions.

The working position, i.e. job at which the insurance service is calculated at an accelerated rate because the performance of professional activity is limited with respect to reaching certain age level shall be deemed to be the working position, i.e. job at which due to the nature and difficulty of the job, physiological functions of a Participant are being reduced to the extent insufficient for further successful performance of the job.

Article 71

Insurance service for a Participant under Article 69 paragraph 1 of this Law shall be calculated at an accelerated rate provided that he/she had effectively spent at least 10 years, i.e. at least total of 5 years on working positions, i.e. jobs specified under Article 70 of this Law, if the Participants disability arose as a consequence of work on those working positions, i.e. jobs.

The insurance service shall be accelerated only for the time effectively spent at work.

When accruing rights to pension and disability insurance, the insurance service shall be taken cumulatively at an accelerated rate for working positions, i.e. jobs under Article 70 of this Law.

Article 72

Working positions, i.e. jobs for which the insurance service is accrued at an accelerated rate, procedures and manner for their determination, as well as the degree of insurance service accelerated rate shall be determined by the public administration authority competent for pension and disability insurance.

Working positions, i.e. jobs at which the insurance service is accrued at an accelerated rate, procedures and manner for their determination, as well as the degree of accelerated rate for insurance service in public administration bodies shall be determined by the Government of Montenegro (hereinafter: the Government), in compliance with the Law, upon previously obtained opinion of the public administration authority competent for pension and disability insurance matters.

Duties, i.e. jobs at which insurance service is calculated at an accelerated rate, procedures and manner for their determination, as well as the degree of insurance service accelerated rate for military professionals shall be determined by the Government, in compliance with the Law, upon previously obtained opinion of the public administration authority competent for pension and disability insurance matters.

Working positions, i.e. jobs as well as the degree of insurance service accelerated rate as under paragraphs 1 and 2 of this Article shall be subject to audit, upon expiry of 5 years from the day of their determination the latest.

Article 73

The review of working positions, i.e. jobs at which the insurance service is accrued at an accelerated rate and degree of acceleration of insurance service, under this Law, shall be deemed to be renewed evaluation of existence of conditions stipulated under Article 70 of this Law based on which it is to be determined what are the working places, i.e. jobs where accrual of insurance service shall no longer be calculated at an accelerated rate, i.e. where the acceleration degree is to be changed, as well as what are the working positions, i.e. jobs where this accelerated accrual of insurance service shall be introduced.

Audit of working positions, i.e. jobs stated under paragraph 1 of this Article shall be performed in a manner and according to procedure established for their determination.

Article 74

Accelerated accrual of insurance service shall also be applied for Participants that are at work, based on which they had mandatory insurance, working as under Article 62 of this Law as: Participants with physical impairment of at least 70%; military disabled persons from the first to the sixth group; civilian disabled war veterans from the first to the sixth group; blind persons; people with muscle dystrophy or similar muscle and neuro-muscle diseases, with paraplegia and cerebral palsy and infantile paralysis and sclerosis multiplex.

Participants under paragraph 1 of this Article shall have each 12 months effectively spent on work based on which they are insured, as stipulated under Article 71 of this Law, calculated as 15 months of accrued insurance service.

The resources required for entitlements from pension and disability insurance realized based on insurance service at an accelerated rate under paragraphs 1 and 2 of this Article shall be provided by the Budget.

Article 74 a

For the children she gave birth to, a Participant – woman shall have six months per child calculated as special service.

VII THE ACCRUAL AND EXERCISE OF RIGHTS ARISING FROM PENSION AND DISABILITY INSURANCE

1. The Accrual of Rights

Article 75

Rights arising from pension and disability insurance shall be accrued as of the day of the filed application, and six months prior to that date the earliest.

The procedure for accruing rights arising from pension and disability insurance shall be governed by the provisions of the law regulating general administrative procedure, unless otherwise stipulated by this Law.

Article 76

Pension service, wages, wage compensations, or insurance bases, as well as other facts pertinent to the attainment and establishment of a right, based on data determined in the Main Register, shall be taken into consideration for the accrual of a right to a pension.

Facts that are not determined in the Main Register, in accordance with the law, but which are of importance for the accrual of a right shall, be established in the decision-making process pertaining to those rights.

Pension service, status of a Participant, base of insurance, wages, wage compensations or pension insurance bases and the amount of paid contributions may not be ascertained on the basis of witness statements.

Article 77 Ceased to apply

Article 78

The Participant status of a person for whom an insurance application has been submitted shall be established by entry into the Main Register and the issuance of a confirmation of receipt of the insurance application without issuing of a written decision.

When receiving insurance application, the information provided in the application shall be verified and evidence on which the information is based shall be required.

Provisions under paragraphs 1 and 2 of this Article shall also apply for insurance termination.

The applicant shall be obliged to provide to a person for whom the application to insurance, i.e. termination of insurance was submitted with a certified photocopy of receipt confirmation of the application, i.e. termination within eight days from the day of its issuing.

Where it is established, on the basis of a submitted insurance application, that the conditions for recognizing the status of a Participant and making an entry into the Register have not been met, a written decision stating that shall be issued.

Article 79

A person on behalf of whom an insurance application has not been submitted may submit a request for establishing the status of a Participant, if he/she believes that he/she is entitled to pension and disability insurance.

The Fund shall also initiate the procedure for establishment of Participant's status when, in exercising control or in another manner, it determines that insurance application has not been submitted for a person entitled to pension and disability insurance.

In cases under paragraphs 1 and 2 of this Article, the Fund shall pass a written decision on determining of Participant's status.

Pursuant to the decision under paragraph 3 of this Article determining the status of a Participant, a responsible person for submitting the application shall be obliged to submit the application for insurance.

Provisions under paragraphs 1 through 4 under this Article shall be applied in the event when a responsible person for submitting the application did not submit the insurance termination.

Article 80

A person whose Participant's status has not been established within the period prescribed for submitting insurance application can be provided with that status as of January 1, 1965 the earliest, in a manner determined by this Law.

Article 81

The right to an old-age pension shall be accrued following the termination of insurance, although an application for the accrual of a right may be submitted prior to the termination of insurance, accompanied by relevant evidence of the certainty of its termination.

Article 82

The procedure for the accrual of right to an old-age pension shall be initiated upon a request from the Participant.

The procedure for the accrual of right to a survivor's pension shall be initiated upon a request from a family member of the deceased Participant or Beneficiary.

The procedure for the accrual of right to disability pension shall be initiated upon a request of the Participant or of the Participant's employer, and upon a proposal from the medical institution that provided the Participant with healthcare.

The procedure for the accrual of right to subsidy for physical impairment shall be initiated at the request of the Participant, or Beneficiary, based on medical documentation.

The procedure for accrual of right to subsidy for physical impairment shall also be initiated in line of duty, based on the opinion of the expertise body provided on

the occasion of expertise on disability, in compliance with the general regulations of the Fund.

Medical documentation shall be submitted together with the application, or proposal under paragraphs 3 and 4 of this Article.

Medical documentation under paragraph 6 of this Article shall be obtained from health care institutions determined by the public administration authority competent for pension and disability insurance matters, upon previously obtained opinion of the public administration authority competent for health care matters.

Scope and contents of the medical documentation under paragraph 6 of this Article shall be laid down by the public administration authority competent for pension and disability insurance matters, upon previously obtained opinion of the public administration authority competent for health care matters.

Article 83

The procedure for determining pension service shall be initiated upon a request from the Participant or Beneficiary, or upon a request from a family member of the deceased Participant or Beneficiary.

Article 84

A Participant who is paying contributions by him/herself shall accrue rights based on insurance service for which he failed to make timely payment of contributions as of the day of payment the earliest.

Article 85

Where the existence of a disability, physical impairment or of a cause of disability and physical impairment needs to be established for a decision on entitlement to pension and disability insurance to be made, the Fund shall ascertain these facts on the basis of findings, assessment and opinion of an expert body, whose formation and work shall be organized pursuant to the Fund's regulation.

The public administrative authority competent for pension and disability insurance matters shall approve the regulation under paragraph 1 of this Article.

The findings, assessment and opinion under paragraph 1 of this Article shall be subject to a prior control by a body established pursuant to the Fund's general regulation.

The expert body under paragraph 1 of this Article shall be required to act according to instructions given in the procedure of the prior control.

Article 86

The date on which a disability, incapability of a family member, or physical impairment arose shall be deemed to be the date when findings, assessment and

opinion were given by the expert body on the basis of a medical examination, or an earlier date supported by suitable medical documentation.

Notwithstanding paragraph 1 of this Article, incapability for independent life and work may also be determined prior to the date supported by suitable medical documentation in cases of inborn conditions, as well as diseases which occurred in early childhood.

Article 87

The findings, assessment and opinion under Articles 85 and 91a of this Law determining the disability under Article 30 of this Law shall specify that a check-up must be made within three years of the date of establishment of the disability the latest, except under circumstances stipulated by the general regulation under Article 85 paragraph 1 of this Law.

Due monthly amounts of disability pension, i.e. subsidy for physical impairment shall not be paid to a Beneficiary who, without justified reasons, does not respond to the control check up for reassessment of disability, i.e. degree of physical impairment within the anticipated deadline for the whole period until he/she responds to the invitation.

Withheld monthly amounts according to paragraph 2 of this Article shall be subsequently paid to a Beneficiary who responds to the invitation within 30 days as of the day set for the check up, if the existence of disability, i.e. physical impairment based on which the entitlement was accrued is confirmed at the check up.

A Beneficiary who fails to respond to the invitation under paragraph 3 of this Article, shall not be paid the withheld monthly amounts of entitlements, and payment of entitlements shall be re-established as of the first day of the following month upon responding to the invitation, if disability, i.e. physical impairment based on which the entitlement was accrued is confirmed to exist at the check up.

Article 88

Any changes with respect to disability that are of influence to the entitlement to disability pension, recognized by effective decision, shall be determined in the procedure initiated upon a request from a Participant, i.e. in the line of duty.

Article 89

The decision adopted in the procedure for the realization of entitlement to disability pension shall also be submitted to the Participant's employer.

