

ANNOUNCEMENT

In the international ranking of pension systems, Kazakhstan took the position of the "golden mean"

By what criteria did Kazakhstan surpass other countries?

The Mercer Institute, together with the CFA, published the annual Mercer CFA Institute Global Pension Index (MCGPI), according to which the pension system of Kazakhstan took the 24th position. The international ranking of 2024, which represents a comprehensive study of pension systems, included 48 countries of the world.

The Mercer CFA Institute Global Pension Index assessed systems based on three sub-indices: “Adequacy”, “Sustainability” and “Integrity”, which include more than 50 indicators. To conduct a full and objective assessment of pension systems based on these indicators, information from open international sources was used, including data from the OECD, the World Bank, the International Labor Organization, the research and analytical division of the Economist Group, etc.

Kazakhstan scored 64.0 points and received a rating of “C+”, ahead of the United States, Spain, Japan, South Korea, China, Saudi Arabia and other countries.

The final score was calculated by summing up the sub-index assessment results weighted by specific weight:

- 45.8 points for the “Adequacy” sub-index (40% specific weight: Kazakhstan is ahead of, for example, Malaysia, South Korea, Indonesia, South Africa);
- 73.1 points for the “Sustainability” sub-index (35% specific weight: Kazakhstan’s index exceeds the indicators of Switzerland, Chile, New Zealand, Finland, Canada, Norway, France, Great Britain, the USA and many other countries);
- 80.4 points for the “Integrity” sub-index (25% specific weight: Kazakhstan’s indicator is higher than that of Sweden, Denmark, Great Britain, the USA, China and other countries).

As can be seen from the figures provided, the sub-indices of sustainability (8th position in the overall rating) and integrity (16th position) of Kazakhstan are rated quite highly. The most vulnerable position is that of the republic's pension system, which needs to be strengthened - according to the adequacy sub-index (41 position out of 47).

Based on the results of the study, the Mercer CFA Institute provided recommendations for increasing the pension adequacy indicator and further improving the **Kazakhstan pension system**:

- increasing the minimum level of support for the poorest elderly/pensioners;
- encouraging households to increase their level of pension savings;
- reducing early withdrawals of savings by restricting access to pension savings;
- increasing the level of labor force participation of older people as life expectancy increases;
- introducing a requirement to reflect projected pension payments in the annual statements of pension system participants.

The Global Pension Index notes that it is necessary to improve pension systems given the ongoing trends towards declining birth rates and increasing life expectancy. As noted at the World Economic Forum:

"For the first time in human history, there are more people aged 65 and over than children aged 5 and under."

Let us recall that in 2023, the pension system of Kazakhstan was included for the first time in the annual ranking - the Global Pension Index of the Mercer CFA Institute, immediately taking 20th place and scoring 64.9 points. According to the results of the 2024 research, Kazakhstan took the position of the "golden mean", and the first place in the list was retained by the pension system of the Netherlands, scoring 84.8 points. It should be noted that in the Netherlands, by 2028, a complete transition of all pension plans to the funded system (DC) is planned. The Index highlights that pension systems around the world are increasingly moving away from defined benefit (DB) plans and towards defined contribution (DC) systems.

UAPF was founded on August 22, 2013 on the basis of GNPf APF JSC. The founder and shareholder of the UAPF 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. Trust management of UAPF pension assets is carried out by the National Bank of the Republic of Kazakhstan. In accordance with the pension legislation, the UAPF attracts compulsory pension contributions, employer's compulsory pension contributions, compulsory occupational pension contributions, voluntary pension contributions, as well as carries out enrollment and accounting of voluntary pension contributions formed at the expense of the unclaimed amount of guaranteed compensation for the guaranteed deposit, transferred by the organization carrying out mandatory guarantee of deposits, in accordance with the Law of the Republic of Kazakhstan "On mandatory guarantee of deposits placed in second-tier banks of the Republic of Kazakhstan", ensures the implementation of pension benefits. The Fund also carries out accounting of target assets and target requirements, accounting and crediting of target savings (TS) to target savings accounts, payments of TS to their recipients in bank accounts, accounting for returns of TS in the manner determined by the Government of the Republic of Kazakhstan within the framework of the National Fund for Children program (More details at www.enpf.kz).