



EMPLOYEE CAPITAL PLANS (PRACOWNICZE PLANY KAPITAŁOWE – PPK)

A new form of saving soon in your company.
Prepare now for the implementation of the PPK
together with us.



WE WIN THE FUTURE TOGETHER
PENSION SCHEMES WITH PKO TFI

EMPLOYEE CAPITAL PLANS

What does a PPK mean for the employer?

In connection with the introduction of PPK, new administrative and information obligations are imposed on employers:

Employee Capital Plans

are a universal long-term savings scheme, voluntary for employees but mandatory for employers. The main objective of the PPK is to increase savings and provide additional financial security after the employee reaches the age of 60.



conclusion of the PPK management agreement



conclusion of agreements on maintaining the PPK on behalf and for the benefit of employees



timely calculation of basic and additional contributions



archiving the documentation related to the PPK



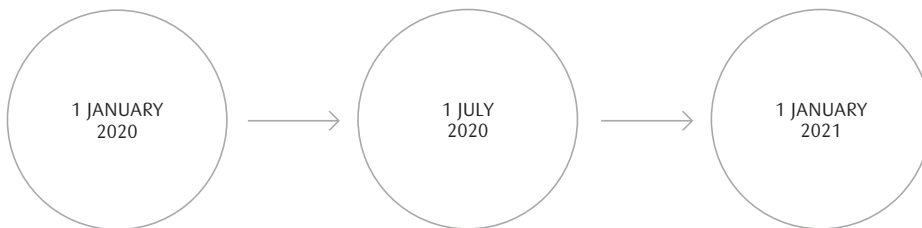
When will PPKs become effective in companies?

The effective dates of the regulations will vary depending on the number of persons employed by an entrepreneur as at the date specified in the Act:

over 50 persons
employed

20 to 49 persons
employed

1 to 19 persons
employed and public
finance sector entities



The provisions of the Act on PPK permit exemption of some employers from the obligation to create a PPK. This applies to entrepreneurs:

- operating employee pension schemes (PPE) as at the date of entry into force of the obligation to apply the provisions of the PPK Act, with a minimum contribution of 3.5% and participation rate of 25%
- acting as micro-entrepreneurs (up to 9 employees) where all employees refuse to participate in the PPK.

What benefits and obligations are associated with participation in the PPK?

FOR THE EMPLOYER	FOR THE EMPLOYEE
Obligation to establish a PPK – each undertaking in Poland is obliged to establish a PPK for its employees, unless it belongs to the exceptions described above	Voluntary participation – automatic enrolment of the employee to the PPK by the employer with a possibility to withdraw from participation in the PPK
Payment – the minimum level of obligatory employer's contribution will be 1.5% of the employee's salary	Contribution – the minimum obligatory contribution will amount to 2% of the employee's salary
The additional contribution from the employer may amount to 2.5% of the employee's salary	The additional payment from the employee may amount to 2% of the employee's salary
Tax relief – costs of operating the PPK constitute tax deductible costs	Tax relief – exemption from capital gains tax on deposited funds
ZUS relief – basic payment to the PPK is an element of remuneration against which social security contributions are not calculated	Withdrawal of funds – one-off payment of up to 25% of funds after the age of 60 is possible. The remaining part will be paid in subsequent years in the form of a fixed-term pension
	Inheritance – funds accumulated in the PPK will be inherited and will not be subject to inheritance tax

How will funds be invested in the PPK?

Pursuant to the provisions of the Act, entities operating PPKs may only include: investment fund companies (TFIs), general pension fund (PTEs), employee pension funds and insurance companies which possess sufficient experience in fund management, suitable equity and an investment fund based on the life cycle model on their offer. PKO TFI has been managing such an investment fund for over 7 years.

Contributions made to the PPK will be invested in subfunds of PKO Pension soif (PKO Emerytura sfio) based on a life cycle model which automatically adjusts the structure of the invested capital to the age of the PPK participant.

When the employee reaches the threshold age of 60, the fund automatically changes its investment policy to ensure proper security of the entrusted funds.

Such a solution allows to reduce the level of investment risk.



PKO Pension soif (PKO Emerytura sfio) – a fund with age-dependent subfunds dedicated to PPK Participants

PKO PENSION SOIF (PKO EMERYTURA SFIO)	DESIGNATED FOR PERSONS BORN IN YEARS	SHARE PART UNTIL 01/01/2020 – 31/12/2024
PKO Pension 2025	1963-1967	from 10% to 30%
PKO Pension 2030	1968-1972	from 25% to 50%
PKO Pension 2035	1973-1977	from 40% to 70%
PKO Pension 2040	1978-1982	from 40% to 70%
PKO Pension 2045	1983-1987	from 60% to 80%
PKO Pension 2050	1988-1992	from 60% to 80%
PKO Pension 2055	1993-1997	from 60% to 80%
PKO Pension 2060	1998-2002	from 60% to 80%



Who finances contributions to the PPK?

