

## ANNOUNCEMENT

### On the procedure for transferring pension savings to Investment Portfolio Managers

From January 2021, certain legislative norms came into force that provide citizens with the right to use part of their pension savings not only to improve housing conditions and (or) pay for medical treatment, but also to transfer to asset management companies (Investment Portfolio Managers - IPM) to investment management.

According to the Law on Pension Provision, the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market:

- develops and approves **requirements for IPM**, which can be transferred to for trust management of pension assets, as well as a list of financial instruments allowed to be acquired at the expense of pension assets;

- monthly maintains and publishes on its Internet resource a register of IPMs that meet the requirements for activities related to pension assets management.

The investor will also be able to familiarize himself with [the list of valid IPM](#) and the investment declarations they offer on the UAPF website [www.enpf.kz](http://www.enpf.kz).

To transfer pension savings into trust, it is needed:

On the part of IPM:

- 1) **compliance with the requirements established by the regulatory legal act of the authorized body - the Agency of the Republic of Kazakhstan for the Regulation and Development of the Financial Market;**

- 2) **entry of IPM into the register of the authorized body;**

- 3) **the existence of an agreement on trust management of pension assets concluded between the UAPF and IPM;**

- 4) **the presence of a custodian agreement concluded between the UAPF, IPM and the custodian bank.**

on the part of the contributor:

- 1) **a written application of the contributor stating the choice of IPM, submitted to the UAPF;**

- 2) **available funds sufficient to transfer to the IPM on the individual pension saving account of the contributor with the UAPF.**

The contributor's pension savings can be transferred to IPM management:

- in an amount not exceeding the difference between the actual amount of the contributor's pension savings in the UAPF and the threshold for **the minimum sufficiency of pension savings**; or

- in an amount not exceeding the balance of pension savings on the contributor's account with the UAPF, if there is a concluded **pension annuity agreement** with an insurance organization, providing for lifelong benefits.

To transfer pension savings into one or several IPMs, the contributor must apply to the UAPF with an application. The application can be submitted through your [personal account](#) on the [enpf.kz](http://enpf.kz) website or by personal contact to any regional branch of the UAPF.

UAPF transfers a part of pension savings in excess of the sufficiency amount to the trust management of IPM within thirty calendar days after the date of receipt of the application from the contributor. The rest of the contributor's pension savings will continue to be managed by the National Bank.

Pension savings transferred to IPM investment management do not qualify as lump-sum pension benefit withdrawals (as in the case of housing and / or medical treatment withdrawals) and **will not be subject to personal income tax** at the time they are transferred to IPM.

After receiving pension assets from the UAPF, IPM invests them in authorized financial instruments specified in *the Rules for the implementation of investment portfolio management activities*, approved by

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the Resolution of the Board of the National Bank of the Republic of Kazakhstan dated February 3, 2014 No. 10, and provided for in the IPM Investment Declaration.

According to the Pension Security Act, IPMs are eligible to charge investment management fees. **The limit value of IPM remuneration cannot exceed 7.5% of the received investment return.** The actual amount of the commission will be approved annually by the IPM governing body and may not change more often than once a year.

After the initial transfer of pension assets to the trust management of IPM, **the contributor has the right to:**

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

10 calendar days before the contributor reaches the retirement age, the contributor's pension savings are to be returned to the investment management of the National Bank.

During the period when pension savings are under the management of the National Bank until the contributor reaches retirement age, there is a **guarantee of the safety of pension savings, taking into account the inflation rate**. When pension savings are transferred to IPM management, the government guarantee is replaced **by the management company's guarantee** to ensure the minimum level of return on pension assets. The minimum rate of return will be calculated from the weighted average rate of return on pension assets transferred to the IPM operating in the market. Information on the indicators of the minimum return and the weighted average return on pension assets will be published monthly.

*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](http://www.enpf.kz))*