

**Lump sum pension benefit payments from UAPF:
How much money can I get and where can I apply?**

FAQ on UAPF

1) What amount of pension savings and under what conditions can be used to improve housing conditions and/or pay for medical treatment?

Lump sum pension benefit payment (LSPBP) – The amount of pension savings formed through compulsory pension contributions (CPCs) withdrawn by the CPC contributor (beneficiary) from the UAPF for the purpose of improving housing conditions and/or paying for medical treatment in accordance with the procedure established by the Social Code of the Republic of Kazakhstan. LSPBPs for oneself or one's spouse or close relatives is made if one of the following conditions is met:

- If the amount of pension savings from compulsory pension contributions (CPC) available in the individual pension savings account (IPSA) of the CPC contributor exceeds the minimum sufficiency threshold (MST) for pension savings, determined in accordance with the methodology approved by the Government of the Republic of Kazakhstan (an amount exceeding the MST may be used);

- If the amount of the pensioner's pension ensures a replacement ratio of the beneficiary's average monthly income of at least 40%, determined in accordance with the procedure established by the Government of the Republic of Kazakhstan. When calculating the average monthly income replacement ratio, the pension amount from the basic and solidarity components and the beneficiary's income prior to the retirement date are taken into account, but not more than the average monthly income in the republic (up to 50% of savings may be used);

- If the CPC contributor has entered into a pension annuity agreement with an insurance company (up to 100% of the savings remaining in the individual pension savings account may be used);

- If the person is a beneficiary of a long service pension (up to 100% of the savings in the IPSA can be used).

It's important to remember that withdrawing pension savings from the UAPF will reduce the amount and duration of future pension benefits. Therefore, before deciding to withdraw pension funds, you need to decide what level of pension you expect upon reaching retirement age and prioritize your benefits.

2) Where can I apply for payments to improve my housing conditions and/or pay for medical treatment?

Pension savings can only be used through authorized operators – second-tier banks. The list of authorized operators with which UAPF has concluded cooperation agreements to improve housing conditions and/or pay for medical treatment includes:

- Otbasyl Bank Housing Construction Savings Bank JSC (housing and medical treatment);
- Halyk Bank of Kazakhstan JSC (housing);
- Bank Center Credit JSC (housing);
- Altyn Bank JSC (Subsidiary Bank of China Citic Bank Corporation Ltd) (housing);

- Bank Freedom Finance Kazakhstan JSC (housing).

The LSPBP procedure is as follows:

- Beneficiaries receive information on the amount of pension savings formed through compulsory pension contributions (CPC) available for withdrawal for the purpose of improving their housing conditions from their individual pension savings account (IPSA) statement in their personal account on the UAPF website or mobile app;
- the beneficiary then submits an application for LSPBP to the authorized operator via the authorized operator's website and signs the application with an electronic digital signature;
- the authorized operator sends electronic notifications to UAPF within two business days about LSPBP applications submitted by beneficiaries that have been registered with it;
- UAPF, within its authority, verifies the availability of the requested amount in the individual pension savings account and, if there are no grounds for refusal, within five business days of receipt of the electronic notification, transfers the amount of LSPBP the beneficiary indicated in the application (if available on the IPSA) to the authorized operator for subsequent crediting to the beneficiary's special account opened by the authorized operator for LSPBP for the purpose of improving their housing conditions;
- Documents confirming the intended use of pension savings are provided by beneficiaries exclusively to authorized operators.

The authorized operator will review the documents and make a decision on the transfer of funds for the applicant's final purpose.

If the beneficiary fails to provide documents confirming the use of pension savings for housing or medical treatment within the specified timeframe, the funds will be returned to the individual pension savings account in the UAPF.

3) *Please tell me, does the early withdrawal of pension savings above the minimum sufficiency threshold affect the size of the future pension?*

Kazakhstan's funded pension system is primarily designed to provide for citizens after retirement. Kazakhstanis' pension savings are formed through pension contributions and investment return on pension assets. The level of their future pension is influenced by the regularity and amount of contributions, as well as the investment return on pension assets. Withdrawing pension savings from the UAPF reduces the amount and duration of future pension benefit payments. Given the above, before deciding to withdraw pension funds, you need to decide what level of pension you expect upon reaching retirement age and prioritize your benefits. To determine your future pension amount, you can use a pension forecast calculator, which will show you how your pension will be composed and calculate it under three scenarios: pessimistic, realistic, and optimistic. This will help you explore all possible options, taking into account the expected level of real investment returns. This tool will also help each depositor calculate their pension with and without early withdrawals. You can learn more about the "Pension Calculator" service on the UAPF website or mobile app.