Article 90

An appeal may be filed to the public administration authority competent for pension and disability insurance matters against the first instance decision, within 15 days from the day of receipt of the decision.

The appeal shall not delay the execution of the decision, unless the appeal denies the established disability.

Article 91

The original decision shall be subject to audit procedure conducted by the public administration authority responsible for pension and disability insurance matters.

Mandatory audit of the findings, assessment and opinion of the expert body under Article 85 paragraph 1 of this Law shall be conducted within the audit procedure.

The audit shall not delay the execution of the decision.

If an appeal has been filed against the first instance decision, the audit and the appeal shall be addressed in the same decision.

Article 91a

In the procedure upon appeal, i.e. audit the facts under Article 85 paragraph 1 of this Law shall be determined based on the findings, assessments and opinions from the expert body, whose formation and method of work is regulated by the general regulation of the public administration authority competent for pension and disability insurance matters.

Article 92

Audit procedure of the first instance decision may result in approval of the decision or the first instance decision may be amended, revoked or repealed.

Article 93

If an appeal is not filed against the first instance decision, and audit is not conducted within three months as of the expiry date for making an appeal, it shall be considered that the audit is conducted and approval given to that decision.

Article 93a **Ceased to apply**

Article 94

An administrative lawsuit may be filed with the competent court against the decision made on the basis of an appeal, or in the audit procedure on entitlements to pension and disability insurance and on data determined in the Main Register.

2. Exercise of Rights

Article 95

Old-age and survivor's pensions shall be paid out as of the date when eligibility conditions were met, but as of the first day following the termination of insurance the earliest, if the request is submitted within six months from the date when conditions prescribed for accrual of rights were met.

Where the request for an old-age, i.e. survivor's pension is submitted after the six months deadline under paragraph 1 of this Article, the old-age, i.e. survivor's pension shall be paid out as of the date of submitting the request and for the six months retroactively, but as of the first day following the termination of insurance the earliest.

Article 96

Where a Participant has realized the right to a disability pension by way of proceedings initiated during the insurance period, the disability pension shall be paid out as of the effective date of the decision on disability, i.e. as of the date the disability arose, whichever is more favorable for the Participant.

Where the right to a disability pension is realized after the termination of insurance, and disability existed prior to submitting of the request, the disability pension shall be paid out as of the date the disability arose, but not longer than up to six months retroactively from the date of submitting the request.

The disability pension under paragraphs 1 and 2 of this Article shall be paid out from the first day following the termination of insurance the earliest, i.e. as of the day when the Beneficiary of disability pension under Article 30 paragraph 2 of this Law started to work with working hours determined under Article 33 of this Law.

Article 97

Subsidy for physical impairment shall be paid as of the day when the physical impairment arose, but maximum six months retroactively as of the day of submitting the application, i.e. as of the day of initiating the proceedings in the line of duty.

Article 98

A Participant, i.e. a Beneficiary of subsidy for physical impairment, that becomes entitled to subsidy for physical impairment according to special regulations based on the same physical impairment, may at his/her own choice use only one of those entitlements, unless prescribed otherwise by special regulations.

Article 99

In the event of changes in the status of disability or degree of physical impairment that are of influence to the determined entitlements, those entitlements shall be terminated, amended or new entitlements shall be set, as follows:

- 1) if the change was determined upon a request from a Participant – as of the first day of the month following the application;
- 2) if the change determined upon a request from a Participant occurred after the application was submitted – as of the first day of the month following the change;
- 3) if the change was determined in a line of duty – as of the first day of the month following the adoption of the first instance decision on determination of entitlements based on the established change.

Article 100

Pensions and subsidies for physical impairment shall be set in monthly amounts and shall be paid out retrospectively.

The Fund shall be obliged to pay out the pension, and subsidy for physical impairment to Beneficiary in his/her place of residence in Montenegro.

Payments of pensions and subsidies for physical impairment in a foreign country shall be made under circumstances provided for by an international agreement, or under conditions of reciprocity.

Article 101

Ceased to apply in accordance to the Decision of the Constitutional court dated on 07/08/2015

Article 102

A pension Beneficiary or Beneficiary of subsidy for physical impairment may authorize a proxy who will receive the pension or subsidy for physical impairment on his/her behalf.

The authorization under paragraph 1 of this Article shall be valid maximum for 12 months and can be renewed.

Article 103

A Beneficiary of partial disability pension shall cease to be entitled to partial disability pension when he/she becomes entitled to old age or full disability pension.

Article 104

A survivor's pension shall be paid out as one pension even if it is intended for several Beneficiaries, unless the Beneficiaries request that the pension be paid out separately.

Article 105

Where two or more family members benefit from a survivor's pension, and one of them loses the entitlement to the pension, the pension level for the other family members entitled to a survivor's pension shall be set again. The pension amount determined in this way shall be granted from the expiry date of the Beneficiary's entitlement to a pension.

Where the payment of a survivor's pension is suspended or if the right of one of the family members is dormant, the survivor's pension shall not be set again.

Where a survivor's pension to which a Beneficiary is entitled is not paid out to him/her due to employment, or self-employment or the exercise of an old-age or disability pension, the other family members shall, during this time, be paid a survivor's pension at a level set as if the pension Beneficiary was not entitled to the survivor's pension.

Article 106

A family member's entitlement to a survivor's pension shall be terminated if an effective sentence convicts him/her of the death of the person from whom the right to a survivor's pension is derived.

The person under paragraph 1 of this Article shall cease to exercise the accrued right as of the effective date of the verdict.

Article 107

A family member's entitlement to a survivor's pension shall be terminated when, due to certain changes, the Beneficiary ceases to be eligible to accrue and exercise that right.

Article 108 **Ceased to apply.**

Article 109

Where a Participant or Beneficiary is entitled to two or more pensions, he/she may receive only one of these at his/her own choice.

Notwithstanding the provisions of paragraph 1 of this Article, children whose both parents have died may exercise the right to a survivor's pension derived from both parents, up to the amount determined by law.

Article 110

Entitlements to pension and disability insurance shall expire when, in the course of their exercise, the conditions for accruing and exercising those rights cease to exist.

Article 111

A Beneficiary of the entitlement must declare any changes that may influence that entitlement or the scope of exercising the entitlement within 15 days of the day when the change occurred.

Article 112

A Beneficiary of the old age pension who gets employed or becomes self employed shall be entitled to have his/ her pension level set again upon the termination of such employment or self-employment if he/she spent at least one year in the insurance according to this Law.

The provision under paragraph 1 of this Article shall also apply for a Beneficiary of early old-age pension who is entitled to old-age or early old-age pension upon the termination of re-employment or self-employment.

Payment of pension shall be ceased to a Beneficiary of survivor's pension who gets employed or becomes self-employed in the territory of Montenegro or in a foreign country.

The provision under paragraph 3 of this Article shall not apply to Beneficiaries of survivor's pension under Article 46 paragraphs 1, 2 and 3 of this Law and to Beneficiary of survivor's pension performing jobs under Article 11 point 2 of this Law.

Article 112a

Provisions of this Law on realizing and exercising of entitlement old-age pension shall also apply accordingly to realizing and exercising of entitlement to early old-age pension, unless otherwise stipulated under this Law.

VIII THE FUND

Article 113

The Fund shall be an organization performing public authorizations when deciding on entitlements and obligations arising from pension and disability insurance.

The Fund shall have the status of a legal entity with rights, obligations and responsibilities pursuant to this Law and the Statute of the Fund.

Article 114

The Fund shall have a Statute regulating:

- 1) the organization of the Fund;
- 2) the rights, duties and responsibilities of managing bodies;
- 3) other issues pertinent to the performance of the Fund.

The Statute shall be passed by the Managing Board of the Fund.

The Government shall approve the Statute.

The Statute shall be published in the "Official Gazette of Montenegro".

Article 115

The work of the Fund shall be public.

The Fund shall report on its performance to the Government at least once a year.

Article 116

The Fund shall perform the following duties:

- 1) ensure efficient, rational and lawful realization of Participants' rights arising from pension and disability insurance and provide expert assistance in exercising of rights;
- 2) adopt the Fund's annual budget, including the costs of the Fund's administrative department¹;
- 3) maintain records on Participants and Beneficiaries, pursuant to this Law and the Statute;
- 4) maintain records on wages, i.e. insurance bases on which contributions were paid in, on the amount of paid contributions for Participants, as well as pensions paid out;
- 5) prepare annual financial statements and take care of their audit in accordance with the law;
- 6) submit monthly reports to the public administration authority competent for public revenue matters (hereinafter: the tax authority) on contributions paid in;
- 7) ensure the enforcement of international agreements on pension and disability insurance;
- 8) take measures necessary to ensure the regular collection of the Fund's revenues;
- 9) organize activities necessary for the execution of pension and disability insurance and provide information technology for this purpose;
- 10) pass regulations pursuant to this Law and the Statute;

¹ With the entry into force of the Law on Amendments to the Law on the Budget ("Off. Gazette of Montenegro", no. 12 of 14 December 2007), the provisions of Article 116 point. 2 cease to apply, in the area of the authority for adoption of the annual budget of the fund, 5.

- 11) perform other tasks concerning the execution and realization of rights arising from pension and disability insurance in accordance with this Law and the Statute.

Article 117

The bodies of the Fund shall be: the Managing Board and the Director.

The Fund shall be managed by the Managing Board, in compliance with the Law, the Statute and other Fund's regulations.

The Managing Board of the Fund shall comprise seven members that shall be appointed and dismissed by the Government, as follows:

- 1) one member proposed by the representative trade union organizations;
- 2) one member proposed by the representative employers' association;
- 3) one member proposed by the Pensioner's Association of Montenegro;
- 4) four members proposed by the public administration authority competent for pension and disability insurance matters.

If there are several representative trade union organizations, the member of the Managing Board under paragraph 3 point 1 of this Article shall be proposed by the representative trade union organization having a larger number of members.

If there are several representative employers' associations, the member of the Managing Board under paragraph 3 point 2 of this Article shall be proposed by the representative employers' association having a higher percentage of the employed in the economy of Montenegro.

Article 118

The members of the Managing Board of the Fund shall be appointed for a four-year term.

