



## Methods Of Managing And Improving Investments In The Funding Pension System Of The Republic Of Kazakhstan

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**Abstract:** The current changes and turmoil in the global market have a number of significant consequences for our country's economy. The pension system is one of the dynamically developing sectors of the socio-economic system of the republic. Despite this, the cumulative pension system, which has been in operation for more than nine years, has its problems. Therefore, support and development of the pension system is one of the priorities of Kazakhstan's economic policy. All types of changes are social and economic issues that require proper regulation by the state. The accumulative pension system obliges the citizens involved to be responsible for the level of their income after retirement, since the source of pension payments will be the funds accumulated in their personal pension account.

The depositor can also demand that the fund transfer the income on the financial deposit to his personal account in an amount not lower than the average market rates. And if not, one should take an interest in the average market rates as calculated by the FDIC and the results of the selected fund. Another important reason for changing the system is that the number of working people in Kazakhstan is decreasing every year; in addition, the birth rate is expected to decrease from now on. This means that the number of people eligible to receive a pension will increase, and the number of workers who pay contributions for themselves will decrease. The Cooperation system cannot provide a continuous pension in such a case. For a pension fund to be effective, the number of contributors must be large. One of the main indicators that affect the financial condition and profitability of funds is the return on investment of pension assets and the maximum amount of commission contributions.

**Keywords:** *Asset, Contribution, Economic Policy, Finances, Funds, Income, Investment, Pension, Pension System, Supervision.*

### Kazakistan Cumhuriyeti'nin Emeklilik Fon Sistemindeki Yatırımları Yönetme ve Geliřtirme Metodları

**Özet:** Küresel pazarda yařanan mevcut deęiřimler ve ekonomik çalkantılar Kazakistan ekonomisi içinde bir takım önemli sonuçlar doğurmaktadır. Emeklilik sistemi tüm dünyada olduęu gibi Kazakistan cumhuriyetinin sosyo-ekonomik sisteminin içinde sürekli geliřen dinamiklerinden biridir. Buna raęmen dokuz yılı ařkın bir süredir faaliyette olan birikimli emeklilik sisteminin de sorunları var. Bu nedenle emeklilik sisteminin desteklenmesi ve geliřtirilmesi Kazakistan'ın ekonomi politikasının önceliklerinden birisidir. Birikimli emeklilik sistemi, emeklilik ödemelerinin kaynaęı bireysel emeklilik hesaplarında biriken fonlar olacaęından, ilgili vatandaşları emeklilikten sonraki gelir düzeyinden sorumlu olmaya zorlamaktadır. Bu nedenle, mevduat sahibi fondan mevduata iliřkin gelirin, ortalama piyasa oranlarından düşük olmamak üzere řahsi hesabına aktarılmasını da talep edebilmektedir. Aksi takdirde, FDIC tarafından hesaplanan ortalama piyasa oranlarına ve seçilen fonun sonuçlarına uygun ödenmelidir. Sistemin deęiřmesinin bir dięer önemli nedeni ise Kazakistan'da çalıřan insan sayısının her yıl azalması; ayrıca doğum oranının bundan sonra düşmesi beklenmektedir. Bu durum ise; emekli maaşı almaya hak kazanan kiři sayısının artacaęı ve kendileri için katkı payı ödeyen iři sayısının azalacaęı anlamına gelmektedir. Böyle bir durumda emeklilik sistemi sürdürülebilirlięi kaybedebilir. Bir emeklilik fonunun etkili olabilmesi için, katkı paylarının yüksek oranda olması gerekmektedir. Fonların mali durumunu ve karlılıęını etkileyen temel göstergelerden biri, emeklilik varlıklarının yatırım getirisi veya maksimum komisyon katkı payı tutarlarıdır.

**Anahtar Kelimeler:** *Varlık, Katkı, Ekonomi Politikası, Finans, Fon, Gelir, Yatırım, Emeklilik, Emeklilik Sistemi, Denetim.*

## 1. Introduction

The Republic of Kazakhstan since gaining its independence and due to wise government construction has had some important changes in its economic system.

At the same time, it shows that in the Republic of Kazakhstan as well as in all countries for the given period there have been vital changes and reforms happening concurrently to global economic disorders. The problems of pensioners and disabled people are ever important (Nazarbayev,2012).

The main purpose of the social security system was to raise the level of social position of the economically inactive part of the society (the elderly, disabled and unemployed). Today the social security system is treated as a method of finding a stable job and not only as the way of proper profit distribution. The figures of the social security system determine the level of economic development. It is thought to be connected to relationships of the mutually chosen social-economic model between people with stable sources of income and people who do not have such sources due to their health conditions or age (Alibayev,1999).

