



**On approval of the Rules for accounting and formation of contingent pension liabilities , formation and use of reserve funds, calculation methods and structure of reserve funds**

*Invalidated Unofficial translation*

Resolution of the Board of the National Bank of the Republic of Kazakhstan dated October 7, 2019 No. 166. Registered with the Ministry of Justice of the Republic of Kazakhstan on October 11, 2019 No. 19470. Abolished by Resolution No. 52 of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated June 7, 2023

Unofficial translation

**IL&LI note!**

**This resolution shall come into force from January 1, 2020.**

**Footnote. Abolished by Resolution No. 52 of the Board of the Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market dated June 7, 2023 (effective from 01.07.2023).**

In accordance with the Law of the Republic of Kazakhstan dated June 21, 2013 " On Retirement Insurance in the Republic of Kazakhstan" the Board of the National Bank of the Republic of Kazakhstan **HEREBY RESOLVES:**

1. To approve the attached Rules for accounting and formation of contingent pension liabilities, formation and use of reserve funds, calculation methodology and structure of reserve funds.

2. The Department of Non-Banking Organizations Development in accordance with the procedure, established by the legislation of the Republic of Kazakhstan shall ensure:

1) jointly with the Legal Department, the state registration of this resolution with the Ministry of Justice of the Republic of Kazakhstan;

2) placement of this resolution on the official Internet resource of the National Bank of the Republic of Kazakhstan after its official publication;

3) within ten working days after the state registration of this resolution, submission to the Legal Department of information about implementation of measures, stipulated by subclause 2) of this clause and clause 3 of this resolution.

3. The Department of External Communications – the Press Service of the National Bank shall ensure, within ten calendar days after the state registration of this resolution , sending of its copy for official publication to printed periodicals.

4. Control over execution of this resolution shall be entrusted to the deputy Chairman of the National Bank of the Republic of Kazakhstan Birtanov Ye.A.

5. This resolution shall come into force from January 1, 2020 and shall be subject to official publication.

*Chairman  
of the National Bank*

*Ye. Dossayev*

Approved  
by the Resolution of the  
National Bank of the  
Republic of Kazakhstan  
dated October, 7 2019 No. 166

## **Rules for accounting and formation of contingent pension liabilities, formation and use of reserve funds, calculation methodology and structure of reserve funds**

### **Chapter 1. General Provisions**

1. These Rules for accounting and formation of contingent pension liabilities, formation and use of reserve funds, calculation methodology and structure of reserve funds (hereinafter referred to as the Rules) have been developed in accordance with the Law of the Republic of Kazakhstan dated June 21, 2013 "On Retirement Insurance in the Republic of Kazakhstan" (hereinafter referred to as the Law) and shall determine the procedure for accounting and formation of contingent pension liabilities at contingent pension accounts of individuals in the unified pension savings fund (hereinafter referred to as the UPSF), formation and use of reserve funds, as well as the calculation methodology and structure of reserve funds.

2. For the purposes of these Rules, the following basic concepts are used:

- 1) a settlement date – the date on which contingent pension liabilities are formed;
- 2) a birth cohort – a group of people united by one calendar year of birth;
- 3) an expected present value – the expected (probable) value of the pension payments, calculated (discounted) taking into account the interest rate and the time period between the date of calculation and the date on which the pension payments are paid to the recipient, using tables containing probabilities of death;
- 4) a reserve basis – a set of values of parameters consisting of the effective annual interest rate, mortality table and indexation rate of pension payments, and affecting the amount of contingent pension liabilities;
- 5) a tariff basis – a set of values of parameters consisting of the effective annual interest rate, mortality table and indexation rate of pension payments, and affecting the amount of pension payments.

### **Chapter 2. Accounting and formation of contingent pension liabilities**

3. Accounting and formation of contingent pension liabilities include opening of a contingent pension account for an individual, recording of data on the received compulsory pension contributions of the employer and other receipts in accordance with the legislation of the Republic of Kazakhstan on pension provision, the formation of contingent pension liabilities, as well as accounting for contingent pension liabilities and information on the amount of pension payments at the expense of compulsory pension contributions of the employer for the corresponding financial year, and also closing a contingent pension account of an individual.

