

# The Employee Capital Plan (PPK)

– a new way of saving for a pension



## What is the Employee Capital Plan (PPK)?



The PPK is a **long-term saving scheme for employees** created and co-financed by employers and the State Treasury.



The main objective of the PPK is to **systematically save funds that will provide you with an additional financial buffer after the age of 60.**



**Participation in and contributing funds to the PPK is voluntary for you** – all employees who have attained the age of 18 years but have not attained the age of 55 years will be automatically enrolled in the PPK by their employers, but they will be able to opt out of paying contributions to the PPK at any time. Employees who have attained the age of 55 years but have not attained the age of 70 years may enrol in the PPK if they file a request with their employer. After the age of 70, the enrolment in the PPK will not be possible.



The funds in the PPK are **your private property – you can freely dispose of them before and after the age of 60.** You will also be able to **identify those who will receive the funds accumulated in the PPK in the event of your death.**



**Contributions to the PPK will be invested in the defined date sub-funds** where the level of investment risk will be reduced as you get closer to the age of 60, i.e. the time of withdrawal of the funds from the PPK. You will be able to withdraw the savings in the PPK in full, but it is **most advantageous to withdraw 25% on a one-off basis and 75% in at least 120 instalments and over a minimum of 10 years.** In such case, you will pay no tax on capital gains



**You will have the opportunity to make early use of your savings if you, your spouse or your child get(s) seriously ill** – up to 25% of the funds without the obligation to return them; if you want to pay **your own contribution when taking out a loan for an apartment or construction of a house** – up to 100% of the funds with the obligation to return them within 15 years (for people who have not attained the age of 45 years).



## When will the saving under the PPK start?

The date of implementation of the PPK at your employer's and the commencement of contributions to the PPK will depend on the size of the company in which you work.

Please find below the key dates for your employer that set the latest dates for concluding mandatory agreements when implementing the PPK, and the dates of commencement of contributions to the employees' PPK accounts.

Number of <b>employees</b>	Entities employing <b>at least 250 persons</b> (as at 31 December 2018)	Entities employing <b>at least 50 persons</b> (as at 30 June 2019)	Entities employing <b>at least 20 persons</b> (as at 31 December 2019)	<b>Other employing entities</b> , including public finance sector entities, regardless of their size
Date of application of the provisions of the PPK Act	from 1 July 2019	from 1 January 2020	from 1 July 2020	from 1 January 2021
The latest date of conclusion of the PPK management agreement	25 October 2019	24 April 2020	27 October 2020	23 April 2021 (26 March 2021 for public finance sector entities)
The latest date of conclusion of the PPK maintenance agreement	12 November 2019	11 May 2020	10 November 2020	10 May 2021 (10 April 2021 for public finance sector entities)

**Important note!** In the case of capital groups, it will be possible to activate the PPK in all group companies according to the date of application of the PPK Act for the employer in the group which employs the biggest number of employees.

The dates indicated in the table above are in line with the information published by the PFR at <https://www.mojepkk.pl/>



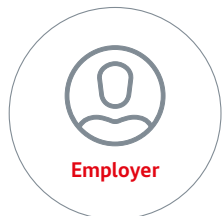


## Sources of contributions to the PPK

From the date of enrolment in the PPK (the signing by your employer of the PPK maintenance agreement with the selected financial institution), both you and your employer will be obliged to pay the contributions to your PPK account (in practice, your employer will be doing this by transferring the relevant amount to your PPK account). Contributions to the PPK (yours and your employer's) are the amounts deducted from your gross remuneration – the basis of contributions to the old-age and disability pension scheme.

The contributions to your PPK account will come from three sources: from you, from your employer and from the State Treasury (the Labour Fund). Your and your employer's contributions are made up of mandatory and voluntary parts – you yourself decide whether you want to pay a greater amount than the minimum mandatory contribution to the PPK, similarly to your employer. The State Treasury's contributions include a (one-off) welcome contribution and annual additional contributions.

