July 2026

Draft law: Enhancement of Occupational Insurance

The draft law of the Ministry of Labour and Social Security, titled **"Strengthening Occupational Insurance: More Opportunities for Employees and Businesses, Broadening the Options for Supplementary Pension Savings,"** has been released for public electronic consultation **until 27 July 2026**.

Introduction

The new draft law on occupational insurance introduces a significantly **reformed framework for Occupational Pension Funds (T.E.A.) and Group Insurance Products for Occupational Pension/Insurance (O.A.P.E.S.).**

The key provisions of the reform include, among others:

- The expansion of access to occupational insurance through Open-ended Occupational Pension Funds (Open-ended T.E.A.).
- The establishment and introduction of a new product (O.A.P.E.S.) aimed at modernizing and strengthening occupational insurance (Pillar II).
- The rationalization of tax treatment.
- The strengthening of the portability of insurance rights.

At the same time, the draft law strengthens the requirements for transparency, disclosure, and oversight, aiming at providing greater protection for insured members and improving the functioning of the occupational insurance market.

Scope of application: The provisions of the draft law apply to:

- Institutions for Occupational Retirement Provision (IORPs) and Occupational Pension Funds (T.E.A.) under Article 4 of Law 5078/2023.
- Insurance undertakings acting as manufacturers or distributors of Group Insurance Products for Occupational Pension/Insurance (O.A.P.E.S.) that hold a license to carry on insurance business in life classes I, III, or VII under Article 5 of Law 4364/2016 (or the corresponding classes of Annex II to Directive 2009/138/EC).
- Insurance intermediaries under Article 4, paragraph 1, item 3 of Law 4583/2018.

Introduction of open-ended Occupational Pension Funds (Open-ended T.E.A.)

One of the most important interventions of the draft law is the **introduction of Open-ended Occupational Pension Funds (Open-ended T.E.A.),** facilitating the participation of smaller businesses, employees, and self-employed professionals in occupational insurance, without requiring the establishment of a separate fund for each business or sector.

The key elements of the reform include the following:

- An existing Occupational Insurance Fund (T.E.A.) may obtain special authorization from the Competent Authority (Bank of Greece), so that new sponsoring undertakings may join it without following the standard approval procedure under Article 7 para. 3 of Law 5078/2023 (Article 6).

- The requirement of occupational/sectoral connection between the sponsoring undertakings or the insured members is abolished (amendment of Article 6 of Law 5078/2023, Article 9).

- Occupational Pension Funds (T.E.A.) remain non-profit legal entities under private law, established based on an agreement between employers/employers' organizations/occupational bodies and employees or self-employed persons.

NOTE: This development could act as a catalyst for expanding the Insurance Pillar II in Greece, as it aims to make occupational insurance more accessible and functional for broader categories of insured members .

Establishment of the Group Insurance Products for Occupational Pension/Insurance (O.A.P.E.S.) – New framework for group occupational pension provision

The draft law introduces the "Group Insurance Product for Occupational Pension" (O.A.P.E.S.), a new, uniformly regulated group occupational pension product, which aims to gradually replace the existing group pension insurance policies.

The main features of this new product are summarized as follows:

- O.A.P.E.S. provider may only be an insurance undertaking licensed in classes I, III, or VII of life insurance (Law 4364/2016), which does not fall within the exemptions for small size/cooperative undertakings.

- Each O.A.P.E.S. is entered in a public electronic register maintained by the Competent Authority (Bank of Greece), which is accessible to the public (Article 51). Registration is carried out upon application by the provider and constitutes a precondition for the provision and distribution of the product in Greece, as well as for the use of the term «O.A.P.E.S.».

- Each O.A.P.E.S. provider maintains, on a continuous basis, a special investment register, in which assets are classified into separate sub-registers per pension benefit scheme (Articles 63-64).

- The Competent Authority is the Bank of Greece, which supervises the compliance of providers and distributors, incorporating this supervision into the general supervisory review process under Law 4364/2016 (Article 70).

