Employee Capital Plans

MAIN ASSUMPTIONS
PPK is a new private, common and voluntary system of long-term savings designated for 12.3 mln employees, based on the co-operation between employers, employees and the state.

The system is an opportunity to improve the standards of the Polish labour market. It will also increase the financial security of Polish citizens after retirement and strengthen the capital market.
PPK has been established for the employee to regularly gather savings with the aim to withdraw them after reaching the age of 60.

PPK’s Main Aims:

- Increasing employee’s financial security
- Improving the quality of life of Polish citizens after retirement
- Improving the structure of savings accumulated by households
- Raising the level of national savings and reducing foreign debt of the economy
- Enhancing the economy’s long-term development potential
EMPLOYEE CAPITAL PLANS (PPK)

THE EMPLOYER

FINANCIAL INSTITUTION SELECTION
IN AGREEMENT WITH THE EMPLOYEES

THE STATE

THE EMPLOYEE

Supervision over the financial institutions

Employee Capital Plans

Funds withdrawal after reaching the age of 60
Possibility of earlier savings withdrawal before exceeding the age of 60 on the conditions specified in the PPK Act

Target Date Fund 2025
Target Date Fund 2030
Target Date Fund 2035
Target Date Fund ...

Auto enrolment with the option of submitting a resignation letter
CONTRIBUTIONS AND SAVING SYSTEM

EMPLOYEE CAPITAL PLANS (PPK)

THE EMPLOYER

- 1.5% Basic contribution
- 2.5% Additional voluntary contribution

THE STATE

- 250 zł One off welcome contribution
- 240 zł Annual surcharge

THE EMPLOYEE

- 2.0% Basic contribution
  - Can be decreased to 0.5% for employees earning less
- 2.0% Additional voluntary contribution
EMPLOYEE CAPITAL PLANS (PPK)

At least 250 employees (according to situation as of 31.12.2018)

3,3 mln employed in employing entities

DATE OF JOINING THE PROGRAMME

1.07.2019

Last date for concluding PPK’s management agreement

25.10

Last date for concluding the Agreement for operating PPK

12.11

Enactment of statutory law

1.01.2019

1.01.2020

At least 50 employees (according to situation as of 30.06.2019r.)

2,0 mln employed in employing entities

DATE OF JOINING THE PROGRAMME

1.01

Last date for concluding PPK’s management agreement

27.10

Last date for concluding the Agreement for operating PPK

10.11

1.07.2020

At least 20 employees (according to situation as of 31.12.2019r.)

1,1 mln employed in employing entities

DATE OF JOINING THE PROGRAMME

1.07

Last date for PPK’s management agreement

27.10

Last date for concluding the Agreement for operating PPK

10.11
Employee Capital Plans

- KNF
- PFR
THE EMPLOYEE
18 - 55 YEARS OLD

55+ - 70 YEARS OLD

70+ YEARS OLD

AUTO-ENROLMENT
The employee can resign from participating in PPK through submitting a written resignation declaration to the employer

BY APPLICATION
You can join by submitting the declaration of accession to your employer

UNABLE TO JOIN
PPK PARTICIPANT
THE EMPLOYEE

PERSONAL PPK ACCOUNT
MANAGED BY THE FINANCIAL INSTITUTION

Employee Capital Plans
THE EMPLOYER

1,5% + 2,5%

Basic contribution + Additional voluntary contribution

THE STATE

250 zł + 240 zł

One off welcome contribution + Annual surcharge

THE EMPLOYEE

2,0% + 2,0%

Basic contribution + Additional voluntary contribution

Can be decreased to 0,5% for employees earning less
While saving the participant can:

- Withdraw the funds in exceptional situations
- Withdraw funds at any time (refund)
- Transfer the funds to a different PPK account
Before reaching the age of 60, the participant can:

**BENEFITS**

**RETURN OF FUNDS AT ANY MOMENT**

- 30% of the value of your employer payments
- Surcharges from the state – the annual and welcome payments
- Capital gains tax

**WITHDRAW FUNDS IN EXCEPTIONAL SITUATIONS**

- Up to 25%: Your, your co-spouse or your child’s serious illness
- Up to 100%: For those below the age of 45, if they are willing to cover their own contribution by taking credit for a flat or house building
A PPK account managed by a chosen financial institution = Your assets
Your assets

- **Your contribution**
- **Employers contribution** 30% ZUS
- **State’s contribution**

Capital gains tax

Profit

REFUND
THE EMPLOYEE
Your assets

Your contribution

Employers contribution

State’s contribution

Capital gains tax

profit

Capital gains tax

profit

profit

30% ZUS

profit
After exceeding the age of 60 the participant can:

