

Employee Capital Plans: Frequently Asked Questions

1 Basic Information



How PPK works?

PPK is a savings program. Capital in PPK is private. Program participants can withdraw it anytime, but the best option is to take it out after reaching 60 years of age. PPK contributions come from three sources: employee, employer and the state.



Why PPK has been introduced?

The idea behind PPK is to encourage employees to save money and build their financial safety net. Capital can be withdrawn anytime, but the best option is to take it out after reaching 60 years of age. PPK helps to fight with financial consequences of population ageing. According to ZUS, today's pensioners receive approximately 60% of their pre-retirement earnings. Putting extra funds aside is necessary to maintain a similar standard of life.



What is the difference between PPK and the existing pension schemes?

PPK completes the national pension system. PPK is dedicated to all employees. Participation is voluntary. Employees 18-54 years of age are enrolled automatically, but they can opt out and opt in again anytime. Persons 55-69 years of age will be enrolled after submitting PPK opt-in form to HR.

The capital accumulated in PPK is private and is inherited. It can also be withdrawn anytime, but the best option is to take it out after reaching 60 years of age.

Who can join PPK?

All employees who make pension contributions are eligible to join PPK. Among them are, persons employed under a contract of employment or a contract of mandate, persons performing outwork, members of agricultural production cooperatives or machinery ring cooperatives and members of supervisory boards. Persons aged 18-54 will join PPK automatically. Persons aged 55-69 can be enrolled after submitting PPK opt-in form to HR.

PPK contributions are made only if pension contributions are paid by the employer.



Maternity leave (paid and unpaid) and parental leave – employees are automatically enrolled for PPK, but PPK contributions are not made (there is no base for pension contributions made by the employer)

Sick leave (so-called L4) – employees are automatically enrolled for PPK, but after 30 days on a sick leave (within calendar year) PPK contributions are not made (there is no base for pension contributions made by the employer)

Rehabilitation allowance and unpaid leave – employer is not obliged to automatically enroll employees for PPK (they are not treated as “employed” according to the PPK Law), PPK contributions are not made (there is no base for pension contributions made by the employer)

2 Participation in PPK



How to join the PPK?

PPK is dedicated to employees who make pension contributions. Persons aged 18-54 are enrolled automatically. Persons aged 55-69 can join PPK voluntarily after submitting PPK opt-in form to HR. Employees will be enrolled for PPK within four months of employment in the company.



I do not want to join PPK now. Can I join in the future?

Yes you can. Every employee who has opted out of PPK can re-join the program anytime.

In 2023 all employees who have opted out so far, will be automatically re-enrolled for PPK. Employer will inform them about the fact. If they still do not want to save in the program, they need to submit opt-out form to HR. Automatic re-enrollment will take place every four years, starting from 2023.



What happens when I change jobs?

PPK is offered by most employers in Poland. In every workplace a new PPK account is opened for the newly employed. When a person changes job, savings from previous PPK can be transferred to the new one. There are two options to do so. PPK participant can transfer savings with employer's help by submitting a transfer form to HR. The second option is to transfer savings on their own by logging into previous PPK.



Can I opt out of PPK?

Yes, you can. Each PPK participant can stop contributing to PPK. To do so, PPK opt-out form must be submitted to HR. PPK aims to encourage employees to build financial safety net. That is why in 2023 and every four years after this date all employees that have opted out will be automatically re-enrolled for the scheme (if they are below 55). If they do not want participate in PPK, they must submit PPK opt-out form again.

3 Contributions



Who contributes to PPK?

PPK contributions will come from three sources: employee, employer and the state.



What is the rate of contributions?

Participants contribute to PPK 2% of their gross salary. Employer contribution is 1.5% employee's gross salary. The state will provide an one-off welcome contribution of PLN 250 and an annual contribution of PLN 240. Both employee and employer can decide to increase their contributions. Employee can add up to 2% of an extra contribution. Employer can contribute up to 2.5% more than a standard contribution.



Can people with lower earnings contribute less?

Yes, they can. Employees with the lowest salaries can reduce their PPK contributions from 2% to minimum 0.5%. This option is available only to persons whose total monthly income from all sources combined does not exceed 120% of the minimum wage. In this case, contributions from the employer (1.5%) and the state will remain the same.

4 How to withdraw Savings



When can I withdraw my saving from PPK?

You can withdraw all your PPK savings anytime. If you do it before reaching 60 years of age, you will receive: 100% of capital from your contributions and 70% of capital from employer contributions. 30% of capital from employer contributions will be transferred to your account in ZUS. You will receive it in the form of pension. You will lose all state contributions. If your fund generated a positive return rate, we will deduct 19% of the profit (capital gains tax).

You can use your PPK savings also in two special cases without any deductions from capital.

- **Mortgage down payment:** If you haven't reached 45 and you take a mortgage loan, you can use a whole amount accumulated in PPK to finance your down payment. You must return the capital to your PPK within 15 years.
- **Serious illness:** PPK can be your financial support also in the event of serious illness – if you, your spouse or child gets seriously ill. In this case you can use 25% of your savings. Repayment to PPK is not required.