As a reminder, the minimum sufficiency threshold (MST) is the minimum amount of pension savings required to ensure monthly payments no less than the minimum pension (taking into account the minimum basic pension payment). In other words, the minimum sufficiency threshold is the minimum amount that must remain in the account for the contributor to receive pension benefits (*taking into account the minimum basic pension payment from the state budget*) no less than the minimum pension upon reaching retirement age..

4.) *What are pension savings and investment income made up of? Why does investment income change?*

Each UAPF contributor's pension savings are comprised of contributions received into their pension account and investment income. The UAPF records all savings and is managed by the National Bank of the Republic of Kazakhstan or an investment portfolio manager (IPM) selected by the contributor. To generate income, pension assets are invested domestically and internationally in various financial instruments in different currencies.

Investment income is comprised of various sources: income in the form of interest on securities (deposits and other transactions); income in the form of market and currency revaluation of financial instruments; income on assets under external management, etc.

The situation in financial markets can change under the influence of economic, political, and other factors that affect income in the form of interest on securities (deposits and other transactions), income in the form of market and currency revaluation of financial instruments, income on assets under external management, etc. Therefore, investment income may be both positive and negative during certain periods, temporarily affecting the total amount of pension savings. It is recommended to evaluate investment performance over the medium and long term.

The entire investment management and pension asset accounting system is transparent – each investor can view their investment income in their personal account on the enpf.kz website <https://www.enpf.kz/ru/indicators/investitsionnoe-upravlenie-pensionnymi-aktivami/structure.php> or in the mobile app 24/7.

5) What changes have been made to the current Tax Code of the Republic of Kazakhstan regarding the statute of limitations for individual income tax refunds?

As is known, when using lump sum pension benefit payments (LSPBP) for housing or medical treatment, according to current tax legislation, the individual income tax (IIT) can be paid at the contributor's discretion: immediately upon receipt of the LSPBP or deferred until retirement. At the same time, starting January 1, 2024, individuals in socially vulnerable groups are entitled to **standard tax deductions (up to 882 minimum monthly calculation indices) on LSPBP income**. However, many individuals paid their IIT immediately upon withdrawal of LSPBP. In this case, beneficiaries in socially vulnerable groups can submit a corresponding application and supporting documents to the UAPF for a recalculation and refund of the IIT withheld. Previously, the deadline for submitting such documents was three years, and those who withdrew their LSPBP in 2021-2022, for various reasons, did not have time to do so. **On July 15, 2025**, amendments and additions were made to **the current** Tax Code, extending the statute of limitations for such requests from individuals from **3 to 5** years. However, this provision will only be in effect until December 31, 2025, inclusive, as a new Tax Code will take effect on January 1, 2026, which provides for a 3-year period for the refund of the individual tax. Therefore, those eligible for a refund of the individual tax are advised to submit their documents in 2025.

6) Who is entitled to recalculation and refund of IIT?

The list of individuals eligible for a recalculation of **taxable income and individual income tax** is defined by the current Tax Code of the Republic of Kazakhstan. These include individuals with disabilities of the first, second, or third groups; one parent or guardian of a child with a disability; one adoptive parent or foster parent of orphans; combat veterans; and other categories. The full list of individuals is provided in Article 346 of the Tax Code of the Republic of Kazakhstan. The deadline for submitting documents for a personal income tax refund has been

extended from three to five years. However, this deadline expires on December 31, 2025, as the new Tax Code comes into effect on January 1. Therefore, you should hurry and submit your application and the required documents to your nearest UAPF branch. After the recalculation, the funds will be returned to your pension account.

7) If the deferred IIT was chosen when withdrawing lump sum pension benefit payments, will pension savings increase by this amount in connection with the abolition of the IIT from 2026?

Due to the introduction of the new Tax Code of the Republic of Kazakhstan on January 1, 2026:

- IIT will not be withheld from all types of pension benefits, except in cases where the recipient is a non-resident of the Republic of Kazakhstan, and will also not be withheld from the LSPBP.

- The changes also include the cancellation of accrued IIT payments from the LSPBP for housing/medical expenses deferred until retirement, effective January 1, 2026, but do not provide for a refund of previously paid taxes.

However, the cancellation of the deferred IIT will not increase the amount of pension savings due to the CPC/COPC, including the amount available for withdrawal. This only means that the deferred IIT amount will be written off, and the contributor will not have an IIT debt to the state.

As a reminder, until January 1, 2026, there are two ways to withhold IIT when withdrawing LSPBP: immediately upon receipt of LSPBP or deferred until retirement (10% of all used pension savings are withheld after the beneficiary's retirement. The tax amount is divided equally and deducted from the beneficiary's monthly pension benefit payments for a maximum of sixteen years). The LSPBP beneficiary alone decides how to withhold IIT when submitting an application to the authorized operator.