The saving pension system is the right way for pension funds to enter stock markets. It impacted the start of a quick and demonstrative plan that indicates significant strengthening of the local institutional investor. Nowadays the world financial crisis has stopped the development of the Kazakhstani stock market, it can be seen from the income rate of non-developed finance instruments caused by the crisis.

We can also say that in the conditions of reduced lending activity of the market of shares and bills of credit it can not be considered as the alternative basis of bank lending (Amanzholov,1999). The revival of the securities market work stops due to stock capital splitting and dropping the turning of corporate securities. This situation happens because of the small participation of economical subjects in the domestic stock markets of pension funds, insurance companies as well as unit funds. The amount of money gathered as assets of saving and insurance companies is used only for bank sector financing and not for vital economic sectors. The market of shared securities does not operate as a source of project financing investment (Abenova,2001).

Pension savings by the way of centralization (by means of finance instruments) should be invested into the certain sector of economy being people's savings to supply citizens with pensions at the time when they reach their pension age in spite of pension savings special direction and character. According to the increase of securities share of foreign issuers in the content of investment portfolio of saving pension funds, it seems the flow of investments of pension saving funds into foreign markets up to this current year. This situation is mostly explained by the desire for risk diversification (Ed,2004).

This is because it is indicated in wide scale list of issuers and means meeting the important requirements as the rating in the foreign market as well as reputation.

However, due to instability of the situation in the foreign markets, including dropping of the world fund indices, nowadays the institutional investors are trying to direct their investment portfolios into the domestic market. It is clear that the types of financing instruments are widely provided in the legislation of the Republic of Kazakhstan. These instruments are taken out by pension assets (Iskakov vd,2005).

Pension saving funds are suffering from shortage of investment objects in the present situation of the funds. And that is why in such a situation in order to reduce investment risks by means of saving pension funds by investment of chosen pension assets for correcting the strategy of increasing the number of financing instruments, it is significant to strengthen the system of risks management of the related to international market funds which undergone essential waving in the saving pension funds. It is out of question that in order to provide the motivation of the Unified Accumulative Pension Fund, it is necessary to base it on advanced technologies (Valiyev,2006).

## 2. The Pension Fund System of the Republic of Kazakhstan

Many have a negative attitude towards pension reform. But the old cooperative system could be restored only in two cases: either to increase the income of the pension fund, or to reduce its losses, but neither of them could be implemented.

The increase in the fund's income became possible due to an increase in the average wage, an increase in the transfer rate, or an increase in the ratio of workers to pensioners.

There was little hope for an increase in the average salary in the republic in the near future.

Businesses cannot afford a significant increase in remittances, and it is already difficult to pay all transfers to the payroll.

Increasing the ratio of employed to retired does not lead to anything. According to experts, by 2040 there will be approximately 1- working person for every pensioner.

The reduction in the pension fund's expenses is associated with a decrease in the amount of current pension payments, or an increase in the retirement age, but this is impossible for reasons that are clear to all of us. In other words, it was important to remove all benefits from the cooperative pension system. Indeed, the cooperative system had many advantages, including early retirement at the legal age.

The accumulation of pension funds is not a common pot, people have a great incentive to save money for retirement, because the amount of money accumulated in a personal retirement account is equal to the amount of pension payments.

If the depositor fails to use all or part of the accumulated amount, it will not disappear, as before, but will remain with the heirs.

In accordance with standard pension agreements, the Accumulative Pension Fund is obliged to:

1) provide the investor with information on pension savings in the accounting book once a year, as well as send additional information at the cost price at any request of the investor;

2) to maintain confidentiality of the information of contributors on the state of the accumulations of the pension fund;

3) at the request of the contributor, the transfer of pension savings to the Accumulative Pension Fund;

4) conducting audits based on the data of the annual financial statements.

Non-state accumulative pension funds are divided into open and corporate.

Open accumulative pension funds continue to accept pension contributions from contributors, regardless of the place of work and residence of the recipient. Corporate accumulative pension funds are created for employees of one or more legal entities, that is, recipients who are the founders or shareholders of this fund.

The founders and shareholders of a non-state accumulative pension fund may be legal entities and individuals who are residents of Kazakhstan. Only legal entities of the Republic of Kazakhstan can be owners and shareholders of a corporate accumulative pension fund (Zholdasbaev,2005)

The accumulative pension fund offers the following types of individual reporting under the control of the Committee:

- 1) balance sheet for own funds,
- 2) report on the results of financial and economic activities,
- 3) cash flow statement,
- 4) report on the movement of equity capital,
- 5) report on the movement of non-current assets,
- 6) report on the movement of net pension savings,
- 7) report on changes in net assets.

### **3. Methods of Developing the Pension Fund System in Kazakhstan**

Pension assets of the accumulative pension fund:

- distribution by financial instruments according to the list established by the authorized body;
- implementation of pension payments;
- under a pension annuity agreement, pension savings can only be used for the purpose of transferring them to another pension fund or insurance company.

