

# EMPLOYEE CAPITAL PLAN (ECP)

ADVERTISING MATERIAL



**Pekao TFI**

Towarzystwo Funduszy Inwestycyjnych

## SAVE FOR YOUR FUTURE WITH ECP

**Information  
for Employees**

**ECP has been created with the aim of regularly saving money intended primarily for the time of retirement.** It is to help you and other Employees build capital for the future. Money is paid into ECP by the Employee, the Employer and the State, to make saving much easier.



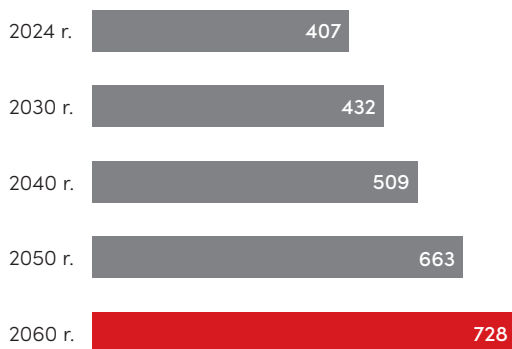
Time flies. We do not know what the future holds and what our life will look like in a couple or a dozen or so years, not to mention what it will look like when we retire.

Demographic trends show that putting money aside to boost your savings for the retirement is a must.

## Growing number of pensioners

The forecasts by the Statistics Poland confirm that the Polish society will age at fast pace. Already, for every 1,000 working-age persons there are 407 pensioners, while in 2060 this number will increase up to 728. Such disproportion may translate into lower pensions for the Poles.

### Number of pensioners per 1,000 working-age persons



Source: the Central Statistical Office ("GUS"), "Prognozy ludności dla Polski na lata 2023 - 2060" [2023-2060 forecasts for the Polish residents] main scenario.

# Saving for retirement is a must

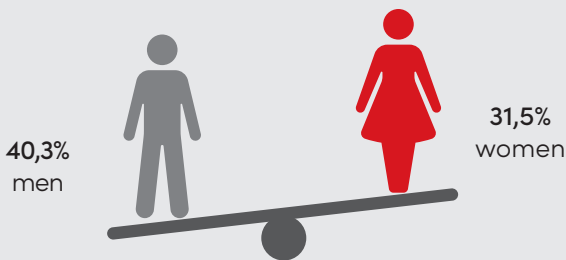
According to the OECD forecasts, our pensions will be much lower than the current ones, as a result of which we will have far less money for our individual expenses. In Poland, the replacement rate (i.e. the average pension entitlement divided by the average pre-retirement earnings) amounts to 40,3% for men and 31,5% for women.

Current socio-economic situation and demographic processes clearly suggest that without additional individual savings, pensioners will be forced to rely on their families, or to work past their retirement age.

The only solution to safeguard your future, and indirectly the future of your next of kin, is to regularly put some money aside for your retirement over a long time.

## Estimated average pension entitlement to the average pre-retirement earnings ratio

$$\begin{array}{l} \text{REPLACEMENT} \\ \text{RATE} \\ \text{FOR POLAND} \end{array} = \frac{\text{average net pension entitlement}}{\text{average net pre-retirement earnings}}$$



Source: Raport OECD (2023), Pensions at a Glance 2023: OECD and G20 Indicators, OECD Publishing, Paris, <https://doi.org/10.1787/678055dd-en>.



## Modern and well-established solutions

When developing the new retirement saving system in Poland, the experts have analysed foreign well-established solutions and adapted them to the specificity of the Polish market. They relied on the best market practices and on mechanisms that proved to be the most effective. Their work has led to the establishment of the Employee Capital Plans (ECP).

## ECPs – Employee Capital Plans

ECPs are a voluntary long-term savings scheme arranged by an Employer for Employees in collaboration with an external financial institution, supported with means from the Labour Fund. They have been created with the aim to regularly save money intended primarily for the time of retirement. Their purpose is to help you and other Employees build capital for the future.

Money is paid in the ECP by the Employee, the Employer and the State, to make saving easier. Remember that the money collected in the ECP is your personal property and is inheritable.

