

Employee Capital Plans (PPK) QUESTIONS AND ANSWERS – Re-enrollment



1. What is automatic re-enrollment?

This is an automatic enrollment of an employee in an Employee Capital Plan (ECP). This means that every employee aged between 18 and 55 will be automatically enrolled by their employer in an ECP, regardless of whether in the 2019–2022 period they have opted out of making contributions. To not be automatically re-enrolled in the ECP, employees should resubmit their ECP opt-out declaration to the employer by 1 April 2023.

2. Who will be re-enrolled in the ECP?

Automatic re-enrollment concerns both employees who opted out of enrolling in the ECP before the employer entered into the ECP management contract as well as employees who were enrolled in the ECP but submitted their ECP opt-out declaration between 2019 and February 2023.

3. Will all employees be automatically re-enrolled? What about automatic re-enrollment of employees who have already reached the age of 55 or 70?

Automatic re-enrollment does not apply to employees at that age. To enroll in the ECP, employees aged over 55 but under 70 should file a request with their employer to enter into the ECP management contract on their behalf.

Employees aged over 70 may not enroll in the ECP even if they have filed a request with their employer in that regard.

4. How long is the submitted opt-out declaration valid for?

Once submitted, an ECP opt-out declaration is valid until the last day of February in the year in which the employer is required to resume making contributions to the ECP – as regards the next re-enrollment, this is the end of February 2023. Re-enrollment is planned to take place every 4 years.

5. When can an ECP opt-out declaration be resubmitted?

An employee may resubmit their ECP opt-out declaration **no earlier than on the 1st of March** in the year for which the automatic re-enrollment is planned – the nearest date is **1 March 2023**. Where the employee fails to submit their opt-out declaration before that date, the employer will start making contributions as of 1 April 2023.

6. Does the employer have to obtain the unit holder's consent to resume contributions made on their behalf as of April 2023?

No. However, the employer must – by the end of February 2023 – advise employees who have submitted their ECP opt-out declarations that as of 1 April 2023 contributions to the ECP made on their behalf will be resumed. **The obligation concerns providing information.**



7. Is the employer required to obtain an employee's written consent to enroll in the ECP?

An employee may automatically be enrolled in the ECP when certain conditions are met (following the principle of automatic enrollment), in which case no consent is required.

If an employee does not submit a written ECP opt-out declaration, they shall be enrolled in the scheme automatically.

This applies to employees aged between 18 and 55.

8. What about automatic re-enrollment of employees hired under the contract of employment who have submitted ECP opt-out declarations?

In such case, the employer should resume making contributions to the ECP on behalf of unit holders who have previously submitted their ECP opt-out declarations, unless such employees resubmit ECP opt-out declarations. The ECP opt-out declaration may be resubmitted by 1 March 2023.



9. The employer has not introduced the ECP so far as all employees have submitted opt-out declarations and, given the company's size, it is under no statutory obligation to do so. Should the employer collect the information from employees once again and, in the event that any of them wants to enrol in the ECP, enter into a management contract?

Yes. Such employer is also under an obligation to provide information as regards automatic re-enrollment. A micro entrepreneur will have to launch the scheme should any employee be interested in enrolling in the ECP.

10. Who should the employer advise of the automatic resumption of contributions to the ECP as of 1 April 2023?

Before the automatic re-enrollment (resumption of contributions to the ECP), the employer must advise all employees who, before the planned notification date, **submitted the ECP opt-out declaration**.

The first such notification must be sent by the last day of February 2023. Next notices shall be sent every 4 years (i.e. by the end of February 2027, by the end of February 2031, etc.).

11. What to do if a unit holder working for the employer submits their ECP opt-out declaration, has their employment terminated, and then is re-employed with the same employer after the automatic re-enrollment date?

An ECP opt-out declaration is valid until the last day of February in the year in which the automatic re-enrollment is planned (i.e. until the end of February 2023). This means that even if at the automatic re-enrollment date the employee is not bound by the employment relationship with the employer, the opt-out declaration they have previously submitted **is no longer valid**. Thus, where the ECP unit holder is re-employed, they should resubmit the ECP opt-out declaration if they wish not to be automatically re-enrolled in the scheme.

12. What measures should be taken if an employee has submitted their ECP opt-out declaration and failed to resubmit it by the relevant day in March when their salary was paid? What should the employer do if an employee submits their opt-out declaration a few days after the salary payment date but before the contributions are made to the financial institution?

In this case the employer shall deduct the contribution from the salary in the amount as at the salary payment date (where a valid opt-out declaration has not been submitted). However, the employer will have to reimburse the employee for any contributions deducted from their salary (payroll adjustment) if the opt-out declaration is submitted before the April deadline for transferring contributions to the financial institution. From the date the opt-out declaration has been submitted, the employer should not transfer any contributions to the financial institution on behalf of such unit holder.

13. When should the ECP contribution deducted in March 2023 be transferred?

The contribution must be transferred between 1 and 17 April 2023 (please note that 15 April falls on Saturday).



14. What if the only resignation declarations the employer has are from, say, 2022? The 4-year period has not yet elapsed. Should these employees be re-enrolled in the Employee Capital Plan (Polish: Pracownicze Plany Kapitałowe, abbr. PPK) programme? Or only after 4 years, i.e., in 2024-2025?

