



WOJEWÓDKA I WSPÓLNICY
KANCELARIA PRAWA PRACY

15 lat 2004-2019



INSTYTUT
EMERYTALNY

Level of participation in Employee Capital Plans

Warsaw, November 18, 2019

prepared by Instytut Emerytalny and Law Firm Wojewódka i Wspólnicy

www.institutemerytalny.pl | www.wojewodka.pl



Table of Contents

1. Authors and subject of the study	3
2. Research sample being the basis of the study	4
3. Characteristics of surveyed employers.....	5
4. Research methodology	6
5. Average declared level of participation in PPK in 2019 – just over 40 percent.....	7
6. Level of participation of contractors in PPK.....	9
7. Impact of employer size on participation level in PPK.....	10
8. Other factors affecting the level of participation in PPK	11
9. PPK managing entity and the level of participation.....	12
10. Summary	13



I. Authors and subject of the study

This study was prepared by experts from the Instytut Emerytalny and the Labor Law Firm Wojewódka i Wspólnicy on the basis of actual figures and percentage indicators regarding the level of participation in Employee Capital Plans (further as PPK). These data were provided directly by individual employers, and include the number of employees enrolled by these employers by November 12, 2019 in employee capital plans (PPK) created by these employers. The subject of the study is to provide reliable information on the level of participation in PPK and making an attempt to identify for the first time in Poland determinants of the level of participation in PPK.

Marcin Wojewódka, Ph. D.

marcin.wojewodka@wojewodka.pl

Antoni Kolek, Ph. D.

antoni.kolek@instytutemerytalny.pl



2. Research sample being the basis of the study

The study was prepared on the basis of information provided on a voluntary basis to the authors of the document on the number of persons employed in a given employing entity forming the PPK and the number of participants under a given PPK, i.e. persons enrolled in the PPK on the date of the conclusion of the first agreement on running a PPK in the given entity in fourth quarter of 2019.

The data in question have been given by dozens of entities, of which the overwhelming majority are entities employing at least 250 employees. Other, smaller entities are those that are part of capital groups within the meaning of the provisions of the Act on PPK, under which entities obliged to create PPK in the fourth quarter of 2019 joined the group.

According to official data as of November 12, 2019, the number of entities employing at least 250 people fluctuated around 4,000. The above means that the surveyed group is numerically representative for the total number of employers obliged to create PPK in 2019.

4 000



> 250 employed persons



3. Characteristics of surveyed employers

Employers participating in the survey are very diverse in many ways. In almost all cases, these are entities operating in the form of companies with limited liability or joint stock companies. These entities have their headquarters throughout Poland, with the proviso that the majority of the entities surveyed come from central and western Poland - these are mainly Mazowieckie, Dolnośląskie, Wielkopolskie and Łódź voivodships. Data was also received from entities from other voivodships. The studied group includes significantly more than 1.5 percent of the population of all employers who have already created PPK. Therefore, with all reservations, one can speak about certain representativeness. However, it should be stipulated that the results presented in the study are only a study on a specific group, not statistics of the entire PPK market.



The analyzed group includes both private entities and these with the capital involvement of the State Treasury. Both Polish capital and foreign capital is represented. Part of the data in this study comes from companies listed on the Warsaw Stock Exchange. Various industries are represented, including heavy and light industry, as well as services and so-called modern branches of the economy.



4. Research methodology

Employers cooperating with the Instytut Emerytalny and the Labor Law Firm Wojewódka i Wspólnicy were asked to provide real figures regarding a given employing entity, including the number of employees by a given entity and the number of people who became participants of PPK (they were enrolled in PPK in the form of an annex to the agreement on running PPK). However, other data concerning the characteristics of a given employer, which are the subject of the study, were supplemented on the basis of the knowledge possessed by the authors of the study from other sources (e.g. the fact of trade unions functioning in a given entity, or the fact of employing a significant number of people on the basis of mandate contracts).

