

## Kazakhstan

Exchange rate: US\$1.00 equals 123 tenge.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First law:** 1991.

**Current laws:** 1997 (pensions), implemented in 1997 and 1998, with 2006 amendment; 1997 (social allowances), implemented in 1997; and 2003 (compulsory social insurance), implemented in 2005.

**Type of program:** Mandatory individual accounts, social insurance, and social assistance system.

Note: In 1998, the old social insurance system was replaced by mandatory individual accounts. Benefits continue to be paid for rights earned under the old system (solidarity system). In 2005, a new complementary social insurance program (disability and survivor benefits) was implemented.

#### Coverage

**Mandatory individual account:** All employed persons residing in Kazakhstan.

**Solidarity pension:** All employed Kazakh citizens with at least 6 months of contributions before January 1, 1998.

**Social insurance:** Employed (excluding working pensioners) and self-employed persons, including foreign citizens and persons without citizenship who work and reside permanently in Kazakhstan.

Special systems for government employees, teachers, professional athletes, specific categories of performing artists, truck drivers, machine operators, railway employees, and test pilots.

**State social benefits:** Pensioners with pension income less than a government-set minimum level and persons without entitlement to contributory benefits.

#### Source of Funds

##### Insured person

**Mandatory individual account:** 10% of monthly earnings.

In addition, pension fund administrators charge, on average, 15% of annual investment returns for annual administrative fees.

**Old-age solidarity pension:** None.

**Social insurance:** None.

**State social benefits:** None.

##### Self-employed person

**Mandatory individual account:** 10% of monthly income, but not less than 10% of the minimum wage and not more than 10% of 70 times the minimum wage.

In addition, pension fund administrators charge, on average, 15% of annual investment returns for annual administrative fees.

**Old-age solidarity pension:** 18% of monthly income is paid to the state budget.

**Social insurance:** 2% (3% in 2007) of the monthly minimum wage.

The mandatory social insurance contributions finance disability, survivor, and unemployment benefits.

**State social benefits:** None.

##### Employer

**Mandatory individual account:** None.

**Old-age solidarity pension:** 18% of monthly payroll is paid to the state budget.

**Social insurance:** 2% (3% in 2007) of monthly payroll.

The mandatory social insurance contributions finance disability, survivor, and unemployment benefits.

**State social benefits:** None.

##### Government

**Mandatory individual account:** The cost of the guaranteed minimum pension.

**Old-age solidarity pension:** Subsidies as needed.

**Social insurance:** None; contributes as an employer.

**State social benefits:** The total cost.

#### Qualifying Conditions

##### Old-age pension

**Mandatory individual account:** Age 63 (men) or age 58 (women) with at least 35 years of contributions. Age 50 (men) or age 45 (women) and lived in ecologically damaged zones or in zones with a maximum radiation risk for at least 10 years between August 29, 1949, and July 5, 1963; age 53 for mothers living in rural areas with five or more children older than age 8.

**Early pension:** Age 55 (men and women) if the accumulated capital is sufficient to finance a benefit at least equal to the minimum pension. Also paid if unemployed, aged 55 or older, and with at least 35 years of contributions.

**Old-age solidarity pension:** Age 63 with 25 years of contributions (men) or age 58 with 20 years of contributions (women). Age 50 with 25 years of contributions (men) or age 45 with 20 years of contributions (women) and lived in ecologically damaged zones or in zones with a maximum

radiation risk for at least 10 years between August 29, 1949, and July 5, 1963; age 53 for mothers living in rural areas with five or more children older than age 8.

**Partial pension:** Paid if the insured has insufficient years of covered employment for the full pension at the normal retirement age.

**State basic pension supplement (old-age):** Paid to recipients of the mandatory individual account or the old-age solidarity pension.

*State social benefits (old-age):* Paid to persons not eligible for an old-age solidarity pension.

**Social insurance (disability):** Paid to persons covered by mandatory social insurance and assessed as disabled.

**State social benefits (disability):** Paid to persons assessed as disabled.

**Social insurance (survivors):** Paid to survivors on the death of the insured family breadwinner.

Eligible survivors are dependents who are not able to work, including children younger than age 18 (age 23 if a full-time student; no limit if disabled before age 18); a widow(er) of retirement age or disabled or taking care of children, brothers, and grandchildren younger than age 18; grandparents or any other relative taking care of children, brothers, and grandchildren younger than age 18.

**State social benefits (survivors):** Paid to survivors on the death of the family breadwinner.

Eligible survivors are dependents who are not able to work, including children younger than age 18 (age 23 if a full-time student; no limit if disabled before age 18); a widow(er) of retirement age or disabled or taking care of children, brothers, and grandchildren younger than age 18; grandparents or any other relative taking care of children, brothers, and grandchildren younger than age 18.

### Old-Age Benefits

#### Old-age pension

**Mandatory individual account:** The benefit is based on the insured's contributions plus accrued interest.

The benefits may be paid monthly, quarterly, or annually; if the value of the insured's contributions plus accrued interest is less than 100,000 tenge or less than 12 times the minimum pension, a lump sum is paid.