- **Withdraw the funds in the most convenient way**
  - **100%** Funds will be withdrawn in 120 monthly installments, as recommended in the legislation
  - **25%** Of the accumulated funds at once
  - **75%** Remaining funds will be withdrawn in monthly installments over the course of 120 months (10 years)
DIVISION OF FUNDS IN EXCEPTIONAL SITUATIONS
Division of funds in case of participant’s death

*if married before passing away

DIVISION OF FUNDS
THE EMPLOYEE

If you were married, half of the funds gathered by you (in scope in which those funds constituted the subject of joint martial property ownership), will be:

- Transferred to PPK, IKE or PPE
- Returned in cash (at the application of one’s spouse)

The funds gathered by you that will not be provided to your spouse will be provided to the beneficiary (authorised persons specified by you)
In case the PPK member was married at the time of death.

DIVISION OF FUNDS

THE EMPLOYEE

Your PPK savings
In case the PPK member was married at the time of death.

DIVISION OF FUNDS
THE EMPLOYEE

The Financial Institution refunds half of the gathered funds to the account of the spouse of the deceased PPK member (to the extent of the joint property of spouses).

The rest of the funds are transferred to the designated entitled persons or to the statutory heirs of the PPK member.
Funds gathered within PPK that your spouse is entitled to as a result of common property division, will be provided in the form of transfer to its PPK account.

If the former spouse will have more than one PPK account, the payment will be transferred to the account specified by them in the application.
DIVISION OF FUNDS

THE EMPLOYEE

PPK savings of the wife

Transfer withdrawal

PPK savings of the husband

The funds of spouses before divorce.
DIVISION OF FUNDS
THE EMPLOYEE

PPK savings of the wife

Transfer withdrawal

PPK savings of the husband

The funds of spouses after divorce.
If the former spouse does not have a PPK account

DIVISION OF FUNDS
THE EMPLOYEE

The funds that the former spouse is entitled to as a result of property division would be provided in the form of:

- **Cash** (with deductions)
- A transfer to the account of the fixed-term deposit (on certain conditions)
Employee Capital Plans

- KNF
- PFR
THE EMPLOYER
- Basic contribution: 1.5%
- Additional voluntary contribution: 2.5%

THE STATE
- One off welcome contribution: 250 zł
- Annual surcharge: 240 zł

THE EMPLOYEE
- Basic contribution: 2.0%
- Additional voluntary contribution: 2.0%

Note: Basic contribution can be decreased to 0.5% for employees earning less.
Before concluding the agreement for operating the PPK, the employer can inform all his employees about the conditions regarding participation in PPK and the benefits that come from contributing.
Employees between 55 and 70 years old

Informing employees over 55, but below 70, about the possibility of concluding the Agreement for operating PPK in their name

Transfers

The duty to submit an application for the transfer on behalf of the employee

Auto-enrolment

Every 4 years the employer has the duty to inform his employees who resigned from saving with PPK about renewing the process of paying contributions into their account.

Additional contributions

Informing PPK participants about the possibility of decreasing their basic contribution or increasing their voluntary contribution.
THE STATE
THE EMPLOYER

1.5%

Basic contribution

2.5%

Additional voluntary contribution

THE STATE

250 zł

One off welcome contribution

240 zł

Annual contribution

THE EMPLOYEE

2.0%

Basic contribution Can be decreased to 0.5% for employees earning less

2.0%

Additional voluntary contribution
CONDITIONS OF OBTAINING

- Three full months of saving in PPK;
- Performing three basic payments to the PPK account

CONDITIONS OF THE TRANSFER

- The welcome contribution is transferred in 30 days after the end of the quarter by the Work Minister via the Polish Development Fund (PFR)
CONDITIONS OF OBTAINING

The basic and additional contributions in a given year amount to at least 3.5% counting from the 6 times the amount of the minimum remuneration in the year for which the surcharge is due.

CONDITIONS OF THE TRANSFER

The annual contribution is handed over in order to register it on the account until the 31st of March every year (registered until the 15th of April following the calendar year, in which it is due).
Employee Capital Plans

- KNF
- IF
- PFR
THE FINANCIAL INSTITUTION
PPK funds will only be managed by financial institutions meeting these strict criteria:

THE FINANCIAL INSTITUTION

EXPERIENCE

Has at least 3 years of experience in managing open-end investment funds, pension funds and open pension funds.

