

PUBLIC AUDIT REPORT

RESULTS OF THE FINANCIAL AUDIT OF THE SET OF ACCOUNTS OF THE PENSION ANNUITY FUND FOR THE YEAR 2025

15 May 2026

No FAE-4



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The Public Audit Report has been submitted to: the President of the Republic of Lithuania, the Government of the Republic of Lithuania, the Seimas of the Republic of Lithuania, the Ministry of Social Security and Labour of the Republic of Lithuania, the Bank of Lithuania, and the Board of the State Social Insurance Fund under the Ministry of Social Security and Labour.

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INTRODUCTION

Objective and scope of the audit

We have carried out a financial audit of the 2025 set of accounts of the Pension Annuity Fund in accordance with the Law on the Accumulation of Pensions (hereinafter referred to as the “LAP”) and the Law on the National Audit Office¹, The audit was conducted in accordance with the International Standards of Supreme Audit Institutions, which incorporate International Standards on Auditing. The audit report presents only the matters identified during the audit, whilst an independent opinion on the Fund’s annual financial statements is expressed in the Auditor’s Report. The scope of the audit and the methods applied are described in more detail in the appendix “Scope and Methods of the Audit” to the report (pages 11–13).

Purpose of the Pension Annuity Fund

On 1 July 2020, following the State Social Insurance Fund (hereinafter referred to as the “SSIF”) Board becoming the centralised payer of pension annuities, a resource fund – the Pension Annuity Fund – commenced operations. The resources of this fund consist of one-off contributions from participants, income from the fund’s invested assets, loans and other legally obtained funds. The resources of the Pension Annuity Fund may only be used to pay pension annuity benefits, to cover the fund’s management and administration costs, to carry out investment activities, and to make other payments provided for in the legislation approved by the pension annuity payer.

The objective of activities of the pension annuity payer is to ensure the payment of pension annuities to their recipients for life, with a view to maximising their benefit and managing the assets of the Pension Annuity Fund in a transparent and sustainable manner². The Pension Annuity Council supervises how the pension annuity payer achieves the afore-mentioned objective through collegial decision-making³.

The SSIF Board maintains the accounts of the Pension Annuity Fund separately from its own accounts as a budgetary institution and prepares the reports. In accordance with the LAP⁴, the budget of the Pension Annuity Fund shall be approved in accordance with the Republic of Lithuania Law on the Approval of the Budget Indicators of the Pension Annuity Fund for the relevant year.

The set of annual accounts of the Pension Annuity Fund is prepared and submitted to the National Audit Office no later than 1 April of the following year, and to the Government by 5 May; the Government, having approved the set of accounts, submits it to the Seimas no later than 15 May. The National Audit Office shall submit the Public Auditor’s Report and the Public Audit Report on the audited set of annual accounts⁵ to the Seimas, no later

¹ Article 35(10)(4) of the Law on Public Financial Management and Article 8(2)(4) of the Law on the National Audit Office

² Ibid., Article 35(1)(1).

³ Ibid., Article 35(2)(1) and (2).

⁴ Ibid., Article 35(10)(1).

⁵ Annex to the Law on Public Sector Accountability.

than 15 May. The Fund's set of annual accounts, together with the National Audit Office's Auditor's Report on this set of accounts, shall be published on the pension annuity payer's website no later than 1 June of the following financial year⁶.