The President and the Vice-President of the Managing Board of the Fund shall be appointed and dismissed by the Managing Board.

Article 119

Persons appointed to the Managing Board must be persons with expert knowledge and experience in the field of pension and disability insurance, finance, investment or insurance.

Minimum four out of the total number of members of the Managing Board must have at least five years of work experience in the affairs under paragraph 1 of this Article.

A Managing Board member may not be:

- 1) a person who has been convicted of crimes that make him unworthy of performing that function, as well as a responsible person in a business organization against which bankruptcy proceedings have been brought about;

2) a person who has lost the right to be a member of a body of a financial institution pursuant to domestic or international legislation;

3) persons rendering services and selling products to the Fund, or persons whose activities might result in a conflict of interest;

4) the Fund's Director.

A member of the Managing Board shall be dismissed if:

1) the circumstances under paragraph 3 of this Article arise

2) there is a loss of professional ability;

3) there is an unexcused absence from at least three Managing Board meetings.

After their appointment, or once a year for the duration of their appointment, the Managing Board members must submit statements on personal earnings and property.

A Managing Board member may not accept gifts or use any other benefits arising from their position. This prohibition shall extend to the members of his/her immediate family.

Article 120

The Fund's Managing Board shall:

1) pass regulations in compliance with this Law;

2) adopt the annual business plan and financial statements of the Fund

3) is erased;

4) make decisions regarding the activities of the Fund;

5) pass regulations on the indexation of pensions and pension value for one personal point, pursuant to this Law;

6) decide on other matters and carry out other duties pursuant to the law and the Fund's Statute.

Article 121

The decision-making and the method of work, as well as other matters pertinent to the work of the Fund's Managing Board shall be regulated by the Fund's Statute.

Article 122

The Director of the Fund shall:

1) organize the work and activities of the Fund;

2) represent and act for the Fund and be responsible for the legality of the Fund's work;

3) implement the decisions of the Managing Board;

4) propose a regulation on the organization and systematization of the job positions to the Managing Board;

5) manage the work of the Fund's administration department;

6) carry out other duties pursuant to the law and the Statute.

The Director of the Fund is appointed and dismissed by the Government at the proposal of the ministry responsible for pension and disability insurance.

The Director of the Fund shall be appointed to a four-year term.

Article 123

For the purposes of carrying out expert, administrative, legal, economic and other activities the Fund shall have an administrative department.

The Fund's administrative department shall be organized in a manner that will ensure the efficient performance of the Fund's activities and realization of pension and disability entitlements.

Article 124

The public administrative authority competent for pension and disability insurance matters shall supervise the legality of the Fund's activities and regulations in compliance with the Law.

IX MAIN REGISTER

Article 125

The Fund shall maintain the Main Register of Participants, contribution payers and Beneficiaries of entitlements arising from pension and disability insurance.

Notwithstanding the provision under paragraph 1 of this Article, the Main Registry for employees in the public administration body competent for police affairs and the Agency for National Security shall be maintained by those bodies in the manner stipulated by this Law.

The Fund shall perform the control over the registry maintenance as under paragraph 2 of this Article.

Article 126

The Main Register shall be maintained in accordance with prescribed uniform methodological principles.

Data shall be entered in the Main Register in accordance with the prescribed uniform system of codes.

Data shall be entered in the Main Register on the basis of applications submitted on legally prescribed forms that may also be submitted by means of electronic data processing.

In the event when the application forms are submitted by means of electronic data processing, the applicant shall be obliged, upon a request of the Fund, to submit these applications in the prescribed forms.

Regulations i.e. the forms under paragraphs 1 through 3 of this Article shall be prescribed by the public administration authority competent for pension and disability insurance.

Article 127

The Main Registry shall be organized by the entry of data on a Participant based on insurance application.

Article 128

The Main Registry shall comprise the data about:

- 1) Participants;
- 2) Beneficiaries of pension and disability insurance;
- 3) contributors to the pension and disability insurance.

Article 129

The following data on the Participants shall be entered in the Main registry:

- 1) Last name and first name;
- 2) Personal identification number and tax identification number;
- 3) Gender;
- 4) Date, month and year of birth;
- 5) Profession;
- 6) Qualification;
- 7) Base of insurance;
- 8) Date of acquiring and termination of Participant's status;
- 9) Insurance service, wages, wage compensation, i.e. basis of insurance that serve for establishment of the amount of the entitlement;
- 10) number of months, i.e. days spent at work and number of months, i.e. days for which the compensations were paid;
- 11) the amount of contributions paid in;
- 12) whether the Participant is a Beneficiary of pension;
- 13) persons obliged to pay in contributions;
- 14) pension service by types;
- 15) Participants with physical impairment of at least 70%, disabled military persons from the first to the sixth group, civilian war disabled persons from the first to the sixth group, blind persons and persons with muscular dystrophy or muscular and neuromuscular diseases, paraplegics, cerebral and infantile paralysis and sclerosis multiplex.

For Participants who are at working positions, i.e. jobs at which the insurance service is accrued at accelerated rate, the Main Registry shall record data on insurance service, i.e. on time spent on those working positions, i.e. jobs and the degree of accelerated rate.

The Participants who do not have personal identification number shall be granted with a number determined by the Fund.

Article 130

The Main Registry, besides data under Article 129 paragraph 1 points 1 through 4 of this Law, shall comprise the following data on Beneficiaries of pension and disability insurance:

- 1) on type of pension;
- 2) on legal basis for determination of pension;
- 3) on date of acquiring the entitlement to pension and date of commencement of payment, suspension and renewed payment of pension, as well as on legal basis for suspension, i.e. renewed payment of pension;
- 4) on disability, cause of disability and diagnosis;
- 5) on personal points and personal coefficient;
- 6) on the amount of pension as on the day of acquiring the entitlement.

The Main Registry shall also include data on the relation of Beneficiary of survivor's pension to the deceased Participant, i.e. Beneficiary based on which one accrued the right to survivor's pension.

Article 131

Application for entering data in the Main registry is filed by:

- 1) the employer
 - application of data on contributor to the pension and disability system including applications of the commencement and termination of work;
 - application of insurance and insurance withdrawal for Participants under Article 10 paragraph 1 points 1 through 6 and points 8 and 9 and Article 11 point 2 of this Law;
 - application of data required for determination of the insurance period, wages and wage compensation that are used for determination of annual personal coefficient and the amount of contributions paid in for Participants under Article 10 paragraph 1 points 1 through 6 and points 8 and 9 of this Law;
 - applications of changes in data referred to under lines 1 to 3 of this point;
- 2) Participant who is paying contributions by himself:
 - application of insurance and termination of insurance, as well as changes of those data for Participants under Article 10 paragraph 1 point 7, Article 11 point 1 and Article 66 of this Law;
 - application of data for determination of insurance service, base of insurance that serve for determination of annual personal coefficient and the amount of paid in contributions for Participants under Article 10 paragraph 1 point 7 of this Law as well as changes of that data;

- 3) religious community for a Participant under Article 11 point 3 of this Law – application of the insurance and termination of the insurance as well as changes of that data;
- 4) Public administration authority competent for agriculture, forestry and water supply for Participants under Article 12 of this Law - application of the insurance and termination of insurance as well as change of that data.
- 5) The tax authority - application of data for determination of insurance service, base of insurance that serve for determination of annual personal coefficient and the amount of paid in contributions for persons under Article 11 point 1 – 3 and Article 12 of this Law, as well as changes of that data;
- 6) The Employment Office:
 - application of the insurance and insurance withdrawal for Participants under Article 10 paragraph 1 point 10 of this Law, as well as the application of changes of data thereof;
 - application of data for determination of insurance period, wage compensation and amount of paid contributions for persons under line 1 of this point, as well as changes of that data;
- 7) The Fund - enters data on established pension service, wage, wage compensations, insurance basis that serve for determination of annual personal coefficient for Participants under Article 66 of this Law and the amount of contributions paid in the Main Registry;
- 8) The Authorized registrar – applications of the death of a Beneficiary of entitlements arising from pension and disability insurance.

Article 132

Data shall be entered in the Main Register data forms only on the basis of public documents and records prescribed by law.

Article 133

Applicants shall be responsible for the accuracy of the data entered in the Main Register data forms.

The Fund shall be responsible for verifying the data entered in the Main Register application forms, requesting evidence and examining the records and documents on which data entered in the applications is based.

The applicant shall be required to provide the Participant, the Beneficiary and the Fund with accurate statements, i.e. data that are significant in ascertaining facts of importance for the acquisition and realization of rights arising from pension and disability insurance, and to provide the Fund with evidence and enable the insight into the records and documentation.

Article 134

Main register application forms shall be submitted to the Fund, or its organizational unit, for:

- 1) employed Participants – under Article 10 paragraph 1 points 1 through 6 and points 8 through 10 of this Law - according to the head office of the employer or the employer's business unit (branch, sub-branch, local office, office, representative office and other business units);
- 2) employed Participants under Article 10 paragraph 1 point 7 of this Law – according to the Participant's place of residence, i.e. place where they were insured prior to going abroad;
- 3) Participants under Article 10 paragraph 1 point 10 of this Law – according to the head office of the organizational unit of the Employment Office;
- 4) self-employed Participants referred to under Article 11 point 1 of this Law – according to the place where the Participant registered performance of business activities based on which he/she is insured;
- 5) self-employed Participants under Article 11 points 2 and 3 of this Law according to Participant's place of permanent residence or temporary residence;
- 6) Participants - farmers under Article 12 of this Law according to the head office of the organizational unit of the tax authority.

Article 135

Participant's status, insurance period, wages, wage compensations, insurance basis, used for establishment of amount of entitlement shall be determined by the Fund based on application of data under Article 131 of this Law, by the entry of data in the Main Registry.

Data under Article 129 paragraph 2 of this Law shall be established by the entry in the Main Registry when the requirements under Article 71 of this Law are met.

Article 136

Data on pension service accrued by the Participant before December 31, 1969 and about special service accrued after that date, as well as changes of that data shall be entered in the Main Registry on Participants based on the application of data on pension service.