# How do ECPs work?

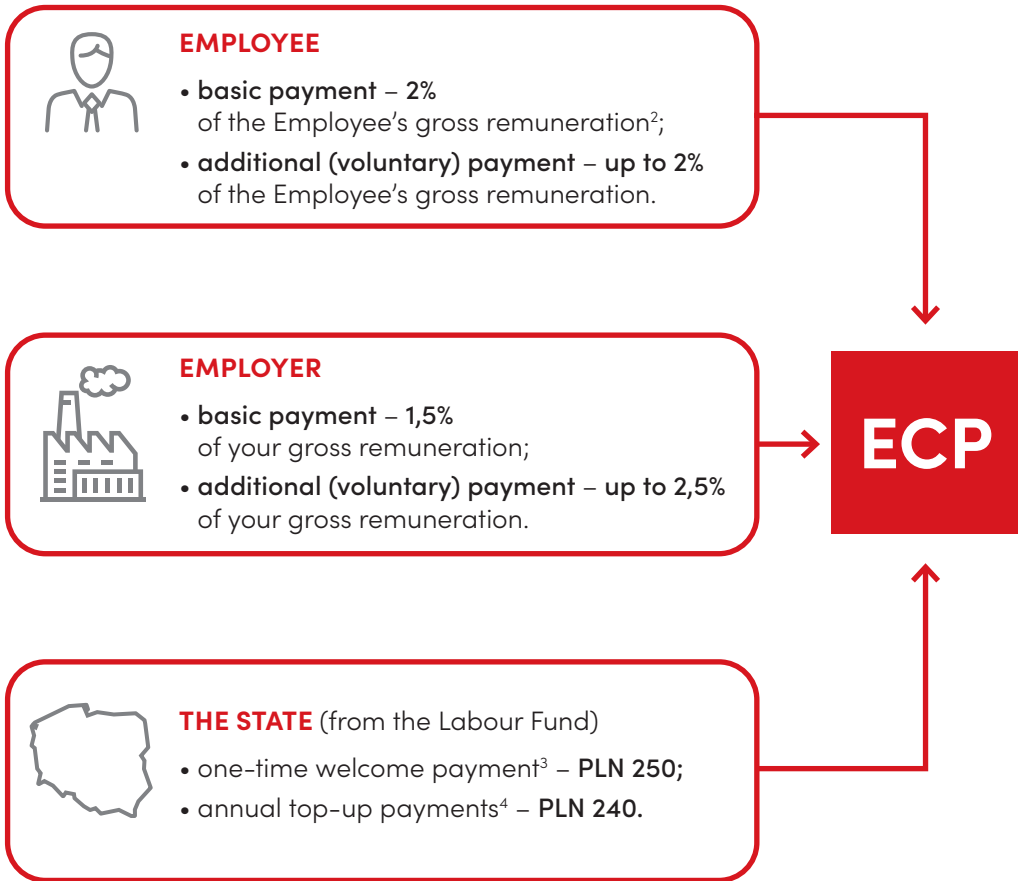
- an ECP is a voluntary long-term pension savings scheme;
- Employees aged 18-55 are covered by the ECPs by default, whereas older ones (up to 70 years old) may be covered only at their own request;
- money is paid in the ECP by the Employee, the Employer and the State;
- ECPs are general and cover employees (within the meaning of the ECP Act<sup>1</sup>), e.g. employees with employment contracts, contracts for services, agency agreements;
- the money paid in the ECPs may be invested e.g. in an investment fund, so-called target date fund, managed by Pekao TFI, created specifically for the ECP purposes;
- an Employee is able to opt out from the ECP. In such a case, they have to provide the Employer with a written declaration. However, every 4 years (starting from 2023), they will be automatically enrolled in the ECP, unless they re-submit their declaration of intent to opt out from the ECP upon reasonable notice;
- due to investing the money in investment funds, the investment involves investment risk.

<sup>1</sup>The Employee Capital Plans Act dated 4 October 2018.



# ECP payments

The payments to your ECP account originate from three sources.



