CMS | Romania adopts new law on payments of private pensions

On 5 January 2026, Romania’s newly passed Law 2/2026 on Payment of Private Pensions was published in the Official Gazette of Romania. This law, which will enter into force one year after its publication. provides a mechanism for payment of private pensions aligned with international standards and brings Romania closer to its goal of membership in the OECD.

Context for the adoption of Law 2/2026

In June 2024, the OECD's Working Party on Private Pensions welcomed parts of Romania's private pension system but issued a priority recommendation calling for the adoption of legislation defining the options for allocating accumulated assets for pension payments as a precondition for continuing Romania’s assessment for OECD accession. The OECD's recommendation on the need to develop the primary legislative framework served as the basis for adopting the law.

The purpose of adopting the law was to supplement the regulatory framework for private pensions by creating the basis for the operation of the pension payment phase and the conditions for its implementation. The measure was necessary since existing regulations covered only the accumulation phase, and in the absence of a legal framework for the payment phase, eligible participants could receive their benefits either as a lump sum or in installments over a period of up to five years.

Considering that a peak of private pensions payment is expected after 2030, an urgent need existed to operationalise the payment phase. A key reason was also the historic financial performance of the private pension system in Romania, which reached around RON 200 billion, representing over 11% of the country’s GDP.

The private pension system in Romania is split between three types or “pillars” of pension funds: the first pillar pension fund (i.e. the state managed public pensions fund); the second pillar pension fund (i.e. “mandatory pensions”); the third pillar pension fund (“voluntary pensions”); and the fourth pillar pension fund (“occupational pensions”).

Main aspects regulated by Law 2/2026

This new law was created to implement the principles that promote sustainable pension payouts, proportionate payment mechanisms, and the full protection of property and inheritance rights.

The law establishes the complete framework for the payment phase of the private pension system, covering the authorisation, organisation, operation, supervision, and control of private pension managers, payout funds, custodians, auditors, and marketing agents, as well as the role of the Guarantee Fund, under the authority of the Financial Supervisory Authority (FSA). The law applies to domestic entities and certain EU/EEA or OECD providers without additional local authorisation.

The payment of private pensions will be carried out through funds referred to as private pension payout funds, which will be managed by specialised companies known as private pension providers, which will be regulated by Law 2/2026 and authorised by the FSA. A provider may be a pension fund manager, a life insurance company, an investment management company, an alternative investment fund manager, or a dedicated private pension payout company (i.e. joint-stock company).

The payment architecture is based on two types of funds: programmed withdrawal payout funds and lifetime annuity payout funds, each established through a company contract and separately authorised by the FSA with no possibility for the payout fund to be declared bankrupt.

According to the new legal framework, beneficiaries with savings in private pension schemes will no longer be allowed to withdraw the full amount upon retirement. Instead, they can initially receive up to 30% of the total accumulated sum, while the remaining 70% will be paid out in installments over an approximate period of eight years.

A decision of the Romanian Constitutional Court (No. 676 of 25 November 2025) found that Law 2/2026's provision limiting a one-time payment to a maximum of 30% of a member's personal assets in a private/voluntary pension fund before the start of monthly pension payments did not violate property rights, discriminate between past and future beneficiaries, or breach the principle of non-retroactivity.

The same court decision, however, ruled that the provisions allowing oncology patients to receive 100% of their assets as a lump sum is unconstitutional for violating the principle of equality, by creating discrimination based on a subjective health condition rather than objective criteria.

Next steps

While Law 2/2026 enters into force at the beginning of January 2027, the responsible authorities are expected to issue a secondary and tertiary legal framework for the application of the new laws.

For more information on private pensions reforms in Romania, contact your CMS client partner or the CMS experts who wrote this article: **Cristina Popescu** and **Florentin Giurgea**.