

How did UAPF contributors manage to increase their pension savings to KZT13.1 trillion in five years?

At the end of last year 2021, the Unified Accumulative Pension Fund on its corporate website enpf.kz published an updated Corporate Development Strategy for 2022-2026, approved by a decision of the Board of Directors. The previous Corporate Strategy was approved in 2017. It laid down the goals and objectives of the UAPF for the period up to 2021, which were fulfilled. Today in our article we will dwell in more detail on the work done by the Fund over the past five years. Of course, it is impossible to present them in a small note, but we tried to collect highlights of the past years.

Over the five years of the development strategy, the volume of pension savings increased by KZT5.3 trillion or 68%, amounting to KZT13.1 trillion (16.1% of GDP) as of January 1, 2022. Thus, the average annual growth of pension savings over this period outstrips GDP growth. There is an increase in both pension savings themselves and pension contributions, investment income, pension benefits, etc.

Average annual return on pension assets for 2017-2021 amounted to 9.6% with an average annual inflation of 6.7%. The indicator of cumulative return since the introduction of the accumulative pension system (APS) as of January 1, 2022 exceeded the level of cumulative inflation by 1.2 times (681.13% and 546.77%, respectively).

During the period from 2017 to 2021, the number of participants in the accumulative pension system (unique contributors and beneficiaries under the CPC) increased by 1.9 million people, or 20.9%, and amounted to 10.9 million people. The total number of individual pension saving accounts (IPSA) for all types of contributions as of January 1, 2022 amounted to 11.5 million units. The average annual growth rate of IPSA for the period amounted to 4%.

By the way, in 2021, the number of active participants in the APS (whose IPSA received at least one CPC during the year) amounted to 7 million people or 79.5% of the employed population, which, according to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan is 8.8 million people.

All individual pension saving accounts are opened automatically. Since January 2019, on a no-application basis, upon receipt of the first installment, accounts for compulsory pension contributions are opened. In the past 2021, work was carried out to transfer the function of opening the IPSA to an automatic format to account for voluntary and compulsory occupational pension contributions. The Fund successfully passed the certification audit of the information technology service management system and the re-certification audit of the quality management system, etc.

Particularly noteworthy are the indicators on the level of knowledge and trust in the UAPF. In particular, the indicator "share of respondents who gave correct answers to the questions asked about the pension system of Kazakhstan and about the services of the UAPF" with a target value of 63.5%, amounted to 69.9%. The indicator is measured by answers to basic questions, while the sociological survey

contained both basic questions (basic level) and complex questions (advanced level). In addition, the index of public confidence in the UAPF was 79% (with a target of 74%).

The Fund also carried out work on the implementation of the legislation of the Republic of Kazakhstan. For example, since 2018, persons who have reached retirement age can apply on a one-stop basis only to the Public Service Center (PSC); the benefits of voluntary pension contributions in taxation and the possibilities of use have been expanded. In 2021, the *Agreement on Pension Provision for Workers of the Member States of the Eurasian Economic Union* dated December 20, 2019 came into force. The main purpose of the Agreement is to form the pension rights of workers of the EAEU Member States on the same conditions and in the same manner as citizens of the state of employment, etc.

It should be noted that the implementation of the UAPF Development Strategy over the previous five years is only one of the stages in providing UAPF contributors (beneficiaries) not only with quality services, but also with decent pension benefits.