

ANNOUNCEMENT

From January 1, 2024, employer's compulsory pension contributions (ECPC) are introduced

The Social Code of the Republic of Kazakhstan, which comes into force on July 1, 2023, contains rules governing the introduction of employer's compulsory pension contributions (ECPC).

From January 1, 2024, the functions of the UAPF will be supplemented by ECPC accounting, which will be carried out at the expense of the employer's own funds and only for employees born after January 1, 1975. The ECPC value is calculated from the monthly income of each employee: from January 1, 2024 in the amount of 1.5% with an annual increase to 5% in 2028.

“The burden for the employer on the wage fund is reduced due to the fact that contributions are growing in stages. According to the Social Code, ECPC will not be paid by employers for all employees, but only for those born in 1975 and later. Therefore, benefit payments from ECPC will begin to be received by employees who will retire only in 2038,” explained **Zhanat Kurmanov, Chairman of the Executive Board of the Unified Accumulative Pension Fund JSC.**

The monthly income of an employee, accepted for the calculation of ECPC, must not be less than the minimum wage and should not exceed 50 times the minimum wage established for the corresponding financial year by the law on the republican budget.

For employers - tax agents who have chosen to pay ECPC as part of a single payment specified in Chapter 89-1 of the Code of the Republic of Kazakhstan "On taxes and other obligatory payments to the budget" (Tax Code), the share of the employer's compulsory pension contributions in the rate of a single payment from wages employee is: from January 1, 2024 - 7%; from January 1, 2025 - 10.5%; from January 1, 2026 - 14.1%; from January 1, 2027 - 17.4%; from January 1, 2028 - 19%.

ECPC are paid to the UAPF by employers (as tax agents) through the State Corporation "Government for Citizens" with lists of employees - individuals for whom ECPC are transferred.

It should be noted that, unlike the individual funded pension system, pension savings at the expense of ECPC are notional funded, therefore they are not the property of the employee, are not inherited, and cannot be transferred, at the choice of the contributor, to a management company for trust investment management and/or to an insurance company. organization for the purchase of a pension annuity, and they are not covered by the state guarantee of the safety of pension savings.

The UAPF was established on August 22, 2013 on the basis of GNPF 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)