

Our costs and charges explained

Find how our costs and charges affect your pension savings – today and in the future – with our helpful illustrations.



The amount you pay a pension provider for running your pension matters a lot over a lifetime of saving. Understanding pension charges sometimes isn't easy, so to help we've provided examples of how much your pension savings can be affected by our costs and charges.

We've based these on four different age profiles.



22 years



35 years



45 years



55 years

At each age, we show the projected fund value of different pension savings before (gross) and after (net) charges.

Our member charging structure is designed to be simple, transparent and fair. As a member of the NOW: Pensions Trust (the Scheme), you pay three different charges.

- **A monthly administration charge of £1.50** (£18 a year) which covers the cost of running the Scheme.
- **An annual management charge of 0.3% of the value of your savings.** This covers the cost of investing your money and it doesn't change.
- **Transaction costs.** These costs are incurred when the investment funds buy, sell or lend assets and they're factored into the returns on your investments. Transaction costs vary from year to year.

We believe splitting the charges in this way spreads the costs fairly across all members, so you only pay for what you receive.

We don't use investment charges to subsidise administration charges.

Increase in charges and new charging limit

From 1 April 2022, your monthly member administration charge will increase from £1.50 to £1.75 per month. This will increase the annual charge from £18 to £21, an increase of £3 a year overall.

Charging Limit

We're also introducing a charging limit at the same time. This means if you have £100.00 or less in your pension savings account, we won't deduct any administration charges. This will help prevent small amounts of pension savings being eroded by administration fees.

Please note that partial deductions of the member administration fee will be made to your pensions savings account where required so that the fee does not decrease your account below £100.

The annual management charge of 0.3% will remain the same for all members. This is one of the lowest charges in the industry. You can find out more about why we're adjusting our prices [here](#).

	Charges	When paid and how
Member Administration Charge up until 31 March 2022	£1.50 per calendar month.	Deducted from your account on a monthly basis.

Member Administration Charge from 1 April 2022	£1.75 per calendar month.	Deducted from your account on a monthly basis, subject to the Member Account exceeding £100. Please note that partial deductions of the member administration charge will be made to your pensions savings account where required so that the charge does not decrease your account below £100.
---	---------------------------	--



Annual Management Charge	0.3% of the value of your pension savings each year.	Deducted from your account on a monthly basis and taken into account before unit prices are calculated.
---------------------------------	--	---

Our projections

While there's no such thing as the average member, we've based our projections on 'typical' members by studying the overall membership of the Scheme.

- First, we divided the membership into age bands.
- Then, we took the average fund value and the average contribution within that age band.
- We used these as the starting fund value and the current monthly contribution for each of the examples.


Remember: these are only examples. Your own circumstances may be very different.

To work out the projections for the examples, we had to make some assumptions and take current economic conditions into account. We've used the same assumptions we use to produce the pension estimates on your annual benefit statement. We believe these assumptions are reasonable.

Over the long term, small differences between reality and the assumptions we've made can have quite a big impact on the actual numbers.

You'll find a full breakdown of the assumptions we used, and a more detailed explanation of the charges, on page six.

Projected pension savings in today's money for a member saving with NOW: Pensions

 Age at start 22 years Size of savings at start £1,500 Total monthly contributions £90	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	23	£2,701	£2,672
	3	25	£5,320	£5,211
	5	27	£8,261	£8,041
	10	32	£17,215	£16,546
	15	37	£28,889	£27,438
	20	42	£43,930	£41,221
	25	47	£63,138	£58,511
	30	52	£87,507	£80,051
	35	57	£116,056	£104,805
	40	62	£143,271	£127,884
	45	67	£165,672	£146,412
	46	68	£169,322	£149,374

What happens if the member stops contributing after a few years?


The table below shows examples of the impact of charges for the above members assuming they stop paying any further contributions after 1, 3 and 5 years and then take their benefits at age 68. Remember, charges will continue to apply even if you leave your employer or stop paying contributions.


Number of years saving	Age when contributions stop	Retirement age	Projected fund	
			With no charges	After all charges
1	23	68	£19,961	£14,869
3	25	68	£35,248	£27,935
5	27	68	£49,202	£39,952

Costs and charges can eat away at the value of your pension savings over time. To avoid this – especially if you have only a small amount of pension savings in the Scheme – you may want to think about whether you'd be better off transferring your pension savings out of the Scheme and combining them with any other pensions you have.


