

ANNOUNCEMENT

What happens if the lump sum pension benefit is not used?

From February 1, 2021, the UAPF began to transfer lump-sum pension benefits to special accounts of contributors opened in banks that are authorized operators.

After the receipt of a lump-sum pension benefit to a special account in an authorized operator - Otbasylar Bank Housing Construction Savings Bank JSC, the beneficiary within 45 working days (in accordance with clause 13 of the *Rules for the use of lump-sum pension benefits to improve housing conditions* in accordance with the legislation of the Republic of Kazakhstan) provides the authorized operator documents confirming the purpose of the lump-sum pension benefits.

If the authorized operator is not provided with supporting documents within the prescribed period, these funds are subject to return to the UAPF to the contributor's pension saving account.

Please note that within 45 working days after the transfer of the amount of pension savings requested by the contributor from the UAPF to the special account of the authorized operator, this amount is withdrawn from the investment management and, therefore, investment income ceases to be accrued on it.

The annual return of UAPF pension assets for 2020 was 10.92%. Based on these data, when the average amount of a lump sum pension benefit is returned in the amount of, for example, KZT 5.5 million, from a special account of an authorized operator in the UAPF, unused for its intended purpose within 45 working days, the amount of investment income lost by the investor may be about KZT 100 thousand.

In addition, the state guarantee for their safety, taking into account the inflation rate, provided for by the law, does not apply to pension savings transferred to the special account. Also, individual income tax (IIT) is calculated and withheld from the sums of lump sum pension benefits from the UAPF according to the method chosen by the contributor and indicated in his application.

Based on this, in order to exclude cases of return of funds to the UAPF, loss of investment income and state guarantees, as well as the premature calculation of the IIT, we recommend that contributors responsibly and carefully plan the use of lump-sum pension benefits. Before submitting an application, you should carefully study the list of documents required to confirm the intended use of pension savings, and ensure their timely provision to the authorized operator.

UAPF was established on August 22, 2013 on the basis of GNPJ APF JSC. The UAPF founder and shareholder is the Government of the Republic of Kazakhstan represented by the State Institution "Committee of State Property and Privatization" of the Ministry of Finance of the Republic of Kazakhstan. UAPF pension assets are managed by the National Bank of the Republic of Kazakhstan. From January 1, 2016, the functions for developing proposals to improve the management of pension assets were transferred to the National Fund Management Council. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, pension benefits, individual accounting of pension accumulations and benefits, provides the contributor (beneficiary) with information on the status of his pension accumulations (for more information visit www.enpf.kz)