The amounts of the basic contribution and the voluntary additional contribution will be as follows:



**Employer**

**1.5%** – basic (mandatory) contribution  
**up to 2.5%** – additional (voluntary) contribution

+



**Employee**

**2%** – basic (mandatory) contribution\*  
**up to 2%** – additional (voluntary) contribution

+



**State  
Treasury**

**PLN 250** – welcome contribution  
(if the employee saves under the PPK for at least 3 months).  
**PLN 240** – annual additional contribution  
(after fulfilment of the conditions laid down in the PPK Act).

Payments to your PPK account will be made by the 15th day of each month starting from the month following that in which your employer concluded the PPK maintenance agreement.

- You may opt out of paying contributions to the PPK at any time by submitting an appropriate statement to your employer. If you opt out of paying contributions, your employer will also be exempted from this obligation. As a result, no funds will be credited to your PPK account.
- The employer has a duty to automatically re-enrol in the PPK, every 4 years, those employees who have opted out of paying contributions (this applies to employees who have attained the age of 18 but have not attained the age of 55 years). It does not deprive you of the right to opt out of making contributions again.

\*The basic contribution financed by the employee may be less than 2% but not less than 0.5% of the remuneration if the employee's remuneration obtained from various sources in a given month does not exceed the amount corresponding to 1.2 times the minimum remuneration.