Transferring your pension savings is a big decision that you need to think about carefully. It may be worth getting help from a regulated independent financial adviser.

Projected pension savings in today's money for a member saving with NOW: Pensions

 Age at start 35 years Size of savings at start £2,400 Total monthly contributions £100	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	36	£3,781	£3,749
	3	38	£6,791	£6,667
	5	40	£10,168	£9,916
	10	45	£20,432	£19,667
	15	50	£33,795	£32,133
	20	55	£50,722	£47,644
	25	60	£68,862	£63,962
	30	65	£85,704	£78,833
	33	68	£94,306	£86,309

 Age at start 45 years Size of savings at start £2,500 Total monthly contributions £110	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	46	£4,011	£3,977
	3	48	£7,302	£7,174
	5	50	£10,996	£10,734
	10	55	£21,969	£21,177
	15	60	£34,235	£32,656
	20	65	£46,307	£43,780
	22	67	£50,743	£47,826

Projected pension savings in today's money for a member saving with NOW: Pensions

 Age at start 55 years Size of savings at start £2,650 Total monthly contributions £120	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	56	£4,258	£4,224
	3	58	£7,658	£7,533
	5	60	£11,268	£11,023
	10	65	£20,747	£20,091
	12	67	£24,519	£23,665

How the tables work

1. We've assumed earnings and contributions will increase by 2.0% each year.
2. All figures are in 'today's money'. We've projected them forward then taken out the effect of inflation to bring them back to today's money values. We've assumed inflation is 2.0% each year.
3. We've based contributions on the current auto enrolment minimum – 8% of qualifying earnings. **That's 3% from your employer and 5% from you.** Qualifying earnings are all your earnings between a lower and upper limit, which are £6,240 and £50,270 for the 2021/22 tax year. The government reviews these limits every year.
4. **Projected fund with no charges** shows the total value of the pension savings as if there were no transaction costs and we hadn't applied any charges.
5. **Projected fund after all charges** shows the effect of the charges, including transaction costs, on the pension savings of people in that age band.
6. The investment return assumptions have been determined in accordance with Actuarial Standard Technical Memorandum 1.
7. Charging levels are the same for every employer.
8. Transaction costs have been based on an average of the previous three years' transaction costs, being the period for which data is available.

Table values are calculated as at 1 October 2021.

The assumptions we use

Contribution increase	2.00% each year
Inflation (CPI)	2.00% each year
Return on cash	1.00% each year
Investment Return - Diversified Growth Fund return before charges	6.45% each year
Investment Return - Diversified Growth Fund return after charges	6.00% each year
Investment Return - Retirement Countdown Fund return before charges	1.00% each year
Investment Return - Retirement Countdown Fund return after charges	0.68% each year
Administration charge	£1.50 each month until 1 April 2022, when it increases to £1.75
Annual investment charge	0.30% each year
Transaction costs for Diversified Growth Fund	0.123% each year
Transaction costs for Retirement Countdown Fund	0.015% each year
Retirement age	State Pension Age

The Journey Path to retirement

We invest your contributions into our Diversified Growth Fund (DGF) for most of your working life.

During your ‘pre-retirement phase’, starting 15 years before your planned retirement age – the age you’ve told us you want to retire – we gradually switch your pension savings to the Retirement Countdown Fund (RCF). This fund is designed to reduce the risk of your savings falling in value before you turn them into retirement benefits.

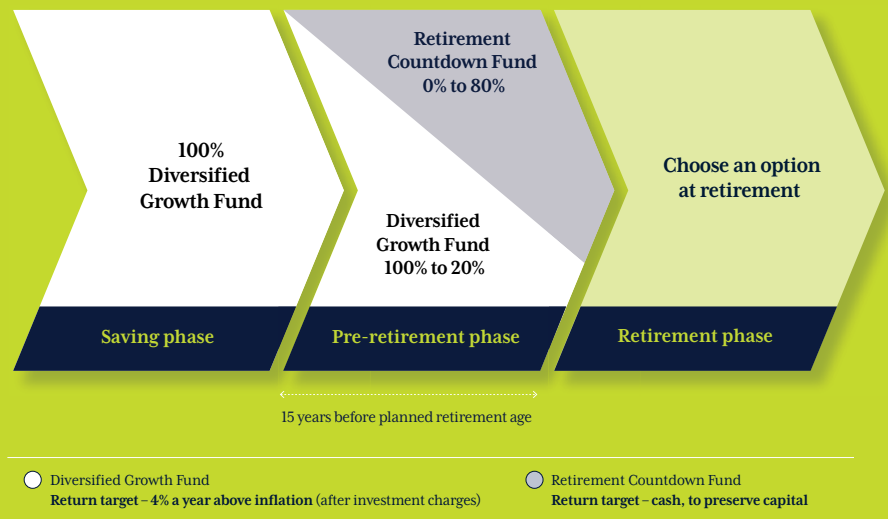
The ‘pre-retirement phase’ is designed so that 80% of your savings will be in the RCF and 20% in the DGF, by the time you arrive at your planned retirement age.