<sup>2</sup> If the remuneration of an ECP participant derived from various sources in a particular month **does not exceed the amount equal to 1.2 times the minimum wage**, the basic payment funded by the ECP participant may amount to less than 2% of the remuneration, however **not less than 0.5% of the remuneration**.

<sup>3</sup> To receive the welcome payment, you need to be enrolled with the ECP for at least 3 full calendar months and have the basic ECP participant-financed payments made for at least 3 months.

<sup>4</sup> You shall be entitled to the annual top-up payment if the amount of the basic and additional payments from the Employer and the Employee in a given calendar year amounts to at least 3.5% of six times the minimum remuneration in a given year save for the event where the basic payment funded by the Employee<sup>2</sup> is reduced on terms specified in the ECP Act.



## ECP attributes



**private character** – the money collected in the ECP is your personal property;



**professional management** – the money in the ECP is managed by Pekao TFI, the longest-running investment fund company in Poland, having appropriate experience and knowledge. The company's operations are supervised by the Polish Financial Supervision Authority;



**voluntary character** – you can resign from participating in the scheme or decide to join it again at any time;



**extra savings** – saving money within the ECP will allow you to build up capital for the future in an easy way. Moreover, the money is paid in not only by you but also your Employer and the State;





19%

**tax relief** – withdrawals satisfying the requirements set out in the Polish ECP Act shall be exempt from the 19% capital gains tax;



**availability of the money** – you can withdraw part of the funds in case of an illness or up to 100% of the funds in case of a purchase of a home (more on page 13);



**security for your relatives** – the funds collected in the ECP are inheritable. The ECP participant may designate people authorised to receive the money collected after his or her death;



**low costs** – as compared to alternative pension saving forms, the costs of the ECP funds management are limited by the legislator.

# ECP's impact on your finances

The example below presents funds deposited for the first full calendar year, with the consideration of the annual top-up payment made in Q1 of the subsequent calendar year. The monthly remuneration of **PLN 5,000** gross has been assumed.

## Total contributions in the first year

### EMPLOYER'S CONTRIBUTIONS

(1.5% of the Employee's remuneration<sup>5</sup>)

PLN 75 x 12 months = **PLN 900**  
(per annum)

### CONTRIBUTIONS BY THE STATE

(from the Labour Fund)

welcome contribution **PLN 250**  
(one-off)  
annual contribution **PLN 240**

### YOUR CONTRIBUTIONS

(2% of your remuneration)

PLN 100 x 12 months = **PLN 1200**  
(per annum)

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FUNDS SAVED IN THE ECP = **PLN 2590**

+/- performance of the target date sub-fund

## Total deductions from the Employee's net remuneration relating to the ECP's first year's savings

Your contributions saved for the future

**PLN -1200**

Income tax (e.g. 12%)  
on the Employer's contributions (PLN 900)

**PLN -108**

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Annual net remuneration will be decreased by the total of

**PLN -1308**

Generally, total ECP-related benefits are higher than the costs you incur. You will pay the income tax on the Employer's contribution and resign from some of the current expenses but these amounts will be saved for the future; additionally, you will receive contributions made by your Employer and the State.

<sup>5</sup> remuneration – basis for deducting social insurance contributions

The above breakdown is only illustrative. The amounts accumulated in the ECP will depend not only on the total amount of the contributions made but also on the rate of return of the target date funds.

Source: Pekao TFI's own calculations.



## Investing funds deposited in the ECP

The funds of the ECP participant are deposited in the Pekao PPK SFIO investment fund. This is an umbrella fund with separate sub-funds with the target date following the principles of the investment policy adjusted to the age of the persons saving with the ECP.

The investment policy of the sub-fund with a target date changes over time appropriately to the changing age of the ECP participants being the shareholders of that sub-fund, by means of gradually decreasing the share of high-risk financial instruments (e.g. stocks, rights issues, other equity instruments) and replacing them with the low-risk instruments (e.g. bonds, treasury securities, etc.), when approaching the so-called target date, i.e. the date the ECP participant turns 60.