Article 137

Where the Fund ascertains, during the verification under Article 133 of this Law, that the application form on insurance period, wages, wage compensation, i.e. insurance basis used for determining the amount of the entitlement and the amount of paid contributions have not been accurately filled in or that the data have not been entered in accordance with pension and disability insurance regulations, it

shall instruct the applicant to amend them within a time limit which may not exceed 30 days.

Article 138

Upon a request of the Participant, the Fund must issue a certification on the data entered in the Main Register of Participants.

The certification under paragraph 1 of this Article shall be deemed to be a public document.

The Participant shall have a right to demand that the Fund adopts a decision concerning data on the insurance, pension service, wages, wage compensation, i.e. insurance basis and the amount of paid contributions entered in the Main Register.

The Fund must adopt the decision under paragraph 3 of this Article within 15 days of receipt of the request.

Article 139

Data entered in the Main Register, pursuant to this Law, may be subsequently amended in the following circumstances:

- 1) if the authorized body subsequently, by means of a legally prescribed procedure, ascertains a change of data;
- 2) if data on the insurance, pension service, insurance period, wages, wage compensation, i.e. insurance basis used in setting a pension level, and data on the amount of paid contributions have been entered in the Main Register on the basis of falsified documents;
- 3) it is subsequently found, by way of a verification of the data or in some other manner, that false or incomplete data was entered in the Main Register.

An amendment of the data entered in the Main Register shall be made through the appropriate change of data form, in accordance with the procedure established by this Law.

Article 140

The contributors under Article 131 of this Law shall be obliged to submit data application forms to the Fund within the following deadlines:

- 1) contribution-payer data application form – within eight days as of the start of business, the end of business, or of a change in the contribution-payer's business activities;
- 2) insurance applications, notices of termination of insurance and notices of any changes during the insurance period – within eight days of the start of employment, i.e. as of the day when the contract was signed, the performance of activities or the beginning of performance of activities, i.e. of

- the day of termination of employment, performance of activities, i.e. a change to the insurance;
- 3) application of data used in establishing insurance service, wages, wage compensation, i.e. insurance basis used in establishing the amount of entitlement and the amount of paid contributions – no later than April 30 of the current year for the previous calendar year, and the tax authority - by June 30 of the current year;
 - 4) application on the change of data under point 3 of this Article – within eight days as of the day of the change, i.e. as of the day of receipt of effective decision determining the change of data;
 - 5) application on Beneficiary's death - within three days as of the day of the issue of certification on registry of dead persons.

Article 141

The Fund shall be obliged to enter the data from received applications into the Main Registry within the following time limit:

- 1) data from applications under the Article 140 points 1 and 2 of this Law – within 30 days from the day of the receipt of the application;
- 2) data from applications under the Article 140 points 3 and 4 of this Law – within 60 days from the day of the receipt of the application, and not later than the end of the current year for the previous year;
- 3) data from applications under the Article 140 point 5 of this Law – within one day from the day of the receipt of the application.

Article 142

Application of data for organization and maintenance of the Main Registry shall be kept minimum 30 years as of the day when the right was accrued based on those data, but not less than 10 years from the day of the termination of the right.

Application of data for Participants who are not entitled to pension and disability insurance shall be kept minimum 40 years, as of the last entry of data into the Main Registry.

Article 143

Instead of keeping original applications of data, applications may be recorded on microfilms, i.e. by means of electronic data processing (magnetic media etc.).

The Fund shall provide a Participant with a certified photo-copy of the application under paragraph 1 of this Article.

Article 144

Elimination of original applications based on which data were entered into the Main Registry shall be performed by an expert commission established by the Fund.

Article 145

The data contained in the Main Register shall also be used for statistical research.

Protection of the data in the Main Register shall be ensured in the manner prescribed by law.

X FUNDING

Article 146

Pension and disability insurance shall be financed from:

1. contributions;
2. is erased
3. other sources, pursuant to the law.

Montenegro shall be the guarantor of the Fund's duties with respect to the realization of rights arising from pension and disability insurance.

1) Contributions

Articles 147 – 164

Ceased to apply.

Article 165

The insurance base on which contributions for Participants under Article 14 paragraph 1 point 1 of this Law shall be paid shall comprise of minimum wage prescribed by the general collective agreement for the adequate category of qualifications that the person possesses.

Article 166

The contribution rate for Participants under Article 14 paragraph 1 point 1 of this Law shall amount 4% at the expense of the Employment Office.

Articles 167 - 173

Ceased to apply.

Article 174

Contributions for persons under Article 14 paragraph 1 point 1 of this Law shall be accrued and paid by the Employment Office when a person is sent to professional training, retraining or additional training.

Article 174a

For Participants – Employees, who also realize income from additional work pursuant to labour regulations, shall also be paid contributions for pension and disability insurance for wage based on the additional work, in a manner and level as paid contribution for wage realized from employment based on which they have mandatory insurance, and the total amount to which contribution is paid on all bases may not exceed the highest annual base for payment of contributions for pension and disability insurance pursuant to the Law on Contributions for Mandatory Social Insurance.

The amount under paragraph 1 of this Article on which contribution is paid for pension and disability insurance shall be taken for calculating of the annual personal coefficient when determining the level of old-age, early old-age, or disability pension.

For Participants who also realize income outside insurance under paragraph 1 of this Article, or other income on which contribution for pension and disability insurance was paid pursuant to the Law on Contributions for Mandatory Social Insurance, the person obliged to submit application on the amount of those incomes (application of data on wage, compensation, or base of insurance that serves for determination of the annual personal coefficient and the amount of the contribution paid) is:

- employer – for income from wage, or compensation under Article 10 paragraph 1 point 4 of this Law;
- tax authority – for persons realizing revenues under Article 11 of this Law on which contribution for pension and disability insurance was paid pursuant to the Law on Contributions for Mandatory Social Insurance.

Applications under paragraph 3 of this Article shall be submitted in the manner, within deadlines and according to procedure stipulated for submitting of applications under Article 140 point 3 of this Law.

Article 175 Ceased to apply.

2) The Budget of the Republic

Article 176 Ceased to apply.

3) Other Sources

Article 177

Other sources of funding the pension and disability insurance shall be as follows:

- 1) income derived from property which is at the disposal of the Fund;
- 2) income coming from pension and disability insurance organizations with whom Participants accrued part of their insurance service;
- 3) subsidy and endowment income;
- 4) income earned from financial investments, dividends, interest;
- 5) other sources.

Article 178

The Fund's expenditures shall be:

1. Pensions;
2. Subsidy for physical impairment;
3. Funeral cost allowance;
4. Care and aid allowance realized according to regulations prior to the effectiveness of this Law;
5. Expenses based on contributions for health insurance of Beneficiaries;
6. Expenses related to disability evaluation;
7. Expenses related to the payment of pensions and other pension income;
8. Costs of effecting insurance and costs of the Fund's managing bodies.

XI FUND ASSETS

Article 179

The property of the Fund under this Law shall consist of objects, rights, shares and portions, money and other securities acquired by of the Fund and managed by the Fund in the interest of Beneficiaries established by this Law.

The property of the Fund consists of shares and portions assigned to the Fund in the procedure of property and management transformation of the economy.

Article 180

The Fund shall be obliged to manage the property conscientiously and reliably in the best interest of Beneficiaries, and in addition to activities under Article 116 of this Law it shall also:

- 1) Maintain records and create financial statements on all assets, including an annual market based evaluation showing the market price;
- 2) Keep records on all income from property on a separate account;

3) Inform the public administration authority competent for finances on the adopted annual report containing the plan for sale, i.e. privatization of property under Article 179 of this Law.

Article 181

The property under Article 179 paragraph 1 of this Law, which is not in the function of the Fund's basic activity, shall be sold according to the proceedings and in a manner prescribed by a special Law.

The Fund may use the proceeds of sale of the property under paragraph 1 of this Article, as well as income from dividend, for:

- 1) Investments of direct interest to the Fund, designed to improve the efficient functioning of the Fund. This includes, but is not limited to, information technology, staff training, compensation for staff redundancies, covering of Fund's deficit and transitional costs that will arise due to the introduction of the mandatory pension and disability insurance based on individual capitalized savings;
- 2) The payment of Pensions to Participants or Beneficiaries pursuant to this Law, if the income anticipated by this Law does not provide it;
- 3) Investment in other commercial real estate that the Fund already owns, which require additional capital in order to be privatized or sold under more favourable terms.

Such use of the proceeds of sale or dividends is to be set forth in the Fund's budget.

Expenses occurred due to sale of property under Article 179 of this Law shall be compensated out of funds that represent the income from sale of shares and portions under Article 179 paragraph 2 of this Law.

The Fund may not use the proceeds of such sale for purchase of real estates or shares.

Article 182

The property of the Fund stipulated under Article 179 paragraph 2 of this Law shall be privatized in a manner and according to the procedure stipulated by privatization regulations.

The Fund may use the proceeds acquired in the privatization procedure under paragraph 1 of this Article, including income from dividends, for payment of entitlements arising from pension and disability insurance.

Article 183

For the purpose of ensuring normal working conditions for providing services to Participants, the Fund may purchase real estate and equipment, only if the real

estate and equipment are in the function of exercising the rights arising from pension and disability insurance.

XI COMPENSATION OF DAMAGE

Article 184

Compensation of damage made to the Fund and the return of illegal and improper pension payments and other cash payments from pension and disability insurance shall be carried out in accordance with the provisions of the Law on Contracts and Torts, unless otherwise provided by this Law.

The Fund shall have the right to claim compensation of damage from an employer if the physical impairment, disability or death of a Participant is a result of non-compliance with prescribed measures of safety at work or measures for the protection of the environment, based on which the right to a disability or survivor's pension was realized.

The Fund shall have the right to claim compensation of damage from a person who, consciously or with the utmost carelessness, caused the physical impairment, disability or death of a Participant, if a right arising from pension and disability insurance was realized on that basis.

When determining the level of compensation of damage, paid contribution amount and the length of accrued pension service shall not be taken into consideration.

Article 185

A compensation claim may include the full amount of damage or a part of the damage.

The amount under paragraph 1 of this Article shall be calculated according to the level of the established pension, i.e. the subsidy for physical impairment, and the expected average period in which that right will be exercised.