It is the best option to withdraw capital when you are over 60 years of age. In this case you can take out all your savings without any deductions. You can withdraw your capital in two ways.

Option 1: 25% of capital withdrawn in the form of one-off payment, the rest in at least 120 installments.

Option 2: All savings paid out in at least 120 installments.

You can withdraw your capital in Moje NN portal. Log in and submit your request online.



Can I withdraw my savings from PPK before I turn 60?

Yes, you can withdraw your savings anytime. However PPK aims to encourage long-term savings. That is why if you decide to withdraw your money before reaching 60 years of age, you will receive a current value of: 100% employee contributions and 70% of employer contributions. 30% of employer contributions will be transferred to ZUS and paid out in the form of pension. When you withdraw capital in two special cases, you will receive your savings without any deductions.



Can I withdraw my savings before reaching 60 years of age without any deductions?

Participants up to 45 years of age can use 100% of the accumulated capital to finance down payment while taking a mortgage loan (to buy or build a house). Capital must be returned to PPK within a maximum of 15 years. If PPK participant (or their spouse or child) gets seriously ill, 25% capital accumulated in PPK can be withdrawn. In this case up to 25% of savings can be used. Repayment to PPK is not required.



Are my savings inherited?

In the event of death of PPK participant, the accumulated capital is inherited. PPK participant can nominate so-called beneficiaries – persons who are entitled to inherit money. This request is submitted in Moje NN portal. If PPK participant has not nominated beneficiaries, accumulated capital will go to legal heirs.



How can I check my PPK savings?

You view your savings at any time via Moje NN portal.



How can I control to my PPK?

Requests concerning your PPK participation must be submitted to HR:

- PPK opt-ins (also for persons over 55 years of age),
- PPK opt-outs,
- decisions concerning the rate of contributions.

Requests concerning accumulated capital must be submitted online via Moje NN portal:

- withdrawal requests (in all cases),
- nomination of beneficiaries,
- changes in fund allocation,
- data updates,
- transfers between PPK accounts.

5 How PPK savings are invested



What happens to my PPK savings?

Capital accumulated in PPK is invested to increase its value over time. Your money is managed by experienced team of experts from Nationale-Nederlanden PTE. Based on the date of birth, PPK participant is automatically enrolled for a fund suitable for their age. The fund has in its name a year when PPK participant reaches 60 years of age.

PPK savings are invested in equities and bonds. If PPK participant reaches 60 years of age in relatively long time, most of the money is invested in equities. Over time equities are replaced with bonds. The share of equity and bond parts in the fund changes in the investor's lifetime. In this way the fund reflects PPK participant life cycle and ages with the investor.



What are target date funds?

Money in PPK is invested in so-called target date funds. Every financial institution that manages PPK offers at least nine funds of this type. Based on the date of birth, every PPK participant is automatically enrolled for a fund suitable for their age. PPK savings are invested in equities and bonds. Share of these asset classes are different in each fund.

If a PPK participant reaches 60 years of age in relatively long time, most of the money is invested in equities. Over time equities are replaced with bonds. The share of equity and bond parts in the fund changes in the investor's lifetime. In this way the fund reflects PPK participant life cycle and ages with the investor.

Is my capital safe?

Savings in PPK are invested in line with the PPK Law rules and requirements:

- Capital can be managed only by professional and experienced financial institutions.
- When PPK participant nears 60 years of age, that is the moment when capital should be withdrawn, investment risk decreases. At this stage of investment cycle, most of the money should be invested in bonds. This type of instruments has lower risk level.
- Significant part of accumulated funds must be invested in high liquidity assets with a relatively lower level of risk.
- The PPK Law sets out some limits and requirements in the field of investment policy of target date funds. Every target date fund has equity and debt part of investment portfolio.
 - Debt part – A share of debt securities with the lowest level of risk (e.g. securities issued by the State Treasury, the National Bank of Poland or, alternatively, by the government or central bank of an EU memberstate) and bank deposits should be no lower than 70% of debt part.
 - Equity part – Share of equities listed in WIG20 index, i.e. 20 largest WSE-listed enterprises should be no lower than 40% of equity part. Stocks from the mWIG40 index cannot constitute more than 20% of capital in equity part.



*Investing in funds is exposed to risks, which means that part of the accumulated capital can be lost: all depends on the market conditions and the results of investment decisions.

6 Financial Institution

What institutions can manage PPK?

PPK can be managed by: pension fund companies (Powszechne Towarzystwa Emerytalne, PTE), employee pension fund companies, life insurance companies and investment fund companies (TFI). Such entities must be listed in the so-called PPK records kept by the Polish Development Fund (PFR). They must meet specific requirements, e.g. have experience in managing funds and own a specific amount of equity.



Which financial institution is going to manage our funds for the employer?

PPK in our company is managed by Nationale-Nederlanden PTE.



Why Nationale-Nederlanden PTE?

Nationale-Nederlanden PTE is a leader of the Polish pension funds market. The company has 20 years of experience in this field and manages the largest portfolio of pension savings in Poland. Nationale-Nederlanden is also among the largest institutional investors on the Warsaw Stock Exchange.

