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ANNOUNCEMENT

Kazakhstan in the MCGPI Global Pension Index: Strengths and Areas for Development

In 2026, the international firm Marsh, in collaboration with the CFA Institute, assessed the pension systems of 55 countries, which together account for 66% of the global population.

This year, the index—formerly known as the Mercer CFA Institute Global Pension Index—has been rebranded as the Marsh CFA Institute Global Pension Index (MCGPI) (hereinafter referred to as the "Index"). This change follows Mercer's transition to the unified Marsh brand. The primary objective of the study is to provide an independent, comparative assessment of pension systems across various nations.

Now in its 18th year, the study enables a comparison of pension systems based on the level of retirement provision, financial sustainability, and integrity (reliability, transparency, and quality of governance).

According to the study's findings, Kazakhstan's pension system ranked 29th, receiving a "C+" grade. It should be noted that the number of countries included in the ranking has increased from 52 to 55 this year, with Qatar, the Dominican Republic, and Kenya joining for the first time.

The Marsh CFA Institute Global Pension Index evaluates systems based on three sub-indices—Adequacy, Sustainability, and Integrity—which incorporate over 50 individual indicators. To ensure a comprehensive and objective assessment, the study draws on data from various international sources, including the OECD, the World Bank, the International Labour Organization, and the research and analysis division of The Economist Group, among others.

These sub-indices comprise the following parameters/indicators:

- Adequacy (40% weight): benefit levels, government support, growth assets, home ownership, savings, and the design of the pension system.
- Sustainability (35% weight): demographics, economic growth, public debt, pension provision, government expenditure, and total assets;
- Integrity (25% weight): communication, governance, operating costs, protection, and regulation.

Strengths of Kazakhstan's pension system

Kazakhstan scored 83 points in the "Integrity" sub-index of the Mercer CFA Institute Global Pension Index (MCGPI), an improvement of 1.9 points over the previous year's result. This sub-index covers the regulation and governance quality of the pension system, the protection of participants' rights, the provision of information to participants, and operational costs. In this category, Kazakhstan's performance exceeds that of several developed nations, including Denmark, South Korea, the United Kingdom, Japan, and the United States.

Positive momentum was also observed in the "Sustainability" sub-index, with Kazakhstan's score rising from 74.2 to 74.4 points. This component of the index accounts for demographic and economic factors, employment levels, government pension expenditures, the total volume of pension assets, and the development trajectory of the funded pension system. Kazakhstan's result in this area surpasses that of many other countries, including Switzerland, Canada, Norway, Finland, France, and the United States.

In the "Adequacy" sub-index, which evaluates the sufficiency of pension provision, Kazakhstan received 44.9 points. This particular component remains a key area for the further improvement of the pension system.

Thus, Kazakhstan's overall score was determined by aggregating the weighted results of the individual sub-indices:

• 44.9 points for the "Adequacy" sub-index (compared to 47.0 points in 2025),

• 74.4 points for the "Sustainability" sub-index (compared to 74.2 points in 2025),
• 83.0 points for the "Integrity" sub-index (compared to 81.1 points in 2025).

Changes to the overall assessment of the Kazakhstani pension system: key factors to consider

Kazakhstan's overall score was 64.8 (65.0 in 2025). The report notes that this is due to changes in the taxation of voluntary pension contributions.

It should be noted, however, that these changes are linked to the entry into force of the new Tax Code of the Republic of Kazakhstan on January 1, 2026, and the transition from an EET[1] tax regime to a TEE[2] regime, which entails a fundamentally different approach to the taxation of pension savings. Previously, pension contributions were exempt from taxation at the time of deposit, and investment income was exempt during the accumulation phase, with personal income tax (PIT) withheld only when pension payouts were received. Under the new system, taxation occurs at the time contributions are made, while investment income and subsequent pension payouts are exempt from PIT.

Thus, this does not represent a deterioration in pension provision conditions, but rather a shift in the taxation model. Under this new approach, pension payouts—including accumulated investment income—are made without the deduction of personal income tax.

In this context, the change in Kazakhstan's overall score should be viewed in light of the specific methodology used for this international ranking; a change in the tax regime does not, in itself, indicate a decline in the efficiency or sustainability of the pension system..