Article 186

The Fund shall also have the right to demand compensation directly from an insurance company for damage arising from the use of a motor vehicle.

XIII SUPERVISION

Article 187

The implementation of this Law shall be supervised by the public administration authority competent for pension and disability insurance matters, in accordance with a separate law.

XIV PENAL PROVISIONS

Article 188

An employer with the status of legal entity shall be fined with a civil penalty between fifty and two hundred times the minimum wage in Montenegro, if it:

1. fails to report the start or termination of business or any changes to business activities or if it does so after the prescribed time-limit (Article 140 point 1);
2. prevents the examination of records and documents and does not provide the necessary evidence on which data entered in the application forms are based (Article 133 paragraph 3);
3. fails to register or cancel insurance or any change in the course of the insurance period or does so after the prescribed time-limit (Article 140 point 2);
4. fails to submit application of data for determination of insurance service, wage, wage compensation, i.e. insurance base that serve for determination of the amount of entitlement and the amount of paid contributions or does so after the prescribed time limit (Article 140 point 3);
5. fails to submit application of data on wage, compensation, i.e. insurance base that serves for determination of annual personal coefficient and the amount of paid contributions or does so after the expiry of the prescribed time limit (Article 168 paragraphs 4 and 5);
6. is erased;
7. enters false information in the documents based on which data is entered into the Main Register (Article 133 paragraph 1);
8. fails to correct irregularities on the application forms within the time-limit specified by the Fund (Article 137);

An employer – private individual shall be fined with a civil penalty between five and twenty times of the minimum wage in Montenegro for the violation under paragraph 1 of this Article.

The tax authority shall be fined with a civil penalty between fifty and two hundred times of the minimum wage in Montenegro, if it:

- 1) fails to submit application of data for determination of insurance service, wage, wage compensation, i.e. insurance base that serve for determination of the amount of entitlement and the amount of paid contributions or does so after the prescribed time limit (Article 140 point 3);
- 2) fails to submit application of data on wage, compensation, i.e. insurance base that serves for determination of annual personal coefficient and the amount of

paid contributions or does so after the expiry of the prescribed time limit (Article 168 paragraphs 4 and 5).

The Employment Office shall be fined with a civil penalty between fifty and two hundred times of the minimum wage in Montenegro, if it:

- 1) fails to submit insurance application or termination of insurance application or any change in the course of the insurance period or does so after the prescribed time-limit (Article 140 point 2);
- 2) fails to submit application of data for determination of insurance service, wage, wage compensation, i.e. insurance base that serve for determination of the amount of entitlement and the amount of paid contributions or does so after the prescribed time limit (Article 140 point 3).

A person responsible for a violation under paragraphs 1, 3 and 4 of this Article shall also be fined with a civil penalty between five and twenty times of the minimum wage in Montenegro.

Article 189

A Beneficiary of a right arising from pension and disability insurance who does not report, i.e. who fails to report in a timely manner a change pertinent to the right or its exercise shall be fined with a civil penalty between five and twenty times the minimum wage in Montenegro (Article 111).

Article 190

A Participant paying a pension and disability insurance contributions by him/herself shall be fined for a violation with a civil penalty between five and twenty times the minimum wage in Montenegro, if he/she:

- 1) fails to report the start or termination of activities, or a change in the course of carrying out those activities or does so after the prescribed time-limit (Article 140 point 1);
- 2) fails to register or cancel insurance or changes in the course of the insurance period or does so after the prescribed time-limit (Article 140 point 2).

Article 191 and 192

Ceased to apply

XV TRANSITIONAL AND FINAL PROVISIONS

Article 193

Beneficiaries of the right to old-age pension, disability pension, survivor's pension, the minimum pension, the maximum pension, subsidy for physical impairment, allowance on the basis of the remaining working ability, i.e. aid and

care allowance, who acquired that right according to regulations from pension and disability insurance that were applied until the beginning of implementation of the present Law, shall be provided with these rights in the same volume even after the specified date.

Subsidy for part-time work for disabled workers, who became entitled to those rights according to regulations that were applied until December 31, 1996, shall be acquired in the same volume and under conditions stipulated by the said regulations.

Payment of subsidy from Paragraph 2 of this Article shall be carried out by the employer, and it shall quarterly reimburse the funds paid from the Fund.

Article 193a

Rights under Article 193 paragraph 1 of this Law shall be indexed pursuant to Article 58 of this Law.

For the period July 2002 – December 2003 indexation of rights under Article 193 paragraph 1 of this Law shall be carried out pursuant to regulations that were applied until December 31, 2003.

Exceptionally of paragraph 1 of this Article and Article 58 of this Law, pensions, the pension value for one personal point and the rights under Article 193 paragraph 1 of this Law as of January 1, 2011 shall be indexed, based on statistical data, to development in consumer prices and average wage of the employed in the territory of Montenegro in the second six months in 2010 compared to the preceding six months, in a percentage representing a sum of 75% of growth, or reduction in consumer prices and 25% of growth percentage, or reduction in wages.

Exceptionally of the paragraph 1 of this Article and Article 58 of this Law, pensions, the pension value for one personal point and the rights under the Article 193, paragraf 1 of this Law in 2013 and 2014 shall not be indexed.

Pensions, the value of a pension for one personal point and the rights referred to in Article 193, paragraph 1 of this Law, as of July 1, 2016, are extraordinary adjusted for 3%.

Notwithstanding paragraph 5 of this Article, the minimum pension referred to in Article 29 paragraphs 3 and 4 of this Law as of July 1, 2016 shall be extraordinary adjusted for 20%.

The regulations on indexation in accordance to paragraphs 5 and 6 of this Article shall be adopted by the Fund.

Article 193b

To beneficiary of the right to subsidy based on the remaining working capacity, i.e. beneficiary of the right to subsidy due to part-time employment who is employed, the said right terminates with the date of termination of employment, i.e. of upon meeting conditions for old-age or disability pension, i.e. the date of exercising the right to survivor's pension in compliance with the present Law.

For beneficiary of temporary compensation who is registered with the Employment Office, the said right terminates with the date of his/her employment, i.e. becoming self-employed, on the basis of which he/she has compulsory insurance according to provisions of the present Law, as well as the date of meeting conditions for old-age or disability pension, i.e. the date of exercising the right to survivor's pension in compliance with the present Law.

With the exception in the cases referred to in paragraph 2 of this Article, a woman shall cease to use this temporary benefit on the day of exercising the right to a lifelong monthly compensation based on the birth of three or more children in accordance with the law governing social and child protection.

Article 193v

To beneficiary of subsidy for part-time employment, the period spent in part-time employment insurance from January 1, 2004 shall be calculated into the insurance service as if he/she was working full-time.

To beneficiary of temporary compensation who is registered with the Employment Office the insurance service shall be calculated for the time of receiving the said subsidy.

Article 193g

A pension Beneficiary with a period of insurance for part-time work, completed from January 1, 2009 until the day of entering into force of this Law, determined in effective duration, shall be determined, upon his/her request, a new pension level by calculating that period into insurance service as if he/she worked full-time.

A pension Beneficiary for whom the period of receiving temporary compensation while in the records of the Employment Office, completed from January 1, 2007 until the day of entering into force of this Law, was not calculated as insurance service, upon his/her request, shall be determined a new pension level by including that period into insurance service.

The new pension level under paragraphs 1 and 2 of this Article shall apply as of the day of entering into force of this Law.

Article 194-196 Ceased to apply

Article 197

Notwithstanding the provision under Article 17 paragraph 1 of this Law, a Participant shall accrue the right to an old-age pension when he/she reaches:

1. in the year 2004 – the age of 60 and 6 months (men), or the age of 55 and 6 months (women) and 19 years and 6 months of pension service;
2. in the year 2005 – the age of 61 (men), or the age of 56 (women) and 19 years of pension service;
3. in the year 2006 – the age of 61 and 6 months (men), or the age of 56 and 6 months (women) and 18 years and 6 months of pension service;
4. in the year 2007 – the age of 62 (men), or the age of 57 (women) and 18 years of pension service;
5. in the year 2008 – the age of 62 and 6 months (men), or the age of 57 and 6 months (women) and 17 years and 6 months of pension service;
6. in the year 2009 – the age of 63 (men), or the age of 58 (women) and 17 years of pension service;
7. in the year 2010 – the age of 63 and 6 months (men), or the age of 58 and 6 months (women) and 16 years and 6 months of pension service;
8. in the year 2011 – the age of 64 (men), or the age of 59 (women) and 16 years of pension service;
9. in the year 2012 – the age of 64 and 6 months (men), or the age of 59 and 6 months (women) and 15 years and 6 months of pension service;

For a Participant with insurance service calculated at accelerated rate the age limit for acquiring entitlement to old-age pension under paragraph 1 of this Article shall be reduced in accordance with Article 18 of this Law.

The years of age under paragraph 1 points 1 through 9 of this Article, when reached by a Participant in the period from January 1, 2004 to December 31, 2012 who becomes entitled to the old age pension, shall be deemed to be the years of age when, in that period, pursuant to the provision under Article 37 paragraph 1 point 2 of this Law, entitlement to disability pension is accrued.

If a Participant, whose disability was caused by an injury away from work or disease occurred after reaching the age of life prescribed for accrual of entitlement to old age pension under paragraph 1 of this Article, does not meet eligibility conditions with respect to pension service for accrual of right to old age pension, he/she shall accrue right to disability pension provided that the loss of working capacity arose before reaching the age under Article 17 paragraph 1 of this Law and that he/she has accrued pension service that covers minimum 1/3 of working life.

Article 197a

Notwithstanding the provision under Articles 17, 197 and 198 of this Law, entitlement to an old-age pension can belong to participants – employees who work on jobs at which insurance service is calculated at accelerated rate, as follows:

- 1) Authorized officials in terms of regulations on carrying out of the interior and the police jobs;
- 2) Authorized officials of the National Security Agency;
- 3) Professional military personnel serving in the Army of Montenegro;
- 4) Employees in the bodies and organizations that, in terms of regulations on defense, work on jobs at which insurance service is calculated at accelerated rate;
- 5) Authorized officials in terms of regulations on execution of criminal sanctions.