4. Opening of contingent pension accounts to the UPSF for recording of the employer's compulsory pension contributions shall be carried out on the basis of the list of individuals submitted by the employer's compulsory pension contribution agent to the UPSF (hereinafter referred to as the list of individuals), when transferring the employer's compulsory pension contributions in accordance with the procedure established by the internal UPSF document.

If there is a contingent pension account in the UPSF opened in the name of an individual, compulsory pension contributions of the employer shall be transferred to the previously opened contingent pension account.

5. The UPSF, based on the list of individuals, shall carry out registration of contingent pension accounts of individuals in electronic form.

6. The formation of contingent pension liabilities shall be carried out separately for each recipient of pension payments at the expense of the employer's compulsory pension contributions on the basis of a reserve basis upon the occurrence of the conditions provided for in clause 1 of article 31-1 of the Law.

7. The values of the parameters of the reserve basis, with the exception of the indexation rate of pension payments, coincide with the values of the parameters of the tariff basis, except for the case when the reserve basis is more conservative than the tariff basis.

In the event if the reserve basis is more conservative, than the tariff basis:

1) the effective annual interest rate of the reserve basis shall be less than the effective annual interest rate of the tariff basis;

2) the coefficients of the mortality table of the reserve basis shall be less than the coefficients of the corresponding tables of the tariff basis for all ages.

8. The contingent pension liabilities for an individual recipient of compulsory pension payments of the employer to the expected present value of pension payments.

9. The contingent pension liabilities for all recipients of retirement benefits from the compulsory pension contributions of the employer shall be calculated as the sum of the contingent pension liabilities for all individuals who have been assigned pension payments from the UPSF as of the calculation date.

10. Accounting of compulsory pension contributions of the employer and other receipts in accordance with the legislation of the Republic of Kazakhstan on pension provision, contingent pension liabilities and information on the amount of pension payments from the compulsory pension contributions of the employer for the corresponding financial year on contingent pension accounts of individuals, as well as accounting for contingent pension accounts intended for the formation of reserve funds shall be carried out in tenge.

11. Contingent pension accounts of individuals shall be opened on the day UPSF enters the list of individuals for whom compulsory pension contributions of the employer are transferred.

12. The structure of a conditional retirement account contains compulsory data in accordance with the Appendix to the Rules.

13. The accounting of contingent pension liabilities shall be carried out by the UPSF by calculating the value of a conventional unit of pension liabilities, defined as the unit value of the value of contingent pension liabilities.

14. To account for the amounts received that are not subject to accounting on the contingent pension account of an individual, on the date of receipt, a payable account is opened (if necessary).

The procedure for crediting and (or) writing off other receipts on the account "other amounts pending clarification" that are not subject to crediting to contingent pension accounts or payable accounts of individuals shall be determined by an internal document of the UPSF.

15. The contingent pension account in the UPSF shall be closed in case of receipt of confirming information from the information systems of state bodies and (or) documents on the death of individuals and (or) on the departure of individuals for permanent residence outside the Republic of Kazakhstan.

16. After the closure of the contingent pension account with UPSF, assigning the closed contingent pension account number to the contingent pension account of another individual shall not be allowed.

### **Chapter 3. Formation and use of reserve, methodology of calculation and the structure of reserve funds**

17. The structure of reserve funds include:

1) reserve funds, formed separately for each age cohort of individuals, in favor of which the mandatory pension contributions of the employer were transferred ( hereinafter referred to as the reserve funds by cohorts);

2) reserve fund for contingent pension liabilities.

18. Reserve funds by cohorts are formed by crediting funds from contingent pension accounts of individuals:

1) in case of receipt of supporting information from the information systems of state bodies and (or) documents on the death of individuals and (or) on the departure of individuals for permanent residence outside the Republic of Kazakhstan, who have not reached retirement age in accordance with subclause 1) of clause 1 of article 31 -1 of the Law. These persons shall not be enrolled from contingent pension accounts in the year of reaching their retirement age cohort;

2) in excess of the amount required to ensure lifelong payments at the level of twice the subsistence level, established for the corresponding financial year by the law on the republican budget, on the last day of the calendar year preceding the year of reaching the retirement age in accordance with subclause 1) of clause 1 of article 31 -1 of the Law;

3) in excess of the amount required to ensure lifelong payments at the level of twice the subsistence level, established for the corresponding financial year by the law on the republican budget, as of the date of execution of an individual's application for the appointment of pension payments at the expense of the compulsory pension contributions of the employer in accordance with subclause 2) of clause 1 of article 31-1 of the Law.