We call this automatic switching from growth to protection the ‘Journey Path’. The chart below shows how this works.

Years to retirement age	DGF	RCF
>15	100	0
14	93	7
13	88	12
12	83	17
11	77	23
10	72	28
9	67	33
8	61	39
7	56	44
6	51	49
5	45	55
4	40	60
3	35	65
2	29	71
1	24	76
0	20	80

The Journey Path

The retirement Journey Path gradually moves your pension savings from the **Diversified Growth Fund** so that they’re mainly in the **Retirement Countdown Fund**, over a 15-year period



The Journey Path is rebalanced quarterly based on your age and planned retirement age. If you set your pension age higher or lower the rebalancing will happen later or sooner respectively. You can leave your pension savings in the Scheme after your planned retirement age.

Your retirement options

1. Stay where you are.
2. Take your savings as a cash lump sum. When you take your savings, 25% is normally payable tax-free for this option too.
3. Transfer to another provider to generate a guaranteed income, or drawdown income.

Important information

The value of investments can go down as well as up and investment returns can't be guaranteed. Fluctuations in financial markets, currencies and other risks can cause fluctuations in the value of investments. If an investment fund has a target or an objective, this isn't a guarantee of the fund's performance. The investment manager may use specialist investments known as derivatives for efficient investment management.

This leaflet and any data contained within it is not intended to constitute any financial or professional advice or recommendation and is general in nature. The information does not take into account your specific circumstances and we recommend that before making any investment decisions, you consult an appropriately qualified independent financial adviser.

This leaflet has been created by NOW: Pensions Limited and is valid at the date it was published. The details in this leaflet are for information purposes only and may not be reproduced or extracted or used for any other purpose.

This leaflet contains and/or is based on information that is owned by and obtained from third party sources. Information from third party sources is provided 'as is' and hasn't been verified by NOW: Pensions. You can find further disclaimers which apply to third-party information on our website: www.nowpensions.com.

No undertaking is given, or representation or warranty is made, express or implied by NOW: Pensions Limited or by any third party source that the information in this leaflet is complete, accurate, up to date and free from mistakes, and the information must not be relied upon as such. Neither the third party sources nor NOW: Pensions Limited accept responsibility for any loss caused to any recipient of this leaflet as a result of any error, inaccuracy or incompleteness of this leaflet or as a result of any third party data.



Contact us

If you have any questions or need information, please email membersupport@nowpensions.com. To help us help you faster, please quote your full name and address, plus your NOW: Pensions contract ID and National Insurance number in the email.

You can also call our member support team on **0330 100 3334** from **9am to 5pm, Monday to Friday**. When you call, please quote your full name and address, plus your NOW: Pensions contract ID and National Insurance number. We might record your call to help us improve our service to you.

Useful organisations

The following organisations offer free, impartial information and guidance about retirement savings.

The government's **Money Helper** service has a section on pensions and retirement that can help with questions about workplace, State or personal pensions. Visit [moneyhelper.org.uk](https://www.moneyhelper.org.uk) or call **0800 011 3797**.

Pension Wise has guidance on retirement options. Visit www.pensionwise.gov.uk. If you are over 50 you can book a telephone or face-to-face appointment by calling **0800 138 3944**.

Citizens Advice has information about all types of pension. Visit www.citizensadvice.org.uk or call **03444 111 444** for a face-to-face appointment.

These organisations **don't give independent financial advice**. If you want independent financial advice you will need to pay a regulated financial adviser.

The **Personal Finance Society (PFS)** has a 'What we do for the public' section, including a 'Find an adviser' directory you can filter to find financial advisers that specialise in retirement planning. Visit thepfs.org/yourmoney/find-an-adviser/.