

## ANNOUNCEMENT

### Changes in legislation in 2024

UAPF JSC recalls that from January 1, 2024, several key innovations in the legislation of the Republic of Kazakhstan came into force:

#### 1) Implementation of the National Fund for Children Program

From January 01, 2024 the implementation of the National Fund for Children program initiated by the Head of State began (hereinafter referred to as the Program), within the framework of which all minor citizens of the Republic of Kazakhstan (participants of target requirements) will be annually accrued 50% of the average investment income of the National Fund for the eighteen years preceding the reporting year fund of the Republic of Kazakhstan (hereinafter referred to as the National Fund), as well as investment income accrued annually on this amount.

Thus, during January 2024, the UAPF will generate an electronic list of participants in target claims based on information received from the State Database "Individuals" as of the end of December 31, 2023.

Based on this list and information received from the National Bank of the Republic of Kazakhstan about the amount of 50% of the income of the National Fund, the UAPF will calculate the amount of target requirements per child for the 2023 reporting year and enter it into its information system.

The accrual of target requirements to participants of target requirements will be carried out no later than February 01, 2024, which can be checked:

legal representatives in their personal account on the “electronic government” web portal ([www.egov.kz](http://www.egov.kz));

on the UAPF Internet resource ([www.enpf.kz](http://www.enpf.kz)).

In addition, statistical information will be regularly posted on the UAPF internet resource [enpf.kz](http://enpf.kz), namely the following reports:

1) a report on the number of participants in target requirements and recipients of target savings by age, gender, and region of residence;

2) a report on the use of target savings to improve housing conditions and (or) pay for education in the context of authorized operators, regions and sub-goals.

Target requirements for program participants will be accrued annually until they reach 18 years of age. Accounting for target requirements and target savings will be carried out in US dollars.

Upon reaching 18 years of age, the recipient of targeted savings has the right to use the accumulated amount only to improve housing conditions and (or) pay for education.

To receive target savings, the recipient of target savings or his legal representative must contact one of the authorized operators (STBs and Kazpost JSC) who have entered into an agreement on interaction with the UAPF, open a bank account in US dollars with the authorized operator and submit an application for payment of target savings (via the Internet resource of an authorized operator) indicating the purpose of using the payment of targeted savings (to improve housing conditions or pay for education).

Persons who have lost the citizenship of the Republic of Kazakhstan, who have renounced citizenship of the Republic of Kazakhstan both before reaching 18 years of age and after 18 years of age, lose the right to use target savings.

In the event of the death of an individual, target savings are inherited in the manner established by the civil legislation of the Republic of Kazakhstan.

## 2) Introduction of ECPC

From January 1, 2024, the funded pension system was supplemented with a new component – Employer's compulsory pension contributions (hereinafter referred to as ECPC).

The amount of ECPC will depend on the employee's monthly income and will be financed by employers. In order to maintain a balanced load on the employer, ECPC will be transferred with a gradual increase in contribution:

- from January 1, 2024 – 1.5 percent;
- from January 1, 2025 – 2.5 percent;
- from January 1, 2026 – 3.5 percent;
- from January 1, 2027 – 4.5 percent;
- from January 1, 2028 – 5.0 percent.

The gradual introduction of ECPC, as well as their classification as deductions from taxable income, is intended to smooth out the burden on the employer. In addition, according to the law, ECPC should not be paid for all employees, but only for those born in 1975 and later.

The introduction of the ECPC from 2024 will help increase the level of pension coverage for the employee after his retirement.

## 3) Special social payments to workers employed in hazardous industries

Citizens of the Republic of Kazakhstan, foreigners and stateless persons permanently residing in the territory of the Republic of Kazakhstan, upon reaching the age of 55 and paying for them compulsory occupational pension contributions (hereinafter referred to as COPC) for a total of at least 84 months:

1. **those employed** in work with hazardous working conditions have the right to a special social payment consisting of:

- 1) special professional state allowance;
- 2) insurance payment under a pre-retirement annuity insurance contract;
- 3) occupational payments at the expense of the employer;
- 4) pension benefit generated at the expense of COPC from the Unified Accumulative Pension Fund.

The right to special social benefits arises if the employee stops working in jobs with hazardous working conditions or is transferred to another job that excludes exposure to hazardous production factors;

2. **those not employed** in work with hazardous working conditions have the right to:

- 1) special occupational state allowance;
- 2) pension benefit generated at the expense of COPC from the UAPF.

## 4) Optimizing transfers of pension savings to LIC

A pension annuity agreement (hereinafter referred to as PAA), at the request of the policyholder, can be concluded by means of a written request to the insurer or the exchange of information between the policyholder and the insurer using the insurer's Internet resource or an Internet resource created with the participation of an organization for the formation and maintenance of an insurance database (hereinafter referred to as the organization for the formation of UIDB), which is State Credit Bureau JSC (hereinafter referred to as SCB).

Thus, in accordance with the innovations, contributors (beneficiaries) who entered into agreements from January 01, 2024. PAA with insurance organizations may not contact the UAPF with an application to transfer pension savings to the insurance organization.

At the same time, insurance organizations will be required to exchange data on concluded PAA with UAPF by transferring information about concluded PAA to the unified insurance database (UIDB), the owner of which is SCB.

In turn, SCB, on the basis of an appropriate agreement with the UAPF, will transfer to the UAPF information on concluded PAA received from insurance organizations. The procedure and timing of data exchange through SCB under concluded PAA are regulated by Rules No. 44.

The UAPF, upon receiving information from SCB in accordance with Rules No. 44, if the requirements of the legislation of the Republic of Kazakhstan comply, will transfer pension savings to insurance organizations within 5 working days from the date of receipt of information from SCB about the concluded PAA.

At the same time, the applicant retains the right to apply to the UAPF in order to submit an application for the transfer of pension savings to an insurance organization with the **provision of the original pension annuity agreement**.

Comment by the Chairman of the Executive Board of UAPF JSC Zh.B. Kurmanov regarding the changes is posted on the Fund's You-tube channel and is available at the link:

<https://www.youtube.com/watch?v=jyJKIHbLvVY> (in Russian)

Comment by Managing Director of UAPF JSC M.T. Sharipov is posted on the Fund's You-tube channel and is available at the link: <https://www.youtube.com/watch?v=YgvNjhZB38A> (in Kazakh language)

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