Moreover, for the ECP Participants expecting stable long-term results and not accepting the risk connected with investing in stocks, the Pekao PPK 2020 Spokojne Jutro sub-fund has been established, which invests assets primarily in: local government bonds, Treasury bonds, money market instruments and bank deposits (from 1 January 2020 the sub-fund does not invest in stocks).

An ECP participant may actively manage the funds accumulated in their account by submitting a request for transferring their shares to sub-funds with a target date other than those relevant to their age.

| Sub-funds within Pekao PPK SFIO  | ECP Participants born in the years:   |
|----------------------------------|---|
| Pekao PPK 2025                   | 1967 and earlier  |
| Pekao PPK 2030                   | 1968 - 1972   |
| Pekao PPK 2035                   | 1973 - 1977   |
| Pekao PPK 2040                   | 1978 - 1982   |
| Pekao PPK 2045                   | 1983 - 1987   |
| Pekao PPK 2050                   | 1988 - 1992   |
| Pekao PPK 2055                   | 1993 - 1997   |
| Pekao PPK 2060                   | 1998 - 2002   |
| Pekao PPK 2065                   | 2003 - 2007   |
| Pekao PPK 2020<br>Spokojne Jutro | for persons not accepting<br>the risk connected with<br>investing in stocks |

## Possibility of withdrawing funds from the ECP

ECPs have been created to allow saving until retirement. Nevertheless, you may access the funds allocated in the ECP at any time, both before and after you turn 60.

### 1. Withdrawing funds before you turn 60



Saving with the ECP is voluntary and you may opt out at any time.

#### 1.1. Repayment

You may repay all funds accumulated in the ECP before you turn 60 (the so-called repayment). To do so, you need to submit a repayment request. After that you will receive the funds from the repurchase of the shares less:

- the value of the shares purchased by the State;
- 30% of the value of the shares purchased for the Employer's contributions (they will be recorded as your retirement scheme contributions made to the Social Insurance Institution [ZUS]); and
- the capital gains tax on capital gains earned on the repurchase of other shares.

Despite opting for the repayment of funds, you may continue to save with the ECP. Your account held with the ECP will still be maintained and credited with the future contributions made by your Employer.

## 1.2. Withdrawal of funds in exceptional circumstances

You may also withdraw the funds from the ECP before you turn 60; you may do so in such exceptional circumstances as:

- **serious illness of the participant, the participant's spouse or child** – up to 25% of the funds with no return obligation;
- **to cover own contribution when taking out a loan for the, construction/reconstruction/purchase of a house or for the purchase of an apartment** – up to 100% with the return obligation – with the possibility of paying it back in non-interest bearing instalments spread over a period of up to 15 years (this applies to persons under 45 years of age).

## 1.3. Transfer payment

A transfer payment made before you turn 60 is a transfer of all funds to another ECP (e.g. in the case you change jobs).

## 2. Withdrawing funds after you turn 60



After you turn 60, regardless of whether or not you continue to be employed, you will be able to dispose of the funds accumulated in the ECP. You may also continue to save with the ECP.

### 2.1. Withdrawal

You will not pay the capital gains tax, provided that the funds are withdrawn on the following terms:

- **25% of the accumulated funds – a one-off withdrawal** (unless you request this portion of funds to be withdrawn in instalments);
- **75% of the funds – at least in 120 instalments** (over 10 years or more).

Please remember that if you opt for the withdrawal in fewer than 120 instalments, you will have to pay the capital gains tax.

## 2.2. Transfer payment

The transfer payment can be made also once you turn 60. Such a payment is also attractive in tax terms. It consists in the possibility of transferring the funds accumulated in the ECP to:

- a term or permanent life insurance policy;
- a term savings account on terms specified in the Polish ECP Act;
- another ECP.

## 2.3. Spousal benefits

Spouses who turned 60 and save with the ECP managed by the same financial institution may have the funds withdrawn in the form of the so-called spousal benefit. In such a case, a joint account is opened for them and the funds are withdrawn from it in at least 120 instalments. Such a solution is also favourable in tax terms.

