



## EMPLOYEE CAPITAL PLANS (ECP)

most important information on the plan



**BNP PARIBAS**

TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH

# Why ECP with BNP Paribas TFI S.A.?

## OUR FUNDS ARE REGULARLY RANKED AMONG TOP ONES

with respect to investment funds.

## WE HAVE EXPERIENCED AND HIGHLY QUALIFIED STAFF

(the average involvement in managing assets and analysis of capital markets per team member is over 12 years).

- Selecting ECP BNP Paribas you benefit from low fees:
- fees for asset management are **0.20% to 0.44%** – they decrease with time which is very advantageous to participants!

## WE OFFER PARTICIPANTS CONTINUOUS ACCESS TO INFORMATION ON ACCOUNTS AND THE PROGRAMME:



online in STI24

[sti24.tfi.bnpparibas.pl](http://sti24.tfi.bnpparibas.pl)



dedicated infoline for ECP Participants

**22 355 46 70**



we provide  
information materials  
and training

[ppk.tfi.bnpparibas.pl](http://ppk.tfi.bnpparibas.pl)

## WE ARE A MEMBER OF THE INTERNATIONAL BNP PARIBAS GROUP WHICH HAS ABUNDANT EXPERIENCE IN MANAGING ASSETS:



**EUR 1,6 trillion**  
Assets under  
management



**EUR 850 billion**  
Long-term assets  
(including Assets under management)



**40**  
Countries

# Employee Capital Plans (ECP) – what are they?

Employee Capital Plans is a system of voluntary long-term savings for pension purposes under pillar III of the pension system to be disbursed when the participants turn 60.

In the near future, demographic changes in the Polish society will result in a decreased number of professionally active people. There will be an increasing number of retirees. As a result, future pensions from ZUS that will be financed with current contributions of professionally active people will keep decreasing.

**Saving in ECP will facilitate regular saving of money throughout the Participants' active professional life. The accumulated funds may be used for any purpose as Participants may decide.**



## Who has to set up ECP?

ECPs have to be set up by Employers employing minimum one person who is subject to retirement and disability insurance.

Employees do not have to do anything to become an ECP Participant: they will be enrolled to ECP by the Employer.

ECPs were implemented step by step.

### ECP IMPLEMENTATION SCHEDULE

Number of employees	Statutory duty to set up ECP
minimum 250 persons	01.07.2019
minimum 50 persons	01.01.2020
minimum 20 persons	01.07.2020
other employers and the public finance sector	01.01.2021

## Who may join?

ECP may be joined, *inter alia*, by people with employment contracts, nominated, elected, appointed or with cooperative employment contract, after 3 months of employment with a specific Employer.

- Employees aged 18 to 55 will be automatically enrolled unless they file a declaration resigning from participation in ECP.
- Persons aged 55 to 70 may join ECP if they wish to.
- Employees who are 70 or more at the time they are employed may not join ECP.

Employee age	Enrolment to ECP
18 to 55 years of age	automatic, with an option to resign
55 to 70 years of age	upon Employee's request
over 70 years of age	not possible

## Participation rules and suspension of contributions

Saving in ECP is voluntary. At any time, the Employee may resign from making contributions to ECP by filing a written declaration with the Employer.

If the Employee submits a declaration resigning from making contributions to ECP, then:

- In the month when such resignation is filed by a Participant in ECP, the Employer will not transfer contribution for the Employee; if such contribution has been made before the declaration was filed, such contribution will be refunded.
- The Employee will not receive the annual premium from the State.
- Every 4 years, at pre-determined times the Employer shall commence or resume making contributions to ECP for the Employee who has filed a resignation declaration earlier unless the Employee again resigns from making contributions to ECP.
- The Employer shall notify the Employee of its intention to resume contributions to ECP.

ECP Participants who have suspended making contributions to ECP, may at any time resume saving in ECP by filing a declaration with the Employer to resume making contributions.





## EMPLOYER'S CONTRIBUTIONS

- Such contributions may be received SOLELY by ECP Participants. Resignation from participating in ECP shall not be equivalent to disbursement of the funds to the Employee's account additionally to the salary.



## WELCOME PREMIUM AND ANNUAL PREMIUMS BY THE STATE

- The lower the ECP Participant's salary, the more visible benefit of the above and positive impact on the balance of funds in ECP.



## POSSIBILITY OF ADDITIONAL CONTRIBUTIONS BY THE EMPLOYER AND THE EMPLOYEE

- Increased pension with little formality.



