Frequently Asked Questions

What are the Employee Capital Plans (ECP)?

Employee Capital Plans (ECP) are a voluntary and private long-term retirement saving system.

How do the ECP work?

The financial institution with which the employer sings agreements on operating and management of individual ECP accounts is chosen by the employer together with trade unions. Joint payments from the employer and employee are made to the account, along with the welcome payment and the annual benefit from the state.

What are the Defined Date Funds?

The Defined Date Fund is an investment fund within the framework of which the funds gathered in the Employee Capital Plans are invested.

The particular sub-funds will follow different investment policies depending on the age of each participant. The older the employee, the safer financial instruments will be chosen to invest his or her funds. In practice, this means that the funds will be invested partly in shares and partly in debt (treasury bills, bonds, etc.). The percentage of funds invested in safer financial instruments will grow progressively along with the participant's age.

Is participation in the ECP obligatory?

It is for the employer, but not for the employee. An employee is automatically enrolled in the programme, but he or she can leave it at any time, whereas an employer is obliged to participate, which means that when an employee is willing to participate, the employer's share must be added to the employee's account.

To whom are the ECP addressed?

All employees no younger than 18 and no older than 55 are automatically enrolled in the programme.

Employees between 55 and 70 years of age who want to join the ECP must submit a written declaration of their willingness to participate in the programme.

Persons above the age of 70 cannot join the PPK (but those who were already participants of the ECP can continue their saving within its framework after reaching this age).

How are contributions to the ECP made?

An employee who joins the programme declares to make contributions of at least 2% of their gross salary, whereas an employer is mandated to contribute at least 1.5% of that gross salary. During the first year, the additional sum of 250 zlotys is transferred to the account (after at least 3 months of the employee's participation), whereas the annual benefit from the state amounts to 240 zlotys.

Can I increase or decrease the amount of my payments to the ECP?

Yes, you can. The payment can be reduced to as little as 0.5% of gross salary if the employee's monthly remuneration does not exceed 120% of the minimum monthly salary.

The payment can also be increased by up to 2% of gross salary, which means that an employee can contribute from 2% to 4% of his or her gross salary (or, in special cases, from 0.5% to 4%).

What will be the monthly cost of my participation in the ECP?

The basic cost is the declared percentage of gross monthly salary (default 2%) along with the income tax charged on the employer's contribution (that is, on 1.5% of gross salary).

Can I opt out from the programme? How can I do it?

The ECP is a voluntary saving programme, so an employee can cancel his or her participation and leave the programme at any time.

However, any employee who cancels participation in the ECP will be automatically enrolled in the programme every four years. If the person is still unwilling to make payments, he or she must submit another opt-out declaration. In the case of the University, which became subject to the Act on ECP of 1 January 2021, the first automatic re-enrolment of participants is scheduled for the beginning of 2023, and will then be repeated every four years.

When can I withdraw the money from the account?

The ECP is a retirement saving programme, which assumes that all funds are withdrawn after the participant reaches the age of 60. The withdrawal process is divided into stages. 25% of the accumulated funds will be withdrawn at one time, and the remaining 75% - in monthly instalments during the following 10 years. This form of withdrawal after reaching the age of 60 will not entail any additional costs or taxation.

An employee who, after receiving 25% of the accumulated funds, wishes to withdraw the remaining 75% in fewer instalments or all at once, will have to pay a tax charge.

What if I would like to withdraw my money earlier?

As participation in the ECP is not mandatory, the funds can be withdrawn at any moment, but this will entail additional charges. If the money is withdrawn before reaching the age of 60, the amount will be reduced by:

- the surcharge from the state
- capital gains tax
- 30% of the amount paid by the employer, which will be transferred to the Social Insurance Institution as the employee's pension contribution

The funds can be withdrawn without the deductions in exceptional situations, such as:

- serious illness of the ECP participant, his or her spouse or child (up to 25% of the accumulated funds, with no return obligation)
- for people under the age of 45 – to cover residential mortgage down payment, for buying a flat of building a house (up to 100% of the accumulated funds, with a 15-year return obligation)

What will happen to the accumulated funds if the participant dies before the age of 60?

The funds accumulated in the ECP are fully inherited pursuant to the general rules of the Polish inheritance law. The beneficiaries can also be appointed by submitting the relevant decision to the investment fund.

Will I be able to check the balance of my account?

After joining the ECP, the investment fund will contact every participant providing him or her with the login and password to the system, enabling the participant to check the account balance, check how the funds are invested or, possibly, request changes in one's personal data or investments.

What if I have already been enrolled in the ECP by my previous employer?

If a new employee was or is the ECP participant as part of another employment, he or she may transfer the previously accumulated funds to one specific investment fund of the selected employer or leave the money at two different investment funds and continue gathering them in two different accounts.