

**NOW:**  
Pensions

Smarter. Simpler. Better.



# Adviser service proposition

**Transform the  
auto enrolment  
capacity crunch  
into a commercial  
opportunity.**



***Auto enrolment is upon us.***

*Whilst employers may have been reluctant to commit resources upon its announcement, the introduction of auto enrolment has since been endorsed as a positive change to the workplace savings culture.*

*We believe this represents a positive opportunity for advisers to guide employers through the process of establishing a fully compliant auto enrolment solution.*

*Auto enrolment is multi faceted with many areas to consider. Therefore our proposition has been separated into modules allowing advisers and employers to build a solution that suits their needs. This ability to work flexibly means that advisers are well placed to add value and provide guidance to employers as they go through the decision making process.*

# What we offer advisers

**Employers are looking to their advisers for their specialist pensions insight and as staging dates pass the appetite for advice will only intensify.**

Whilst this presents a promising commercial opportunity for advisers, it also carries the risk of adviser resources being absorbed into basic administrative tasks rather than fee earning advice. Our flexible solution and comprehensive support ensures that your focus remains on advising your clients, from initial engagement right through to launch and implementation.

**We believe we have developed an ideal platform for you to engage with auto enrolment advantageously:**

1

## Online sign up

Easy and intuitive online enrolment. Ideal for signing up multiple employers, saving you time whilst justifying a fee.

2

## Our modular proposition

Choosing the elements of our proposition that suit you and your clients.

3

## Investment solution

Designed to offer stable long term growth and low volatility, our diversified growth fund aims to match the needs of our members.

4

## Adviser toolkit

You will have access to all the materials you need to advise and educate your clients and their employees.

5

## Costs and charges

We offer a simple and transparent approach to employer and member charges.

Areas where advisers can add value = ★  
 NOW: Pensions solutions = ●

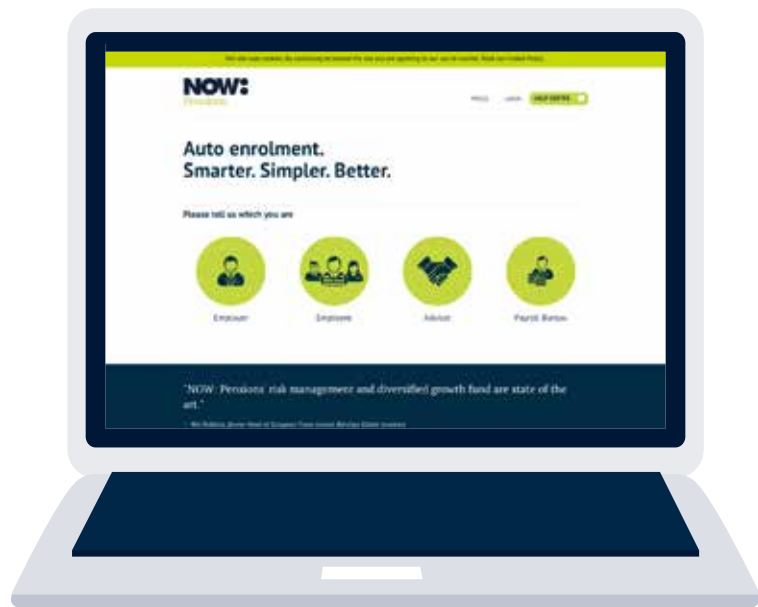


# 1 Online sign up

**Our auto enrolment application system mitigates the need for extensive form filling, phone calls and emails. By simply inputting the information you will be able to save time as well as justify a fee for the service.**

A huge number of SMEs will be staging between now and 2018, so the ability to handle high volumes will become a key success factor. Putting together bespoke advice solutions for one or two SME clients may generate little profit; whereas transacting one or two 'standard' solutions for many clients, following a well-defined process can drive real revenue.

You will not require any training as the system has been built with the end user in mind. This allows you to delegate the application process, giving you peace of mind that applications are being fulfilled without burdening the time of senior advisers.



Once registered, log on using this address to begin the process:

[www.nowpensions.com/login](http://www.nowpensions.com/login)

# Online application process

The screenshot shows a web form with two main sections: 'Employer name' and 'Employer details'. The 'Employer name' section includes a text input field for the company name, a dropdown menu for the company type, and a radio button question: 'Are your existing policies operating a pension plan or are they consolidated?'. The 'Employer details' section includes a dropdown menu for the pension scheme type, a radio button question: 'Should the plan start after the first day of the month?', and a text input field for the start date. There are also checkboxes for 'Yes' and 'No' options.