NOTE: The draft law introduces a fully supervised, standardized framework for group occupational insurance, which it places within Insurance Pillar II and equates with Occupational Pension Funds (T.E.A.) in terms of the enhanced obligations for governance, risk management, and regular supervisory assessment.

Through the O.A.P.E.S., the legislator effectively replaces the existing group pension insurance policies with respect to their special tax treatment.

Full portability of pension rights

With the draft law, uniform rules are established for the portability of rights, so that a change of employment or professional status does not lead to the loss of vested rights (Article 76).

More specifically:

Individual portability (Articles 80–82):

- A departing member of a T.E.A. or O.A.P.E.S. is entitled to transfer their pension rights to another T.E.A. or O.A.P.E.S. in connection with new employment.
- Providers are required to offer the transfer service free of charge (in kind or in cash), with the process initiated by the receiving (successor) provider upon the member's application (Articles 81–82).

Group Portability — Transfer of Entire Schemes (Articles 83–86):

- From a T.E.A. to an O.A.P.E.S. provider (Article 83) and vice versa (Article 84).
- From an unregistered group pension retirement product to a T.E.A. (Article 86).
- Common requirements: approval by the Bank of Greece, consent of the majority of members/beneficiaries and of the sponsoring undertaking, assurance that individual rights remain at least equivalent, and sufficiency of the assets being transferred.

NOTE: The extension of the portability option between T.E.A. and O.A.P.E.S. (and vice versa) both covers the new insurance product and clearly and comprehensively regulates the transfer of vested pension rights, without loss of value, through a single unified procedure, thereby enhancing market flexibility.

New tax framework for T.E.A. and O.A.P.E.S.

The draft law introduces a new tax regime for benefits paid by T.E.A. and O.A.P.E.S., linking the applicable tax treatment to the member's age when benefit payments commence, instead of the period of insurance participation. The objective is to simplify the existing framework, promote occupational insurance, and address the inequitable treatment of members who joined the scheme later in their careers.

1. New tax rates for benefits (Article 93)

A separate (autonomous) taxation regime is established based on the beneficiary's age at the commencement of benefit payment and the method of payment (periodic or lump-sum):

- **Age 62-67:** 5% (periodic payment) / 10% (lump-sum payment).
- **Age over 67**: 2.5% (periodic payment) / 5% (lump-sum payment).
- The same rates also apply to those retiring due to old age from the main insurance carrier, provided they have reached the age of 55.
- Benefits paid before age 62 are taxed in full based on progressive taxation (the salaried employees' scale).

Specifically for the funds under paragraph 20 of Article 6 of Law 3029/2002 (i.e., mutual assistance funds converted into legal entities of private law), taxation of benefits will continue to be carried out in accordance with the previously applicable rates, which are graduated according to years of insurance: 10%/20% (up to 5 years), 7.5%/15% (5-10 years), 5%/10% (10-20 years), 2.5%/5% (over 20 years), for periodic/lump-sum payment respectively.

In the case of early payout, the above rates are increased by 50%, with an additional increase of 5% for each year short of 5 years of insurance for those who became insured after age 55.

New tax framework for T.E.A. and O.A.P.E.S. (cont.)

2. Increase of the maximum limit on insurance contributions/premiums (Article 96)

The maximum limit on insurance premiums/contributions is amended as follows:

- **Employees:** the maximum percentage is increased from 20% to 35% of gross salary (including benefits in kind)
- **Self-employed persons**: the maximum amount is increased from EUR 20,000 to EUR 35,000 per year, to be adjusted annually based on the consumer price index.
- **Special provision for enrollment after age 55**: for those who become insured for the first time with a T.E.A. or O.A.P.E.S. after reaching the age of 55, the limits remain at 20% / EUR 20,000, respectively.
- Amounts imposed by the supervisory authority or intended for operating expenses are not included in the calculation of the limit.

The new limits take effect as of 01.01.2027 onwards.