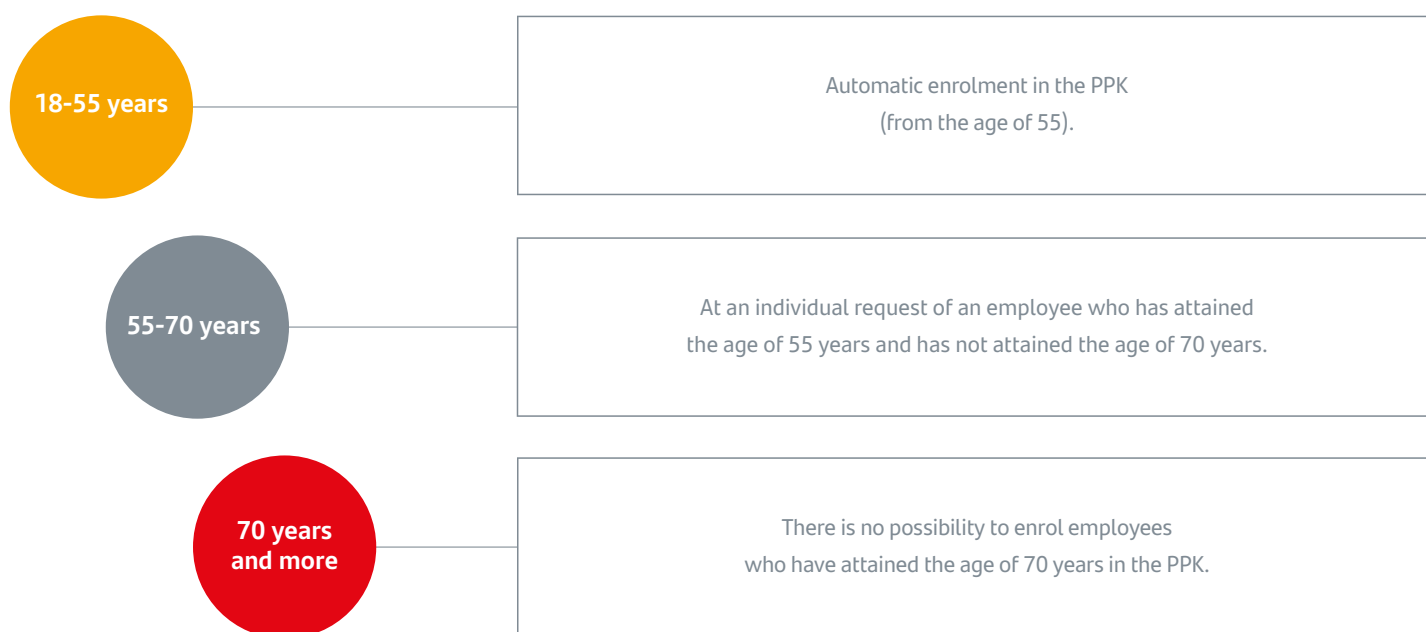


## Implementation of the PPK – what does it mean for employees?



### Automatic enrolment in the PPK

Any employer implementing the PPK in its company is required to enrol their employees in the PPK (subject to exceptions provided for in the PPK Act). Depending on the age of the employee, the enrolment in the PPK is mandatory or carried out at an individual request of an employee, as defined below:



### The PPK is voluntary for employees

- You may opt out of paying contributions to the PPK at any time by submitting an appropriate statement to your employer. You must remember that if you opt out of paying contributions, your employer will also be exempted from this obligation. In this situation, the funds from the State Treasury will not be credited to your PPK account. As a result, no funds will be credited to your PPK account.
- You may recommence the payment of contributions to the PPK at any time. It is sufficient to submit an appropriate request to your employer. If you decide to do this, the funds from your employer and the State Treasury will also be credited to your PPK account.
- Your employer has a duty to automatically re-enrol in the PPK, every 4 years, those employees who have opted out of paying contributions (this applies to employees who have attained the age of 18 but have not attained the age of 55 years). Each employee has the right to submit to their employer a statement to opt out again of paying contributions.



## Selection of the subfund in which your funds in the PPK will be invested

Your funds in the PPK will be invested in the defined date subfund corresponding to your age as a participant in the PPK.

Each employee who is a participant in the PPK will be assigned to the subfund corresponding to their age, in accordance with the table below:

Years (your date of birth)	Subfund target date	The subfund to which you are assigned as a participant in the PPK
1963* – 1967	2025	Santander PPK 2025
1968 – 1972	2030	Santander PPK 2030
1973 – 1977	2035	Santander PPK 2035
1978 – 1982	2040	Santander PPK 2040
1983 – 1987	2045	Santander PPK 2045
1988 – 1992	2050	Santander PPK 2050
1993 – 1997	2055	Santander PPK 2055
1998 – 2002	2060	Santander PPK 2060

\*Also applicable to persons born before 1963.

- You have the right to change the automatically assigned subfund for another available under the PPK. It is your decision, but you must take into account the level of risk that you are able to accept and the period of accumulating funds in the PPK. In order to change the subfund for another, you should apply for changing the units in the defined date subfund for the units in another fund (other than that corresponding to your age).





## Formalities and duties associated with your enrolment in the PPK

If you are of age and you have not attained the age of 55 years, you will be automatically enrolled in the PPK by your employer. All the duties and formalities associated with your enrolment in the PPK must be completed by your employer. The employee's responsibilities include:

- The selection and conclusion of the PPK management agreement with the financial institution offering the PPK and conclusion of the PPK maintenance agreement on behalf of and for its employees (the selection of the institution requires consultation with the company trade union and, in the absence thereof, with the employee representatives).
- Specification of the list of employees to be enrolled in the PPK.
- Timely and correct calculation and transfer of contributions to the PPK.
- Administration of the PPK documentation.
- The implementation or making it possible for employees to submit certain orders under the PPK.
- Timely communication of specific information related to the PPK to its employees and the financial institution with which the employer has signed the PPK management agreement and the PPK maintenance agreement.
- Ensuring that the employee is re-enrolled in the PPK if they have opted out (the automatic re-enrolment in the PPK occurs every 4 years) and the payment of contributions to the PPK for that employee is recommenced.