The screenshot shows a selection screen with five columns, each representing a different pension model. Each column has a numbered header (101-105), a brief description, a 'Choose plan' button, and a table of details. The details table includes fields for 'Employer name', 'Employer type', 'Employer size', 'Employer industry', 'Employer location', 'Employer start date', 'Employer end date', 'Employer status', and 'Employer type'. Each row in the table has a 'Yes' or 'No' checkbox.

101	102	103	104	105
Employer name	Employer name	Employer name	Employer name	Employer name
Employer type	Employer type	Employer type	Employer type	Employer type
Employer size	Employer size	Employer size	Employer size	Employer size
Employer industry	Employer industry	Employer industry	Employer industry	Employer industry
Employer location	Employer location	Employer location	Employer location	Employer location
Employer start date	Employer start date	Employer start date	Employer start date	Employer start date
Employer end date	Employer end date	Employer end date	Employer end date	Employer end date
Employer status	Employer status	Employer status	Employer status	Employer status
Employer type	Employer type	Employer type	Employer type	Employer type

➤ Fill out the necessary employer application details

➤ Choose from five pre-defined models



**NOW: Pensions will review and approve within two working days.**

The system is built with capacity in mind and can handle thousands of clients every week.

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⬅ Authorised signatory is notified for review and submission

# Model selection

We have devised five standard contribution models that advisers will need to choose from during the online sign up process. The models allow enough flexibility to cater for every type of business.

		Until March 2018	April 2018 – March 2019	From April 2019 onwards	
		Member contributions			
<b>Plan 101</b>	Standard	Meets the minimum contributions required for auto enrolment based on banded earnings	1% Member	2% Member	3% Member
			1% Member	3% Member	5% Member
<b>Plan 102</b>	Plus	Meets the minimum contributions required for auto enrolment based on basic earnings	2% Member	3% Member	4% Member
			1% Member	3% Member	5% Member
<b>Plan 103</b>	Stepped saving	A phased introduction to a more generous employer pension based on basic earnings	2% Member	4% Member	6% Member
			1% Member	2% Member	3% Member
<b>Plan 104</b>	Saving plus	Compliant contribution model with total contributions of 10% or more based on basic earnings	5+% Member	5+% Member	5+% Member
			5+% Member	5+% Member	5+% Member
<b>Plan 105</b>	Matched saving	Employee contributions, based on basic earnings, are matched by employer contributions within minimum and maximum amounts	Flexible minimum and maximum ranges between 2-10%	Minimum must be at least 3%	Minimum must be at least 4.5%

## Quick reference

### Banded earnings

For the 2017/18 tax year banded earnings is between £5,876 and £45,000 a year. This means the first £5,876 of an employee's earnings does not count for the purposes of auto enrolment. So using our Standard plan for auto enrolment for a worker earning £20,000 a year, the amount we would calculate their pension contributions on would be only £14,124.

### Basic earnings

These are the basic earnings of the employee excluding any fluctuating income such as bonuses, commission, overtime etc. The whole of the employee's basic earnings are taken in to account when calculating their contributions. So using our Plus plan for auto enrolment for a worker earning £20,000 before overtime or bonuses, the amount we would calculate their pension contributions on would be the full £20,000.



## 2

# Modular proposition

**Our modular approach is ideal for advisers as you can influence the setup of a scheme by selecting the areas deemed to be most beneficial to your individual client's circumstances.**

This could include transfers in, flexible scheme design, data flows with payroll and/or communications. We provide you with the flexibility to recommend which stakeholders (provider, client, payroll, yourself) retain management of each module and, as the adviser, you can manage the auto enrolment sourcing and arrangement process and charge accordingly.

### Flexible scheme design

We offer a range of predefined and auto enrolment compliant solutions, each representing different contribution levels. This makes the financial exploration stage far simpler and gives you the freedom to process large volumes of clients daily. Should you have clients with specific needs, the scheme can also be customised.