In the case of insurance companies – at least 3 years of experience in offering unit-linked insurance policies

NUMBER OF FUNDS

Manages the correct number of funds and sub funds of defined date.

OWN EQUITY

The company is in possession of its own capital worth at least 25 MLN PLN (with at least 10 MLN ZLOTY in liquid assets)
Managing entity of the financial institutions allocate PPK funds with the best interest of the participants. The aim is to provide the highest possible security and effectiveness of the funds and to abide by the rules of investment risk mitigation.
Target date funds are established for 5 year intervals.

Target date of the fund – the year in which the age of 60 is reached by participants born in the year in the middle of the age group (as illustrated).
SHARES
- shares,
- investment certificates,
- units in investment funds

DEBT
- bonds,
- treasury bills,
- covered bonds,
- certificates of deposit
- or other transferable securities

- The total amount of investment in denominated assets in foreign currencies cannot exceed the 30% of the fund’s asset value.
The investment policy of the target date fund includes the necessity to limit the investment risk in accordance to the age of the participant and changes depending on the participants age.
INVESTMENT POLICY

TARGET-DATE FUND

SHARES PART

- Shares, rights to shares, WIG 20 pre-emptive rights
  min. 40%
  maks. 60%

- Shares, rights to shares, WIG 40 pre-emptive rights
  min. 20%
  maks. 40%

- Shares, rights to shares, pre-emptive rights issued by publicly traded companies listed on GPW
  min. 10%
  maks. 20%

DEBT PART

- Bonds and other securities issued, endorsed or guaranteed by the State Treasury or the NBP, local government units or central governments and central banks of EU countries or international organizations as well as deposits with domestic banks or credit institutions
  min. 70%
  maks. 80%

- In instruments other than those outlined above, including max 10% without a rating issued by a credit rating agency recognized by the ECB.
  min. 30%
  maks. 40%
OPERATING COSTS

THE FINANCIAL INSTITUTION

0.5% net asset value during the year

0.1% success fee

0.1% is charged only if:

- the investment fund, pension fund or sub fund has a positive return rate for the given year
- the investment fund, pension fund or sub fund has a positive return rate higher than the reference rate of 5 year treasury bonds
Employee Capital Plans

- KNF
- IF
- PFR
The Financial Supervision Authority (KNF)
DUTIES

Financial Supervision Authority (KNF)

Supervision over PPK in regard to the activities conducted by the financial institutions. Supervision will be exercised in relations to legal compliance and the interest of the PPK participants.

ROLE

Investment Fund Companies
General Pension Societies
Labour Pension Societies
Insurance Companies
Investment Funds
Pension Funds

Supervision over PPK in regard to the activity of financial institutions:
POLISH DEVELOPMENT FUND (PFR)
PFR is responsible for managing the PPK Register – the register system for participants and financial institutions authorized to offer PPK.

The Designated Financial Institution

PFR TFI (as the designated financial institution) will guarantee employers and employees access to PPK, as it cannot decline to establish a PPK for any employer.

PPK Portal

The PPK Act states that PFR Portal PPK is statutorily appointed to operate the PPK Portal. The Portal will present the key assumptions of PPK, both from the employer’s and employee’s perspective.
The official source of information regarding PPK:

www.mojeppk.pl
UKRAЇНСКИЙ

Ваші заощадження в PPK складаються з:

- Працівник
  - Вз 2% + добровільна доплата до 2%
- Роботодавець
  - Платіж 1,5% + добровільно додатково до 2,5%
- Держава
  - 250 PLN Вітальний платіж + 240 PLN щорічно

Плани Капіталовкладень
Працівників
Загалом, справа того варта

ENGLISH

Your savings in the Employee Capital Plans are composed of

- Employee
  - Ty 2% + voluntary additional contribution up to 2%
- Employer
  - 1,5% contribution + up to 2,5% voluntarily
- State
  - PLN 250 welcome payment + PLN 240 annually

Employee Capital Plans
It actually pays off

POLSKI

Na Twoje oszczędności w PPK składają się

- Pracownik
  - Ty 2% + добровольна додаткова вплата до 2%
- Pracodawca
  - wpłata 1,5% + добровольно додatkowo до 2,5%
- Państwo
  - 250 zł wpłata pensyjna + 240 zł rocznie

Pracownicze
Plany Kapitałowe
W sumie się оправлять

Vi можете зняти заощадження на найбільш вигідних умовах, без будь-яких податків.

You can withdraw these savings in the most beneficial variant, with no taxes

Oszczędności możesz wypłacić w najbardziej korzystnym wariancie, bez żadnych podatków.
Employee Capital Plans

Thank you!