There is one automatic re-enrolment deadline, identical for all: 1.04.2023. It does not matter when the original resignation was submitted, or in which round of enrolment the company joined the PPK programme. From 1.04.2023, the following full years will be counted until the next auto-enrolment:

1.04.2023 > 1.04.2027 > 1.04.2031 > etc.

15. Does the form of resignation always remain the same? Example: an employee has a continuity of employment of several years with one employer. Can the employer receive a renewed resignation in a different (verbal) form, or is the employing entity obliged to obtain a resignation form each time, according to the format specified by the legislator, in writing?

The declaration should always be made in writing: this is stipulated in the law on PPK as a mandatory form of submission, and at the same time a safe prospect for the employer, in case of any doubts/claims: we have an instruction of the employee, confirmed by his signature.

16. When is the employer required to calculate and remit PPK contributions for automatically re-enrolled individuals?

The employer is required to calculate contributions to the PPK already from the first salary paid to the employee after concluding a PPK agreement for him. In this context, it does not matter for what period this salary is due.

The first payments must be made from the month following the month in which the legal relationship under the PPK agreement was established. Subsequent contributions to the PPK can be made as early as the day they are calculated and collected. Payments should be remitted to the financial institution no later than on the 15th of the month following the month in which they were calculated and collected (this also applies to the first payment).

For example, if a salary is paid in March after the PPK agreement is entered into, the employer should include a PPK contribution in the salary payment procedure (a PPK contribution is deducted from the March salary), and then pay this contribution in April. If, on the other hand, the salary was paid in March prior to the conclusion of the PPK agreement, a PPK contribution is not deducted from it; as a result, the deadline for contribution calculation and payment moves forward by a month (calculation in April and payment in May).

17. Are there penalties for remitting contributions earlier, i.e., deducting the contribution in March and remitting the contribution in the month of March as well?

There are no penalties provided for, but this is an incorrect course of action: the employee can report a claim / irregularity of calculation and transfer, and make a claim for recovery of wrongly transferred funds, in case he submitted a resignation declaration still in the month of March. We recommend that contributions be remitted between 1 April and 17 April 2023.

18. What about individuals aged 55+ who have been PPK participants so far? If they do not make a declaration of enrolment or resignation, do we stop paying contributions for them and treat them as if they had resigned?

Definitely not, in the situation of people aged 55+ who have previously made a declaration of payment of PPK contributions, it is still valid (indefinitely) and we continue saving.

19. Does auto-enrolment also apply to those on maternity leave, parental leave, childcare leave or long-term unpaid leave?

Auto-enrolment applies to all those who meet the definition of an employed person in the age group between 18 and 55. With respect to these people, the employer has a notification obligation and an obligation to enrol them in the PPK programme; the aforementioned situations do not change the legitimacy of auto-enrolment.

20. What is the situation of the new employees, hired in January 2023, for example? Do we enrol them „automatically” as from March, too?

Such employees are subject to standard statutory PPK enrolment rules: that is, they can be enrolled in the PPK programme 14 days after the date of employment at the earliest, and by the 10th day of the month following the expiration of 3 months from the date of employment at the latest.

21. In the case of a person who resigned from the PPK programme (at the time of the programme's implementation) and makes another resignation declaration in March 2023, does the employer have to notify the financial institution of this fact?

No, the financial institution should not receive the data of an employee who does not want to be enrolled in the PPK programme. However, such a resignation declaration should be submitted in writing and filed with the employer's human resources and payroll department.

*Questions prepared based on the publication released by PFR Portal PPK – PPK w praktyce – Autozapis [ECP in practice – automatic re-enrollment], by A. Puskarska and M. Jankowska.



Generali Investments TFI S.A.
18 Senatorska Street
Warsaw, 00-082
Warsaw, December 2022



(+48) 22 355 46 71 (Mon to Fri, 9.00 a.m. to 5.00 p.m.)



www.generali-investments.pl



ppk-tfi@generali.pl

This is a marketing and information material.

Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A. operates under the permit of the Securities and Exchange Commission (currently: Polish Financial Supervision Authority) of 1 June 1995, decision No. KPW-4073-1195, and was entered in the Register of the Employee Capital Plans.

The material does not constitute an offer to conclude a contract within the meaning of the Civil Code, investment advice or recommendation relating to the purchase of financial instruments. Investment decisions as regards investing in investment funds should be made only after reading the funds' prospectus including detailed information on risk factors, principles of sales of funds' participation units, table of fees, as well as tax information. Prospectus, Key Investor Information, AFI Client Information, table of fees, information on investment risk and taxes are available at: www.generali-investments.pl.

The sub-funds separated in Generali Horyzont^{SPF} may invest more than 35% of the value of its assets in money market instruments issued or guaranteed by the National Bank of Poland or the State Treasury.

The Investment Fund Company assumes no liability for the adverse effects that the direct or indirect use of the content hereof might have.

This material was prepared as at 29 May 2019 and shall apply until the date of its updating by publishing a new version in the online service www.mojppk.pl. Detailed terms and conditions of PPK Management Agreements and PPK Operation Agreements concluded with the Fund are available as part of the process of filing an application for the conclusion of PPK Management Agreement via the service provided by Generali Investments TFI S.A. Detailed information on the establishment and management of PPK by Generali Investments TFI S.A. can be provided on demand.

There is no guarantee of meeting the sub-funds' investment objectives; there is a possibility of the value decreasing, including the loss of part of invested funds. The financial information presented relate to a designated period in the past and do not guarantee similar results in the future.

This material may not be copied or disseminated without prior written approval of Generali Investments TFI S.A.