## LOW MANAGEMENT COSTS OF THE PROGRAMME

- Very low rates for savings in investment funds guarantee by law.



## TAX BENEFITS AT DISBURSEMENT AFTER THE AGE OF 60

- Tax advantages that do not apply to any other individual form of savings under products available in the market.



## POSSIBILITY TO WITHDRAW SAVINGS AT ANY TIME BY FILING A REQUEST FOR REFUND FROM ECP



## INHERITANCE

- Being privately owned, in case of the Participant's death, the funds accumulated in ECP are inherited – both contributions made by the Employee and those made by the Employer and the State.



## FLEXIBLE SAVINGS

- possibility of full or temporary resignation from making contributions to ECP
- possibility to select a Sub-fund
- possibility to change the amount of additional contributions to ECP made by the Employee

# Contributions to ECP

Contributions to ECP accounts will be funded by the Employer and ECP Participant (as basic and additional contributions) and by the State (welcome premium and annual premiums). The contributions made by the ECP Participant and by the Employer will be calculated as a percentage of the gross salary being the base to calculate the Employee's retirement and disability insurance. The premiums provided by the State shall be equal for all the participants: PLN 250.00 as welcome <sup>1</sup> made once and PLN 240.00 every year as an annual premium<sup>2</sup>.

## EMPLOYER'S CONTRIBUTIONS

- The basic contribution funded by the Employer will be 1.50% of the Employee's salary.
- The contribution funded by the Employer may be up to 2.50% of the ECP participant's salary. Additional contributions funded by the Employer may differ subject to seniority of the Employees and pursuant to the provisions of the remuneration regulations or the Employer's collective labour agreement and does not have to be the same for all Employees. The contributions made by the Employer will constitute the Employee's income and therefore the Employer will deduct income tax on the Employee's salary.

## EMPLOYEE'S CONTRIBUTIONS

- The basic contribution funded by the ECP Participant will be 2.00% of the salary – in case of persons with salaries below 1.2 times of minimum salary, the contributions may be lower but no less than 0.50%. The amount of basic contributions may be lowered pursuant to a request by the ECP Participant filed with the Employer.
- Additional contributions by ECP Participants may be maximum 2.00% of salary.

ECP Participants may declare additional contributions irrespective of the fact whether the Employer makes its additional contributions. Basic and additional contributions by ECP Participants will be deducted by the Employer from the Employee's net salary and transferred by the Employer to ECP.

## PREMIUMS FROM THE LABOUR FUND

Each Employee saving in ECP will be paid by the State:

- one-off welcome premium\* of PLN 250.00. The premium will be made when contributions to ECP have been made for minimum 3 months.
- afterwards, every year the amount of PLN 240.00\*\* provided basic and additional contributions to the Participant's account in the year will be minimum 3.50% of 6-times the minimum salary

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<sup>1</sup> The welcome premium is made when the conditions specified in Article 31 of the Act in ECP are satisfied

<sup>2</sup> The annual premium is made when the conditions specified in Article 32 of the Act in ECP are satisfied

# How will contributions to ECP affect the Employee's salary?

Contributions to ECP will result in a slight decrease of the Employee's salary. For a majority of ECP Participants, their monthly salary will be decreased by ten to under one hundred zlotys. At the same time, more money will be deposited in the Employees' registers with ECP. The surplus will be funded by the Employer and the State – the Employer's contributions will constitute Employee's additional income and thus they will be subject to income tax.

Employee's salary		Contributions to ECP			Effect for ECP Participants		
gross	net (actual disbursement)	to the employee (2.00% or 0.50%)*	from the employer (1.50%)	Monthly premium by the State	net salary (actual disbursement)	how much less versus the salary without ECP	amount accumulated in ECP register
PLN 4 806	PLN 3 605,85	PLN 24,03	PLN 72,09	PLN 20,00	PLN 3 573,17	PLN 32,68	PLN 116,12
PLN 6 000	PLN 4 420,43	PLN 120,00	PLN 90,00	PLN 20,00	PLN 4 289,63	PLN 130,80	PLN 230,00
PLN 7 000	PLN 5 101,67	PLN 140,00	PLN 105,00	PLN 20,00	PLN 4 949,07	PLN 152,60	PLN 265,00
PLN 8 000	PLN 5 783,91	PLN 160,00	PLN 120,00	PLN 20,00	PLN 5 609,51	PLN 174,40	PLN 300,00
PLN 9 000	PLN 6 465,15	PLN 180,00	PLN 135,00	PLN 20,00	PLN 6 268,95	PLN 196,20	PLN 335,00

\* The calculations assume that PPK participants with income of PLN 4 806 will decide to pay a basic contribution of 0.50% instead of 2.00% (only possible when income from various sources does not exceed 1.2 times the minimum wage). The tax payable by the Employee on the Employer's contributions was calculated at the rate of 12%. The calculations are for illustration only and the actual amounts will be subject to each employee's specific situation.