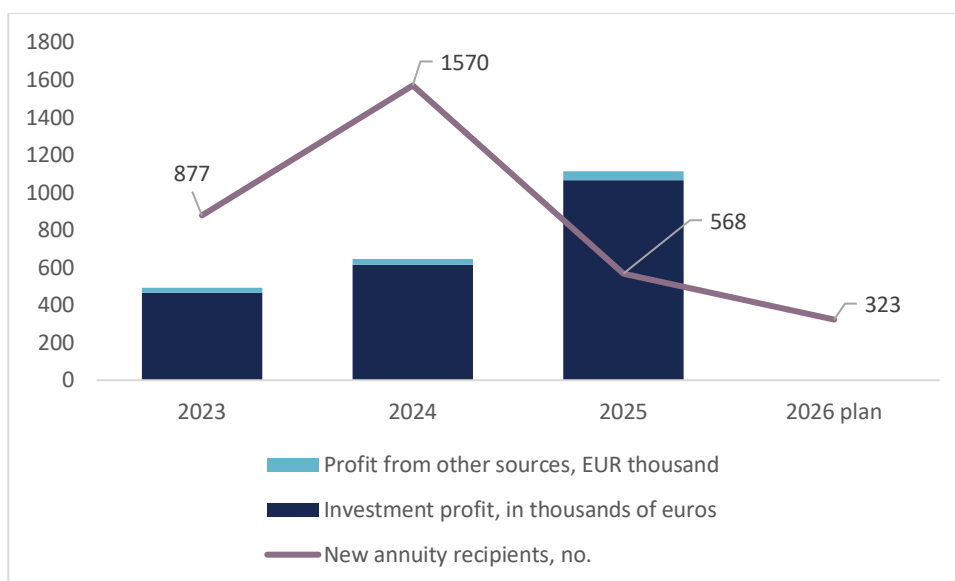
⁶ LAP, Article 35(11)(1).

AUDIT FINDINGS

1. THE SET OF ANNUAL ACCOUNTS IS ACCURATE IN ALL MATERIAL RESPECTS

1. The annual financial statements of the Pension Annuity Fund (hereinafter referred to as the “Fund”) are prepared in accordance with the Law on Public Sector Accounting and Public Sector Accounting and Financial Reporting Standards. We found no material misstatements in the financial statements of the Fund for the year 2025; the data is accurate in all material respects.
2. At the end of 2025, the Fund had 4,911 pension annuity recipients, of whom 568 purchased an annuity during the reporting year, i.e. 71 percent fewer than planned (this was influenced by the amendments to the LAP under preparation) and 64 percent fewer than in 2024 (Fig. 1). When preparing the 2026 budget⁷, the potential impact of amendments to the LAP was assessed (the projected number of people leaving the pension accumulation system and the raised threshold for the mandatory purchase of a pension annuity) and a 43 percent reduction in the number of new annuity purchasers was planned.

Fig. 1. New annuity recipients and profit distribution



Source: National Audit Office, based on data from the reports of the Chief Actuary of the Pension Annuity Fund and data from the laws approving the budget indicators of the Pension Annuity Fund for the relevant years.

3. The pension annuity provider, with a view to ensuring the greatest benefit for annuity recipients, invests the Fund’s assets in accordance with the approved asset investment strategy and investment policy⁸, and distributes the resulting profits to pension annuity recipients. In 2025, a profit of EUR 47.6 thousand (71 percent more than in 2024) was

⁷ 17 October 2025 Draft Law on the Approval of the 2026 Budget Indicators for the Pension Annuity Fund, No XVP-863.

⁸ Order No V-211 of the Director of the State Social Insurance Fund Board of 31 May 2022.

distributed and paid out; this profit was generated from other sources, i.e. the profit earned by the fund due to the reduced first pension annuity payments⁹. The aforementioned profit was paid out as one-off payments. Furthermore, since 2023, investment profits have been allocated to increasing pension annuities. In 2025, EUR 1,064.7 thousand (73 percent more than in 2024) of investment profit was distributed; after this was divided among annuity recipients, the average annuity payment increased by 2.4 percent (14 percent more than in 2024). Having reviewed the calculation of the profit and its distribution to annuity recipients, we found no discrepancies.