## 3. Inheritance of funds

After the death of an ECP participant, persons entitled to dispose of the funds accumulated in the ECP are the participant's spouse, heirs or persons named by the ECP participant. The ECP participant may also specify in writing one or more persons eligible to receive the funds accumulated in the ECP after the participant's death.

If at the time of death the participant was married, the financial institution shall proceed with the transfer payment of the half of the funds accumulated in the participant's ECP account to the ECP, IRA or EPS account of their spouse, to the extent the said funds have been covered by the joint property of spouses. The funds may also be paid in cash. In such case, the spouse of the deceased ECP participant shall submit a relevant request with the financial institution.

Funds accumulated in the ECP of the deceased ECP participant which are not transferred to the spouse shall be transferred to the eligible persons, i.e. to the persons named by the ECP participant or to the heirs who inherit on general terms. Depending on the request submitted by an eligible person, the funds of the deceased ECP participant may be paid in the form of a transfer payment to the ECP, IRA, EPS of the eligible person, or they may be paid in cash.



## Investment risk

- Due to the fact that ECP in Pekao TFI are based on investment funds, the investment involves investment risk.
- No fund/sub-fund guarantees investment profits. Each ECP unitholder must be aware that just as profits may be gained, losses of at least a part of invested funds are also possible.
- Material types of risk associated with Pekao TFI funds/sub-funds: interest rate risk, equity market risk, credit instrument price risk, concentration risk, counterparty risk, currency risk, leverage risk, liquidity risk, operational risk. There may be specific risks applicable only to some funds/sub-funds. Description of risks applicable to a given fund/sub-fund can be found in the Information Prospectus and in Key Information Document.

## Fees

Pekao TFI charges a fixed fee for managing individual sub-funds in the amount not higher than 0.5% of the net value of the assets under management.

Pekao TFI may charge a variable fee for managing individual sub-funds, depending on their performance, in the amount not higher than 0.1% of the net value of the assets under management per annum, on terms specified in the Polish ECP Act.

The said fees shall decrease the return on investment. The fee calculation and collection rules may be found in the informational prospectus.

Pekao TFI doesn't charge any fees on deposits made to the ECP.





# eFunduszePekao service available 24 hours a day



We have prepared an online service especially for the Employees – ECP Participants. It provides easy and convenient access to information concerning the ECP investments, as well as instruction placement, in particular:

- review of the ECP account, including the information about the transactions made in the ECP accounts, content of orders and instructions, ECP account balance and annual ECP account statements;
- review of the amount of payments financed by the Employee, the Employer and the State (from the Labour Fund);
- review of your personal data, contact and address details, and bank account numbers;
- modification of selected data;
- naming and changing the eligible persons;
- changing the target date sub-fund free of charge (for existing and future financial means);
- placing an instruction to withdraw funds;
- downloading templates of declarations to change the amount of the Employee's additional and basic payments, or to resign from the additional payment – to submit them to the Employer;
- accessing the confirmation of the ECP maintenance agreement conclusion;
- downloading templates of forms to be submitted to the Employer.

## It is so easy to contact us!

An Employee may at any moment obtain all information concerning his or her ECP account by phone. By calling the helpline, the ECP Participant may also obtain information about the performance results of management and investment strategies of the particular Sub-funds.

Employees are welcome to contact our Client Service Centre from Monday to Friday 8:00 to 19:00:



**801 641 641 or (+48) 22 640 40 40\***

\* available also from abroad and mobile phones.  
Operator charges apply.

Employees may also contact us by email:



**[pekaotfiCOK@pekao-fs.com.pl](mailto:pekaotfiCOK@pekao-fs.com.pl)**

# Network of Bank Pekao S.A. branches

Employees – ECP Participants who prefer direct contact with an adviser have the nationwide network of Bank Pekao S.A. branches at their disposal, where they can submit instructions concerning their ECP.

The list of branches is available at [www.pekaotfi.pl](http://www.pekaotfi.pl).

## ECP with an experienced partner – Pekao TFI S.A.

- ECP cooperation with over 25,000 employers
- the longest-running investment fund company in Poland
- 480 thousand clients
- one of the broadest offers of investment funds in the Polish market
- long-standing experience in developing similar retirement plans and in collaboration with employees
- an experienced team of managers supported by analysts
- close collaboration with Bank Pekao S.A.

