

5 questions. April

1. I would like to open an account for voluntary contributions, as I began to think that I do not have much savings, but I would like to receive a larger pension. Where should I go?

You made the right decision. Voluntary contributions are an additional opportunity to provide yourself with an adequate pension in old age. That is why it is important to form your pension capital now in order to have a financial safety cushion in the future. Moreover, from May 1, 2021, it will not be easy to open an individual pension saving account for voluntary pension contributions - the basis for this will be your first voluntary pension contribution received by the UAPF.

VPC can be transferred both by a depositor - an individual at the expense of his income in his favor, and by a contributor (natural or legal person) in favor of the beneficiary. At the same time, the size and frequency of contributions are determined by the contributor independently.

It should be noted that when an individual pays the VPC in his favor at the expense of his income, tax legislation provides for a tax deduction for the amount of the VPC paid.

In addition, from January 1, 2021, VPC paid by the tax agent (employer) at the expense of its own funds in favor of the employee are deducted when calculating the corporate income tax. At the same time, the amounts paid by the employer to the VPC in favor of the employee are not taken into account when taxing the employee's income.

You can pay VPC to UAPF through second-tier banks (STB) or through Kazpost JSC. By the way, some banks provide the option to transfer contributions online (via a mobile application or self-service terminals). In addition, there is the possibility of submitting an application to the employer, on the basis of which the latter will regularly transfer the VPC to the UAPF in favor of the applicant or a third party.

2. My husband wrote a statement about transferring part of his savings to private IMs. I am worried, what if they do not justify the trust? What should we do then?

First of all, we note that pension savings can be transferred to the investment portfolio manager in an amount not exceeding the difference between the actual amount of the contributor's pension savings to the UAPF and the threshold for the minimum sufficiency of pension savings or, in the case of a pension annuity agreement concluded with an insurance organization, providing for lifelong benefits, - in an amount not exceeding the balance of pension savings on the contributor's account with the UAPF.

Due to the fact that the activities of the IM is a competitive environment where management companies offer their conditions and investment strategy, we recommend that the contributor study in detail the information about the company before deciding to transfer their savings. Investment declarations and information about the commission are posted on the website enpf.kz in the section "Services" - "[Register of investment portfolio managers](#)".

Investing pension savings is a long-term process, therefore it is better to evaluate the first results of management no earlier than a year later.

Based on this, the contributor can:

- no more than once a year, submit an application for changing the IM to transfer their pension savings into trust from one IM to another IM;
- submit to the UAPF an application for the return of pension savings held in trust by the IM to the trust management of the National Bank (no earlier than two years after the initial transfer of pension savings to the trust management of the IM).

10 calendar days before the contributor reaches the retirement age, his pension savings, taking into account investment income, will be returned under the management of the National Bank of the Republic of Kazakhstan (if they were in the trust management of the IM before this

period) and used for the purpose of making pension payments according to the schedule, conclusion of a pension annuity agreement or for other purposes stipulated by law.

I would like to draw your attention to such moments. The state guarantee of the safety of compulsory pension contributions, compulsory occupational pension contributions in the amount of actually paid compulsory pension contributions, compulsory occupational contributions, taking into account the inflation rate, is provided only for amounts under the management of the National Bank of the Republic of Kazakhstan.

IM in the event of a negative difference between the nominal return on pension assets received by the IM and the minimum return on pension assets calculated in accordance with the Law and the ARDFM regulatory legal act shall compensate this negative difference at the expense of equity capital in the manner and terms established by the regulatory legal act ARDFM, for the subsequent transfer of this amount to the Applicant, whose pension savings were in the trust of this IM as of the end of the year preceding the year in which the compensation is made. At the same time, the specified amount is credited to the individual pension accounts of contributors opened with the UAPF.

The minimum level of profitability will be calculated based on the weighted average profitability of pension assets transferred to the management of the IM operating in the market.

3. Where can I find out about licensed IM and about the investment income accrued to me?

The register of IMs that meet the requirements established by the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market (ARDFM) is maintained and posted monthly on the ARDFM Internet resource (www.finreg.kz).

Currently, 6 out of 18 operating in the financial market and licensed to operate in the securities market (investment portfolio management activities) comply with the requirements approved by the ARDFM for IM:

First Heartland Jysan Invest JSC;
BCC Invest JSC - a subsidiary of Bank CenterCredit JSC;
Halyk Global Markets JSC (Subsidiary of the Halyk Bank of Kazakhstan JSC);
Halyk Finance - Subsidiary of Halyk Bank of Kazakhstan JSC;
First Heartland Capital JSC;
Centras Securities JSC.

However, in order to transfer pension savings into trust management by these IMs, it is necessary to have an agreement on trust management of pension assets, as well as a custodian agreement concluded between the UAPF, IM and the custodian bank.

To date, the UAPF has concluded agreements on the trust management of pension assets with:

First Heartland Jysan Invest JSC,
Halyk Global Markets JSC (Subsidiary JSC Halyk Bank of Kazakhstan),
BCC Invest JSC - a subsidiary of Bank CenterCredit JSC;
Centras Securities JSC.

Thus, there are already 4 IMs on the financial market, with which the UAPF has concluded an agreement on the trust management of pension assets.

After you decide on the choice, you can see the amount of investment income accrued from the placement of your pension savings by the management company in the statement from the individual retirement account, which can be generated for any period in your personal account on the website www.enpf.kz

4. I was told that tax will be withheld from a one-time payment of pension savings, is this so and what is its size?

Yes, the tax legislation provides for withholding of income tax in the case of early withdrawal of pension savings in order to improve housing conditions and (or) pay for medical

treatment. Pension contributions are not subject to individual income tax (IIT) upon receipt on the contributor's individual pension saving account. Therefore, pension savings are taxable upon payment.

However, upon receiving a one-time pension benefit, the contributor is given the right to choose - the IIT can be paid in a lump sum or with a deferral - monthly in equal installments for no more than sixteen years upon retirement (according to the schedule for pension payments established by the UAPF).

If the contributor decides to pay the IIT immediately in full, then he must indicate in the application the amount to be withdrawn minus the IIT in the amount of 10%.

Both amounts are already indicated in the statement provided by the UAPF to the contributor, for his convenience and independent decision-making. The amount specified by the contributor for withdrawal will be transferred from the UAPF to his special account opened with an authorized operator.

5. *I used the PA to buy an apartment on a mortgage. Can I withdraw part of my pension savings again if I accumulate a sufficient amount for withdrawal in the future??*

Yes of course. The rules for the use of lump-sum pension benefits to improve housing conditions in accordance with the legislation of the Republic of Kazakhstan provide that pension savings can be used by citizens an unlimited number of times within the amount of pension savings in the UAPF, available for withdrawal for housing, treatment or transfer to management companies.