2. FROM 2026, A 3 PERCENT DEDUCTION IS RECEIVED – A SIGNIFICANT SOURCE OF FUNDING FOR THE FUND’S ADMINISTRATIVE COSTS

4. The management and administration of pension annuity payment operations are financed from a designated deduction – no more than 3 percent of the one-off contributions transferred to the fund by pension accumulation companies¹⁰. The deduction is approved by the law on the approval of the Pension Annuity Fund’s budget indicators for the relevant year, which amounted to 2.5 percent of one-off contributions for 2021–2025.
5. If deductions from one-off contributions are insufficient to cover management and administration costs, a State-refinanced loan may be taken out¹¹. By the end of 2025, the Ministry of Finance had granted three loans¹², of which EUR 391,100 was used to finance pension annuity operations.
6. Due to the amendments adopted to the LAP, the volume of pension annuity contributions and related deductions in 2025 fell significantly – they were 51 percent lower than planned. When preparing the 2026 budget of the Fund, lower contributions and deductions were also anticipated; consequently, an additional borrowing requirement of EUR 330.8 thousand was planned¹³ to cover the shortfall in administrative costs.
7. Following the adoption of amendments to the LAP, from 2026 the fund began to receive an additional 3 percent deduction from the portion of accumulated assets withdrawn by participants from pension accumulation funds. According to the data for the first quarter of 2026, the fund received more than EUR 3.8 million in additional revenue¹⁴. This is a new and significant source of funding for the fund, which fully covers its borrowing requirements, so no further borrowing is anticipated.

⁹ According to the data of the 2025 report of the Chief Actuary of the Pension Annuity Fund, approved by Order No V-142 of the Director of the SSIF Board dated 25 March 2026.

¹⁰ LAP, Article 35(12)(1).

¹¹ LAP, Article 35(12)(2).

¹² Resolution No 801 of the Government of 16 July 2020 (EUR 136.1 thousand used in 2020–2021); Resolution No 974 of 24 November 2021 (EUR 108.0 thousand used in 2022); Resolution No 373 of 17 May 2023 (EUR 147.0 thousand used in 2023–2025).

¹³ Law on the Approval of the 2026 Budget Indicators of the Pension Annuity Fund, Article 3.

¹⁴ According to the data of the 2025 report of the Chief Actuary of the Pension Annuity Fund, approved by Order No V-142 of the Director of the Social Insurance Fund Board of 25 March 2026.

8. The rules and procedures for the use of 3 percent deduction from pension assets transferred to the Pension Annuity Fund are set out in the Description of the Procedure for the Use of 3 Percent Deduction from Pension Assets¹⁵, taking into account the following priorities: to finance administrative costs (including the accumulation of a 7-year reserve); repayment of the current year's portion of government loans; fulfilment of the current month's obligations under the State Pension Fund (payment of pension annuities, including funds returned to pension annuity recipients); indexation of pension annuities.

3. PAYMENT OF SUPPLEMENTARY PENSION CONTRIBUTIONS IS ONLY POSSIBLE WITH ACTIVE PARTICIPATION IN THE ACCUMULATION SCHEME

9. In accordance with the provisions of the LAP, a pension fund participant who pays the 3 percent pension contribution specified in Article 8(1) of the LAP on income from which state social insurance contributions are calculated is entitled to pay supplementary pension contributions of an amount of their own choosing into their pension account. The participant's employer also has the right to pay supplementary pension contributions on the participant's behalf¹⁶.
10. It should be noted that a participant's right to pay supplementary pension contributions is linked to their active participation in pension accumulation. The payment of supplementary pension contributions is only possible if the participant themselves pays the 3 percent pension contribution specified in Article 8(1) of the LAP. Article 8(3) of the LAP stipulates that the participant's employer(s) also has the right to pay pension contributions on the participant's behalf; however, the employer's right under the LAP is not explicitly linked to the 3 percent contributions paid by the participant.
11. The Ministry of Social Security and Labour (hereinafter referred to as the "MoSSL") notes¹⁷ that even the amendments to the LAP, which came into force on 1 January 2026 and allow for an unlimited number of suspensions of pension contribution payments for 12 months (i.e. a 3 percent contribution may be suspended for the entire period of participation in pension accumulation¹⁸), do not alter the fundamental conditions for the payment of supplementary contributions – these are only possible where the participant is actively participating in second-pillar pension accumulation. The legal framework for supplementary contributions paid by a pension fund participant (or by their employer on the participant's behalf) is set out in Appendix 2.
12. During the audit, we contacted¹⁹ all pension accumulation companies²⁰, requesting for information regarding pension fund members who suspended their pension

¹⁵ Order No V-98 of the Director of the SSIF Board of 4 March 2026.

¹⁶ PAK, Article 8(3).

¹⁷ Letter No GD-701 of 25 February 2026.

¹⁸ PAK, Article 13(1).

