

Kazakhstan

Exchange rate: US\$1.00 = 147.50 tenge.

Old Age, Disability, and Survivors

Regulatory Framework

First law: 1991.

Current laws: 1997 (pensions), implemented in 1997 and 1998; 1997 (social allowances), implemented in 1997; 2003 (compulsory social insurance), implemented in 2005; and 2007 (social security).

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 and self-employed persons, including foreign citizens and persons without citizenship who work and reside permanently in Kazakhstan.

Exclusions: Employed pensioners.

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

State social benefit: Pensioners with pension income less than a government-set minimum level and persons who are not entitled to contributory benefits.

Source of Funds

Insured person

Mandatory individual account: 10% of monthly earnings.

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

Old-age solidarity pension: None.

Social insurance: None.

State social benefit: None.

Self-employed person

Mandatory individual account: 10% of monthly income.

Minimum earnings used to calculate contributions are 10% of the minimum wage.

Maximum earnings used to calculate contributions are 10% of 70 times the minimum wage.

The minimum wage is 14,952 tenge.

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

Old-age solidarity pension: 18% of monthly income.

Social insurance: 5% of income monthly income.

Minimum earnings used to calculate contributions are 5% of the minimum wage.

The minimum wage is 14,952 tenge.

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

State social benefit: None.

Employer

Mandatory individual account: None.

Old-age solidarity pension: 18% of monthly payroll.

Social insurance: 5% of monthly payroll.

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

State social benefit: 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 benefit: 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 certain ecologically damaged zones for at least 10 years from 1949 to 1963. Age 53 for mothers living in rural areas with five or more children older than age 8.

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: The insured had at least 6 months of contributions before January 1, 1998. Age 63

with at least 25 years of contributions (men) or age 58 with at least 20 years of contributions (women). Age 50 with at least 25 years of contributions (men) or age 45 with at least 20 years of contributions (women) and lived in certain ecologically damaged zones for at least 10 years from 1949 to 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 (old-age): Paid to supplement benefits from the mandatory individual account or the old-age solidarity pension at the retirement age regardless of the insurance period and income.

Social insurance (disability): Paid to persons covered by social insurance and assessed with a loss of working capacity of at least 30%.

State social benefit (disability): Paid to persons assessed with a disability.

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

Eligible survivors are dependents unable 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, disabled, or taking care of children, brothers, or grandchildren younger than age 18; any relative taking care of children, brothers, or grandchildren younger than age 18.

State social benefit (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, or grandchildren younger than age 18; grandparents or any other relative taking care of children, brothers, or 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 and 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.

Old-age solidarity pension: The monthly pension is 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, but not more than 75% of the earnings used for pension calculation.

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 (old-age): 40% of the monthly minimum wage is paid.

The monthly minimum wage is 14,952 tenge.

The monthly minimum pension is 12,344 tenge.

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 minimum wage, multiplied by the income replacement rate, the loss of working capacity rate, and the covered period rate.

The minimum wage is 14,952 tenge.

The income replacement rate is 0.6.

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

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

The disability pension ceases at the retirement 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 have disabilities.

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

The minimum wage is 14,952 tenge.

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 6 to 11 months; 0.75 with 12 to 23 months; 0.85 with 24 to 35 months; 0.9 with 36 to 47 months; 0.95 with 48 to 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

Mandatory 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 of the Population provides general coordination and supervision. Regional departments administer the program.

Social insurance: Ministry of Labor and Social Protection of the Population provides general coordination and supervision.

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

State social benefit: Regional departments of the Ministry of Labor and Social Protection of the Population administer the program.

Sickness and Maternity

Regulatory Framework

First and current laws: 1999 (employer-financed benefits); 2003 (compulsory social insurance), implemented in 2005; 2007 (labor code); and 2007 (social security), implemented in 2008.

Type of program: Employer-liability (cash sickness), social insurance (maternity), 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 of sickness benefits.

Medical benefits: None.

Government

Cash benefits: The total cost of maternity benefits.

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 based on average earnings, according to a schedule in law.

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

Maternity benefit: The benefit is based on the mother's average monthly earnings for the last twelve months, up to a maximum, and is paid for children younger than age 1.

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

Workers' Medical Benefits

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

Administrative Organization

Cash benefits: Employers pay benefits directly to employees.

Ministry of Labor and Social Protection of the Population 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 by 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) and 2005 (employer-liability).

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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 100% of earnings and is paid from the first day of incapacity until recovery or 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 and according to collective agreements, employers provide at least 5 times annual earnings for a Group I disability (incapacity for any work) or Group II disability (incapacity for usual work); twice annual earnings for a Group III disability (capacity for 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 have disabilities.

Paid 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, disabled, or taking care of children, brothers, or grandchildren younger than age 18; grandparents or any other relative taking care of children, brothers, or 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: Employers pay benefits to employees.

Pensions: Regional departments of Ministry of Labor and Social Protection of the Population 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 by clinics, hospitals, and other facilities administered by the Ministry of Health and local health departments.

Medical Insurance Fund finances approved medical treatments.

Unemployment

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.

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

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

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 6 to 11 months of coverage; 0.75 with 12 to 23 months; 0.85 with 24 to 35 months; 0.9 with 36 to 47 months; 0.95 with 48 to 59 months; and 1.0 with 60 or more months.

The duration of the benefit depends on the period for which the insured was covered.

Administrative Organization

Ministry of Labor and Social Protection of the Population 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; persons with disabilities; full-time students and persons in 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 based on individual or family income, subject to need and income tests. (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 of the Population provides general coordination and supervision. Regional departments of labor and social protection administer the program.