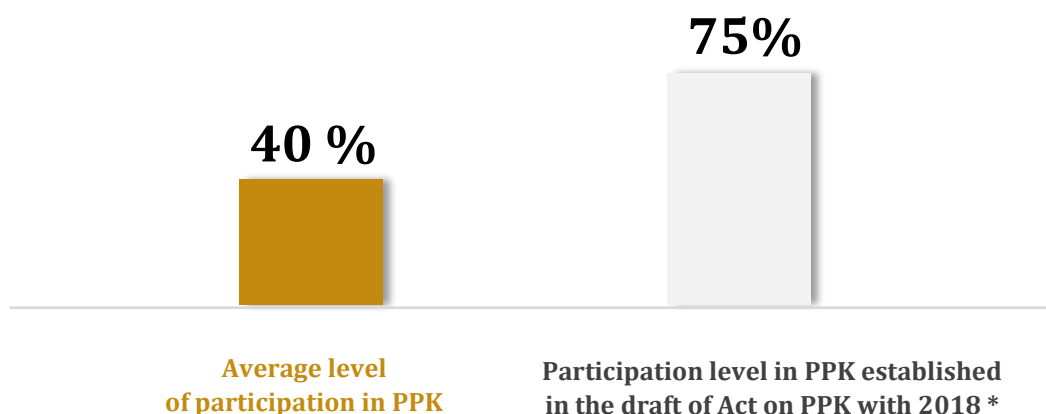


5. Average declared level of participation in PPK in 2019 – just over 40 percent

Making compilation of actual numerical data, received by the authors from employing entities, indicates that the level of participation in PPK, calculated as the ratio of the number of PPK participants (people enrolled in the PPK in the form of an annex to the contract for running PPK) to the number of all persons employed by a given employing entity is very diverse.

Extreme cases of the level of participation in PPK from the examined group of entities are 6 and 95 percent of level of participation. It should be emphasized that these extreme cases are usually relatively smaller employers. In the overwhelming majority of employers, the level of participation in PPK oscillates between 20 and 69 percent, with the dominant in the range of 30 to 50 percent. The above means that, depending on the method of calculation, the average actual level of participation in PPK based on the studied group is between 39 and 42 percent. It can therefore be argued that the level of participation in PPK at the beginning of saving, in the case of entities employing from the first tranche, in the fourth quarter of 2019 may slightly exceed the level of 40%.

Level of participation in PPK



* Based on the terms of the draft of Act on PPK (Parliamentary print 2811, p. 214 and 217)



It is worth comparing the estimated actual level of participation in PPK with the terms adopted by the PPK system designers, who at the end of August 2018, submitting to the Polish Parliament a draft of Act on employee capital plans, estimated the level of participation in PPK at 75%. (Parliamentary print 2811, p. 214 and 217). As you can see, they turn out to be completely unreal, which is why in the following months government agencies gradually reduced these forecasts.



6. Level of participation of contractors in PPK

The collected data allow us to conclude that the level of participation in PPK for contractors is usually significantly lower in the given employing entities than the level of participation of persons employed under employment contracts in the same companies. In other words, where the number of contractors is higher, the level of participation can be expected to be lower. However, based on the data available, it is not possible to indicate by how many percentage points this level is lower. We expected such a situation based on declarations of employees and contractors from direct meetings. However, measurable research results show that we were not wrong in this case.

Persons covered by PPK according to the employment relationship

- ✓ contract of employment
- ✓ contract of mandate with ZUS
- ✓ fixed-price contract
- ✓ performing the function of a member of the supervisory board



7. Impact of employer size on participation level in PPK

In the studied group, the majority of entities are companies that employed on December 31, 2018, at least 250 people. In some cases, where employing entities were part of one capital group, data were also provided on participation among smaller employers, i.e. with less than 250 employees. In the latter subgroup (employers smaller than 250 employees) the level of participation oscillates between 21 and 90%, with the average approaching the level of almost 50%. However, due to the fact that this is a relatively small group of surveyed entities, there is currently no reason to think that the size of the employer measured by the number of employees had a significant impact on the level of participation in PPK.