This study allows us to draw the following conclusions regarding the development of the funded pension system of Kazakhstan from a theoretical and methodological point of view:

- The reforms carried out in the republic cover all spheres of the economy and life support, and the world community has determined the following position of financial structures in Kazakhstan as a country with a market economy, state competition is associated with the implementation of a high-quality investment project, it is necessary to move from enterprise planning methods and central and

regional authorities to new principles of liberalism, forced to create a policy based on it. The savings of small and medium-sized enterprises, individuals, as well as the savings of pension funds are actively used here.

- Modern market relations have led to the search for flexible ways to meet the needs and demands of people, and this is measured by the contribution of the people to the economic development of the state. To solve this problem, the country carried out a reform of the pension system, as well as the introduction of a mixed consolidated pension system. Pension funds play two different roles: 1. Contributions to individual pensions and pension funds are used as a national (domestic) investment resource. At the same time, the state guarantees an increase in the amount of deposits and their full preservation.

- Currently, pension provision is becoming a very topical issue all over the world. Its causes are varied: poor demographic situation, general aging of the population, low birth rate in developed countries, capital increase in one country and shortage in another, economic underdevelopment, financial market instability, the risk of a crisis in the future, and many others.

- The development of the social sphere that supports socio-economic development is based on the creation of high technologies, raising the level of education of specialists, a strategy for the formation of highly specialized personnel, and the development of small and medium-sized businesses. The bilateral task is solved by the implementation of the agreement on the creation of a potential stable investment consortium of pension assets. Developing it as an institutional investor, it will be possible to enter the stock exchange, issue securities, invest pension assets in a specific sector of the Kazakhstani economy.

However, it cannot be said that the current state of pension provision has no drawbacks. There are unresolved technical, social, economic and political issues.

In a word, the goal of any civilized state is to ensure the future of citizens and give a strong trend towards the development of a common financial market, using the money of its citizens for the benefit of its country. The best investment is the financial and intellectual potential of your people. Its correct use is most important in the hands of the people, and then the state.

Profitability of accumulative pension funds depends on the formation and condition of their investment portfolio. Equity and derivative financial instruments in the portfolio of accumulative pension funds are categorized as available-for-sale financial assets and must be recognized for changes in the market rate of these instruments after initial recognition at cost. In order to hedge the price and currency risks of financial instruments in the portfolio of pension assets, it is necessary to make changes that provide for the possibility of concluding contracts for the purchase of derivative securities at the expense of pension assets. Also, in order to prevent misuse of pension assets, it is necessary to regulate the procedure for operations in the risk management strategy and the procedures for assessing the effectiveness of hedging pension assets of the National Insurance Fund.

The main goal of the pension reform was to create a financially sustainable and fair system that takes into account economic growth, calculates the contribution of labor contributions to pensions by calculating the premium on pension contributions. At the same time, the funded pension system is designed to solve the following tasks:

- relief of social burden;
- gradually release the budget from the burden of pension payments;
- increase the interest of citizens in the open receipt of a large income.

As a result of the restructuring of the pension system, future pensions should be maintained and increased, and the economy should once again have access to one institutional contributor - the pension fund.

One of the main problems was the change in people's attitudes towards their pensions. This problem is still relevant today. It was necessary to get rid of the feeling that the state would help, no matter what happened. It is at this time that there is a need to change the opinion in the minds of people to the opinion that: "work a lot, get a high income, then the amount transferred to your pension account will increase, and it will become your future pension. payment." The new pension system was not adopted immediately, since the funded system was created to solve urgent problems, but at the same time, the old system remained in operation.

The accumulative pension system obliges the citizens involved to be responsible for the level of their income after retirement, since the funds accumulated in their personal pension account will be the

source of pension payments. At the same time, each citizen is given the opportunity to increase his own funds through voluntary pension contributions, as a result of which he can secure the highest income for himself after the end of his working life (third level).

An important drawback of pension provision today is the lack of a high level of pension provision. Currently, the size of the pension has become an urgent problem for people. It is not the maximum possible in the market and does not properly take into account the labor intensity of citizens. This was also confirmed by the message of the President of the Republic of Kazakhstan: "Change the marginal income, which is determined based on the previous labor share in the amount of the pension."

There are three main pension systems in the world: state, mixed (state-private) and non-state (private).

The investor may also require the fund to transfer income from the investment to its personal account in an amount not lower than the average market rate. But for this, it is necessary at least to show interest in the average market indicators calculated by the Financial Supervision Committee and the results of the selected fund.

Post-retirement indexation is a problem for funded pension schemes. In general, the private sector has no assets. Private pension plans in the West have suffered from a depreciation problem. In many countries, problems arise due to devaluation in the "cooperative" system (Abdykalykova, 2004).

