

## AGRICULTURAL LIFE ANNUITY

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Received January 22, 2007

**ABSTRACT** - *The agricultural life annuity represents a measure taken by the State in order to reform the domain of the property by the Law 247/2005 concerning the reform in the field of property and justice. The aim is to concentrate the agricultural areas in efficient farms, objective imposed by the necessity of modernizing the Romanian agriculture. The agricultural life annuity is paid to the fund holder that alienates or leases the land he owns, which is situated outside built-over areas, with an area up to 10 hectares. The fund holder has the possibility to keep only up to 0.5 hectares for his own utility. A longer period to apply this programme is necessary to make it work and to have the effect we expect. The agricultural life annuity may be adopted under a form of an anticipated retiring of the farmers in our legislation.*

**Key Words:** agricultural life annuity, farming fund holder, farming land,  
The National Office of Agricultural Life Annuity, property, alienation, lease

**REZUMAT** - *Renta viageră agricolă. Renta viageră agricolă reprezintă o măsură luată de stat în domeniul reformării proprietății prin intermediul Legii nr.247/2005 privind reforma în domeniul proprietății și justiției. Aceasta are drept obiectiv concentrarea su-prafețelor agricole în exploatare eficiente, obiectiv impus de necesitatea modernizării agriculturii românești. Renta viageră agricolă se plătește rentierului agricol care înstrăinează sau arendează terenurile agricole aflate în proprietate sa și care sunt situate în extravilan, având o suprafață de până la 10 hectare, cu posibilitatea păstrării a cel mult 0,5 hectare pentru folosință proprie. Implementarea acestei măsuri necesită un interval mai mare de timp pentru a se produce efectul scontat, renta viageră agricolă putând fi chiar adoptată sub forma pensionării anticipate a agricultorilor.*

**Cuvinte cheie:** renta viageră agricolă, rentier agricol, teren agricol, Oficiul Național de Renta Viageră Agricolă, proprietate, înstrăinare, arendare.

The Law 247/2005 on the reform in the field of property and justice has introduced the agricultural life annuity, in order to concentrate the farming areas

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in efficient farms that are imposed by the necessity of modernizing the Romanian agriculture and to make it compatible with the agriculture from the other countries in the European Union.

The agricultural life annuity represents an amount of money that is paid to the farming fund holder that alienates or leases the land he owns, having a lifetime source guaranteed by the State. The fund holder can cumulate this source with retirement pension, rounding off his income. This legislative disposal offers to those who own land and can not cultivate it, the possibility to lease it, helping them to fulfill their obligation called „propter rem” that is proper to all the land owners, to ensure the soil tillage and protection (C. Bârsan).

The farming life annuity is of 100 E/every year equivalent in our money for each hectare of farming land that is alienated, and of 50E/year for each hectare that is leased (Law nr.247/2005). The payment in our money can be made by relating to the average of the course calculated by The National Bank of Romania in the first half of the year, when the payment must be done. For the areas that are less than one hectare, the payment will be proportional with the area that is being alienated or leased. The farming life annuity is paid in one annual installment in the first half-year of the next year for which the payment is owed.

The farming life annuity has a personal nature, the same as the life annuity from the common right. This personal right can not be transmitted to anyone else and it ends at the death of the fund holder (F. Deak). In case of leasing, the life annuity ends in 30 days from the date when the contract expires, if in this period the fund holder does not prove to have a new leasing contract. Because it has an onerous character, the creditors for the debts can sue the life annuity (Civil Code).

After the death of the fund holder, his heirs will be those who have the last life annuity in three months after the death, on the basis of the certificate, which can attest their position, and the fund holder card.

We can call a farming fund holder the natural person over 62 years old and who owns up to 10 hectares of farming land, and alienates or leases the land after the enforcement of Law 247/2005. He has a fund holder card from The National Office of Agricultural Annuity. To become a fund holder, one can alienate or lease only the land that had not been alienated before. A fund holder must have up to 10 hectares of farming land, situated outside built-over areas (Land legislation). However, the Law is lacunary; it does not show what happens to those who have more than 10 hectares of land or only nine, and cannot cultivate it properly; if they have no heirs, why could not benefit of a farming life annuity, if their land will anyway return to the State?

In the cases when land is common property of a couple, the agricultural life annuity can be obtained if at least one of them accomplishes the conditions of the Law. In this case, the fund holder card is on the name of the one who accomplishes all the conditions of Law 247/2005. For future legal regulations, certain explanations should be introduced: what happens to the farming life

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annuity if the spouse that accomplished the conditions of Law 247/2005 died and if the surviving spouse could be the beneficiary of it.

The alienation of these farming lands must be done in authenticable form, and the leasing, according to all the formalities from Law 16/1994. The owner can only keep 0.5 hectares from farming land in his property, for his own utility (Law. 247/2005).

All the activities of leading, organization and control for the application of the legal disposal regarding the agricultural life annuity comes to The National Office of Agricultural Life Annuity that has been organized as a board within The Agency of State Domains. In each county, there are offices of The National Office of Agricultural Life Annuity that have a situation of the fund holders from the county and issue the fund holder card. The duties of these institutions are settled by an order of the minister of Agriculture, Forests and Rural Development. The payment of the agricultural life annuity is performed through the county offices, on the basis of fund holder card (Land legislation).

The demands that have been recorded by now at The National Office of Agricultural Life Annuity (over 14.000) show us that the owners prefer to lease the land instead of alienating it. Therefore, they can benefit by the payment from the State and by the incomes from the leasing contract. Above all, they remain owners of the land.

Actually, in this form of the life annuity, the State is the one who controls the farm, which does not remain arbitrarily to the personal decision of each fund holder.

According to the measure taken by The National Plan of Rural Development that must be applied by the end of 2010 (deadline of The European Union), it seems that the agricultural life annuity will be adopted under the form of farmer anticipated retiring. A project of The National Plan of Rural Development specifies that the farmer who wants an early retirement must have at least 55 years old and at least 10 year- working in agriculture. The farm owners, who have commercial activities, can obtain a pension up to 18,000 E /year, only if they sell their business to a younger person. For this project, The European Union gives Romania an amount of 120 million euro, and another 30 million must be allocated from the State budget.

The money received for the early retirement does not exclude the money given by the buyer for the farm. However, if the ministry wants to transform the life annuity in the early retirement, it will modify the value of the annuity, so that no great differences should be between people's incomes, depending on the moment of the sale.

The objective of concentrating the agricultural areas in big efficient farms will take a longer than expected time for this project to be successfully applied. Some of the authors think that the agricultural life annuity is a support from the State and a social measure. However, we consider that it has a deeper implication

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that follow a reorganization of farming land, in order to make it more efficient and to develop agriculture.

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