¹⁹ Letters of 26 February 2026 No SD-(120-9.1.1-E-6282)-180; No SD-(120-9.1.1-E-6282)-181; No SD-(120-9.1.1-E-6282)-182; No SD-(120-9.1.1-E-6282)-183; No SD-(120-9.1.1-E-6282)-184; No SD-(120-9.1.1-E-6282)-185.

²⁰ Swedbank Investment Management UAB, Artea Asset Management UAB, Allianz Lietuva Life Insurance UAB, Luminor Investment Management UAB, SEB Investment Management UAB, GOINDEX UAB.

accumulation in 2019, and the supplementary pension contributions (the amount of which is chosen by the person himself) that they themselves or their employers transferred directly to the participant's pension account between 2019 and 2025. The companies were also asked to provide information on the functionalities implemented in their information systems to facilitate such payments, the control measures applied, and the advice regarding the payment of supplementary pension contributions provided to customers.

13. Information received from pension accumulation companies confirmed that there were cases where pension fund participants, having suspended their pension accumulation in 2019, paid supplementary contributions (of a chosen amount)²¹ into their pension accounts during the period 2019–2025. There were also cases where such contributions were paid on behalf of the fund member by their employer²².
14. During the audit, we also contacted²³ the Bank of Lithuania, as the authority supervising the activities of pension accumulation companies²⁴, in order to ascertain whether compliance with the procedure for the payment of supplementary pension contributions established in the LAP is assessed during supervision, as well as what legal consequences apply to companies that have accepted supplementary contributions from participants or their employers when participants have suspended the payment of basic contributions.
15. The Bank of Lithuania informed²⁵ that, to date, it has not carried out any targeted assessments regarding compliance with the procedure for the payment of supplementary pension contributions established by the LAP or the right of pension accumulation companies to accept them. The supervision of the financial market by the Bank of Lithuania is based on risk assessment, and the area of supplementary pension contributions is not considered to pose a significant risk to participants' interests. Furthermore, it was noted that the acceptance of supplementary contributions paid by the participant themselves during the suspension period may be regarded as non-compliant with Article 8(3) of the LAP, however, in accordance with the Description of the Procedure for Recognising a Violation of a Legal Act as Minor²⁶, it is likely that such a violation would be considered as minor²⁷.
16. In the opinion of the Bank of Lithuania, the possibility for a participant to make supplementary contributions, even after the suspension of basic contributions, could contribute to a more flexible accumulation model, better reflect individual circumstances and allow for more effective implementation of the objective of the law, i.e. to encourage accumulation for an old-age pension. Regarding supplementary pension contributions paid by employers, the Bank of Lithuania noted that the LAP does not link the supplementary contributions paid by the employer on behalf of the participant to

²¹ According to data from Swedbank Investment Management UAB, Artea Asset Management UAB, SEB Investment Management UAB and GOINDEX UAB, the total number of participants is 47; the total amount of supplementary contributions transferred is EUR 19.97 thousand.

²² According to data received from SEB Investment Management UAB, there was 1 participant; the amount of supplementary contributions transferred was EUR 1.1 thousand.

²³ Letter No SD-(120-9.1.1-E-6282)-237 of 16 March 2026.

²⁴ Article 3(10) of the LAP provides that the Bank of Lithuania shall be the supervisory authority which, in accordance with the procedure laid down in this Law, the Law on the Bank of Lithuania and other laws regulating the supervision of financial markets, in accordance with the procedures laid down therein.

²⁵ Letter No 2026/S12-1578 of 30 March 2026.

²⁶ Resolution No 03-175 of the Board of the Bank of Lithuania of 26 November 2020.

²⁷ Minor scale, causing no adverse consequences, does not result in a reduction in the participant's pension assets, does not pose a threat to the continuity of the pension accumulation company's operations or the stability of the financial system, and is consistent with the overall objective of the pension accumulation system – to encourage saving for retirement.

additional circumstances, i.e. it does not link them to the participant's own 3 percent of income, on which state social insurance contributions are calculated, as a condition for the payment of pension contributions.