Source: <https://wynagrodzenia.pl/kalkulator-wynagrodzen> and our own calculations.



# Investments of funds in defined date sub-funds

ECP is a saving system relying on capital markets. Contributions made to ECP accounts will be invested in investment funds which will mitigate risk levels in line with the age of ECP Participants – defined date sub-funds. The sub-fund defined date is an approximate time in the future at which the Participants will turn 60.

The funds accumulated by ECP Participants will be invested in 10 sub-funds established within BNP Paribas PPK Specjalistyczny Fundusz Inwestycyjny Otwarty. Each Employee will be automatically assigned to a specific sub-fund depending on their year of birth.

The sub-funds established within BNP Paribas ECP SFIO will be designated for persons born in the following years:

<b>BNP Paribas ECP 2025</b>	for persons born in 1963-1967 and earlier
<b>BNP Paribas ECP 2030</b>	for persons born in 1968-1972
<b>BNP Paribas ECP 2035</b>	for persons born in 1973-1977:
<b>BNP Paribas ECP 2040</b>	for persons born in 1978-1982:
<b>BNP Paribas ECP 2045</b>	for persons born in 1983-1987:
<b>BNP Paribas ECP 2050</b>	for persons born in 1988-1992:
<b>BNP Paribas ECP 2055</b>	for persons born in 1993-1997:
<b>BNP Paribas ECP 2060</b>	for persons born in 1998-2002:
<b>BNP Paribas ECP 2065</b>	for persons born in 2003-2007:
<b>BNP Paribas ECP 2070</b>	for persons born in 2008-2012:

The defined date sub funds will adapt their investment policies to the age of the ECP Participants to which each of them is dedicated. At the beginning, investments in the sub-fund will predominantly include instruments with a higher profit potential and higher risk – mainly stocks; then – the closer to the time ECP Participants turn 60 – the sub-fund will invest in safer instruments – mainly debt assets such as bonds. This way of management is aimed at mitigating investment risk and the risk of losses to the funds in the account as the Participants approach the age of 60.

**ECP Participants may file a request to make contributions to sub-funds other than the one dedicated to their year of birth.**

The Act on ECP provides in detail the financial instruments in which sub-funds may invest and the timing of changing ratios of the equity part (generating higher profit but related to higher investment risks) from the debt part (with a much lower investment risk) of the investment along with the approaching time the Participants in the sub-fund turn 60.

# When can Employees (ECP Participants) withdraw funds accumulated in ECP accounts?

The savings accumulated in ECP are owned by Employees who may dispose of them at any time – both before and after they turn 60 – in the form of disbursement or refund.

## DISBURSEMENT

### Fund disbursement before the age of 60:

- *in case of a serious illness*

When the ECP Participant, his/her spouse or a child fall seriously ill, such Participant may request the disbursement of up to 25% of the funds from ECP. Such disbursement will be made upon a request filed by the ECP Participant directly to the financial institution managing ECP. The request has to be accompanied by medical certificates confirming the health condition. The catalogue of illnesses is specified in the Act on ECP.

- *for housing purposes*

ECP Participants may withdraw up to 100% of the accumulated fund to cover their own contribution to a loan to purchase or construct a house or an apartment. In that case, ECP Participants are obliged to refund such withdrawal (in the form of interest-free instalments) to their ECP register within 15 years of the disbursement date. This form of withdrawal can be used solely by participants aged under 45.

### Fund disbursement after the age of 60:

- one-off withdrawal of up to 25% of the accumulated funds while the remaining part in minimum 120 instalments over 10 years (without tax on capital gains)
- withdrawal in any number of instalments (of less than 120, the withdrawal will be subject to a 19% tax on capital gains resulting from investments of the funds in ECP)
- one-off withdrawal of up to 100% of the accumulated funds (such withdrawal will be subject to a 19% tax on capital gains resulting from investments of the funds in ECP)

Employees saving in ECP turn 60 are not obliged to make any withdrawal. They may continue saving in ECP and receive contributions from the Employer and continue their contributions if they continue to be employed and retirement and disability insurance premiums are deducted from their salary.

