

Circular

Istanbul, 3 January 2017

Circular No: 3

Subject: *Implementation of automatic participation in private pension system launched as of 1 January 2017.*

Procedures and principles concerning the inclusion of employees in private pension system within the scope of automatic participation through their employers, identified with the Regulation no. 2017/9721 published in the Official Gazette dated 2 January 2017 are provided below:

- *Turkish nationals working and under 45 as of the date that the employer is included into the system, holding natural born citizenship before losing it by exit permit and their children are within the scope of automatic participation. Employees under 45 and starting to work following the inclusion of the employer will also be within the scope of pension plan.*
- *People employed in the private sector will be participating in a pension plan with periods indicated below within the context of contracts signed by the employer with a single or more pensions companies.*

<i>Number of employees</i>	<i>Automatic BES participation date</i>
<i>1.000 and over</i>	<i>1 Jan 2017</i>
<i>250-999</i>	<i>1 Apr 2017</i>
<i>100-249</i>	<i>1 Jul 2017</i>
<i>50-99</i>	<i>1 Jan 2018</i>
<i>10-49</i>	<i>1 Jul 2018</i>
<i>5-9</i>	<i>1 Jan 2019</i>

- *The employee's participation amount refers to the figure forming the 3 % of his/her income taken basic to premium determined under the Article 80 of the Law no.5510. (for 2017, TL 53 per month from employees with minimum wage and TL 399 per month from employees earning at SSI ceiling and over).*
- *Any wage cuts cannot be applied over employees in private pension system within the scope of automatic participation other than fund management fee.*
- *The contribution amount calculated as indicated above should be transferred to the agreed private pension company by the employer on the day following the date that the wage payment takes place at the latest.*
- *Employees will be able to exercise their right to withdraw within 2 months following the notification on his/her inclusion into the pension plan. In the circumstance that a withdrawal takes place, contributions paid up and investment yields if exist will be repaid to the employee within 10 workdays period.*
- *A state contribution of 25 % is provided to the employee over the contributions paid to his/her private pension account. Also, in case the employee does not exercise the right to withdraw, provided to be only once at the entry, additional TL 1.000 state contribution will be extended (on condition that gaining the right for state contribution and payment).*

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,
KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.