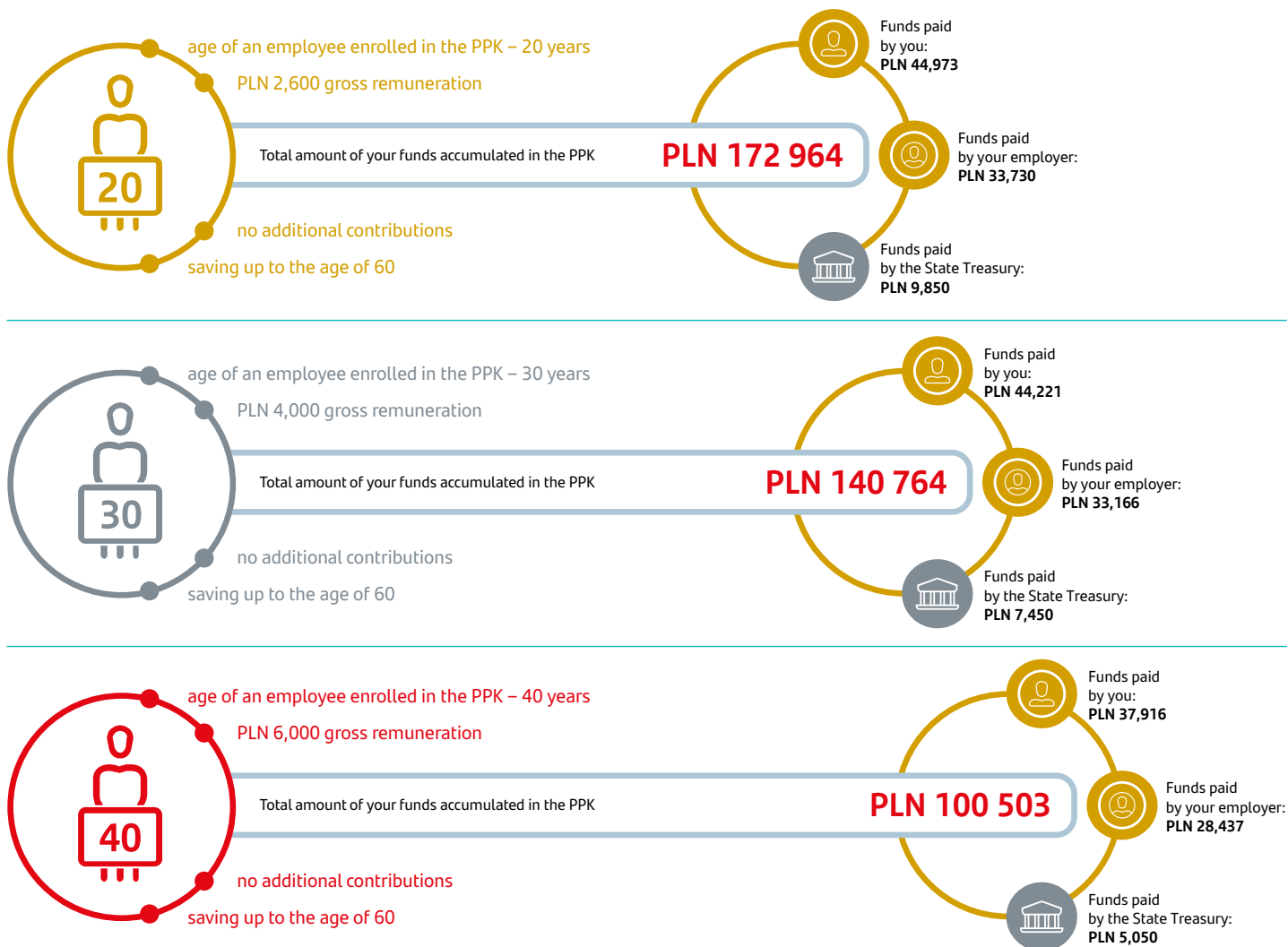
## Your benefits from participation in the PPK