## Awards

LAUREAT KONKURSU



TERAZ POLSKA

### Teraz Polska Emblem

for specialised investment programmes supporting saving regularly



### The „Bulls and Bears” award for 2022

for Pekao TFI in the „TFI of the Year” category awarded by „Gazeta Giełdy Parkiet”



### 2022 “Alfa” Prize awarded by Analityz Online

in the “Polish long-term debt fund” category, in the „stable growth fund” category and six distinctions.



### The “Golden Wallet” Prize awarded by Gazeta Giełdy Parkiet

for the best performance: in 2022 in commodity market fund category, in 2020 and 2021 in foreign debt securities fund category and in 2021 in the foreign equity fund category.

Source of data: own calculations of Pekao TFI S.A. unless otherwise stated. Investing in an investment fund consists in the purchase of participation units of a fund/sub-fund, and not of assets in which the fund/sub-fund invests, as these are the property of the fund/sub-fund. Provisions of the Act on Employee Capital Plans of 4 October 2018 have been used in this material; materials on ECP drafted by the Polish Development Fund are available at [mojePPK.pl](http://mojePPK.pl). The sub-funds included in the Pekao PPK SFIO fund may invest more than 35% of the asset value in securities issued, backed or guaranteed by any of the following entities: the Treasury of the Republic of Poland, the National Bank of Poland, a local government unit, an EU Member State, a local government unit of an EU Member State. **Due to the composition of the investment portfolio of the sub-funds (possible considerable share of equity financial instruments): Pekao PPK 2035, Pekao PPK 2040, Pekao PPK 2045, Pekao PPK 2050, Pekao PPK 2055, Pekao PPK 2060, Pekao PPK 2065, their net asset value may be volatile to a considerable extent.** The sub-funds included in the Pekao PPK SFIO fund are managed actively without a benchmark. Benchmark - an indicator used to evaluate the performance of an investment. This material is not an offer within the meaning of the Act of 23 April 1964 (Civil Code), nor does it represent an investment consulting service or a recommendation on financial instruments or their issuers within the meaning of the Act of 29 July 2005 on Trading in Financial Instruments, and is not a form of legal advice or tax advice. The content of the material does not meet the definition of investment research referred to in Article 36(1)(a) and (b) of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive. This material should not be construed as information recommending or suggesting an investment strategy and investment recommendations specified in Article 3 (1)(34) and (35) of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse. **It is an advertising material. Prior to making an investment decision, read the Information Prospectus, Key Information Document and the Information for Alternative Investment Fund Clients concerning the relevant Pekao PPK SFIO fund and other documents related to ECP. Pekao PPK SFIO fund Information Prospectus, containing a detailed description of risk factors associated with investing in individual sub-funds, as well as a brief description of unitholders' rights and fee information, financial statements, Key Information Document and the Information for Alternative Investment Fund Clients, can be found in Polish at [www.pekaotfi.pl](http://www.pekaotfi.pl).** Any decisions taken on the basis of this material are the sole responsibility of its reader. The individual rate of return on an investment is not equal to the investment performance of a sub-fund and depends on the disposal date and repurchase date of the share units by the fund, as well as on the amount of the fees charged that reduce the investment value and variable tax obligations imposed on the unitholder, in particular the amount of the capital gains tax which depends on the individual tax situation of the unitholder. Pekao Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna with its registered office in Warsaw, 01-066 Warsaw, Żubra 1, entered in the Register of Entrepreneurs of the National Court Register of the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, KRS 0000016956, NIP [tax identification number]: 521 11 82 650. Share capital: PLN 50,504,000, total amount of contributions paid is equal to the share capital. Pekao TFI S.A. operates under a license from the Polish Financial Supervision Authority.



**CLIENT SERVICE CENTRE**  
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**(+48) 22 640 40 40\***

\*available also from abroad and mobile phones.  
Operator charges apply.



**[www.pekaotfi.pl/ppk](http://www.pekaotfi.pl/ppk)**

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