Article 197b

Participant referred to under Article 197a of this Law shall be entitled to old-age pension if he/she has reached at least the age of 50 and accrued 20 years of insurance service, of which at least 10 years effectively spent on work positions at which insurance service is calculated at accelerated rate.

A period of 10 years effectively spent on jobs at which insurance service is calculated at accelerated rate, in terms of paragraph 1 of this Article, shall include the cumulative period spent at working places, or jobs under Article 197a points 1 through 5 of this Law at which insurance service is calculated at accelerated rate.

Participants under paragraph 1 of this Article can become entitled to pension although they do not have the status of authorized officials, or professional military personnel, or employees in the bodies and organizations working in terms of regulations on defense at the working places where the period of insurance is calculated at accelerated rate, if they spent minimum 20 years on these jobs.

Article 197v

A Participant referred to under Article 197b of this Law shall be determined old-age pension or disability pension in accordance with the provisions under Articles 19 through 27 and Articles 37 through 40 of this Law.

When determining pension referred to under paragraph 1 of this Article, personal coefficient of Participants shall be determined in accordance with Article 200 of this Law.

Notwithstanding paragraph 2 of this Article, if it is more favorable for the Participant, personal coefficient shall be determined on the basis of wage, or wage compensation received in the calendar year preceding the year of realization of rights.

Calendar year proceeding the year of realization of the rights referred to under paragraph 3 of this Article shall be the last calendar year in which the Participant was insured for the entire year on jobs under Article 197a points 1 through 5 of this Law and received wage, or wage compensation for all 12 months of insurance service.

For a Participant referred to under Article 197b paragraph 3 of this Law the calendar year preceding the year of realization of the right referred to under paragraph 3 of this Article shall be the last calendar year in which the Participant was insured for the entire year at working places referred to under Article 197a points 1 through 5 of this Law and received wage, or wage compensation for all 12 months of insurance service.

The amount of pension determined by applying the provisions under paragraphs 1 through 5 of this Article shall be increased by 20%.

The amount of pension referred to under paragraph 6 of this Article can not be higher than the highest amount of old-age, or disability pension determined under provisions of Articles 28 and 41 of this Law.

The amount of pension referred to under paragraph 6 of this Article can not be lower than the lowest old-age, or disability pension determined under provisions of Articles 29 and 41 of this Law.

Article 197g

The difference between the amount of pension determined by applying the provisions under Articles 197b and 197v of this Law and pension that the Participant would be entitled to by application of the provisions under Articles 17, 197 and 198 of this Law as well as the whole amount of pension determined to Participant who is not eligible to receive pension established under Articles 17, 197 and 198 of this Law shall be provided in the budget of Montenegro.

The provision under paragraph 1 of this Article shall refer to survivor's pension determined from an old-age, or disability pension under Articles 197b and 197v of this Law.

Article 197d

The right to a pension with application of the provisions under Articles 197a, 197b and 197v of this Law can be realized until December 31, 2012.

Article 197d

Notwithstanding the provisions under Article 17 paragraph 1 of this Law, a Participant shall become entitled to old-age pension upon accruing 15 years of pension service and reaching:

- 1) in 2010, 2011, 2012 and 2013 – the age of 65 (men), or 60 (women);
- 2) in 2014 – the age of 65 years and two months (men), or 60 years and three months (women);
- 3) in 2015 – the age of 65 years and four months (men), or 60 years and six months (women);
- 4) in 2016 – the age of 65 years and six months (men), or 60 years and nine months (women);

- 5) in 2017 – the age of 65 years and eight months (men), or 61 years (women);
- 6) in 2018 – the age of 65 years and ten months (men), or 61 years and three months (women);
- 7) in 2019 – the age of 66 years (men), or 61 years and six months (women);
- 8) in 2020 – the age of 66 years and two months (men), or 61 years and nine months (women);
- 9) in 2021 – the age of 66 years and four months (men), or 62 years (women);
- 10) in 2022 – the age of 66 years and six months (men), or 62 years and three months (women);
- 11) in 2023 – the age of 66 years and eight months (men), or 62 years and six months (women);
- 12) in 2024 – the age of 66 years and ten months (men), or 62 years and nine months (women);
- 13) in 2025 – the age of 63 years (women);
- 14) in 2026 – the age of 63 years and three months (women);
- 15) in 2027 – the age of 63 years and six months (women);
- 16) in 2028 – the age of 63 years and nine months (women);
- 17) in 2029 – the age of 64 years (women);
- 18) in 2030 – the age of 64 years and three months (women);
- 19) in 2031 – the age of 64 years and six months (women);
- 20) in 2032 – the age of 64 years and nine months (women);
- 21) in 2033 – the age of 65 years (women);
- 22) in 2034 – the age of 65 years and three months (women);
- 23) in 2035 – the age of 65 years and six months (women);
- 24) in 2036 – the age of 65 years and nine months (women);
- 25) in 2037 – the age of 66 years (women);
- 26) in 2038 – the age of 66 years and three months (women);
- 27) in 2039 – the age of 66 years and six months (women);
- 28) in 2040 – the age of 66 years and nine months (women).

For a Participant with insurance service calculated at accelerated rate the age limit for becoming entitled to old-age pension under paragraph 1 of this Article in the period from 2013 to 2040 shall be reduced pursuant to Article 18 of this Law.

The age under paragraph 1 point 1 of this Article, which is a condition to become entitled, in the period from January 1, 2013 to December 31, 2040, to old-age pension shall be the age until which in that period pursuant to provision under article 37 paragraph 1 point 2 of this Law entitlement to disability pension is acquired.

Article 197e

The provision under Article 17a of this Law shall apply for a Participant-woman from January 1, 2022.

Notwithstanding Article 27a of this Law, in the period from 2022 to 2040, a Participant-woman shall be determined old-age pension in the same manner as for old-age pension, but the amount of that pension shall be reduced by 0.35% for each month of earlier retirement prior to reaching:

- 1) in 2022 – the age of 62 years and three months;
- 2) in 2023 – the age of 62 years and six months;
- 3) in 2024 – the age of 62 years and nine months;
- 4) in 2025 – the age of 63 years;
- 5) in 2026 – the age of 63 years and three months;
- 6) in 2027 – the age of 63 years and six months;
- 7) in 2028 – the age of 63 years and nine months;
- 8) in 2029 – the age of 64 years;
- 9) in 2030 – the age of 64 years and three months;
- 10) in 2031 – the age of 64 years and six months;
- 11) in 2032 – the age of 64 years and nine months;
- 12) in 2033 – the age of 65 years;
- 13) in 2034 – the age of 65 years and three months;
- 14) in 2035 – the age of 65 years and six months;
- 15) in 2036 – the age of 65 years and nine months;
- 16) in 2037 – the age of 66 years;
- 17) in 2038 – the age of 66 years and three months;
- 18) in 2039 – the age of 66 years and six months;
- 19) in 2040 – the age of 66 years and nine months.

The amount of early old-age pension determined pursuant to paragraph 2 of this Article shall remain even after reaching the age under paragraph 2 of this Article.

Article 197ž

Exceptionally of Article 27a of this Law, in the period from 2011 to 2024 a Participant-man shall be determined old-age pension in the same manner as for old-age pension, but the amount of that pension shall be reduced by 0.35% for each month of earlier retirement prior to reaching:

- 1) in 2011 – the age of 64;
- 2) in 2012 – the age of 64 years and six months;
- 3) in 2013 – the age of 65 years;
- 4) in 2014 – the age of 65 years and two months;
- 5) in 2015 – the age of 65 years and four months;
- 6) in 2016 – the age of 65 years and six months;
- 7) in 2017 – the age of 65 years and eight months;
- 8) in 2018 – the age of 65 years and ten months;
- 9) in 2019 – the age of 66 years;
- 10) in 2020 – the age of 66 years and two months;

- 11) in 2021 – the age of 66 years and four months;
- 12) in 2022 – the age of 66 years and six months;
- 13) in 2023 – the age of 66 years and eight months;
- 14) in 2024 – the age of 66 years and ten months.

The amount of early old-age pension determined pursuant to paragraph 1 of this Article shall remain even after reaching the age under paragraph 1 of this Article.

Article 197z

Ceased to apply

Article 197i

A parent who has a child or a guardian who carries out guardianship of the child with severe developmental disorders and who is a beneficiary of personal disability allowance, irrespectively of child's age, has the right to old-age pension with completed 20 years of insurance service years, regardless of his/her age.

The amount of the pension of a parent who has a child or a guardian who carries out guardianship of the child with severe developmental disorders, who is a beneficiary of personal disability allowance and persons referred to in Article 197a and with reference to Article 197v, shall be increased for 20%.

The entitlement referred to in paragraph 1 of this Article shall not apply to a guardian who is ex officio appointed by the guardianship authority

Article 197j

Notwithstanding the provisions of Article 17 of this Law, participant whose aluminum industry employment terminated due to the introduction of bankruptcy is entitled to a retirement pension if he/she has reached 30 insurance years of service. Entitlement to old age pension, according to paragraph 1 may be exercised up to 30 September 2013

Article 197 k

Notwithstanding Article 17 of this Law, an insured person whose employment in the metal processing sector terminated due to the introduction of bankruptcy, and in that process he/she has not been paid severance, shall be entitled to an old-age pension if he/she has reached at least 30 years of insurance years of service.

The entitlement to an old-age pension in accordance with paragraph 1 of this Article may be exercised up to March 15, 2015.

Article 197l

Notwithstanding Article 17 of this Law, the insured person who has terminated his employment due to the introduction of bankruptcy in the company in which the state had shareholding, shall be entitled to an old-age pension of 30 years of service (man) and 25 years of insurance (women)

Article 198

Notwithstanding the provision under Article 17 paragraph 2 of this Law, an entitlement to old age pension shall be accrued by a Participant – woman when she accrues 35 years of insurance service and:

- 1) in 2004 – the age of 50 years and 6 months;
- 2) in 2005 – the age of 51 years;
- 3) in 2006 – the age of 51 years and 6 months;
- 4) in 2007 – the age 52 years;
- 5) in 2008 - the age of 52 years and 6 months;
- 6) in 2009 – the age of 53 years;
- 7) in 2010 – the age of 53 years and 6 months;
- 8) in 2011 – the age of 54 years;
- 9) in 2012 – the age of 54 years and 6 months.