- Additional savings for your pension.
- To start to save in the PPK, you do not have to do anything – you will be automatically enrolled in the PPK by your employer. You may opt out of paying contributions to the PPK at any time.
- Every month, your PPK account will be credited with the contribution from your employer, as well as additional annual contributions and a one-off welcome payment from the State budget.
- You save all the time in a single defined date fund corresponding to your age in terms of the level of risk.
- Your funds in the PPK are treated as private, unlike those accumulated as part of the Social Insurance Institution (ZUS) and the Open-end Pension Fund (OFE), can be inherited and withdrawn at any time.
- The acquisition of funds from the PPK by way of succession is not subject to inheritance and gift tax.
- You will not pay tax\* when you withdraw the funds from the PPK once you attain the age of 60 years.
- You have the opportunity to view the balance of your funds in the PPK and to submit online orders via a dedicated PPK website and to use the PPK helpline.
- Processes requiring submission of paper documentation can be handled at selected branches of Santander Bank Polska S.A. The scope of orders placed through the branches will be available at SantanderTFI.pl.

\*A flat-rate personal income tax of 19% (determined in accordance with Article 30a(1)(11b) of the PIT Act) will not be charged on withdrawals made after the age of 60 years, assuming: 25% of the funds are withdrawn on a one-off basis and the remaining 75% (or 100% if the option of withdrawal of all funds in instalments is chosen) over the period of 10 years, at least 120 monthly instalments. The change in these assumptions (reduction of the number of instalments or a one-off withdrawal of the whole amount in the situation described in the Act on the PPK) will result in the calculation of a flat-rate personal income tax and the taxable income will be determined in accordance with Article 30a(13) of the PIT Act, i.e. the amount of withdrawal from the repurchase of units or redemption of units, less the expenses for the acquisition of repurchased units or contributions to the redeemed units from which the withdrawal was made.



## Why is it worth saving with the PPK – how much can you accumulate?



The calculations of additional savings are estimated.



### Calculation assumptions:

- Your basic (mandatory) contribution to the PPK: 2% of your gross remuneration.
- The basic mandatory contribution of the employer to the PPK: 1.5% of your gross remuneration.
- The projected annual rate of return in the withdrawal period: 2.75%.
- The projected annual increase in remuneration: 2.8%.
- The projected annual average rate of return in the investment period: 3.5%.

The calculations are purely indicative and simulate the value of accumulated capital in case of systematic contributions to the account of the PPK participant. The calculator takes into account the amount of monthly mandatory and voluntary contributions, the investment period and the assumed annual rate of return on investment (however the fund does not guarantee the achievement of the specified investment result). The calculator does not take into account any fees that will be charged at the defined date fund and does not guarantee the investment result. Calculations made using the PPK calculator at: [www.mojeppk.pl/kalkulator](http://www.mojeppk.pl/kalkulator).





## Withdrawal of the funds from the PPK

**The funds accumulated in the PPK are your private property and you may freely dispose of them both before and after the age of 60.**

The rules governing payment, settlement and taxation of disposal are laid down in the applicable law..



### Withdrawal from the PPK before the age of 60:

- In the case of your, your spouse's or child's critical illness, you have the possibility to withdraw up to 25% of the funds on a one-off basis or in instalments without being required to return them.
- You can withdraw up to 100% of the funds to finance your own contribution to the loan, e.g. when purchasing an apartment or a house, with the obligation to return the entire amount (par value) to your PPK account within a maximum of 15 years (the maximum age allowing to use such a solution is 45 years).
- You can make a refund of your money at any time. The refund amount will be reduced by:
  - 30% of the value of the redeemed participation units that were acquired from the employer's payments (these funds will be transferred to ZUS as your pension insurance contribution),
  - participation units purchased for welcome payment and annual subsidies by the State,
  - capital gains tax due.