However, the main problem in this system is not devaluation, because the size of the pension can be increased at any moment, the main problem here is inflated promises to increase the promised pension payment and the current budget deficit, whenever the devaluation becomes serious (energy crisis) it is called "funded pension programs also fail. As mentioned above, the "contributory pension" system has a strong impact on the state budget. In the event of a significant movement towards the "accumulative pension system", budget expenditures will increase sharply, because fixed contributions of employees in the system of generating cooperatives are paid as pensions, the transition to the "accumulative pension" system cannot form a labor pension fund. This requires the payment of additional contributions, which, in addition to providing pensions to registered retirees, help workers build their own personal funds. Due to the political impossibility of subjecting the current working class to the payment of two equal deductions from wages (to the general fund and to its own fund), many budgetary deductions are needed in the early years of reconstruction. Since the state guarantees a small pension or devaluation and other risks, the level of budgetary losses will not be low in any case.

Table No. 1 Fund indicators for pension assets as of 2020, 2021, 01.10.2022

Fund indicators in dynamics													
№	Indicators	As of 01.01.2020.	as of 01.02.2020.	As of March 1, 2020.	As of April 1, 2020.	As of 01.05.2020.	as of 01.06.2020.	As of 01.07.2020.	As of 01.08.2020.	As of 01.09.2020.	As of 10.01.2020.	As of 11.01.2020.	As of December 1, 2020.
1	Number of IPS contributors ((1.1)+(1.2)+(1.3)):	10 672 567	10 669 126	10 685 707	10 698 980	11 460 521	11 503 930	11 506 736	11 533 917	11 551 055	11 561 161	11 565 881	11 567 452
1.1	on OPV, including:	10 106 355	10 103 152	10 116 966	10 128 800	10 889 896	10 932 773	10 933 802	10 959 930	10 975 638	10 982 963	10 985 056	10 984 130
	on which there are pension savings	9 911 212	9 922 141	9 942 255	9 959 335	10 773 320	10 822 746	10 824 278	10 853 152	10 870 610	10 874 653	10 876 469	10 876 692
1.2	on the OPPIV, including:	509 847	511 149	513 520	514 809	515 257	515 837	517 422	518 294	519 351	521 681	523 872	526 111
	on which there are pension savings	492 094	493 497	495 573	497 974	499 379	500 307	501 254	502 388	503 686	504 899	506 973	508 949
1.3	on the DPA, incl:	54 365	54 825	55 221	55 371	55 368	55 320	55 512	55 693	56 066	56 517	56 953	57 211
	on which there are pension savings	39 939	40 037	40 494	41 039	41 230	41 426	41 893	42 115	42 276	42 666	42 939	43 290
(cumulative total since the beginning of the year in thousand tenge)													
2	Pension savings ((2.1)+(2.2)+(2.3))	10 800 539 394	10 897 458 859	11 083 787 540	11 679 496 675	11 631 535 888	11 666 139 454	11 786 531 803	12 060 401 954	12 241 445 612	12 519 402 541	12 620 433 552	12 720 068 796
2.1	on the OPV	10 552 457 732	10 644 327 579	10 824 734 227	11 405 159 504	11 356 448 013	11 388 423 775	11 504 618 920	11 770 513 256	11 945 550 042	12 215 323 410	12 312 562 801	12 408 332 022
2.2	on the OPPO	246 142 386	251 188 739	257 078 114	272 261 841	273 020 517	275 643 456	279 830 041	287 775 403	293 773 339	301 938 618	305 714 656	309 574 592
2.3	at the DPA	1 939 276	1 942 541	1 975 199	2 075 330	2 067 358	2 072 223	2 082 842	2 113 295	2 122 231	2 140 513	2 156 095	2 162 182
3	Pension взносы ((3.1)+(3.1.1)+(3.1.2)+(3.2)-	989 843 973	86 532 880	175 149 176	261 851 027	347 033 492	428 186 111	524 119 549	604 215 138	685 460 575	775 681 890	866 831 605	958 599 714
3.1	OPV, including:	946 943 073	81 656 733	166 503 314	249 723 648	330 946 400	408 289 557	500 375 282	576 907 699	654 515 516	740 780 505	828 290 828	916 266 283
3.1.1	OPV returns	580 366	49 664	119 316	168 732	188 440	259 862	323 417	362 543	421 237	511 632	577 863	659 019
3.1.2	50% OPV refund to servicemen*	275 072	29 935	34 024	41 765	53 592	55 407	79 291	104 143	139 543	148 973	215 215	225 492
3.2	OPPIV, incl:	43 413 538	4 944 285	8 725 464	12 245 650	16 219 815	20 082 242	23 936 070	27 523 243	31 397 777	35 234 221	38 929 804	42 743 346
3.2.1	returns	13 369	4 320	4 445	4 607	4 650	4 703	4 703	4 703	4 741	4 741	4 741	4 907
3.3	DPA	356 169	15 781	78 183	96 833	113 959	134 284	215 608	255 585	312 803	352 510	408 792	479 583
4	Penalty and other income	1 487 120	120 423	323 948	453 107	524 245	605 269	780 493	901 001	1 067 399	1 241 350	1 398 321	1 543 083
5	Pension benefits, including:	210 190 374	17 884 296	32 112 877	45 030 906	52 591 929	62 425 277	82 189 168	98 232 051	117 489 247	138 511 507	155 327 432	172 111 079
5.1	transfers to insurance companies	56 920 947	2 614 509	5 363 894	8 361 546	9 761 962	13 284 451	19 227 468	24 253 580	31 450 557	36 137 173	39 499 176	42 658 588
6	Accrued investment income	699 767 086	30 368 614	144 180 205	667 726 079	545 519 874	520 372 234	565 669 483	776 632 072	897 706 947	1 111 809 728	1 142 102 660	1 172 205 175
7	"Net" investment income ((6)-(8)):	641 756 508	28 150 458	139 887 699	661 684 053	536 030 686	499 233 957	543 281 535	752 978 472	871 867 491	1 080 451 414	1 106 991 664	1 131 497 684
8	Commissions, incl:	58 010 578	2 218 156	4 272 306	6 042 026	9 489 188	21 138 277	22 387 948	23 653 600	25 839 456	31 358 314	35 110 996	40 707 491
8.1	of pension assets	17 447 564	1 138 923	2 263 969	3 426 316	4 597 646	5 775 418	7 025 089	8 290 741	9 570 652	10 870 258	12 201 443	13 515 882
8.2	of investment income	40 563 014	1 079 233	2 008 337	2 615 710	4 891 542	15 362 859	15 362 859	15 362 859	16 268 804	20 488 056	22 909 553	27 191 609

