

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 two different charges.

- A **monthly administration charge of £1.75** (£21 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 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 and costs 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.

Charging limit

We won't take the full administration charge if it would make the value of your pension savings lower than £100. This helps prevent small amounts of pension savings being eaten away by administration fees.

Annual investment charge

This is for investing the money in the Scheme and costs 0.3% of the value of your pension savings each year. It's one of the lowest charges in the industry.

See **Charges table** on the following page.

	Charges	When paid and how
Member Administration Charge	£1.75 per calendar month.	Deducted from your account on a monthly basis, subject to the Member Account exceeding £100 after deduction of the charge.



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.
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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. A list of the assumptions we've used are provided on page 6. 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 6.

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

 Age at start 22 years Size of savings at start £1,300 Total monthly contributions £105	Number of years saving	Age	Diversified Growth Fund/Retirement Countdown Fund projected fund		Shariah Fund projected fund	
			With no charges	After all charges	With no charges	After all charges
	1	23	£2,585	£2,559	£2,622	£2,595
	3	25	£5,240	£5,148	£5,431	£5,336
	5	27	£8,026	£7,851	£8,492	£8,307
	10	32	£15,609	£15,138	£17,402	£16,869
	15	37	£24,162	£23,245	£28,447	£27,337
	20	42	£33,810	£32,264	£42,139	£40,130
	25	47	£44,693	£42,295	£59,112	£55,761
	30	52	£56,970	£53,448	£80,153	£74,857
	35	57	£70,820	£65,848	£106,236	£98,183
	40	62	£84,608	£77,947	£138,570	£126,674
	45	67	£93,594	£85,433	£178,653	£161,471
	46	68	£94,661	£86,251	£187,756	£169,305

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	£6,672	£4,887
3	25	68	£12,888	£10,333
5	27	68	£18,812	£15,555

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 £2,000 Total monthly contributions £115	Number of years saving	Age	Diversified Growth Fund/Retirement Countdown Fund projected fund		Shariah Fund projected fund	
			With no charges	After all charges	With no charges	After all charges
	1	36	£3,442	£3,413	£3,493	£3,464
	3	38	£6,420	£6,319	£6,666	£6,562
	5	40	£9,545	£9,353	£10,125	£9,920
	10	45	£18,050	£17,529	£20,189	£19,598
	15	50	£27,644	£26,625	£32,666	£31,427
	20	55	£38,466	£36,743	£48,133	£45,882
	25	60	£50,402	£47,737	£67,306	£63,544
	30	65	£60,500	£56,810	£91,075	£85,119
	33	68	£64,792	£60,533	£107,989	£100,295

 Age at start 45 years Size of savings at start £2,200 Total monthly contributions £130	Number of years saving	Age	Diversified Growth Fund/Retirement Countdown Fund projected fund		Shariah Fund projected fund	
			With no charges	After all charges	With no charges	After all charges
	1	46	£3,786	£3,756	£3,842	£3,812
	3	48	£7,062	£6,957	£7,333	£7,225
	5	50	£10,500	£10,298	£11,137	£10,923
	10	55	£19,855	£19,303	£22,208	£21,581
	15	60	£30,246	£29,163	£35,933	£34,606
	20	65	£39,810	£38,074	£52,946	£50,523
	22	68	£44,446	£42,305	£65,054	£61,720

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

 Age at start 55 years Size of savings at start £2,700 Total monthly contributions £140	Number of years saving	Age	Diversified Growth Fund/Retirement Countdown Fund projected fund		Shariah Fund projected fund	
			With no charges	After all charges	With no charges	After all charges
	1	56	£4,437	£4,406	£4,505	£4,473
	3	58	£8,016	£7,905	£8,341	£8,225
	5	60	£11,670	£11,457	£12,521	£12,292
	10	65	£20,586	£20,034	£24,688	£24,011
	12	67	£23,860	£23,147	£30,336	£29,397

How the tables work

1. We've assumed earnings and contributions will increase by 2.5% 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 2.5% 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 2024/25 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 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 (version 5). These are the assumptions used in your annual benefit statement issued after October 2023.
7. Charging levels are the same for every employer.

The assumptions we use

Contribution increase	2.50% each year
Inflation (CPI)	2.50% each year
Investment Return - Diversified Growth Fund return before charges	5.00% each year
Investment Return - Diversified Growth Fund return after charges	4.69% each year
Investment Return - Retirement Countdown Fund return before charges	1.00% each year
Investment Return - Retirement Countdown Fund return after charges	0.70% each year
Investment Return - Shariah Fund before charges	7.00% each year
Investment Return - Shariah Fund after charges	6.68% each year
Administration charge	£1.75 each month
Annual investment charge	0.30% each year
Retirement age	State Pension Age

Table values are calculated as at 15 January 2024.

The lifecycle to retirement

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

During your 'glidepath phase', starting 10 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 'glidepath phase' is designed so that 70% of your savings will be in the RCF and 30% in the DGF, by the time you arrive at your planned retirement age.

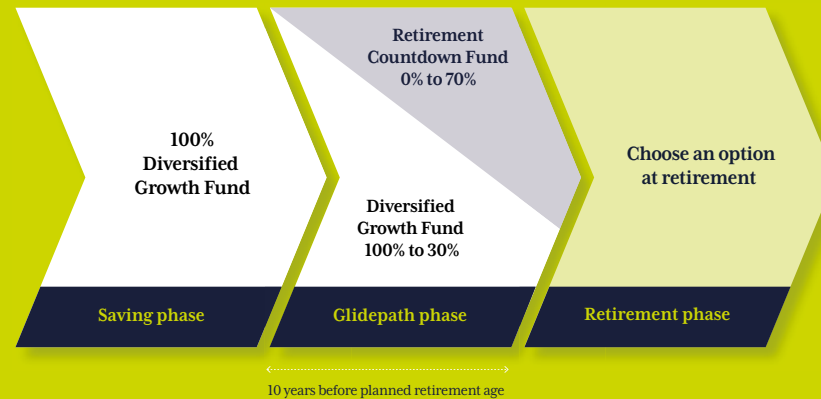
We call this automatic switching from growth to protection the 'lifecycle'. The chart below shows how this works.

Pension savings invested in our Shariah Fund will stay invested in the Shariah Fund until your planned retirement age.

Years to retirement age	DGF	RCF
>10	100	0
9	93	7
8	86	14
7	79	21
6	72	28
5	65	35
4	58	42
3	51	49
2	44	56
1	37	63
0	30	70

The lifecycle

The retirement lifecycle gradually moves your pension savings from the **Diversified Growth Fund** so that they're mainly in the **Retirement Countdown Fund**, over a 10-year period.



○ Diversified Growth Fund
Return target – 4% a year above inflation (after investment charges)

○ Retirement Countdown Fund
Return target – cash, to preserve capital

The lifecycle 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
3. Transfer to another provider to generate 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.

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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 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/.



The future is now

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