

## State Fund for Guaranteeing the Stability of the State Pension System

Under the provision of § 7 of the Transitional and Final Provisions of the 2006 State Budget of the Republic of Bulgaria Act a State Fund for Guaranteeing the Stability of the State Pension System (SFGSSPS) has been established, which is an independently separated part of the central budget. Under the provision of § 16 of the Transitional and Final Provisions of the 2007 State Budget of the Republic of Bulgaria Act and Article 124 of Council of Ministers Decree 20/02.02.2007 the issues regarding the Fund's statute and the time limit for transferring the Fund's resources have been further specified.

Pursuant to the above provisions on 31.05.2007 the Ministry of Finance transferred from the executive budget to the opened for the purpose current account of SFGSSPS **BGN 211.8 million**, including:

- **BGN 151.6 million** – 25 percent of the proceeds from privatization of state enterprises for 2006;
- **BGN 60.2 million** - 50 percent of the savings of expenditures under the 2006 executive budget.

In 2007 a deposit investment account was opened for **BGN 210.0 million**. The accumulated as of 31.12.2007 interest on the deposit amounted to **BGN 4.3 million** and the Fund's resources as of **01.01.2008** were **BGN 216.1 million**.

Under the provisions of § 17, paragraph 3 of the Transitional and Final Provisions of the 2008 State Budget of the Republic of Bulgaria Act and item 3 of National Assembly Resolution of 29.11.2007 on approval of additional budget appropriations under the 2007 executive budget on 23.05.2008 **BGN 488.5 million** were transferred, as follows:

- **BGN 142.5 million** - 50 percent of the savings of expenditure under the executive budget for year 2007, determined as the difference between the amounts planned and the amounts reported under the parameters of Article 1, paragraph 2, section II of the 2007 State Budget of the Republic of Bulgaria Act;
- **BGN 82.0 million** - 25 percent of the receipts from privatisation, as reported in the executive budget for year 2007;
- **BGN 264.0 million** - the excess over the 3 percent of GDP surplus for 2007 reported as at 31.12.2007.

Pursuant to the enforced as from 22.07.2008 last amendments to the Privatisation and Post-privatisation Control Act (PPCA) from the allocation of the receipts from privatisation under Article 8, paragraph 1, item 1 of PPCA and from any damages charged on any obligations assumed but unfulfilled, as included in the contracts for privatisation under Article 8, paragraph 5, item 2 of PPCA on 21.10.2008 **BGN 353.0 million** were transferred to SFGSSPS under the following two components:

- **BGN 351.6 million** - 90 percent of the money proceeds from the privatisation of the state-owned participating interest in the capital of any commercial corporations, as well as of self-contained parts of the property of any wholly state-owned commercial corporations, except in the cases referred to in Paragraph (2) and in Article 10a of PPCA;
- **BGN 1.4 million**. - 90 percent of the money proceeds from any damages charged on any obligations assumed but unfulfilled, as included in the contracts for privatisation.

In **2008 BGN 841.5 million** were transferred to the Fund from the executive budget.

The resources as of **31.12.2008** totaled **BGN 1,074.3 million**. These include:

- Transfer from the executive budget in 2007 – **BGN 211.8 million**;
- Transfer from the executive budget in 2008 – **BGN 841.5 million**;
- Interest on deposits for 2007 and 2008 – **BGN 21.0 million**.

In 2008 the National Assembly adopted a State Fund for Guaranteeing the Stability of the State Pension System Act (promulgated, SG No. 98 of 14.11.2008), whose implementation was assigned to the Minister of Finance. Under the Act the main objective of the Fund is to ensure and guarantee the sustainability of the state pension system through accumulation, investment and transfer of additional funds to the Pensions Fund of the state social security budget for a period not less than 10 years.

In 2009 pursuant to Article 8, paragraph 1, item 1 and Article 8, paragraph 5, item 2 of PPCA **BGN 86.8 million** were transferred from the executive budget. The accumulated as of **31.04.2009** interest on deposits amounted to **BGN 3.8 million** and the Fund's resources totaled **BGN 1,164.5 million**. Deposit accounts have been opened with the BNB for the amount of **BGN 1,158.0 million**.

The changes in the cash flows for the period 2007 – April 2009 are given in the following table:

<i><b>SFGSSPS</b></i>	BGN million					
<i><b>For the period</b></i>	<i><b>2007</b></i>	<i><b>2008</b></i>	<i><b>2009 by month</b></i>			
			January	February	March	April
<i><b>Sources</b></i>	<i><b>216,1</b></i>	<i><b>858,2</b></i>	<i><b>83,4</b></i>	<i><b>0,2</b></i>	<i><b>0,2</b></i>	<i><b>6,4</b></i>
Transfer from the executive budget	211,8	841,5	80,8			5,5
Interest on deposits	4,3	16,7	2,6	0,2	0,2	0,9
<i><b>Deposits end of period (accumulated) by:</b></i>	<i><b>2007</b></i>	<i><b>2008</b></i>	<i><b>2009 by month</b></i>			
			January	February	March	April
<i><b>Banks</b></i>	<i><b>216,1</b></i>	<i><b>1074,3</b></i>	<i><b>1157,7</b></i>	<i><b>1157,9</b></i>	<i><b>1158,1</b></i>	<i><b>1164,5</b></i>
BNB	216,1	1074,3	1157,7	1157,9	1158,1	1164,5
Banks						
<i><b>Management instruments</b></i>	<i><b>216,1</b></i>	<i><b>1074,3</b></i>	<i><b>1157,7</b></i>	<i><b>1157,9</b></i>	<i><b>1158,1</b></i>	<i><b>1164,5</b></i>
Deposits	216,1	1074,3	1157,7	1157,9	1158,1	1164,5
Other						
<i><b>Currency</b></i>	<i><b>216,1</b></i>	<i><b>1074,3</b></i>	<i><b>1157,7</b></i>	<i><b>1157,9</b></i>	<i><b>1158,1</b></i>	<i><b>1164,5</b></i>
BGN	216,1	1074,3	1157,7	1157,9	1158,1	1164,5
Currency (BGN equivalent)						