17. In light of the identified issues, the Ministry of Social Security and Labour (MoSSL) has submitted its arguments to the Seimas Committee on Labour and Social Affairs²⁸ regarding restrictions on supplementary pension contributions (see the table).

Table. The opinion and arguments of the MoSSL regarding restrictions on the payment of supplementary pension contributions

- ✓ Accumulation in the second pension pillar differs in nature and legal regulation from voluntary pension accumulation in the third pillar. The second-pillar pension accumulation system has also been recognised by the Constitutional Court as part of the pension system. Precisely because it is part of the pension system, accumulation in this tier is quite strictly regulated, including the amount of the pension contribution and the payment procedure. Under the provisions of the LAP, the pension contribution for participants accumulating in the second pension tier is 3 percent of the participant's income. These contributions are administered as compulsory state social insurance contributions (Article 12(1) of the LAP). Supplementary contributions are only possible whilst fulfilling the primary obligation to pay contributions.
- ✓ From 2026, pension scheme participants will be able to suspend the transfer of pension contributions for an indefinite period. A legitimate question arises as to whether such accumulation where a person, having suspended their 3 percent monthly contributions, replaces them with irregular, smaller contributions (it is assumed that they are unable to transfer the 3 percent contributions), will meet the objectives of the second pillar – to accumulate supplementary periodic income for old age.
- ✓ We agree that the legal regulation of employers' contributions is not sufficiently precise. However, in this case, when granting employers the right to make supplementary contributions, the presumption was that such an opportunity should be provided to participants who are actively saving. It should be noted that in the third pillar, employer contributions are generally linked to employee contributions, thus ensuring mutual participation and reducing the risk of abuse associated with tax incentives (due to the income tax relief and the possibility of paying part of the salary in this way without incurring taxes and contributions) or the possibility for employees to flexibly dispose of the accumulated funds (withdrawing contributions at any time). We see no justification for applying different conditions to employers in the second pillar, particularly as this accumulation is more strictly regulated and cannot be terminated before retirement age (except during a transitional period).
- ✓ Amendments abolishing the personal income tax relief for new third-pillar pension fund agreements came into force in 2025. Given the possibility in the second pillar to suspend regular contributions for an indefinite period whilst simultaneously making supplementary contributions of any amount and frequency, this would create the conditions for using the system as a tool to obtain tax benefits. Such a situation may also give rise to unjustified expectations among participants regarding their entitlement to the state incentive contribution.
- ✓ The minor nature of the breach of the law should not justify actions that encourage improper conduct. The objective of second-pillar pension accumulation is the regular payment of contributions of a fixed amount, with a view to ensuring a stable supplementary income in old age. Therefore, the supervisory authority should require pension accumulation companies to establish mechanisms limiting the acceptance of supplementary contributions from participants who have suspended their basic contributions. The legal regulation of employers' supplementary contributions could also be refined.

18. Thus, where the technical means are in place for pension fund members (as well as their employers on behalf of the members) to make supplementary pension contributions even during a period of suspension of regular contributions, conditions are created for non-

²⁸ Email dated 10 April 2026.

compliance with the established legal framework governing the payment of supplementary contributions.

19. Taking into account that, following the entry into force of the amendments to the LAP, the options established from 2026 for pension accumulation participants to withdraw from the second pension pillar and the expanded options to suspend the payment of periodic pension contributions an unlimited number of times increase the risk of non-compliance with legislation when paying supplementary pension contributions (potential increase in the scale of non-compliance), we recommend that the Ministry of Social Affairs and Labour take measures to prevent the practice of paying supplementary pension contributions (where periodic pension contributions have been suspended) that does not comply with the legal provisions set out in Article 8(3) of the LAP. Furthermore, in order to ensure clear legal regulation regarding the payment of supplementary contributions by employers (where the payment of periodic pension contributions has been suspended), we recommend amending the provisions of the LAP.
20. The measures and deadlines for implementing this recommendation of medium importance, as well as the expected impact of the audit, are set out in the section “Action Plan for the Implementation of Recommendations” of the report (page 10). Up-to-date information on the status of implementation of the recommendations, results and changes that have taken place is published in the open data section of the website of the National Audit Office at <https://www.valstybeskontrole.lt/LT/AtviriDuomenys>.

