

## ANNOUNCEMENT

### **Financial literacy and public confidence in the funded pension system, as well as in the UAPF, are growing**

The level of financial literacy of the population in the area of pension provision and the degree of trust of the population in the funded pension system, as well as in the Unified Accumulative Pension Fund (UAPF) have increased compared to last year, according to the results of an annual independent sociological study conducted by the Center for Strategic Research.

**The study involved** surveying the urban and rural population of 17 regions of Kazakhstan and 3 cities of national significance.

A total of **3,000 respondents** were surveyed: 1,465 of them were men and 1,535 were women. The distribution by social status was as follows: employees 2,040 (68.00%), self-employed – 819 (27.29%) and unemployed 141 (4.71%).

The main block of the survey questionnaire consisted of 25 questions aimed at identifying the financial literacy of the population of Kazakhstan in the field of pension provision, as well as determining the degree of trust in the pension system of Kazakhstan and the UAPF.

Financial literacy in the field of pension provision was analyzed at two levels: **basic and advanced**.

#### **Basic level.**

The result of the survey of respondents at this level of financial literacy was **73.8%**, which exceeds the indicator of last year (**71.5%**). Some of the questions of the basic level of financial literacy are aimed at determining the knowledge of the population in the field of the main types, sizes and sources of formation of benefit payments from UAPF.

When testing knowledge of **the types of pension benefits** existing in Kazakhstan, 1,798 respondents (**59.93%**) were aware of both the state basic pension benefit guaranteed to all Kazakhstanis, the state labor (PAYG) pension based on length of service, and pension benefits from the UAPF at the expense of the employee's pension savings formed from compulsory pension contributions (CPC), compulsory occupational pension contributions (COPC), voluntary pension contributions (VPC).

The question on *methods of obtaining information about the status of an individual pension savings account* suggested the possibility of choosing several answers. As a result of the survey, **98.2%** of respondents (2946 people) showed their awareness of the ways in which they can find out about the status of their pension account (personal contact with UAPF, at the PSC, through the e-government portal, remote contact in the UAPF mobile application, personal account on the UAPF website, by e-mail or postal address).

1,429 people (**47.63%**) correctly identify the *function of UAPF JSC*, which is the collection of mandatory and voluntary pension contributions from depositors, accounting for pension savings, and the implementation of pension benefits from pension savings

To the question: “*What types of pension contributions to the UAPF do you know?*”, which allowed for multiple answers, 2,391 respondents (79.70%) correctly identified the **CPC** rate at 10%. The **COPC** rate of 5% was correctly identified by 174 respondents (5.80%).

94 people (3.13%) are aware of the employer's compulsory pension contribution rate (**ЕСРС**) of 1.5% this year. The VPC rate is determined by the contributor independently, so the question about **VPC** was not taken into account when determining the level of financial literacy of respondents.

The majority of respondents answered the question about the **retirement age** of men and women correctly - 2,512 respondents or **83.73%** (men at 63 years old, women in 2023 - 61 years old).

#### **Advanced level.**

To determine the level of more advanced knowledge in the field of financial literacy, 8 questions were compiled. However, there is no opportunity to indicate your opinion, and the answers are unambiguous. The overall knowledge coefficient of the advanced level of awareness of the population about the pension system was **45.2%**, which is higher than last year's figure (41.3%).

**1,849** respondents (**61.63%**) correctly answered the question: "**Who invests pension assets to receive investment income?**", indicating the National Bank of the Republic of Kazakhstan and / or Investment Portfolio Managers at the choice of the contributor.

To the question: "**How is investment income calculated on pension savings?**" 746 respondents (**24.87%**) correctly believe that the amount of investment income varies depending on the accrued interest on securities, changes in the market value of securities and foreign exchange rates, while there is an understanding that investment income can be both positive and negative depending on the situation on the stock markets.

1,629 respondents (**54.30%**) either know that **pension savings are invested in various financial instruments and increased through investment income**, or not only know, but also regularly monitor the investment income received.

1,809 respondents (**60.3%**) are aware of the **possibility and conditions for receiving pension benefits from compulsory pension savings before reaching retirement age** (in order to improve housing conditions and/or pay for medical treatment; subject to the conclusion of a pension annuity agreement with an insurance company; in case of disability of groups I and II, if the disability is established indefinitely; when leaving for permanent residence outside Kazakhstan for foreigners and stateless persons, unless otherwise provided by Kazakhstani legislation and international treaties ratified by the Republic of Kazakhstan).

To the question "**Who has the right to transfer pension savings to an insurance company to purchase a pension annuity?**" 858 respondents (**28.60%**) answered correctly: the right to transfer pension savings to an insurance company to purchase a pension annuity is available to contributors upon reaching the age of 45, provided that their pension savings are sufficient.

1,131 respondents (**37.7%**) in the survey on **knowledge of taxation in the funded pension system** correctly noted that pension benefits from UAPF are subject to personal income tax

Knowledge of the **state guarantee of pension savings** was demonstrated by 1,474 respondents (**49.13%**), who chose the correct answer: the state guarantee of the safety of pension contributions applies only to compulsory types of pension contributions.

#### **Trust level.**

As the study showed, **the average level of trust of the population in the pension system of the**

**Republic of Kazakhstan** was **5.92 points**, which exceeds last year's figure (5.80 points).

In terms of regions and cities of national significance, respondents in North Kazakhstan (7.70 points), Akmola (6.75 points), Karaganda (6.69 points) and West Kazakhstan (6.59 points) regions showed the greatest trust in the pension system.

The survey, aimed at determining the **average level of trust of respondents in the UAPF**, showed that the average level of trust in the UAPF is **6.04 points**, which is higher than last year's figure (5.80 points)

In general, as the study of the level of financial literacy of the population showed, the majority of the population has basic knowledge in the field of pension provision. Taking into account the results of the study, UAPF will continue further information and explanatory work in order to implement strategic tasks to further strengthen the public's trust in UAPF and the pension system as a whole. The full text of the report on the results of the social study is posted on the UAPF website.

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