Contributions
financed
by the
EMPLOYER

- basic – 1.5% of the employee's remuneration
- additional (voluntary) – up to 2.5% of the employee's remuneration, with a possibility of diversification, e.g. according to years of service

Contributions
financed
by the
EMPLOYEE

- basic – 2% of the employee's remuneration
- additional (voluntary) – up to 2% of the employee's remuneration

Subsidies
from of the
LABOUR
FUND

- welcome payment (one-off): PLN 250
- annual subsidy on account of active saving: PLN 240

What are the costs for the employer and the employee?

WHAT COSTS ARE INCURRED BY THE EMPLOYEE?			Employee remuneration*	
			Example I	Example II
Contributions to the PPK financed by the employer for constitute additional taxable income of the PPK participant			2,600 PLN	5,000 PLN
Employee	Basic contribution of the employee	2.0%**	52.00 PLN	100.00 PLN
Employer	Basic contribution financed by the employer	1.50%	39.00 PLN	75.00 PLN
Labour Fund	Annual subsidy from the Labour Fund of PLN 240 (PLN 20 per month)***		20.00 PLN	20.00 PLN
	Total contribution transferred to the PPK	3.50%	111.00 PLN	195.00 PLN
	Income tax on employer's contribution****	17%	6.63 PLN	12.75 PLN

* Remuneration – the basis for the assessment of the participant's pension and disability insurance contributions, in accordance with of the Social Security System Act of 13 October 1998, excluding the basis for the assessment of pension and disability insurance contributions of persons on parental leave and persons receiving a maternity allowance or an allowance in the amount of maternity allowance.

** Employees may reduce the basic payment to 0.5%, provided that their income from all sources does not exceed 120% of the minimum remuneration in a given month.

*** The additional payment from the Labour Fund is made once a year, provided that the conditions set forth in Article 32 of the Act on Employee Capital Plans are met. For presentation purposes, it has been divided into 12 months. The additional payment is not taxable.

**** If the employee's income exceeds PLN 85,528 in the tax year, then the tax rate will amount to 32%. Persons under the age of 26 whose income in a given tax year does not exceed PLN 85,528 are exempted from this tax.

When can a participant withdraw funds from the PPK?

Funds deposited in the PPK can be withdrawn when the participant reaches the age of 60 and can take the form of:

- one-off payment of 25% of the deposited funds
- withdrawal of the remaining 75% of the deposited funds in at least 120 instalments

Early withdrawal will be possible in the event of:

- purchase of an apartment/construction of a house for a loan where up to 100% of the value of funds are used to cover own contribution with the obligation to return the funds (applies to persons up to 45 years of age)
- serious illness of the participant, his/her spouse or child (up to 25% of the value of the funds) with no need to return the funds
- at any time, however, subject to reimbursement of additional payments from the State and submitting 30% of insurance contributions financed by the employer to the Social Insurance Institution and payment of capital gains tax



Why is it worth choosing PKO TFI?



The largest TFI in Poland managing assets more than a million clients (as at 31 March 2020)



Numerous distinctions of PKO TFI funds related to the achieved results and well-structured investment process



More than 22 years of experience in asset management, including pension assets and life cycle funds



Extensive investment risk control, compliance and internal audit systems



Support for employers and employees in the implementation and operation of PPK



Nearly 1,100 branches of PKO Bank Polski dedicated to the service of employee capital plans all over Poland as well as a dedicated website



Over 3,000 companies have already chosen PKO TFI as an institution managing employee capital plans. These are Polish and foreign entities from such industries as the food, arms, automotive and IT industries and many others



PKO TFI's PPKs have been awarded with:

- Consumer's Laurel in the PPK category
- Bull and Bear Award for the implementation and launch of Employee Capital Plans at the largest number of employers with more than 250 employees

You are welcome to contact our experts



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Mondays to Fridays: 9:00 AM to 5:00 PM

Your provider's standard call rates apply

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A detailed description of risk factors related to the investment in the participation units of the sub-funds designated as part of PKO Emerytura – SFIO (PKO Pension – soif) is included in the information prospectus and the key information for investors (KIID) which you may obtain from distributors and published on the website www.pkotfi.pl. Before investing you have to acquaint yourself with the content of the information prospectus and the KIID of individual sub-funds designated as part of PKO Emerytura – SFIO (PKO Pension – soif). **The fund does not guarantee the realisation of the assumed investment goal or achievement of a specific investment result. Due to the composition of the portfolio and the management strategies, the value of the participation unit may be subject to moderate volatility. The possibility of losing at least part of the accumulated savings should be taken into account.** The sub-funds may invest over 35% of the value of the assets in money market instruments issued, underwritten or guaranteed by the National Bank of Poland or by the State Treasury.

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The body supervising PKO TFI SA and the funds is the Polish Financial Supervision Authority.

Company registered in the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, under number 0000019384. Share capital: PLN 18,460,400.00. Tax Identification Number (NIP): 526-17-88-449.

Any additional information shall be provided upon request.