PLAN FOR THE IMPLEMENTATION OF RECOMMENDATIONS

Expected impact of the audit: the procedure for the payment of employers' supplementary contributions will be regulated; the payment of supplementary pension contributions by participants and their employers will comply with the conditions set out in the legal framework, thus, eliminating the possibility of using supplementary contributions as a means of obtaining tax benefits.

Key audit finding	Recommendation/measures	Entity to which the recommendation is addressed/implementing the measures	Deadline for implementation of recommendations*/measures**
A practice of making supplementary pension contributions that does not comply with legal regulations has been identified: pension fund members who suspended pension accrual in 2019 transferred supplementary pension contributions (of a chosen amount) directly to their pension accounts during the period 2019–2025, and such contributions were also transferred to the fund member's account by their employer.	<p>Medium importance</p> <p>1. Taking into account that, following the entry into force of the amendments to the LAP, the possibility for pension accumulation participants to withdraw from the second pension pillar has been established from 2026, and the possibilities to suspend the payment of periodic pension contributions an unlimited number of times have been expanded, this increases the risk of non-compliance with legislation when paying supplementary pension contributions (potential increase in the scale of non-compliance), measures should be taken to prevent the practice of paying supplementary pension contributions (where periodic pension contributions have been suspended) that does not comply with the legal provisions set out in Article 8(3) of the LAP. Furthermore, in order to achieve clearer legal regulation regarding the payment of employers' supplementary contributions (where the payment of periodic pension contributions has been suspended), we recommend amending the provisions of the LAP.</p>	Ministry of Social Security and Labour	31 March 2028
	1.1. Together with the Bank of Lithuania and the Lithuanian Association of Investment and Pension Funds, to assess possible effective measures to ensure the payment of participant's supplementary contributions in accordance with the provisions of Article 8(3) of the LAP, and implement them.	Ministry of Social Security and Labour	31 March 2027
	1.2. To amend Article 8(3) of the LAP regarding employers' supplementary contributions, linking their payment solely to contributions paid by participants.	Ministry of Social Security and Labour	31 March 2028

* The measures and deadlines for their implementation and for achieving the change were provided by the Ministry of Social Security and Labour.

** During the monitoring of the implementation of recommendations, the measures specified in the plan for the implementation of recommendations may be refined or amended in accordance with the procedure set out in the Description of the Procedure for Monitoring the Implementation of Recommendations for Public Audit. An up-to-date list of indicators for the assessment of measures and changes is available in the open data of the National Audit Office at www.valstybeskontrolė.lt.

Key audit finding	Recommendation/measures	Entity to which the recommendation is addressed/implementing the measures	Deadline for implementation of recommendations*/measures**
Auditor General			Irena Segalovičienė

APPENDICES

Appendix 1 to
the Public Audit Report
“Results of the Financial Audit of the
Set of Accounts of the Pension
Annuity Fund for the Year 2025”

Scope and methods of the audit

The audited set of financial accounts of the Pension Annuity Fund for the year 2025:

- ✓ The statement of financial position, prepared on the basis of data as at 31 December 2025;
- ✓ the statement of activity, prepared on the basis of data as at 31 December 2025;
- ✓ the statement of changes in net assets, prepared as at 31 December 2025;
- ✓ the cash flow statement, prepared based on data as at 31 December 2025;
- ✓ notes to the financial statements, prepared on the basis of data as at 31 December 2025.

In accordance with Article 35(11) of the LAP, the fund’s annual report also includes information on the main objectives of pension annuity payment activities and their implementation, as well as the adequacy of technical provisions and their coverage by assets.

Subsidiaries, controlled and/or consolidated entities:

- ✓ the fund has no subsidiaries, controlled or consolidated entities.

Materiality applied to the audit:

- ✓ EUR 1,560.7 thousand – for the statements of financial position and changes in net assets;
- ✓ EUR 196.9 thousand – for the activity statement and cash flow statement.
- ✓ A material matter in the set of accounts of the Fund for the year 2025 is considered to be a misstatement or a combination of misstatements exceeding 2 percent of assets (amounting to EUR 1,560.7 thousand) in the statements of financial position and the statement of changes in net assets, and 2 percent of revenue (amounting to EUR 196.9 thousand) in the performance report and the cash flow statement.