### Withdrawal from the PPK after the attainment of the age of 60 years:

- Withdrawal of the funds may take place without any costs if: you withdraw on a once-off basis 25% of the funds accumulated in your PPK account (unless you apply for withdrawal of this part of the funds in instalments), you withdraw 75% of the funds accumulated in the PPK account in at least 120 monthly instalments over a period of 10 years. The change in this method of withdrawal will entail additional tax consequences\*.
- There is also a possibility of requesting withdrawal of the funds accumulated in the PPK account in the form of a spouses' benefit. You may submit a request for withdrawal of the funds in the form of a spouses' benefit to a financial institution if your spouse, for whom the PPK maintenance agreement was concluded with the same financial institution, who has also attained the age of 60 years, and you declare jointly as spouses that you want to receive a spouses' benefit. The spouses' benefit will be paid in at least 120 monthly instalments.



### Transfer of funds to another PPK:

- If you change your job, you have the possibility to transfer your funds from the PPK account in the existing institution to the PPK account in the financial institution which maintains the PPK on the basis of the agreement with your new employer. This takes place within the so-called transfer payment and all your contributions will be transferred (your and your former employer's contributions, annual additional contributions from the Labour Fund and the welcome payment).

\*A flat-rate personal income tax of 19% (determined in accordance with Article 30a(1)(11b) of the PIT Act) will not be charged on withdrawals made after the age of 60 years, assuming: 25% of the funds are withdrawn on a one-off basis and the remaining 75% (or 100% if the option of withdrawal of all funds in instalments is chosen) over the period of 10 years, at least 120 monthly instalments. The change in these assumptions (reduction of the number of instalments or a one-off withdrawal of the whole amount in the situation described in the Act on the PPK) will result in the calculation of a flat-rate personal income tax on withdrawn funds and the taxable income will be determined in accordance with Article 30a(13) of the PIT Act, i.e. the amount of withdrawal from the repurchase of units or redemption of units, less the expenses for the acquisition of repurchased units or contributions to the redeemed units from which the withdrawal was made.



## How and by whom will the funds in the PPK be invested?

The funds in the PPK will be managed by the financial institution maintaining the PPK, selected by your employer in consultation with employees. Throughout the period of participation in the PPK, you will save in one subfund matching the risk level to your age, i.e. in the so-called defined date fund.

Each PPK participant will be automatically assigned to the specific defined date subfund corresponding to their age (per the table on page 6). In line with the provisions of the PPK Act, the investment policy of such subfunds will reduce the investment risk as you get closer to the age of 60. Knowing exactly the investment perspective (date of attainment of the age of 60 years), it will be possible to initially invest more of the funds (assets) into shares and then (as you get closer to the age of 60) to gradually invest more and more funds in debt instruments characterised by lower investment risk. The principles of investment policy for each defined date subfund that take into account the different ages of the participants in the PPK, are described in the PPK Act.

<b>Allocation of the defined date subfunds:</b>	<b>Share part (including shares)</b>	<b>Debt part (including bonds)</b>
from the creation of the subfund to 20 years before the defined date	60 – 80%	20 – 40%
20 years before the defined date	40 – 70%	30 – 60%
10 years before the defined date	25 – 50%	50 – 75%
5 years before the defined date	10 – 30%	70 – 90%
starting from the defined date	max. 15%	min. 85%



## Defined date sub-funds in Santander TFI



### How do our sub-funds invest? - the investment policy of the subfunds of Santander PPK SFIO



#### Under the debt part, the subfunds may invest:

- not less than 70% of the value of the assets in Treasury and quasi-equity bonds or bank deposits,
- not more than 30% of the value of the assets in other financial instruments, but no more than 10% in financial instruments that do not have an investment rating.



#### Under the share part, the subfunds may invest:

- not less than 40% of the value of the assets in the shares included the WIG20 index,
- not more than 20% of the value of the assets in the shares included in the mWIG 40 index,
- not more than 10% of the value of the assets in other listed shares,
- not less than 20% of the value of the assets in foreign shares in the OECD countries.



Treasury and quasi-treasury bonds are securities issued, guaranteed or secured by the State Treasury, the National Bank of Poland, the local government unit or by the central public authority or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, or by international organisations, provided that the securities issued, guaranteed or secured by these international organisations hold a rating assigned by a rating agency recognised by the European Central Bank in its operations.