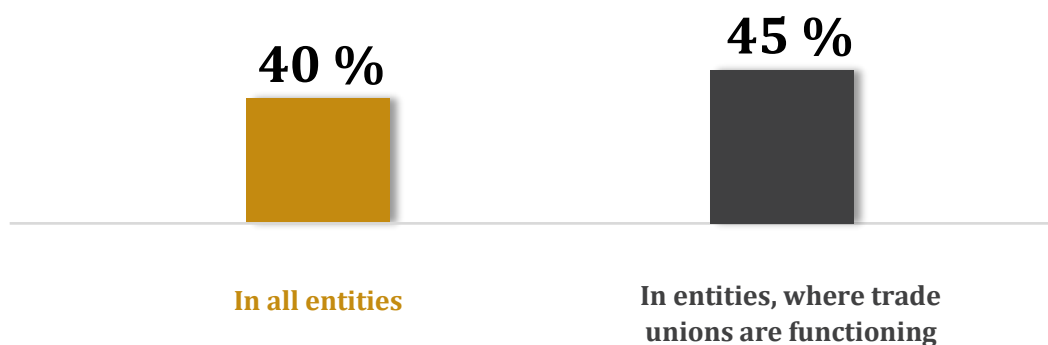


8. Other factors affecting the level of participation in PPK

By analyzing the received data, an attempt was made to identify other factors that could have affected the level of participation. For example, such a factor may be the fact of trade unions functioning in a given employing entity. Considering the above, it should be noted that in this subgroup - entities where trade unions operate - the level of participation in PPK is higher and oscillates in the range between 29 and 69%, with an average of almost 45% participation. As indicated above, on the basis of the data received, no correlation can be identified between the size of the employer calculated in the persons employed and the level of participation. Similarly, in case of the largest employers surveyed, employing over several thousand employees, as well as entities employing several hundred people, the levels of participation are similarly diverse.

Average level of participation in PPK

IV quarter of 2019





9. PPK managing entity and the level of participation

The PPK product is currently offered by 20 entities managing funds for a defined date. It is worth checking if the levels of participation differ between individual managers in the study group. In this regard, the employing entities surveyed in the study chose PPK offered by 7 out of 20 managing entities, with the proviso that they are those Investment Fund Societies and Universal Pension Societies that declare the largest number of PPK management contracts concluded (each with at least 100 contracts). The average level of participation in these PPK in individual managing entities ranges from 24 to 57 percent. At present, there is no clear correlation between e.g. the provenance of the managing entity's share capital and the level of participation in PPK.

The largest PPK service providers in terms of number of concluded contracts for managing PPK until 12.11.2019



10. Summary

The first survey conducted concerning the level of participation under PPK, based on real data provided by employers, indicates that the average level of participation in PPK in entities of the first tranche as of November 12, 2019 was about 40 percent. It is larger where trade unions operate, and smaller where there is a significant group of contractors among employed persons. However, for the level of participation in PPK, factors such as the size of the employer or the PPK managing entity are irrelevant.

- ✓ **The average level of participation** in the first tranche of employers 250+ in PPK oscillates around **40 percent**.
- ✓ The **existence of trade unions** has a **positive** impact on the level of participation in company.
- ✓ A large percentage of **employees working based on mandate contracts negatively** affect the level of participation.
- ✓ **The size of the employer** and the specific **PPK managing entity** chosen by him generally **do not affect the effective level of participation in PPK**.

Instytut Emerytalny Sp. z o.o.
ul. Solec 38, 00-394 Warszawa
www.instytutemerytalny.pl

tel. 022 458 23 00
fax 022 458 23 01
biuro@instytutemerytalny.pl

Wojewódka i Wspólnicy Sp.k.
ul. Solec 38, 00-394 Warszawa
www.wojewodka.pl

tel. 022 458 23 00
fax 022 458 23 01
kancelaria@wojewodka.pl