19. Cohort reserve funds are used by evenly distributing funds recorded in contingent pension accounts of reserve funds by cohorts to contingent pension accounts of individuals within each age cohort on the last day of the calendar year preceding the year the age cohort reaches the retirement age in accordance with subclause 1) of clause 1 of article 31-1 of the Law. Distribution is not carried out to the contingent pension accounts of individuals, from which they were previously credited to the contingent pension accounts of reserve funds by cohorts in accordance with subclause 2) of clause 18 of the Rules.

20. The current value of the reserve funds by cohorts, taking into account the distribution of funds in accordance with clause 19 of the Rules, at the end of the calendar year shall be 0 (zero) tenge.

21. The reserve fund for contingent pension liabilities shall be formed by crediting funds from contingent pension accounts of individuals:

1) for which as of on the date of the onset of the right to pension payments in accordance with subclause 1) of clause 1 of article 31-1 of the Law according to information about periods, specified in the lists of individuals, сведениям о периодах, указанным в списках физических лиц, received by the UPSF from the State Corporation "Government for Citizens" (hereinafter referred to as the State Corporation), the compulsory pension contributions are listed in the aggregate for less than sixty calendar months;

2) who are disabled of the first and second groups, if the disability is established for an indefinite period, for which, on the date of exercise of the right to pension

payments in accordance with subclause 2) of clause 1 статьи 31-1 of the Law according to the information on the periods indicated in the lists of individuals received by the UPSF from the State Corporation, the compulsory pension contributions of the employer are listed in the aggregate less than sixty calendar months;

3) in excess of the amount required to ensure lifelong payments at the level of twice the subsistence level, established for the corresponding financial year by the law on the republican budget, upon the occurrence of the conditions provided for in subclause 1) of clause 1 of article 31-1 of the Law;

4) those who have attained the retirement age and have not realized their right to pension payments after 1 (one) calendar year from the date of the onset of the right to pension payments in accordance with subclause 1) of clause 1 of article 31-1 of the Law;

5) in case of receipt of confirming information from the information systems of state bodies and (or) documents on the death of individuals and (or) on the departure of individuals for permanent residence outside the Republic of Kazakhstan in the year of reaching retirement age until the moment the right to pension payments is exercised in accordance with subclause 1) of clause 1 of article 31-1 of the Law.

22. The contingent pension fund reserve shall be used:

1) to replenish funds on conditional pension accounts of individuals in the event that on the date of the occurrence of the conditions provided for in subclause 1) of clause 1 of article 31-1 of the Law, the funds on the conditional pension account of an individual are lower than the amount required to ensure lifelong payments to the level of two times the size of the subsistence level, established for the corresponding financial year by the law on the republican budget. Replenishment is carried out in the amount of the missing difference, but not more than the amount previously debited from the conditional retirement account of an individual in accordance with subclause 2) of clause 18 of the Rules;

2) for crediting to conditional pension accounts of individuals at the request of individuals for the amount of funds previously written off in case of receiving erroneous information about the death of individuals and (or) the departure of individuals for permanent residence outside the Republic of Kazakhstan;

3) for crediting to contingent pension accounts of individuals at the request of individuals for the amount of funds previously written off in accordance with subclause 4) of clause 21 of the Rules.

23. The issues of accounting and formation of contingent pension obligations not regulated by the Rules shall be regulated in accordance with the internal documents of the UPSF.

formation of contingent pension liabilities, formation and use of reserve funds, calculation methods and structure of reserve funds

The structure of a contingent pension account contains the following compulsory data:

A BBBBBB CC DD ..., where:

A	- designation of the type of pension contribution	1 digit	Indicates the type of pension contribution, where "4" – means compulsory pension contributions of the employer.
BBBBBB	- balance account number	2, 3, 4, 5, 6, 7 digits	Mean the account of the chart of accounts.
CC	Code of a region (area)	8, 9 digits	Code of a region (area) - digits "00"
DD	- The UPSF Code	10, 11 digits	The UPSF Code - digits "00".