The main principles and the structure of pension system in the form of pension funds do not meet the modern requirements for stock market stabilization. That is why the difficulty of the process of portfolio management of business quick raise level increases the necessity risk of automation system in the business management. It is an issue of the day as the finance sector executes the reduction of expenses by opened business process, it controls expenses very strictly and as a result, it differs by its own optimized activity. This open concept of the information is also applied in the issuer-companies with securities of the Unified Accumulative Pension Fund because the structures of the portfolio of Unified Accumulative Pension Fund are valued equally to the securities included into this structure (Kan,2006).

Fund indicators over time													
No	Indicators	as of 01.01.2021.	as of 01.02.2021.	as of 01.03.2021.	as of 01.04.2021.	as of 01.05.2021.	as of 01.06.2021.	as of 01.07.2021.	as of 01.08.2021.	as of 01.09.2021.	as of 01.10.2021.	as of 01.11.2021.	as of 01.12.2021.
1	Number of IPS contributors												
1.1	on OPV, including:	10 981 218	10 977 453	10 986 723	10 896 585	10 900 062	10 900 756	10 907 549	10 909 124	10 905 014	10 909 456	10 910 003	10 888 712
1.1.1	where pension savings are held, including	10 877 032	10 877 064	10 883 828	10 887 118	10 888 641	10 892 331	10 885 058	10 886 610	10 892 571	10 894 984	10 897 444	10 855 433
	with IPs who have been placed in trust by the EOPS	0	0	0	674	1 162	1 493	1 767	1 950	2 101	2 340	2 400	2 639
1.2	on the OPPV, including:	528 283	529 571	532 757	519 353	522 073	523 624	526 674	529 036	531 323	534 067	536 752	542 397
1.2.1	where pension savings are held, including	511 615	513 146	515 054	516 670	518 917	521 389	524 161	526 848	528 950	531 218	534 630	541 429
	with IPs who have been placed in trust by the EOPS	0	0	0	5	7	7	8	9	9	9	9	10
1.3	on the DPA, incl:	57 645	59 034	60 177	45 094	45 334	45 143	47 490	49 601	51 645	54 013	56 487	59 217
	in which there are pension savings	43 713	43 878	44 206	44 596	44 854	44 650	46 223	48 615	51 263	53 718	56 240	59 006
<i>(cumulative since the beginning of the year in thousand tenge)</i>													
2	Pension savings ((2.1)+(2.2)+(2.3))	12 913 475 628	13 105 245 948	12 619 720 934	12 599 073 211	12 582 551 872	12 702 467 763	12 767 836 826	12 810 743 818	12 945 839 420	13 088 947 514	13 233 890 038	13 368 823 319
2.1	on OPV	12 596 028 074	12 778 631 185	12 302 980 132	12 280 954 584	12 260 976 651	12 374 181 117	12 434 475 284	12 473 423 858	12 601 615 379	12 737 815 070	12 876 527 300	13 005 313 261
2.2	on the OPPO	315 281 072	324 423 301	314 534 963	315 873 779	319 307 843	326 123 508	331 530 875	335 671 470	342 629 706	349 510 897	355 711 684	361 828 390
2.3	by DPA	2 166 482	2 191 462	2 205 839	2 244 848	2 267 378	2 163 138	1 830 667	1 648 490	1 594 335	1 621 547	1 651 044	1 681 668