Article 198a

Notwithstanding the provisions under Article 17 paragraph 2 of this Law, a Participant-woman shall become entitled to old-age pension upon reaching:

- 1) in 2013 – the age of 55 and 35 years of insurance service;
- 2) in 2014 – the age of 55 years and three months and 35 years and three months of insurance service;
- 3) in 2015 – the age of 55 years and six months and 35 years and six months of insurance service;
- 4) in 2016 – the age of 55 years and nine months and 35 years and nine months of insurance service;
- 5) in 2017 – the age of 56 years and 36 years of insurance service;
- 6) in 2018 – the age of 56 years and three months and 36 years and three months of insurance service;
- 7) in 2019 – the age of 56 years and six months and 36 years and six months of insurance service;
- 8) in 2020 – the age of 56 years and nine months and 36 years and nine months of insurance service;
- 9) in 2021 – the age of 57 years and 37 years of insurance service;
- 10) in 2022 – the age of 57 years and three months and 37 years and three months of insurance service;

- 11) in 2023 – the age of 57 years and six months and 37 years and six months of insurance service;
- 12) in 2024 – the age of 57 years and nine months and 37 years and nine months of insurance service;
- 13) in 2025 – the age of 58 years and 38 years of insurance service;
- 14) in 2026 – the age of 58 years and three months and 38 years and three months of insurance service;
- 15) in 2027 – the age of 58 years and six months and 38 years and six months of insurance service;
- 16) in 2028 – the age of 58 years and nine months and 38 years and nine months of insurance service;
- 17) in 2029 – the age of 59 years and 39 years of insurance service;
- 18) in 2030 – the age of 59 years and three months and 39 years and three months of insurance service;
- 19) in 2031 – the age of 59 years and six months and 39 years and six months of insurance service;
- 20) in 2032 – the age of 59 years and nine months and 39 years and nine months of insurance service;

Article 199

Notwithstanding the provision of Article 18 paragraph 2 of this Law, the retirement age for accruing the right to old age pension can be reduced for a Participant – woman maximum to:

- 1) in 2004 – the age of 50 years and 6 months;
- 2) in 2005 – the age of 51 years;
- 3) in 2006 – the age of 51 years and 6 months;
- 4) in 2007 - the age of 52 years;
- 5) in 2008 – the age of 52 years and 6 months;
- 6) in 2009 – the age of 53 years;
- 7) in 2010 - the age of 53 years and 6 months;
- 8) in 2011- the age of 54 years;
- 9) in 2012 - the age of 54 years and 6 months.

Article 200

On the basis of the annual personal coefficient determined for a particular calendar year, pursuant to the provisions of Articles 19 through 27 of this Law, the most advantageous personal coefficients realized in any of the following consecutive years shall be calculated:

- 1) in 2004 – 12 years;
- 2) in 2005 – 14 years;
- 3) in 2006 – 16 years;

- 4) in 2007 – 18 years;
- 5) in 2008 – 20 years;
- 6) in 2009 – 22 years;
- 7) in 2010 – 24 years;
- 8) in 2011 – 26 years;
- 9) in 2012 – 28 years;
- 10) in 2013 – 30 years;
- 11) in 2014 – 32 years;
- 12) in 2015 – 34 years;
- 13) in 2016 – 36 years;
- 14) in 2017 – 38 years;
- 15) in 2018 – 40 years;

Minimum ten consecutive years under paragraph 1 points 1 through 4 of this Article are the calendar years over which a Participant realized wage, wage compensation, i.e. insurance base for minimum six months of insurance service.

For a Participant who has not accrued ten consecutive years under paragraph 2 of this Article over which he/she realized wage, wage compensation, i.e. insurance base for minimum six months of insurance service, the number of consecutive years over which a Participant realized wage, wage compensation, i.e. insurance base for minimum six months of insurance service, as many as he/she accrued them, shall be taken for the calculation of the most favorable personal coefficient under paragraph 1 of this Article.

The most advantageous personal coefficient shall be calculated by dividing the annual personal coefficient total under paragraph 1 of this Article by the time period for which they were accrued.

The total personal points shall be established by multiplying the total pension service by the most advantageous personal coefficients under paragraph 4 of this Article.

Article 201

In the period from January 1, 2004 to December 31, 2008 the pension service under Article 21 of this Law can amount maximum up to:

- 1) in 2004 – 41 years;
- 2) in 2005 - 42 years;
- 3) in 2006 – 43 years;
- 4) in 2007 – 44 years;
- 5) in 2008 – 45 years.

Article 202

When determining the amount of the old age pension, i.e. disability pension in the event of disability caused by a disease or injury away from work for a

Participant woman who has less than 40 years of pension service, the insurance service accrued before December 31, 2003 shall be increased by 15% while the total pension service may not exceed 40 years.

Article 202a

A Participant becoming entitled to old-age pension for the first time through application of Article 17 paragraph 2 of this Law, when determining the number of personal points under Article 21 of this Law, shall have insurance service over 40 years increased by 40%.

Article 203

Proceedings for exercise of rights arising from pension and disability insurance or for ascertaining pension service initiated prior to the effective date of this Law shall be concluded under the conditions and in the manner specified by the regulations in effect at the time of the proceedings being initiated, unless prescribed otherwise by this Law.

Article 203a

Medical control check-up for reassessment of disability of the insured beneficiaries to work part-time as well as participants where, according to the regulations applicable until 31 December 2003, remaining work capacity is determined, shall be performed, ex officio until 31 December 2005.

Insured, referred to in paragraph 1 of this Article shall be suspended monthly benefit amount, if, without justifiable reason, does not respond to a medical control check-up.

Re-establishing the disability referred to in paragraph 1 of this Article shall be made under the provisions of Article 30 paragraphs 1-3 of this Law.

Rights on the basis of re-establishing the state of disability referred to in paragraph 1 of this Article shall cease, change, or acquired in accordance with this law, from the first day of the month following the issuance of the first instance decision.

Article 204

Persons who had the status of a Participant according to the regulations in effect prior to the effective date of this Law, their family members and the family members of a Beneficiary of a right pursuant to those regulations, shall realize rights arising from pension and disability insurance under the conditions specified by this Law.

Article 205

A widow who met the eligibility conditions to survivor's pension according to regulations effective until December 31, 2003, and had not exercised that right before the implementation of this Law, may at her own request become entitled to the survivor's pension according to regulations effective until December 31, 2003.

The provision under paragraph 1 of this Article shall also refer to a widow whose spouse died prior to the effectiveness of this Law who reached the age of 40 before he died, and according to the regulations implemented until December 31, 2003 she was ascertained the entitlement to survivor's pension when she reaches the age of 45.

Article 206

Notwithstanding the provision under Article 44 paragraph 1 point 1 of this Law, a widow shall be entitled to a survivor's pension:

- 1) in 2004 - if she reached the age of 45 and 6 months prior to her spouse's death;
- 2) in 2005 - if she reached the age of 46 prior to her spouse's death;
- 3) in 2006 - if she reached the age of 46 and 6 months prior to her spouse's death;
- 4) in 2007 - if she reached the age of 47 prior to her spouse's death;
- 5) in 2008 - if she reached the age of 47 and 6 months prior to her spouse's death;
- 6) in 2009 - if she reached the age of 48 prior to her spouse's death;
- 7) in 2010- if she reached the age of 48 and 6 months prior to her spouse's death;
- 8) in 2011 - if she reached the age of 49 prior to her spouse's death;
- 9) in 2012 - if she reached the age of 49 and 6 months prior to her spouse's death.

Article 206a

Notwithstanding the provision under Article 44 paragraph 1 point 1 of this Law, a widower, or a widow shall be permanently entitled to a survivor's pension if he/she reached:

- 1) in 2013 – the age of 50 years until the death of her/his spouse;
- 2) in 2014 – the age of 50 years and six months until the death of her/his spouse;
- 3) in 2015 – the age of 51 years until the death of her/his spouse;
- 4) in 2016 – the age of 51 years and six months until the death of her/his spouse.

Notwithstanding the provision under Article 44 paragraph 1 point 1 of this Law, in 2010, 2011 and 2012 a widower shall become entitled to survivor's pension if he reached the age of 50 prior to the death of his spouse.

Article 206b

Notwithstanding the provision of Article 44, paragraph 1, item 1 of this Law, if the widower or widow until the death of the spouse did not reach 52 years of age, but had reached the age of 45, they are entitled to a survivors' pension when they reach 52 years of age.

Article 207

Notwithstanding the provision under Article 44 paragraph 2 of this Law, a widow shall be permanently entitled to a survivor's pension, during the exercise of right to a survivor's pension accrued pursuant to Article 44 paragraph 1 points 2 and 3 of this law, if she reached:

- 1) in 2004 – the age of 45 years and 6 months;
- 2) in 2005 – the age of 46 years;
- 3) in 2006 – the age of 46 years and 6 months;
- 4) in 2007 – the age of 47 years;
- 5) in 2008 – the age of 47 years and 6 months;
- 6) in 2009 – the age of 48 years;
- 7) in 2010 – the age of 48 years and 6 months;
- 8) in 2011 – the age of 49 years;
- 9) in 2012 – the age of 49 years and 6 months.

Article 207a

Notwithstanding the provision under Article 44 paragraph 1 point 1 of this Law, a widower, or a widow shall be permanently entitled to a survivor's pension, during the exercise of right to a survivor's pension accrued pursuant to Article 44 paragraph 1 points 2 and 3 of this law, if he/she reached:

- 1) in 2013 – the age of 50 years;
- 2) in 2014 – the age of 50 years and six months;
- 3) in 2015 – the age of 51 years;
- 4) in 2016 – the age of 51 years and six months.

Notwithstanding the provision under Article 44 paragraph 2 of this Law, in 2010, 2011 and 2012 a widower shall retain permanent entitlement to survivor's pension who, during the exercise of right to a survivor's pension accrued pursuant to Article 44 paragraph 1 points 2 and 3 of this Law, reached the age of 50.

