

INFOGRAPHIC OF THE POLISH PENSION SYSTEM

DEMOGRAPHICS AND MACROECONOMICS



Population

38 Million

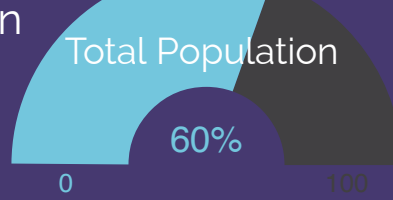


GDP Per Capita

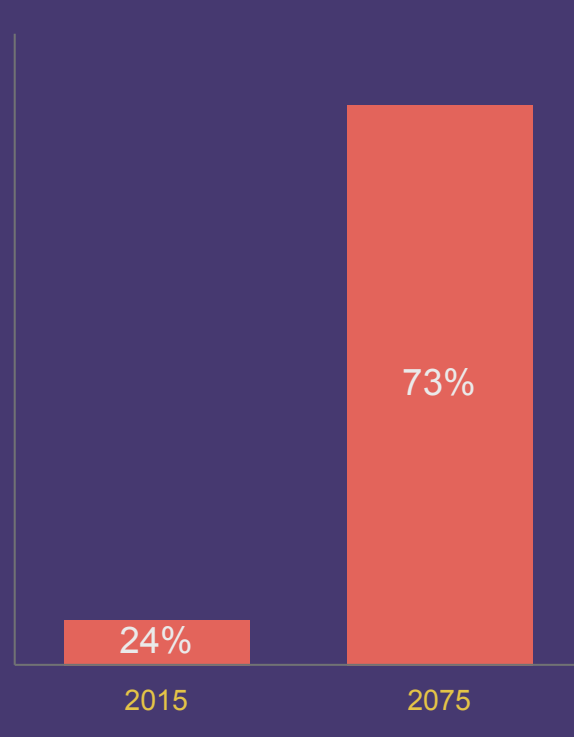
\$ 16K



Working-Age Population



Old-Age Dependency Ratios



1st Pillar Pension System

20%

APPROXIMATE CONTRIBUTION RATE IN ZUS PLANS



Characteristics

- > Mandatory public pension scheme
- > Notional defined contribution accounts
- > Run by Social Insurance Institution (ZUS)



Retirement Age

- > Women, 60; Men, 65
- > Long-term retirement age is the same



Replacement Rates

- > Gross: 31%; Net: 37%



Contribution Rates

- > 19.5% of employees taxable income
- > Employees and employers each paying half

2nd Pillar Pension System

16

MILLION PARTICIPANTS IN OFE PLANS



Plan(s)

- > OFE: Open Pension Funds



Characteristics

- > Initially, OFE was mandatory, but after 2014 reform, it becomes voluntary



Participants and AUM

- > Total participants, approx, 15,5 million; total AUM, approx, PLN 160 billion



Important Reforms

- > Since 2014, those entering the workforce for the first time can choose whether they want to contribute to a OFE or solely to ZUS

3rd Pillar Pension System

7%

TOTAL PENSION FUND ASSETS/ GDP RATIO IN THE 3RD PILLAR PENSION SYSTEM



Plans & Accounts

- > PPE: Employee Pension Schemes
- > IKE: Individual Retirement Accounts
- > IKZE: Individual Retirement Security Accounts
- > PPK: Employee Capital Plans



Characteristics

- > PPE are a form of collective saving for retirement at the workplace (participation is voluntary)
- > IKE/IKZE may be granted to a person who is 16 years of age or older (participation is voluntary)



Investment Performance

- > Real geometric average annual investment return (5-years): 0.6%



Important Reforms

- > Introduction of auto-enrollment and PPK Plans (2019)

Auto-Enrolment System

70%

OF PARTICIPANTS OPT-OUT FROM THE SYSTEM



Characteristics

- > Fully-funded DC pension schemes
- > It is considered under the private pension system (3rd pillar)
- > Introduced in 2019



Eligibility and Contribution Rates

- > Employees between 18-55 years old in public and private sector
- > Employees are gradually included in the plan depending on the company's size
- > Minimum default contribution rate: 2% (employee), 1.5% (employer)
- > Re-enrollment: every 4 years



Financial Incentives

- > Tax incentives
- > State- welcome payment: 250 PLN
- > State- annual subsidy: 240 PLN



Default Fund Design and Fee Structure

- > Life-cycle funds
- > Average fund management fee was 0.35% in 2020, capped at maximum of 0.5% of net asset value per year



Payout Phase

- > Individuals can receive their pension benefits in a lump-sum or a monthly annuity form



Total Participants and Total AUM

- > Participants, approx : 2,5 million ; Total AUM, approx: PLN 5,5 billion