### Communications

We can handle all statutory communications relating to auto enrolment for all employees – not just eligible jobholders, but also workers and non-eligible jobholders. We have the ability to send communications by email directly to your client's employees. Additionally we manage opt in/outs and ongoing employer compliance reporting. Whilst the ultimate responsibility of record keeping lies with your client, we hold their compliance records and keep them safe for as long as we are required to do so.

### Transfers in/out

Members have the option to consolidate existing pension account assets into the NOW: Pensions Trust. Approximately 15% of staff leave their employers each year, creating an additional advisory opportunity for members looking to explore the pros and cons of pension transfers. Scheme charges will be an area of particular interest to employees. By comparing the investment and management charges of other providers against NOW: Pensions', employees can be shown how a lower charging structure equates to more money in their fund, therefore increasing the potential of accruing a larger retirement income.

### Payroll integration

NOW: Pensions has been working with the UK's major payroll providers to create a simple, integrated payroll to pensions experience that can be replicated each time your client runs their payroll. We recommend that assessment and categorisation be handled within the payroll system for a smoother, faster transfer. It is recommended that your client checks with their payroll if they will seek to levy charges.

# 3

## Investment solution

**Auto enrolment has been widely tipped to trigger real change in workplace savings, or at least lay the foundations for a better savings culture.**

Evidently, such a significant shift will take time to augment itself in society. The cornerstone to the success of auto enrolment is education, best achieved when matters are kept simple.

Investment selection is one such area that our research showed should be simplified. Members typically do not engage with their investments and we expect between 98% and 100% of auto enrolled members will remain in the default fund. That is a good thing. We know that the majority of defined contribution pension members who make their own investment decisions do not review those decisions. Sadly, those who do review them will often fall into the 'buy high/sell low' trap, resulting in a less favourable financial position than they would have enjoyed had they remained in the default fund.

Worrying about investment decisions detracts from members focussing on the key issues. By offering a single solution through our lifestyle strategy, we concentrate our efforts on growing members' investments, allowing them to engage with the fundamental questions such as:

*When do I want to retire? What do I want to do? And how much should I pay?*

### Do members make good investment managers?

The illustration at the top of page 11 is taken from the United States. It captures the returns of major asset classes and the rate of inflation over a 20 year period. The message is very clear - the majority of investors do not make good investment managers. Investors' decisions which lead to poor outcomes can be influenced by many factors, including:

**Anchoring** – To base decisions on a reference point that may have no relevance on the decision being made

**Loss Aversion** – To be more emotionally influenced by a loss than by an equivalent gain

**Herd Behaviour** – To mimic the actions (rational or not) of other people

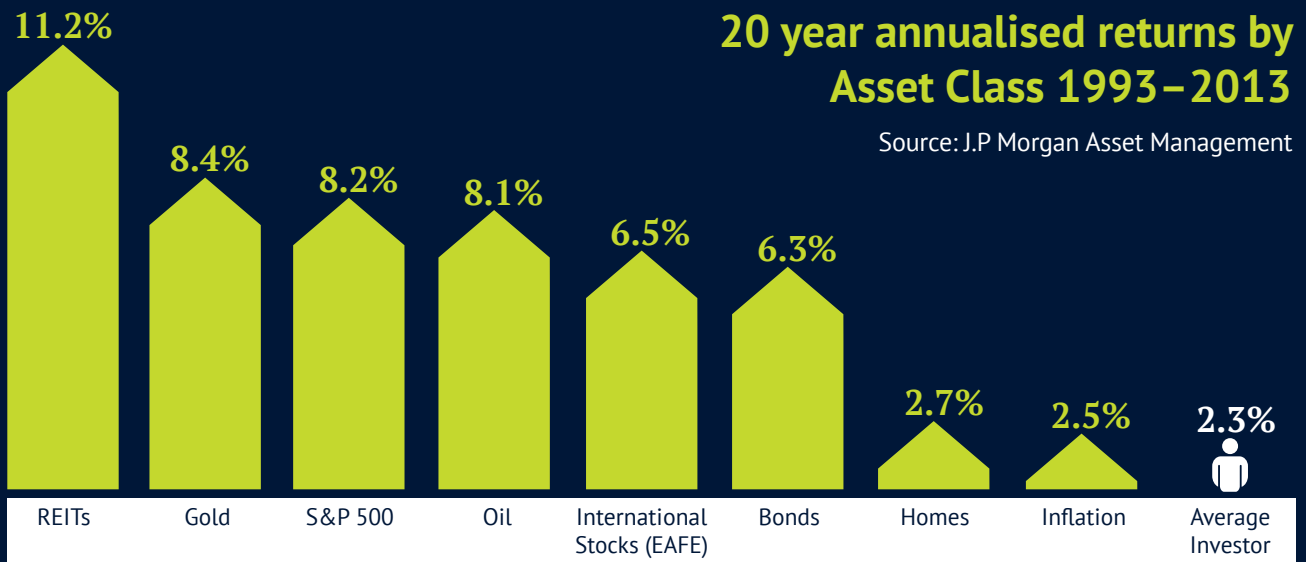
**Media response** – To overreact to information in the media