3	Пенсионные взносы ((3.1)-(3.1.1)-(3.1.2)+(3.2.1)+(3.3)):	1 084 669 950	88 775 632	191 525 577	299 902 047	412 708 478	514 580 940	629 616 484	740 733 692	848 689 437	958 917 437	1 070 395 183	1 186 473 482
3.1	OPV, including:	1 038 237 005	82 891 391	181 685 184	285 144 289	394 277 244	491 834 558	602 593 835	709 126 390	813 312 626	917 915 656	1 024 899 704	1 136 254 904
3.1.1	OPV returns	737 481	48 015	115 162	174 223	226 277	288 040	345 317	392 014	441 099	494 579	546 015	622 828
3.1.2	50% repayment of OPV to members of the armed forces*	245 706	12 453	30 554	50 410	80 415	104 805	124 243	154 011	156 768	170 390	199 117	216 285
3.2	OPPV, including:	46 882 567	5 915 963	9 881 673	13 819 769	18 521 940	22 900 406	27 286 366	31 785 504	36 545 721	41 173 705	45 676 832	50 401 195
3.2.1	returns	5 102	5	5	195	288	2 669	3 009	3 105	3 157	3 215	3 294	3 339
3.3	DPA	538 667	28 751	104 441	162 817	216 274	241 490	296 892	370 928	432 114	496 260	566 933	659 835
4	Penalties and other income, incl:	1 850 366	153 144	843 668	58 175 531	116 114 565	150 893 395	182 054 849	210 483 164	234 216 580	257 470 567	282 681 330	302 735 574
4.1	repayment of payments, including for housing improvements, for paying for medical treatment, reinstatement of IPV	471 570	43 011	582 558	57 770 714	115 587 557	150 259 772	181 258 387	209 598 036	233 200 685	256 307 793	281 391 468	301 320 383
4.2	Penya	1 378 796	110 133	261 110	404 817	527 038	633 623	796 462	885 158	1 017 895	1 162 774	1 289 862	1 415 191
5	Pension benefits, including:	193 428 573	73 815 086	704 048 341	1 029 637 278	1 335 567 525	1 530 703 573	1 710 579 702	1 852 286 359	1 990 433 825	2 128 292 812	2 245 226 628	2 375 174 962
5.1	transfers to insurance companies	46 325 642	9 112 347	19 263 023	25 961 864	30 549 537	33 788 875	37 743 740	41 143 425	44 013 824	47 631 574	50 772 836	54 091 699
5.2	to improve housing conditions	0	49 164 058	649 593 600	949 613 822	1 231 865 091	1 409 492 577	1 560 734 091	1 675 615 103	1 786 193 809	1 891 798 152	1 978 850 805	2 071 064 494
5.3	to pay for treatment	0	0	286 732	2 844 211	4 803 778	7 321 700	13 908 360	21 065 795	29 453 151	39 316 397	49 985 718	63 858 916
6	Accrued investment income	1 262 500 731	178 502 131	222 853 784	367 235 961	488 565 386	671 880 347	774 233 368	821 498 751	966 202 251	1 119 032 406	1 248 089 977	1 380 810 627
7	"Net" investment income ((6)-(8)):**	1 219 844 491	176 656 630	217 924 402	358 157 283	475 820 726	654 221 373	753 269 557	798 337 693	938 898 600	1 087 376 694	1 212 564 525	1 341 313 597
8	Commissions, incl:	42 656 240	1 845 501	4 929 382	9 078 678	12 744 660	17 658 974	20 963 811	23 161 058	27 312 651	31 655 712	35 534 452	39 497 030
8.1	from pension assets	14 858 772	1 243 451	2 521 420	3 782 822	5 021 088	6 267 799	7 525 218	8 776 676	10 032 386	11 318 930	12 612 972	13 920 360
8.2	of investment income	27 797 468	602 050	2 407 962	5 295 856	7 723 572	11 391 175	13 438 593	14 384 382	17 280 265	20 336 782	22 921 480	25 576 670