Article 208

A Beneficiary of allowance for aid and care according to regulations that were effective prior to the implementation of this Law, who is placed into an institution providing social protection to old people, shall not be paid the allowance for aid and care during his/her stay in that institution.

If a Beneficiary of aid and care allowance takes care, fully or partially, of accommodation costs under paragraph 1 of this Article, payment of aid and care allowance shall not be terminated.

Entitlement to allowance for aid and care shall not be granted to a Beneficiary who is entitled to such cash compensation on other basis.

Article 209 **Ceased to apply**

Article 210

According to provisions of this Law, persons meeting conditions under Article 12 of this Law who at the moment of entering the insurance are under the age of 50 (men) and the age of 45 (women) shall be insured on mandatory bases as Participants farmers.

Persons meeting conditions under Article 12 of this Law, who reached the age of 50 (men) and the age of 45 (women) shall also be insured on mandatory basis as Participants farmers if prior to reaching the retirement age they were insured based on employment, i.e. self-employment.

Article 211

Persons who were insured on mandatory basis as Participants farmers prior to the effective date of this Law shall continue to be insured as Participants farmers if meeting the conditions under Article 12 of this Law.

Persons who were insured on mandatory basis as Participants farmers prior to the effective date of this Law who are not meeting the conditions under Article 12 of this Law may remain in the mandatory insurance of farmers if they submit an application to the Fund within 6 months as of the effective date of this Law.

Article 212

Notwithstanding the provisions of Articles 19, Article 22, paragraphs 1 and 2, Article 24 and Article 25 paragraph 2 of this Law, when ascertaining the annual personal coefficient, wages, wage compensation and insurance bases from 1992 and 1993 shall not be taken into account.

Article 213

Data on wages in 2003 shall be entered in the Main Registry based on data on wages less the paid taxes and contributions.

Article 214

The rights under Article 16 of this Law shall also expire when the Participant realizes a right from this insurance with the insurance organization of a country formed on the territory of the former SFRY, unless otherwise provided by an international agreement.

Notwithstanding paragraph 1 of this Article, a Beneficiary eligible to pension based on remaining pension service that was not considered by an insurance organization formed on the territory of former SFRY when determining the pension amount, shall not be deprived of this right, but the right to a pension shall be determined again based on pension service and wages from that period.

Article 215

For a pension Beneficiary meeting eligibility conditions under Article 112 paragraph 1 of this Law according to which he/she is entitled to have the pension level set again and for whom the amount of pension was set according to the regulations applicable until the effective date of this Law, the found nominal amount of the pension shall be first converted into the personal points of the Beneficiary to enable the pension amount to be set again.

The conversion under paragraph 1 of this Article shall be performed so that the pension amount on the day of submitting application shall be divided by the indexed value of the pension for one personal point.

Personal points under paragraph 1 of this Article shall be adjusted later on by the realized insurance service, wages, wage compensation as well as insurance bases on which contributions are paid, in compliance with provisions of this Law.

Personal points set in a manner under paragraph 3 of this Article shall represent the basis for setting a new pension amount in compliance with this Law.

For a Beneficiary of the right under paragraph 1 of this Article, the pension amount which is more favourable shall be set.

For a Beneficiary who realized the right under special conditions, more favorable than general conditions that were effective prior to the effective date of this Law, and who is meeting eligibility conditions under Article 112 paragraph 1 of this Law, a pension level shall be set under conditions and in the amount stipulated by provisions under Articles 17 through 29 and Articles 197, 197d, 197e, 197ž, 198, 198a, 199, 100 and 202 of this Law, if that is more favorable for him than the previously set pension level.

Provisions under paragraph 6 of this Article shall also refer to a Beneficiary who is meeting the conditions under Article 112 paragraph 1 of this Law and who became entitled to pension through application of provisions under Articles 197b, 197v, 197z, 197i, 197j and 2015v of this Law or under other eligibility conditions, more favourable than the general conditions.

Article 215a

The period spent serving as a military Participant from January 1, 2004 to the date of effectiveness of this Law shall be included in insurance service for realization of entitlement to pension pursuant to this Law.

Funds for exercising the rights arising from pension and disability insurance based on insurance service under paragraph 1 of this Article shall be provided from the Budget of Montenegro.

Article 215b

The Fund shall be provided with data on insurance service, wage and wage compensation for military Participant realized according to the regulations that were applicable until the date of effectiveness of this Law by a public administration authority competent for defense matters.

Article 215v

A Beneficiary of old-age, disability and survivor's pension, subsidy for physical impairment and aid and care allowance with residence in Montenegro who realized the right according to military regulations applicable until August 15, 2007, shall be provided with those entitlements in the same volume from August 15, 2007, and they shall be used pursuant to this Law.

The amount of old-age, disability and survivor's pension, subsidy for physical impairment and aid and care allowance under paragraph 1 of this Article shall represent the amount of those entitlement in Dinars taken over for payment by the Budget of Montenegro as of August 1, 2005, indexed according to indexation percentages applicable for these Beneficiaries according to military regulations (by applying the point value applicable for payment and calculation of military pensions) until August 15, 2007, transferred into EUR according to official exchange rates as on August 15, 2007.

The entitlement under paragraph 1 of this Article shall be indexed according to Article 58 of the Pension and Disability Insurance Law ("Official Gazette of the Republic of Montenegro, no. 54/03, 39/04, 61/04, 79/04, 14/07 and 47/07 and "Official Gazette of Montenegro", no. 79/08 and 14/10), as of January 1, 2008 until the date of effectiveness of this Law.

The Fund shall pass a decision on the final amount of the entitlements under paragraph 1 of this Article and conduct their indexation pursuant to paragraph 3 of this Article in the line of duty within 60 days from effectiveness of this Law.

A Beneficiary shall be paid out the difference between the pension amount, subsidy for physical impairment, or aid and care allowance pertaining to him/her according to paragraph 4 of this Article and the amount paid out according to previous decision.

By passing the decision under paragraph 4 of this Article the Fund shall replace the previously passed decision.

The difference belonging to a Beneficiary according to paragraph 5 of this Article shall be paid out by the Fund in two equal installments with pertaining interest of 2% at annual level as follows: half of the amount within 30 days from the day of passing the decision under paragraph 4 of this Article, and the other half of the amount within six months from the day of passing the decision under paragraph 4 of this Article.

Funds for entitlement under this Article shall be provided in the Budget of Montenegro.

Article 215g

Notwithstanding Article 100 paragraph 3 of this law, the Fund shall pay out the minimum pension, aid and care allowance and subsidy for physical impairment to Beneficiaries with residence in the Republic of Serbia who realized the entitlement prior to entering into effect of the Agreement between the Republic of Montenegro and the Republic of Serbia on Social Insurance (“Official Gazette of the Republic of Montenegro”, no. 17/07).

Article 216

Realization of entitlement on the base of pension service accrued in the Republic of Serbia, as of the day of application of this Law, shall be regulated by the Agreement between the Republic of Montenegro and the Republic of Serbia.

The issue of compensation based on entitlements realized on the basis of pension service accrued in the Republic of Serbia, until the effective date of this Law, shall be regulated by the agreement between the Republic of Montenegro and the Republic of Serbia

Article 217

The application of data under Article 131 point 1 line 3 for 2005 and in future shall be submitted to the Fund by the tax authority.

Article 217a

Exceptionally of the provision under Article 67 paragraph 1 of this Law, the contribution rate for extended insurance until December 1, 2004 shall amount 22.8%.

Article 217b

Notwithstanding the provisions under Article 166 paragraph 1 of this Law, contribution rates at which contribution is paid on the prescribed base until December 1, 2004 shall amount to:

- 1) for Participants under Article 10 paragraph 1 points 1 through 6 and points 8 and 9 of this Law:
 - at the expense of employer 10.8%;
 - at the expense of Participant 12%;
- 2) for Participants under Article 10 paragraph 1 point 7 and Articles 11 and 12 of this Law at the expense of a Participant 22.8%
- 3) for Participants under Article 10 paragraph 1 point 10 and Articles 150 and 151 of this Law at the expense of compensation payer 22.8%.

Article 218

The Managing Board shall be appointed within 60 days from the date of application of this Law.

Until the appointment of the Managing Board the Council of the Fund shall continue to perform the duties under its competence even after the day of application of this Law.

Article 218a

Appointment of the members of the Managing Board of the Fund pursuant to this Law shall be conducted within 60 days from the date of effectiveness of this Law.

The present Managing Board shall terminate its work on the day of appointing the members of the Managing Board pursuant to paragraph 1 of this Article.

Article 218b

The election of the Director of the Fund, in accordance with this Law, shall be executed after the expiration of six months from the date of its entry into force.

Article 219

Secondary legislation and other regulations applicable prior to the date of application of this Law shall continue to apply until new regulations are passed, provided they are not in conflict with this Law.

Article 220

Secondary legislation and other regulations necessary for the implementation of this Law shall be passed within 6 months of the date of application of this Law.

Article 221

The following shall cease to be valid on the day of application of this Law:

- 1) The Law on the Bases of Pension and Disability Insurance (“Official Gazette of FRY”, no. 30/96, 70/2001, 3/2002 and 39/2002);

- 2) The Law on the Bases of Pension and Disability Insurance (“Official Gazette of FRY”, no. 5/2003);
- 3) The Pension and Disability Insurance Law (“Official Gazette of the Republic of Montenegro”, no. 14/83, 12/85, 14/89, and “Official Gazette of the Republic of Montenegro”, no. 28/91, 2/92, 18/92 and 20/93);
- 4) Provisions of the Law on Contributions for Social Insurance (“Official Gazette of the Republic of Montenegro”, no. 39/93, 3/94, 17/94, 42/94, 1/95, 13/96 and 45/98) concerning Participants, and pension and disability insurance contribution bases and rates;
- 5) Provisions of Article 50 of the Law on Internal Affairs (Official Gazette of the Republic of Montenegro, no. 24/94 and 29/94).

Article 222

This Law shall become effective eight days from its publication in the “Official Gazette of Montenegro”, and shall become applicable as of January 1, 2004.