**Minimum pension guarantee:** 6,700 tenge. Only the difference between the insured's benefit (contributions plus accrued interest) and the amount of the minimum pension is paid.

**Benefit adjustment:** The minimum pension is set annually in the national budget.

**Old-age solidarity pension:** The monthly pension is equal to 60% of earnings in the best 3 consecutive years after 1995,

plus 1% of earnings for each year in excess of 25 years (men) or 20 years (women) of work.

**Partial pension:** A percentage of the full pension is paid according to the number of years below the required number of years of coverage.

**Benefit adjustment:** Benefits are adjusted periodically according to changes in the consumer price index.

**State basic pension supplement:** 3,000 tenge a month.

**Benefit adjustment:** The benefit is set annually in the national budget.

*State social benefit (old-age):* A monthly amount is paid calculated on the basis of the value of the living wage.

**Benefit adjustment:** The benefit is set annually in the national budget.

### Permanent Disability Benefits

**State social benefit (disability):** A flat-rate monthly benefit is paid according to the assessed degree of disability and the prescribed category of disability.

**Social insurance (disability):** The amount of the monthly benefit is based on the difference between average monthly insured earnings in the last 24 months and 80% of the legal minimum wage, multiplied by the income replacement rate, the loss of working capacity rate, and the covered period rate.

The income replacement rate is 0.6.

The loss of working capacity rate is 0.7 for a loss of working capacity of between 80% and 100%; 0.5 for a loss of between 60% and 79%; 0.3 for a loss of between 30% and 59%.

The covered period rate is 0.1 with less than 6 months of coverage; 0.7 with between 6 and 11 months; 0.75 with between 12 and 23 months; 0.85 with between 24 and 35 months; 0.9 with between 36 and 47 months; 0.95 with between 48 and 59 months; and 1.0 with 60 or more months.

The disability pension ceases at the old-age pension age and is replaced by the old-age pension.

**Benefit adjustment:** Benefits are adjusted periodically according to changes in the consumer price index.

### Survivor Benefits

**State social benefit (survivors):** A flat-rate monthly benefit is paid according to family size and whether any family members are disabled.

**Social insurance (survivors):** The amount of the monthly benefit is based on the difference between average monthly insured earnings in the last 24 months and 80% of the legal minimum wage, multiplied by the income replacement rate, the number of survivors rate, and the covered period rate.

The income replacement rate is 0.6.

The number of survivors rate is 0.4 for one dependent survivor; 0.5 for two; 0.6 for three; and 0.8 for four or more.

The covered period rate is 0.1 with less than 6 months of coverage; 0.7 with between 6 and 11 months; 0.75 with between 12 and 23 months; 0.85 with between 24 and 35 months; 0.9 with between 36 and 47 months; 0.95 with between 48 and 59 months; and 1.0 with 60 or more months.

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price index.

### Administrative Organization

**Individual account:** Kazakhstan Agency for Financial Market and Financial Organizations supervises pension funds and insurance companies.

**Old-age solidarity pension:** Ministry of Labor and Social Protection (<http://www.enbek.kz>) provides general coordination and supervision. Regional departments of the Ministry of Labor and Social Protection administer the program.

**Social insurance:** Ministry of Labor and Social Protection (<http://www.enbek.kz>) provides general coordination and supervision.

State Fund of Social Insurance (<http://www.gfss.kz>) manages the program finances.

**State social benefits:** Regional departments of the Ministry of Labor and Social Protection (<http://www.enbek.kz>) administer the program.

### Sickness and Maternity

#### Regulatory Framework

**First and current law:** 1999 (employer-financed benefits).

**Type of program:** Employer-liability (cash benefits) and universal (medical care) system.

#### Coverage

**Cash benefits:** Employed citizens.

**Medical benefits:** All persons residing permanently in Kazakhstan.

#### Source of Funds

##### Insured person

**Cash benefits:** None.

**Medical benefits:** None.

##### Self-employed person

**Cash benefits:** Not applicable.

**Medical benefits:** None.

#### Employer

**Cash benefits:** The total cost.

**Medical benefits:** None.

#### Government

**Cash benefits:** None.

**Medical benefits:** The total cost.

### Qualifying Conditions

**Cash sickness and maternity benefits:** There is no minimum qualifying period.

**Medical benefits:** There is no minimum qualifying period.

### Sickness and Maternity Benefits

**Sickness benefit:** The daily benefit is calculated on the basis of average earnings, according to the schedule in law.

Benefit adjustment: Periodic benefit adjustment according to changes in the consumer price index.

**Maternity benefit:** The benefit is equal to 100% of earnings and is payable for a total of 126 calendar days before and after the expected date of childbirth (may be extended to 140 days if there are complications during childbirth); 170 days for women affected by radiation (may be extended to 184 days if there are complications during childbirth or for multiple births).

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price index.

#### Workers' Medical Benefits

Medical services are provided directly to patients through government or enterprise-administered health providers. Benefits include general and specialist care, hospitalization, laboratory services, dental care, maternity care, and transportation.

### Administrative Organization

**Cash benefits:** Benefits are paid by the employer.

Ministry of Labor and Social Protection (<http://www.enbek.kz>) provides general coordination and supervision.