## REFUND

At any time before turning 60, ECP Participants may withdraw their funds by way of refund. The Participants will then receive:

- all funds originating from their own basic and additional contributions
- 70% of the Employer's contributions (30% of the contributions will be transferred to ZUS as the Employee's retirement insurance premium).

The funds will be reduced by the annual premiums and welcome premium funded by the State; additionally, profit on investments will be subject to a 19% tax on capital gains.

## Inheritance of funds

The funds accumulated by ECP Participants are owned privately and may be inherited.

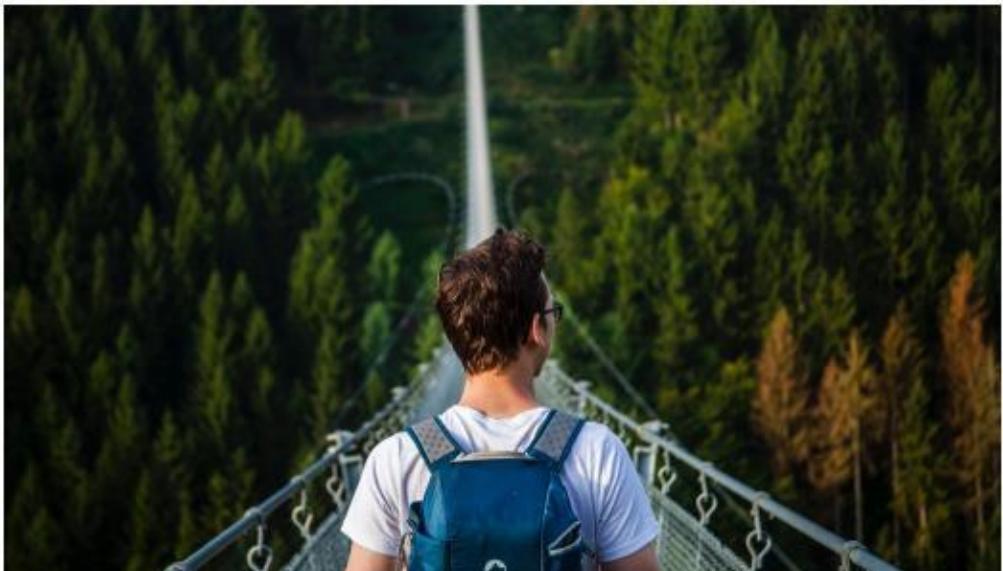
- if the ECP Participant was married, one half of the funds accumulated in ECP will be inherited by the spouse of the deceased Participant
- the remaining funds, not inherited by the spouse, will constitute the deceased Participant's estate unless the ECP Participant designated a beneficiary

ECP Participants may designate in writing a beneficiary (beneficiaries) who after their death will be disbursed the funds (as a transfer to IKE, PPK, PPE or in cash).

## Change of Employer – what will happen to our savings in ECP?

In case the Employee who is an ECP Participant changes the Employer, the following options are available:

- the funds in ECP with the previous Employer may be transferred to ECP with the new Employer. Any time an ECP Participant joins ECP with the new Employer, within seven days of signing an ECP Agreement with the new Employer he/she submits a statement about possessed ECP registers in other institutions. Unless the ECP participant objects, the new Employer – via the financial institution managing the ECP – will make a transfer withdrawal by transferring the assets from the previous ECP to its own ECP.
- conclude an ECP agreement with the new Employer while keeping the previous ECP with the former Employer. In that case, the ECP Employer must file a written objection against transfer by the new Employer of the funds accumulated in the previous ECP



# Are the savings accumulated in ECP owned by me?

All funds accumulated in ECP are privately owned by people saving in ECP. This is guaranteed in Article 3.2 of the Act on employee capital plans of 4 October 2018, and therefore:

- ECP Participants may use the funds at any time
- the savings in ECP register may be inherited

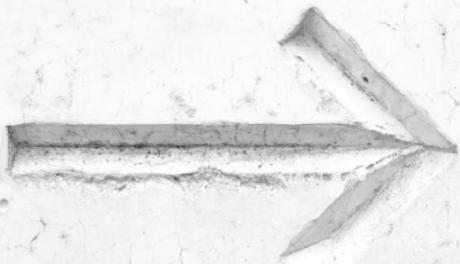


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The Society was entered on the Register of Employee Equity Plans on 02.07.2019.



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