Indicators of the Fund by pension assets											
№	Indicators	As of 01.01.2022.	As of 01.02.2022.	On 01.03.2022.	As of April 1, 2022.	On 01.05.2022.	As of 01.06.2022.	As of 01.07.2022.	As of 01.08.2022.	as of 01.09.2022.	As of 01.10.2022.
1	Number of IPS depositors										
1.1	on OPV, including:	10 871 285	10 865 718	10 868 109	10 868 993	10 870 075	10 872 201	10 879 857	10 889 461	10 907 012	10 916 554
1.1.1	on which there are pension savings, including:	10 856 465	10 856 272	10 856 731	10 857 588	10 857 883	10 862 579	10 865 504	10 879 374	10 894 534	10 903 817
	with IPs entrusted to the trust management of the EOI	3 383	3 528	3 664	4 011	4 737	4 733	4 736	4 737	4 731	4 728
1.2	on the OPPV, including:	547 136	550 405	556 918	562 481	565 802	569 957	573 754	577 104	581 410	584 742
1.2.1	on which there are pension savings, including:	546 099	549 758	555 941	561 454	564 715	569 347	572 500	576 226	580 334	583 452
	with IPs entrusted to the EOI's trusteeship	13	13	13	16	20	20	20	20	20	20
1.3	on the DPA, incl:	61 604	63 471	66 279	69 188	72 555	299 809	303 592	342 988	346 793	349 277
	on which there are pension savings	61 307	63 292	66 073	68 997	72 335	299 703	303 433	342 782	346 502	349 067
<i>(cumulative total since the beginning of the year in thousand tenge)</i>											
2	Pension savings (2.1)+(2.2)+(2.3)	13 070 066 258	13 102 320 141	13 585 181 391	12 979 534 184	12 939 496 991	12 770 728 716	13 384 481 885	13 664 403 173	13 970 629 383	14 104 122 263
2.1	on the OPV	12 707 348 718	12 732 812 770	13 197 910 508	12 601 085 272	12 560 238 953	12 393 668 891	12 987 517 253	13 256 955 310	13 551 665 402	13 678 640 792
2.2	on the OPPO	360 998 428	367 778 843	385 454 666	376 604 504	377 420 517	374 489 542	394 255 853	404 577 353	415 974 767	422 390 911
2.3	at the DPA	1 719 112	1 728 528	1 816 217	1 844 408	1 837 521	2 570 283	2 708 779	2 870 510	2 989 214	3 090 560
3	Пенсионные взносы ((3.1)-(3.1.1)+(3.1.2)+(3.2)-(3.2.1)+(3.3)):	1 340 339 483	114 901 635	245 632 058	383 491 643	523 480 586	661 866 330	811 202 127	952 340 775	1 096 404 281	1 179 089 093
3.1	OPV, including:	1 284 901 200	107 275 585	232 392 263	364 289 782	498 210 279	629 865 372	773 114 647	908 090 444	1 045 671 894	1 180 122 180
3.1.1	OPV returns	702 610	40 185	111 698	190 852	470 532	533 122	608 652	689 141	781 215	896 548
3.1.2	50% OPV refund to servicemen*	229 671	5 090	14 154	28 958	54 789	64 101	86 931	108 147	117 608	136 539
3.2	OPPV, incl:	56 576 371	7 599 822	13 186 190	19 118 818	25 398 296	31 391 530	37 492 968	43 596 141	50 077 264	56 646 287
3.2.1	returns	1 004 622	20	833	1 415	2 846	5 591	5 772	8 057	16 485	18 335
3.3	DPA	798 815	71 523	180 290	304 268	400 178	1 212 242	1 295 867	1 459 535	1 570 431	1 697 130
4	Penalties and other income, including:	341 093 731	19 938 890	66 481 721	116 881 778	138 589 831	144 395 572	149 225 424	151 125 775	153 616 779	156 275 949
4.1	refunds of payments, including those to improve housing conditions, to pay treatment, restoration of IPN	339 521 033	19 855 759	66 224 419	116 176 720	137 754 308	143 432 433	148 112 622	149 881 089	152 039 035	154 417 207
4.2	Penya	1 572 698	83 131	257 302	705 058	835 523	963 139	1 112 802	1 244 686	1 577 744	1 858 742
5	Pension benefits, including:	2 882 886 380	113 154 026	319 296 033	886 718 103	921 353 427	947 498 195	984 221 329	1 010 220 896	1 044 191 719	1 076 403 220
5.1	transfers to insurance companies	60 503 304	1 579 983	3 482 586	6 936 374	9 727 534	11 688 090	13 801 069	15 381 280	17 455 260	19 505 337
5.2	to improve housing conditions	2 491 154 329	78 819 409	228 485 410	651 473 948	658 633 103	665 367 979	671 604 107	677 892 590	685 389 101	692 768 393
5.3	to pay for treatment	123 378 383	18 154 520	51 685 322	170 404 340	172 722 482	174 899 061	177 353 856	179 654 651	182 389 158	185 410 387
6	Accrued investment income	1 399 224 363	12 087 477	534 521 812	305 259 281	136 402 844	-154 361 923	352 342 741	519 577 659	718 157 746	742 012 293
7	"Net" investment income ((6)-(8)):	1 358 043 796	10 567 384	522 297 387	295 812 608	128 713 743	-158 101 249	338 209 405	501 091 261	694 733 784	716 768 588
8	Commissions, incl:	41 180 507	1 520 093	12 224 425	9 446 673	7 689 101	3 739 326	14 133 336	18 486 398	23 423 962	25 243 705
8.1	of pension assets	15 233 028	1 304 121	2 591 902	3 940 665	5 238 102	6 527 467	7 798 923	9 132 369	10 493 267	11 885 248
8.2	of investment income	25 947 539	215 972	9 632 523	5 506 008	2 450 999	-2 788 141	6 334 413	9 354 029	12 930 695	13 358 457