Recommendations from international experts

The MCGPI report presents recommendations for the further development of pension systems. For Kazakhstan, the experts suggest:

- increasing the minimum level of support for the most vulnerable categories of pensioners;
- encouraging citizens to boost their pension savings;
- expanding opportunities for older individuals to remain in the workforce, in light of increasing life expectancy;
- ensuring that projected pension payout amounts are included in the annual statements provided to participants in the pension system.

Notably, the list of recommendations for Kazakhstan no longer includes a proposal to curb the early withdrawal of pension savings by restricting access to them. This is due to the introduction of new "minimum adequacy thresholds," which has led to a significant decline in the volume of pension savings withdrawn by citizens.

Leading positions of countries in the global pension index

In the 2026 edition of the Mercer CFA Institute Global Pension Index (MCGPI), the **Netherlands** took the top spot with a score of 85.8. **Denmark** ranked second with 84.1 points, followed by **Iceland** in third place with 84.0 points. All three countries maintained an "A" grade, demonstrating strong performance across the key areas used to evaluate pension systems.

[1] EET (Exempt–Exempt–Taxed) - a tax regime in which pension contributions and investment income are exempt from taxation during the accumulation phase, with tax being levied when pension payments are received.

[2] TEE (Taxed–Exempt–Exempt) - a tax regime under which pension contributions are made from taxable income, while investment income and subsequent pension payouts are exempt from taxation.

The average score across the 55 pension systems included in the Index was **65.3,** an increase of 0.8 points compared to 2025 (64.5 points).

Global Trends and New Benchmarks for Pension Systems

The MCGPI report also outlines global trends affecting the development of pension systems worldwide. These include a steady decline in birth rates, increased life expectancy, and the aging of the population. Consequently, the ratio of the working-age population to the elderly is shrinking, placing greater strain on government budgets and pension schemes. Projections indicate that this trend will persist and intensify in the coming decades.

At the same time, the report highlights several interconnected processes that could mitigate the consequences of demographic aging. These include an increase in "healthy life expectancy" (HALE), higher employment rates among older individuals—including those over 65—the positive impact of migration on the age structure of the population, and the adoption of more flexible employment models and gradual retirement pathways.

Such shifts necessitate the adaptation of pension systems to new realities. In particular, there is a growing need to re-evaluate approaches to retirement age and the duration of one’s working life, to enhance the efficiency of funding future pension liabilities, and to develop funded pension mechanisms. Ensuring the financial sustainability of pension systems has become especially critical, given that in many countries, future pension payouts may exceed the revenue generated from contributions.

The report also addresses the investment strategies of pension funds. As the duration of the retirement period increases, the importance of risk management, liquidity, and the preservation of savings grows. This has spurred the development of more flexible investment approaches, including strategies tailored to the age of participants and the time remaining until their retirement.

In summary, international experience demonstrates that the sustainability of a pension system is determined not only by the current level of pension payouts but also by the system's capacity to adapt in a timely manner to demographic, economic, and social changes. In this context, the Index results allow Kazakhstan to compare its own pension model against international practice and take global trends into account as it continues to develop the system.

UAPF was founded on August 22, 2013 on the basis of GNPF APF JSC. The founder and shareholder of the UAPF 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. Trust management of UAPF pension assets is carried out by the National Bank of the Republic of Kazakhstan. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, employer’s compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, as well as carries out enrollment and accounting of voluntary pension contributions formed at the expense of the unclaimed amount of guaranteed compensation for the guaranteed deposit, transferred by the organization carrying out mandatory guarantee of deposits, in accordance with the Law of the Republic of Kazakhstan "On mandatory guarantee of deposits placed in second-tier banks of the Republic of Kazakhstan", ensures the implementation of pension benefits. The Fund also carries out accounting of target assets and target requirements, accounting and crediting of target savings (TS) to target savings accounts, payments of TS to their recipients in bank accounts, accounting for returns of TS in the manner determined by the Government of the Republic of Kazakhstan within the framework of the National Fund for Children program (More details at www.enpf.kz)

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