Smaller misstatements are also considered materially significant if they are important to the user of the information due to the nature, circumstances or context in which they arose. The absence of or non-compliance with key internal control measures is also considered as a matter of material significance.

Limitations on the scope of the audit:

- ✓ we note that the scope of the audit was not limited.

The audit was conducted:

- ✓ to obtain reasonable assurance that the annual financial statements are free from material misstatement. Absolute assurance is not possible due to the inherent limitations of auditing and internal control, and the fact that we did not examine all (100 percent) of the economic operations, economic events and transactions entered into;
- ✓ in accordance with the International Standards of Supreme Audit Institutions (ISSAI)²⁹, which incorporate the International Standards on Auditing (ISA)³⁰.

Scope and methods of the audit

Balances of assets and corresponding funding amounts, liabilities and net assets at the beginning and end of 2025:

- At the beginning of 2025, assets amounted to EUR 66,839.5 thousand; at the end of the year, they amounted to EUR 78,037.3 thousand;
- At the beginning of 2025, liabilities amounted to EUR 59,860.1 thousand, and at the end – EUR 67,975.2 thousand;
- At the beginning of 2025, net assets amounted to EUR 6,979.4 thousand, and at the end – EUR 10,062.2 thousand.

Revenue received and expenses incurred in 2025:

The Fund received EUR 9,843.2 thousand in pension annuity contribution income and incurred EUR 12,215.2 thousand in operating expenses, including:

- the amount of EUR 8,047.9 thousand which represented changes in the value of technical provisions;
- the amount of EUR 3,669.9 thousand which comprised pension annuity benefit costs;
- the amount of EUR 497.4 thousand comprised management and administration costs.

Revenue received and expenses incurred in 2025:

The Fund received EUR 11,077.9 thousand in pension annuity contributions and incurred EUR 4,225.8 thousand in operating expenses, including:

- the amount of EUR EUR 3,672.7 thousand which accounted for by annuity payments;
- the amount of EUR 479.2 thousand which accounted for by management and administration costs;
- the amount of EUR 73.9 thousand which comprised other expenses.

Areas assessed and procedures performed in relation to the data in the accounts for the year 2025

Following an examination of the audited entity's operations, accounting and internal control systems, the following areas were identified where there is a risk of material misstatement:

- no areas where there is a risk of material misstatement were identified.

Areas in which the effectiveness of internal control procedures was assessed (control testing performed):

Internal control procedures were tested in the areas of pension annuity payment costs/expenses, income/revenue, cash, and amounts payable and accrued liabilities. In the area of financial assets, internal control procedures were tested in 2023 in relation to the preparation, reconciliation and recording of investment transactions (assurance obtained for the financial and investment activities area). During this audit (2025), it was decided to use the results of the testing carried out in 2023.

The Fund operates using the shared IS of the SSIF Board. During the SSIF audit, an assessment was made as to whether the SSIF Board has established the necessary controls for the application of the IT general control and accounting subsystem (FVS). The aspects identified, significant changes and assessments obtained are directly relevant to the audit of the Fund and are applicable to its assessment.

Areas in which key audit procedures (substantive tests and/or analytical procedures) were performed:

- In the areas of non-current and current assets, in order to obtain assertions regarding completeness, accuracy, existence, valuation and disclosure, limited-scope substantive tests and analytical procedures were performed. An assessment was made as to whether investments were made in accordance with legislation.
- In the areas of long-term and short-term liabilities (technical provisions) and operating expenses (changes in the value of technical provisions, pension annuity payments, management and administration) to obtain assurance regarding completeness, accuracy, existence, measurement and disclosure, detailed tests and analytical audit procedures were performed.

²⁹ ISSAI 2000–2899 “Financial Auditing Standards, available online: <https://www.valstybeskontrolė.lt/LT/post/15649/> (accessed ON 28 April 2026).