**Note:** Indicators of the fund's pension assets as of 2020, 2021, 01.10.2022 on an accrual basis from the beginning of the year, in thousands of tenge <https://www.enpf.kz/ru/indicators/pa/current.php> (Funds, 2020).

This situation is based on listing terms which give the opportunity to reformat investment portfolios of the Unified Accumulative Pension Fund and to turn to rating evaluation of issuers and securities. Some attractive companies in the mining field by changing their form of ownership from JSC to LTD at delisting holding had to solve the problem regarding looking for another way to apply listing for useful criteria of issuers and assets (Askarov, 2002).

The Committee of Financial Control of the Republic of Kazakhstan is considering the opportunity to use as the criteria of the object investment of pension assets at the time when the rating



of securities issuers is not lower than the defined minimum. Turning to the rating system of the issuer evaluation is planned to be performed step-by-step. The process started in 2007. To our point of view, at the time of the Unified Accumulative Pension Fund development it was necessary to change listing pension funds to more beneficial securities. Because at that time no Kazakhstani companies gained an international rating (Mityugina,2008).

Joining of the Organization Performing Independently Investments Management of Pension Assets to the top category of the KASE-0 issuer was the basis to purchase the security of this particular company (Krivoshchyokova,2006).

However, joining the listing of securities does not give the opportunity to estimate all risks. Because of the fact that lots of domestic joint stock companies do not want to go through complicated and demanding huge damages processes, lack of any way of encouragement for gaining rating, it is enough to enter "A" listing in the automated way with the permitted for investment pension assets of the company.

#### 4. Result

Pension assets of the accumulative pension fund:

- distribution by financial instruments according to the list established by the authorized body;
- implementation of pension payments;
- under a pension annuity agreement, pension savings can only be used for the purpose of transferring them to another pension fund or insurance company.

This study allows us to draw the following conclusions regarding the development of the funded pension system of Kazakhstan from a theoretical and methodological point of view:

- The reforms carried out in the republic cover all spheres of the economy and life support, and the world community has determined the following position of financial structures in Kazakhstan as a country with a market economy, state competition is associated with the implementation of a high-quality investment project, it is necessary to move from enterprise planning methods and central and regional authorities to new principles of liberalism, forced to create a policy based on it. The savings of small and medium-sized enterprises, individuals, as well as the savings of pension funds are actively used here.

- Modern market relations have led to the search for flexible ways to meet the needs and demands of people, and this is measured by the contribution of the people to the economic development of the state. To solve this problem, the country carried out a reform of the pension system, as well as the introduction of a mixed consolidated pension system. Pension funds play two different roles: 1. Contributions to individual pensions and pension funds are used as a national (domestic) investment resource. At the same time, the state guarantees an increase in the amount of deposits and their full preservation.

- Currently, pension provision is becoming a very topical issue all over the world. Its causes are varied: poor demographic situation, general aging of the population, low birth rate in developed countries, capital increase in one country and shortage in another, economic underdevelopment, financial market instability, the risk of a crisis in the future, and many others.

- The development of the social sphere that supports socio-economic development is based on the creation of high technologies, raising the level of education of specialists, a strategy for the formation of highly specialized personnel, and the development of small and medium-sized businesses. The bilateral task is solved by the implementation of the agreement on the creation of a potential stable investment consortium of pension assets. Developing it as an institutional investor, it will be possible to enter the stock exchange, issue securities, invest pension assets in a specific sector of the Kazakhstani economy.

However, it cannot be said that the current state of pension provision has no drawbacks. There are unresolved technical, social, economic and political issues (Tulepbaev, 2003).

In a word, the goal of any civilized state is to ensure the future of citizens and give a strong trend towards the development of a common financial market, using the money of its citizens for the benefit of its country. The best investment is the financial and intellectual potential of your people. Its correct use is most important in the hands of the people, and then the state.

### Authors Contribution Rate

“To ensure that the authors contribute equally to the article.”

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