**Medical benefits:** Ministry of Health (<http://www.dari.kz>) and health departments of local governments provide general supervision and coordination.

Medical services are provided through clinics, hospitals, and other facilities administered by the Ministry of Health and local health departments.

### Work Injury

#### Regulatory Framework

**First law:** 1955 (short-term benefits).

**Current laws:** 1993 (work injury), with 1995 and 1999 amendments; and 2005 (employer-liability).

**Type of program:** Employer-liability and social assistance system.

### **Coverage**

Employed persons.

Exclusions: Self-employed persons.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** The cost of certain benefit payments.

**Government:** The cost of disability and survivor benefits.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period.

### **Temporary Disability Benefits**

The monthly benefit is equal to 100% of earnings and is paid from the first day of incapacity until recovery or the award of a permanent disability pension.

### **Permanent Disability Benefits**

**State social benefit (permanent disability):** A flat-rate monthly benefit is paid according to the assessed degree of disability and the prescribed category of disability.

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price index.

**Lump-sum grant:** Depending on the nature of the disability, employers provide compensation to meet any additional costs caused by a work injury or an occupational disease, in accordance with collective agreement but not less than five times annual earnings for a Group I disability (incapable of any work) or Group II disability (incapable of usual work); twice annual earnings for a Group III disability (disabled but capable of work); or 100% of annual earnings for the permanent loss of working capacity but no disability group determined.

Benefit adjustment: Benefits are adjusted periodically according to changes in the consumer price index.

### **Workers' Medical Benefits**

The employer pays for all medical benefits, including appliances and rehabilitation.

### **Survivor Benefits**

**State social benefit (survivors):** A flat-rate monthly allowance according to family size and whether any family members are disabled.

Payable on the death of the family breadwinner to dependents who are not able to work, including children younger than age 18 (age 23 if a full-time student; no limit if disabled before age 18); a widow(er) of retirement age or disabled or taking care of children, brothers, and grandchildren younger than age 18; grandparents or any other relative taking care of children, brothers, and grandchildren younger than age 18.

Benefit adjustment: Periodic benefit adjustment according to changes in the consumer price index.

**Funeral benefit:** The employer pays the cost of the funeral if the death was the result of a work injury or an occupational disease.

### **Administrative Organization**

**Temporary disability benefits:** Enterprises and employers pay benefits to employees.

**Pensions:** Regional departments of Ministry of Labor and Social Protection (<http://www.enbek.kz>) administer the program.

**Medical benefits:** Ministry of Health (<http://www.dari.kz>) and health departments of local governments provide general supervision and coordination.

Medical services are provided through clinics, hospitals, and other facilities administered by the Ministry of Health and local health departments.

Medical Insurance Fund finances approved medical treatments.

### **Unemployment**

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#### **Regulatory Framework**

**First and current law:** 2003 (compulsory social insurance), implemented in 2005.

**Type of program:** Social insurance system.

#### **Coverage**

Employed (excluding working pensioners) and self-employed persons, including foreign citizens and persons without citizenship who work and reside permanently in Kazakhstan.

#### **Source of Funds**

**Insured person:** None.

**Self-employed person:** See source of funds under Old Age, Disability, and Survivors, above.

**Employer:** See source of funds under Old Age, Disability, and Survivors, above.

**Government:** See source of funds under Old Age, Disability, and Survivors, above.

### **Qualifying Conditions**

**Unemployment benefit:** Must have at least 6 months of coverage.

### **Unemployment Benefits**

The monthly benefit is based on average monthly insured earnings in the last 24 months multiplied by the income replacement rate and the covered period rate.

The income replacement rate is 0.3.

The covered period rate is 0.7 with between 6 and 11 months of coverage; 0.75 with between 12 and 23 months; 0.85 with between 24 and 35 months; 0.9 with between 36 and 47 months; 0.95 with between 48 and 59 months; and 1.0 with 60 or more months.

The unemployment benefit period varies according to the length of the covered period.

### **Administrative Organization**

Ministry of Labor and Social Protection (<http://www.enbek.kz>) provides general coordination and supervision.

State Fund of Social Insurance (<http://www.gfss.kz>) manages the program finances.

### **Family Allowances**

#### **Regulatory Framework**

**First and current law:** 2001 (social assistance), implemented in 2002.

**Type of program:** Social assistance system.

### **Coverage**

Citizens, refugees, noncitizens, and stateless persons residing in Kazakhstan who satisfy a needs test and an income test; disabled persons; persons in full-time education or training; persons aged 80 or older; and children younger than age 7.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### **Qualifying Conditions**

**Family allowances:** Must reside in Kazakhstan and satisfy needs and income tests.

### **Family Allowance Benefits**

**Family allowance:** Cash benefits are determined in relation to an individual or family satisfying a needs test and an income test. (Income from state social benefits is not included.)

**Benefit adjustment:** Benefits are adjusted periodically according to changes in the consumer price index.

### **Administrative Organization**

Ministry of Labor and Social Protection (<http://www.enbek.kz>) provides general coordination and supervision. Regional departments of labor and social protection administer the program.