³⁰ International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants (Translated into Lithuanian by the Lithuanian Chamber of Auditors (until 28 February 2017) and the Audit, Accounting, Property Valuation and Insolvency Management Service under the Ministry of Finance of the Republic of Lithuania (from 1 March 2017)), available online: <https://avnt.lrv.lt/lt/teisine-informacija/teises-aktai/auditas/> (accessed on 28 April 2026).

Scope and methods of the audit

- In the areas of revenue and receipts, in order to obtain assertions regarding completeness, accuracy, existence, measurement and disclosure, detailed tests and analytical audit procedures were performed.
- Analytical procedures and limited-scope detailed tests were performed in the area of expenses.
- To assess the accuracy of the calculation of pension annuity amounts, limited detailed tests and analytical audit procedures were performed.
- To assess the accuracy of the calculation, allocation and payment of investment income and income from other sources to annuity recipients, small-scale detailed tests and analytical procedures were performed.
- In the area of financial and investment activity costs, small-scale detailed tests and analytical procedures were performed to obtain assertions regarding completeness, accuracy, existence, valuation and disclosure.
- Preparation of annual reports – analytical procedures were performed to obtain assertions regarding valuation and disclosure.
- Information obtained from credit institutions for audit purposes regarding the fund's asset (cash) balances held in current accounts as at 31 December 2025.
- Information obtained from pension accumulation companies for audit purposes regarding applications submitted in 2025 for the purchase of a pension annuity and the conclusion of a benefit agreement.
- Information received from pension accumulation companies for audit purposes regarding pension fund participants who suspended their pension accumulation in 2019, regarding supplementary (of a chosen amount) pension contributions which they (or their employers on their behalf) transferred directly during the period 2019–2025 to a pension account opened for the participant in the pension fund managed by the company.

Overall assessment of the set of accounts:

The following has been assessed:

- the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and related disclosures by management. The Bank of Lithuania is the supervisory authority responsible for supervising the activities of the pension annuity provider, which includes the approval of the methodology for calculating technical provisions; therefore, our assessment covers the calculation of the amount of technical provisions in accordance with the methodology, but does not include an assessment of the appropriateness of the methodology itself;
 - the overall presentation, structure and content of the financial statements, including disclosures and whether the underlying transactions and events are presented in these financial statements in a manner that complies with the Public Sector Accounting and Financial Reporting Standards and the LAP.
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Appendix 2 to
the Public Audit Report
“Results of the Financial Audit of the Set of
Accounts of the Pension Annuity Fund for the
Year 2025”

Legal framework governing supplementary pension contributions paid by a pension fund participant (or by the participant’s employer on behalf of the participant)

Legal framework governing supplementary pension contributions paid by a pension fund participant (or by the participant’s employer on behalf of the participant) (LAP)					
Action	Target group	Legal framework of supplementary contributions	Is the asset subject to taxes?		
			Personal income tax ³¹	3 percent deduction	
Option to withdraw from the accumulation scheme during the transitional period (2026–2027) and reclaim the contributions paid by the participant in cash, together with any negative or positive investment returns	All participants	Included in the portion of assets returned to the participant	No	No	
Option to withdraw 25 percent of the accumulated pension assets once during the accumulation period, but not exceeding the amount of contributions paid by the participant in cash (investment returns are not taken into account)	Participants who have not yet reached retirement age/who have been granted an early pension	Not included in the portion of assets available for withdrawal	No	Yes	
	Participants who have reached retirement age		No	No	
Option to terminate pension accumulation: choose the type of pension benefit	Participants who have reached retirement age / who have been granted early retirement	Included in the participant’s total accumulated assets	No	No	
	withdraw accumulated pension assets	Participants who are less than 5 years away from retirement age and who have accumulated insufficient pension assets	Included in the participant’s total accumulated assets	No	Yes
		Participants for whom saving becomes particularly difficult or pointless due to serious health problems	Included in the participant’s total accumulated assets	No	No

For supplementary contributions, the participant may reclaim the personal income tax paid (up to EUR 300), whilst the employer may claim a corporate income tax relief for supplementary contributions made on the participant’s behalf. Under certain conditions, contributions paid by the employer on behalf of the employee may be eligible for personal income tax relief.

Source: National Audit Office in accordance with the provisions of legislation

³¹ Personal income tax.

