

What is PPK?

PPK is a common savings system for employees implemented in cooperation with employers and state. It is a voluntary long-term saving system in which private is collected savings. The basic legal act: the act on employee capital plans (Journal of Laws, item 2215).

Who is affected by the PPK?

PPK applies to citizens of all countries working in Poland on the basis of an employment contract or contract - orders from the 91st day of employment with a given employer (not applicable to the contract - orders for disciples / students up to 26 years not covered by social insurance).

Who can participate in the program?

- Any employed person aged 18 or under will be enrolled in the scheme automatically, and will be able to resign from making payments to the PPK on a written basis a declaration submitted to the employing entity. Resignations may be submitted from the date of taking up a given employer PPK program. (template of the Declaration of resignation from making payments to the PPK is attached)
- Persons who are 55 years of age and under 70 years of age will be able to submit an appropriate application voluntarily join the PPK program.
- Persons who have completed 70 years, will not be able to join the program PPK

What next in the case of submitting a declaration of resignation from PPK?

Every 4 years (within the time limits specified by the Act) there is an automatic renewal of participation in the PPK, unless the employed person will resign from the program (on the basis of the attached Declaration of Resignation from making contributions to the PPK). An employee may rejoin the program at any time after submitting a resignation by submitting an Application for repeated payments to the PPK (attached).

Who finances contributions to the PPK?

1. Employee / contractor

The basic payment financed by the employee / contractor will, as a rule, amount to 2% of the remuneration. The paid PPK contribution from the employee reduces the amount to be paid to the employee (from each PLN 1000 gross, we will get PLN 20 less). Example: For an employee earning PLN 3,000 gross a month and not declaring a voluntary additional contribution to PPK, the amount of remuneration to be paid will be:

- after joining the PPK - PLN 2,088.72 zł
- after resignation from the PPK - 2156,72 zł

2. Employer / principal

The basic payment financed by the employing entity will amount to 1.5% of the constitutive remuneration the basis for the calculation of contributions to the retirement and disability pension insurance. The paid PPK contribution is financed by the employer / principal constitutes the taxable amount of the employee and increases his tax, and lowers the payout (for every 1000 gross zlotys, 2.70 zlotys of tax).

3. Country

State support for PPK participants (after meeting the conditions set out in the Act) includes:

- one-time welcome payment: PLN 250 for each PPK participant. Employees will receive a welcome payment, who will be participants of the PPK for at least 3 full months and will do so in at least 3 months basic contributions.
- annual annual payments: PLN 240 for each participant of the PPK. Annual payment will be given to PPK participants, whose basic and additional contributions together with contributions from the employer in a given year amount to at least 3.5% of 6 times the minimum wage in the year for which the surcharge is due. Participants whose basic contributions are lower than 2% must accumulate at least 25% of the above amount.

The annual surcharge is not due if:

- the employer does not pay contributions to the PPK for the employee due to his participation in the PPE (Article 13 (2) of the PPK Act);
- PPK participant in any month in which the amount of basic contributions financed by him was less than 2% of his salary, he received a combined monthly salary from all sources exceeding the amount of 120% of the minimum wage (Article 32 (5) of the PPK Act);
- a PPK participant, after reaching the age of 60, started making withdrawals of funds accumulated on his PPK account (Article 97 (3) of the PPK Act).

When is it possible to withdraw funds accumulated on the PPK account and in the most profitable way?

The participant will be able to withdraw the accumulated savings at the age of 60 or later.

The most advantageous form of withdrawal of funds (without the need to pay capital gains tax) is the payment of:

- 25% accumulated funds - once;
- 75% funds in at least 120 monthly installments (10 years) - the number of installments may be higher.

Reducing the number of installments in which the remaining funds will be disbursed - including the payment of the entire amount at once (i.e. in the 1st installment) - will require the payment of capital gains tax.

Can funds be withdrawn before the age of 60?

Yes, however your savings will be reduced by:

- capital gains tax;
- 30% funds from the employer's contributions, as they were exempt from insurance contributions social - the 30% charged will be credited to the employee as his / her pension contribution;
- środki pochodzące z dopłat od państwa.

Is it possible to withdraw the accumulated funds in special life situations?

While collecting savings, the program participant will be able to:

- withdraw funds to cover your own contribution in the event of taking out a loan to buy an apartment or building a house - as long as the employee is under 45 years of age. Up to 100% of funds, with a refund obligation. Deadline for return funds must begin no later than 5 years from the withdrawal of funds and may not last longer than 15 years from the date this payout.
- withdraw funds in the event of a serious illness of a PPK participant, his spouse or child. Up to 25% of funds, excl the obligation to return. Definition of serious illness: Art. 2 point 23 of the PPK Act.

What should I remember as an employee / contractor?

- Do not forget to submit a declaration to your employer / contractor within 17 days after the 90th day of employment on contracts with PPK concluded with previous employers / principals (template attached)

More information is available on the website of the Information Portal of Employee Capital Plans:

<https://www.mojeppk.pl/>

Source: <https://www.gov.pl/web/finanse/ppk-pracownicze-plany-kapitalowe> <https://www.mojeppk.pl/>