## Risk level of the subfunds of Santander PPK SFIO

The main categories of investment risks associated with the investment policy of the defined date subfunds are risks related to investments under the share part (mainly shares) and risks related to investments under the debt part (mainly bonds).

Profit to risk ratio\* for each sub-fund:

<b>Santander PPK 2025</b> <b>Santander PPK 2030</b>	<p>← potentially lower profit      potentially higher profit →</p> <p>← lower risk      higher risk →</p> <p>①   ②   ③   ④   ⑤   ⑥   ⑦</p>
<b>Santander PPK 2035</b> <b>Santander PPK 2040</b> <b>Santander PPK 2045</b> <b>Santander PPK 2050</b> <b>Santander PPK 2055</b> <b>Santander PPK 2060</b>	<p>← potentially lower profit      potentially higher profit →</p> <p>← lower risk      higher risk →</p> <p>①   ②   ③   ④   ⑤   ⑥   ⑦</p>

\*The risk to profit ratio is an aggregate value reflecting the risk level associated with the investment in the Subfund. The higher the value of the ratio, the higher the risk level associated with the investment. The lowest category at level 1 does not mean a risk free investment.



## Fees in the PPK maintained by Santander TFI

Management fee

- **0%** until 31 December 2020
- Not more than **0.4%** from 1 January 2021 – details in the table below.

Success fee

- **0%** until 31 December 2021
- Not more than **0.1%** from 1 January 2022

Conversion fee  
(for changing the investment allocation)

**Promotion! 0% from 11 October 2019 until further notice.**

The promotion applies to the fee charged when converting units within all sub-funds of the Santander PPK SFIO Fund. Information about changes in the promotion or its cancellation will be announced at [SantanderTFI.pl](http://SantanderTFI.pl).



**Lower management fees since the beginning of the year in which the Santander PPK SFIO subfund reaches the defined date:**

Period		Management fee							
From	Until	Santander PPK 2025	Santander PPK 2030	Santander PPK 2035	Santander PPK 2040	Santander PPK 2045	Santander PPK 2050	Santander PPK 2055	Santander PPK 2060
	31.12.2020	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>	<b>0,00%</b>
01.01.2021	31.12.2024	0,40%	0,40%	0,40%	0,40%	0,40%	0,40%	0,40%	0,40%
01.01.2025	31.12.2029	0,30%							
01.01.2030	31.12.2034	0,20%	0,30%	0,30%	0,30%	0,30%	0,30%	0,30%	0,40%
01.01.2035	31.12.2039		0,20%						
01.01.2040	31.12.2044			0,30%					
01.01.2045	31.12.2049			0,30%					
01.01.2050	31.12.2054		0,20%						
01.01.2055	31.12.2059	0,20%	0,30%	0,20%	0,20%	0,20%	0,20%	0,30%	0,30%
01.01.2060		0,20%	0,20%						



## Security of your funds in the PPK



### Supervision by the Polish Financial Supervision Authority

The PFSA will supervise the maintenance of the Employee Capital Plans in terms of compliance with applicable law. The purpose of supervision is to protect the participants in the PPK and their savings. In addition, the PFSA will prepare statistics on the operation of the PPK on the basis of the data collected.



### Supervision by the State Labour Inspectorate

The duties of the State Labour Inspectorate will be to monitor whether employers properly fulfil the obligations associated with the maintenance of the PPK. Offences related to incorrect maintenance of the PPK by the employer, such as failure to conclude the PPK agreement within the prescribed time limit, failure to pay contributions for the participants within the prescribed time limit, failure to report the requested data or reporting incorrect data, or providing untrue explanations or refusing to provide any explanations, lack of documentation related to the calculation of contributions to the PPK, may entail fines of between PLN 1,000 and PLN 1 million.



