



## Employee Capital Plans – what you should know about them

### **PPK is a voluntary long-term saving scheme**

The aim of saving under the PPK is to provide employees with additional money after they retire. This is important because future pensions from the Social Insurance Institution (ZUS) are estimated to be no more than 30% of the last salary. However, it will be possible to withdraw money from the PPK at any time, also before reaching the retirement age.

### **It is exclusively your money**

The savings accumulated under PPK are your private property. You can use them at any time. You can also opt out of making payments or restart them at any time. The money you will accumulate as part of the PPK may be inherited by your family. It may not be subject to enforced collection, with the exception of child maintenance.



## Who is covered by PPK?

Persons aged 18-55 employed under both a contract of employment and other contracts under which the employer pays mandatory contributions to the Social Insurance Institution are enrolled automatically in the PPK. Employees aged 55 to 70 can save under PPK if they wish and submit to the employer a declaration of joining PPK.

## What will the payments be like?

The minimum payment consists of three elements:

**2% employee's payment** of 2% of his/her gross salary (save that persons whose total income does not exceed 120% of the minimum wage, will be able to reduce the payment to 0.5%),

**1,5% payment from the employer** of 1.5% of the employee's gross salary (financed by the employer, however the employee will pay income tax on it),

**240 PLN a year** – additional payment from the state.

Both employees and employers can increase their payments to 4% by declaring additional payments. In the first year of saving, employees will also receive from the state a **welcome payment of PLN 250**.

## How much money will you accumulate in the PPK account?

It depends on the amount of your salary. Most employees will accumulate in their account from several dozen to several hundred PLN per month. This amount will consist of your payments, payments made by your employer (on which you must pay income tax) and by the state.

	EMPLOYEE'S SALARY		PAYMENT		EFFECTS FOR THE EMPLOYEE		
	gross	(take-home pay) net	(0.5 or 2%) of the employee	1,5% from the employer and from the state*	(take-home pay) net salary	cost of participation in PPK**	amount saved in employee's account
<b>employee payment (0.5% of salary)</b>	PLN 2,600	PLN 1,920.62	<b>PLN 13</b>	PLN 59	PLN 1,901	PLN 20	<b>PLN 72</b>
<b>employee payment (2% of salary)</b>	PLN 2,800	PLN 2,061.67	<b>PLN 56</b>	PLN 62	PLN 1,999	PLN 63	<b>PLN 118</b>
	PLN 3,000	PLN 2,202.72	<b>PLN 60</b>	PLN 65	PLN 2,135	PLN 68	<b>PLN 125</b>
	PLN 4,000	PLN 2,907.96	<b>PLN 80</b>	PLN 80	PLN 2,818	PLN 90	<b>PLN 160</b>
	PLN 5,000	PLN 3,613.19	<b>PLN 100</b>	PLN 95	PLN 3,500	PLN 113	<b>PLN 195</b>
	PLN 6,000	PLN 4,318.43	<b>PLN 120</b>	PLN 110	PLN 4,183	PLN 135	<b>PLN 230</b>

The calculations are illustrative and the actual amounts depend on the situation of a particular employee. The figures are rounded to the nearest zloty. We assumed in the calculations that employees whose income is equal to the minimum wage will elect to pay 0.5% of gross salary instead of 2%.

\* The payment from the state is calculated as 1/12 of the annual additional payment of PLN 240.

\*\* Calculations include employee's payment and tax on employer's payment, but exclude fund management fee. To calculate the amount of income tax on the employer's payment, we used a 17% income tax threshold.

We did not include the case of persons below the age of 26 for whom PIT is zero.

## When can I withdraw the savings?

Even before you reach the age of 60, **you can withdraw your savings at any time.** However, in such a case you will lose additional payments from the state and you will also have to pay tax on profits from savings. At the same time, 30% of the amount from the funds paid by your employer will be transferred to your ZUS account for the future pension (because the employer did not have to pay contributions on these payments). The remaining amount will be disbursed to you.



### Money for medical treatment

You can withdraw up to 1/4 of the accumulated money without any deductions if you, your spouse or child has a serious illness.



### Home loan

If you are less than 45 years old, you can withdraw all money from PPK as your own contribution for a purchase of an apartment or a house construction or reconstruction. However, you will have to repay the funds disbursed within 15 years. You must start the repayment no later than 5 years after the disbursement.



### What will happen to the savings after your death?

Savings are inherited. They are also exempt from inheritance tax. They will be inherited by your statutory heirs or persons designated by you. Money will be transferred to the bank account of the heir or beneficiary either in the form of a transfer disbursement to their account kept under PPK, PPE (employee pension scheme) or to IKE (individual retirement account).

PPKs are to provide additional funds to employees who have already finished their professional activity. **Persons who will reach the age of 60 will benefit from the most attractive conditions of disbursement.** In such a case the employee will be able to withdraw:

- 25% of the accumulated savings on a one-off basis and the remaining 75% in at least 120 monthly instalments (i.e. for 10 years),
- all savings on a one-off basis, however this amount will be reduced by a 19% tax on profits from savings.

## How can you check your savings in PPK?

You can check your PPK savings balance at any time via the **inPZU.pl** website. You will gain access to it when you enter your individual participant login at: **mojepzu.pl/PPK** or **inPZU.pl** websites.



On the **inPZU.pl** website and in PZU branches you will be also able to place selected instructions, e.g. update your personal data, request a disbursement of money for medical treatment or designate persons authorised to inherit them.

### At **inPZU.pl** website you can for instance:

- check the current amount of savings in PPK,
- change your personal details,
- designate authorised persons in the event of your death,
- place instructions regarding a disbursement, transfer disbursement or return of savings.

When the employer reports your participation in PPK, you will receive from us a welcome package (by e-mail or letter) with the instructions on how to log into the **inPZU.pl** website.

The data contained in this material do not constitute investment advice or recommendations on financial instruments or their issuers within the meaning of the Act on Trading in Financial Instruments and they are not a form of the provision of tax advice or legal assistance.

The information on the PPK offered by TFI PZU SA is included in the “Terms and conditions of maintaining an employee capital plan by PPK inPZU Specialised Open-End Investment Fund”. The document which contains the statute and other information on investment risk and principles of participation in the Fund is the Fund’s prospectus which is available on the pzu.pl website. TFI PZU SA is regulated by the Polish Financial Supervision Authority.

Neither the Fund nor TFI PZU SA guarantees the achievement of the assumed investment objective or the achievement of a specific investment performance. Investments in participation units do not constitute a bank deposit. Investments in the Fund are subject to investment risk. A list of instructions and declarations of will that may be submitted by a PPK participant in PZU Życie branches as well as a list of these branches can be found on emeryturaPPK.pzu.pl website.

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**22 640 05 55 emeryturaPPK.pzu.pl**

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