3. Update of Terminology (Articles 91-92 and 94)

The provisions of the draft law amend the provisions of Articles 12 (income from salaried employment), 14 (tax exemptions), and 62 (tax withholding) of the Income Tax Code (Κ.Φ.Ε.), replacing the existing references to benefits from "group pension insurance contracts" with references to benefits provided under O.A.P.E.S., to update the terminology in line with the new legislative framework.

Transparency and information for members and beneficiaries

In addition to the institutional and tax reforms, the draft law broadens and further clarifies the information disclosure requirements applicable to prospective and existing members of T.E.A. and O.A.P.E.S., as well as to benefit recipients. Specifically, the following apply for each insurance provider:

- **O.A.P.E.S.:** A mandatory Key Information Document must be provided prior to the marketing or distribution of the product (Articles 54-57). In addition, distributors of O.A.P.E.S. are subject to customer information obligations and are required to carry out periodic suitability assessments (Articles 58-62).

- **T.E.A.:** The existing framework governing information disclosure to members and beneficiaries is maintained and further enhanced (Articles 16-24).

- In the **case of non-registered group pension products (O.A.S.S.)** offered by insurance undertakings, prospective members, members and beneficiaries shall be provided with the information set out in Article 62.

- In the case of non-registered O.A.S.S., the information obligations set out in Article 85 will become applicable as of 1 January 2028.

The relevant provisions are intended to improve:

- transparency concerning the key features of the schemes;
- the information available to members regarding benefits and eligibility requirements as well as
- members' understanding of investment performance and their entitlements under the scheme.

Additional key rules governing the operation of T.E.A. and O.A.P.E.S. schemes

Deferred (vested) pension rights: These are vested pension rights of a prospective T.E.A./O.A.P.E.S. beneficiary that have not yet been paid out under the terms of the scheme. They arise when a T.E.A./O.A.P.E.S. member ceases to be active, but has already vested pension rights, which are then characterized as "deferred."

Minimum conditions for receiving a pension benefit: T.E.A./O.A.P.E.S. schemes must provide for (a) as a minimum condition for receiving a benefit linked to retirement, the receipt of a retirement pension from the primary social insurance institution, and (b) as a minimum condition for receiving benefits linked to the waiting period pending retirement, attainment of the age of 55 – with the scheme's articles of association permitted to set stricter conditions (Article 78).

Payment of a benefit in the form of a loan or advance, or early receipt of a pension benefit, is not permitted, with the sole exception of the specifically provided "early payout of the individual account" under the terms of the scheme (Article 78).

Effective Date and Transitional Provisions

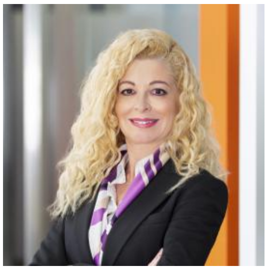
- Occupational Pension Funds (T.E.A.) must implement all necessary adjustments, including amendments to their statutes, **by 31 December 2027**, to fully comply with the requirements of the draft law as well as Law 5078/2023, as amended and in force (Article 85).
- Until such amendments are approved by the Bank of Greece, T.E.A. entities may continue to apply their existing statutory provisions, except for those allowing the payment of pension benefits before the minimum age thresholds prescribed under Article 78.
- Wherever the amended tax provisions of Part E of the draft law refer to O.A.P.E.S., such references shall, until **31 December 2027**, also be deemed to include pre-existing group pension insurance contracts (O.A.S.S.).
- Amounts accumulated under O.A.S.S. and T.E.A. arrangements during the period from 1 January 2024 to 31 December 2026 will remain subject to the previous tax regime under Law 5078/2023 and the Income Tax Code, with taxation determined according to the insured person's years of participation/insurance.

Effective Date and Transitional Provisions (cont.)

- Most provisions are expected to enter into force upon publication of the law.
- However, the new tax rates and the increased contribution limits are expected to apply to amounts/contributions accumulated on or after 1 January 2027.
- In particular, the increase in the maximum contribution limit (Article 96) is expected to apply to insurance premiums/contributions paid in respect of tax years commencing on or after 1 January 2027.

Let’s talk

For a more in-depth discussion on the above you may contact:



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