## Planned support for employees – PPK participants



**WEBSITE FOR THE EMPLOYEE** – we plan to implement a dedicated PPK website. Activation of the profile of the PPK participant will be possible after the employer concludes the PPK maintenance and management agreements with Santander TFI and accepts the terms of use of the service. Each employee enrolled in the PPK will receive their unique data to log into the website at their e-mail address.

**Once you log into the website, you may, for example:**

- check the balance of the funds in its PPK account,
- change or supplement your data,
- submit instructions and statements to the PPK,
- review and download the PPK maintenance agreement,
- ask questions about the PPK using a contact form.



**FACILITIES** – processes requiring submission of paper documentation can be handled at selected branches of Santander Bank Polska S.A. The scope of orders placed through the branches will be available at SantanderTFI.pl.



**PPK HELPLINE: 22 35 54 673** – helpline for employees.



**WEBSITES: Santander-PPK.pl and SantanderTFI.pl**

- current listing of investment funds available online – the possibility of ongoing monitoring and comparison of performance of investment funds in the selected period of time,
- current product documentation – data sheets of subfunds, prospectuses, Key Investor Information, statutes of funds, regulations available at SantanderTFI.pl,
- market comments prepared by managers of Santander funds – weekly comments published on each Monday, monthly comments and special comments – available at SantanderTFI.pl,
- the PPK calculator – allowing the simulation of funds accumulated in the PPK,
- questions and answers concerning the PPK.



## About Santander TFI S.A.

- More than 20 years in the investment fund market.
- One of the largest and most experienced management companies in the Polish market.
- Assets under management with a value over PLN 16,5 billion.\*
- Near 140 thousand loyal customers.
- Years of experience in the establishment and management of Employee Pension Schemes (since 2001) and Individual Pension Accounts (since 2004), the value of assets accumulated in Individual Pension Accounts maintained by Santander TFI is more than PLN 350 million.\*

\*as at 31 December 2019



## Want to know more about the PPK in Santander TFI?



Visit [Santander-PPK.pl](http://Santander-PPK.pl)



Call – PPK helpline: 22 35 54 673

Telephone services for PPK participants and employers are available from Monday to Friday (days on which the Warsaw Stock Exchange sessions are held) between 9:00 am and 5:00 pm. The cost of the call per the operator's tariff.





The net asset value of the subfunds of the Santander PPK SFIO may be highly volatile due to the composition of the investment portfolio. The subfunds may invest more than 35% of the assets in securities issued, guaranteed or secured by the State Treasury or the NBP.

Financial data of the subfunds, description of risk factors and information on the participation in the subfund can be found in the information prospectus of the Santander PPK SFIO available in Polish at SantanderTFI.pl. The subfunds do not guarantee the achievement of the planned investment objective or obtaining a specific investment result. A participant must expect the possible loss of at least part of the funds contributed.

The information presented is not an offer within the meaning of the Civil Code and is purely indicative.

Santander TFI S.A. with its registered office in Poznań, pl. Władysława Andersa 5, 61-894 Poznań, registered in the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, KRS 0000001132, TAXID NO (NIP) 778 13 14 701, share capital PLN 13,500,000.00 (paid in full).

The materials contained in this presentation are protected by copyright under the provisions of the Act of 4 February 1994 on copyright and related rights (consolidated text: Journal of Laws of 2019, item 1231, as amended).

All copyrights to materials included in this document are held exclusively by Santander TFI S.A.

Santander TFI S.A. operates on the basis of authorisation from and is supervised by the Polish Financial Supervision Authority.

List of legal acts:

The PPK Act – the Act of 4 October 2018 on Employee Capital Plans (consolidated text: Journal of laws of 2018, item 2215, as amended).

The Civil code – the Act of 23 April 1964 – Civil Code (consolidated text: Journal of laws of 2019, item 1145).

The PIT Act – the Act of 26 July 1991 on personal income tax (consolidated text: Journal of laws of 2018, item 1509, as amended).

As at 27 January 2020