

## **Voluntary pension contributions are an effective way to replenish pension capital**

Within the framework of the funded pension system in Kazakhstan, the following types of contributions are made: compulsory (10% of the employee's salary, deducted monthly by the employer), compulsory occupational pension contributions (5% of the income of workers in harmful and dangerous professions, which are paid from the employer's budget), as well as employer's compulsory pension contributions (ECPC) from 2024 for all employees born in 1975 and later (from 1.5% in 2024, gradually increasing to 5% in 2028). There are also voluntary pension contributions (VPC), which can be made by both individuals and legal entities. Individuals contribute funds for themselves and (or) for their loved ones at the expense of their income, and legal entities - for the benefit of their employees and (or) third parties. It is worth noting that citizens pay VPC on their own initiative, independently setting their size and frequency. This is one of the advantages of this type of contribution.

Voluntary pension contributions can be transferred through second-tier banks, Kazpost, as well as by submitting an application to the employer, on the basis of which he will transfer them to the UAPF in favor of the declared person. The procedure for receiving pension benefits at the expense of VPC is determined by the beneficiary independently in accordance with the Pension Rules of the UAPF.

To conclude an agreement and open an individual pension savings account (IPSA) for VPC, there is no need to visit the UAPF office - the VPC IPSA opens automatically upon receipt of the first contribution. The opening of an IPSA for VPC accounting is carried out without an application on the basis of:

- lists of individuals represented by agents to the UAPF when transferring VPC;
- the initial contribution received to the UAPF from an individual in his own favor or in favor of a third party when transferring VPC.

Identification of the individual in whose favor pension contributions are made occurs thanks to personal data (full name, IIN, date of birth) specified in the electronic format of the payment order when transferring VPC. The UAPF receives all necessary information about the details of a valid identification document of an individual, place of permanent residence and other information from the relevant information systems of government bodies.

In Kazakhstan, voluntary pension contributions enjoy tax advantages. For example, VPC transferred by the employer in favor of the employee is not considered as income of an individual; for the employer, such expenses are subject to deduction when calculating corporate income tax. That is, the employer in this case receives tax benefits.

Voluntary pension contributions, as well as all types of compulsory ones, are invested and generate income for contributors. By default, pension assets are managed by the National Bank of the Republic of Kazakhstan. However, contributors have the right to transfer pension savings to investment portfolio managers (IPMs), which offer different investment strategies with different levels of return and risk. And if compulsory and compulsory occupational pension savings can be transferred to the IPM up to 50%, then voluntary pension savings can be transferred to management in full. The transfer of IPM savings occurs upon the contributor's application, which can be submitted in electronic format in his personal account on the Fund's website or at any UAPF branch. Based on the investment results, you can change the management company, but not more than once a year. Thus, participation in the management of pension assets is another advantage of VPC.

The amount of pension savings from all types of contributions can be easily controlled 24/7, also in your personal account on the website [enpf.kz](http://enpf.kz).

You can start receiving pension benefits from VPC before reaching retirement age – starting at age 50. In addition, they are provided to persons with disabilities, as well as foreigners and stateless persons who have left for permanent residence outside the Republic of Kazakhstan, unless otherwise provided by the laws of the Republic of Kazakhstan and international treaties ratified by the Republic of Kazakhstan.

It is worth noting that in the event of the death of a person who has pension savings, including through voluntary pension contributions, they are inherited in the manner established by the legislation of Kazakhstan. In particular, inheritance of pension savings is carried out by will or by law. When there is no will or does not determine the fate of the entire inheritance, as well as in other cases, inheritance by law comes into force.

The UAPF website contains a list of required documents depending on the method of submitting them to the UAPF, requirements for their execution, as well as application forms and samples for filling them out, a sample power of attorney.

An application for receiving benefits from VPC due to age or disability can be submitted online in your personal account on the website [enpf.kz](http://enpf.kz).

You can also pre-check the documents being sent for pension payments from the UAPF by using the UAPF electronic service “Preliminary verification of documents for pension benefit payment”.

UAPF JSC reminds that the timely decision by the contributor to transfer voluntary pension contributions (VPC) will help to significantly replenish his pension capital and receive higher pension benefits in the future.

*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))*