**Over confidence** – To believe that one's investment decisions will be better than others'

# 98%

*We expect between 98% and 100% of auto enrolled members will remain in the default fund.*





## How do we manage your clients' pension investments?

Our investment solution is made up of actively managed fund components which combine to create a strategy that aims to deliver stable long term returns and help members look forward to a secure retirement in any economic climate. Members are not asked to make any investment decisions. Instead, the NOW: Pensions Trustee Board shoulders responsibility for the investment strategy which is designed to secure the highest possible return with an acceptable level of risk over the course of a member's journey with us.

For the majority of a member's working life, they will be invested in the Diversified Growth Fund which invests in a number of different asset classes to create long term stable investment returns. When the member is ten years away from retirement, their fund is gradually switched into the Retirement Countdown Fund which has a return target in line with cash. This approach acts to gradually reduce volatility risk as members approach retirement, and more importantly, reflects the new freedom and choice in pensions by creating options for members as they retire.

## The glidepath into retirement



# 4 Adviser support

To make it as easy as possible to work with NOW: Pensions, we have built a toolkit containing the materials needed to advise and support your clients through auto enrolment.

Advisers working with NOW: Pensions can make use of a multitude of communication materials ranging from advice support literature to employee education materials.



## Adviser support materials

We have created a selection of documents to support advisers as you walk your clients through the auto enrolment process. Dependent on your clients' level of engagement, our versatile toolkit contains documents ranging from simple step-by-step guides to in-depth investment overviews. Additionally we provide an example suite of documents representing a typical advice process for auto enrolment including client agreements and suitability report.

The adviser support section contains items such as:

- Scheme selection guide
- An introduction to auto enrolment
- Detailed investment overview
- Auto enrolment step-by-step guide
- Employer guide – What to discuss with your adviser

## Employee education materials

Questions from employees about auto enrolment – even at a very basic level – are inevitable, leaving employers exposed to providing answers to any number of queries and concerns. This makes employee education extremely important. Each item within the suite is designed to create impact and is written using positive and colloquial terms to relate to employees and to gently communicate this perceived complex subject through everyday language.

The employee education section contains items such as:

- Full range of posters highlighting different auto enrolment messages
- Canteen presentation for employees
- The A-Z of pensions glossary
- Educational videos

# 5 Costs and charges

In today's employee focused pensions market, providers should present a charging structure that is both justifiable and fair.

Our approach is to be absolutely transparent about our charges. With NOW: Pensions there are no hidden financial complexities and no room for ambiguity. We charge one Annual Management Charge (AMC) and a single monthly administration charge, as explained in the table below.

## Monthly employer service charge

This is a charge paid for by the employer and will begin from the employers scheme start date as outlined in the participation agreement.

This fee covers setting up the pension, full and ongoing help from a dedicated support team and all email employee communications.

	Number of active members	Discount	Monthly charge
Any employer	0	100%	£0*
An employer working with NOW: Pensions Directly	Any number	N/A	£36.00 + VAT
A payroll bureau using the NOW: Pensions Gateway	5+	44%	£20.00 + VAT
A payroll bureau using the NOW: Pensions Gateway	1-4	65%	£12.50 + VAT

\*Initial assessment of active members takes 3 full months and therefore the £0 charge only comes into effect after the assessment has been completed. Assessments of active member numbers are performed at the sole discretion of NOW: Pensions.

The discounted price for employers using a payroll bureau reflects the considerable support payroll bureaux provide with auto enrolment administration for NOW: Pensions.

## Monthly employee service charge

### Member charges until 31 March 2018

	Active	Deferred
Earning £18,000 or less when active	£0.30	£0.30
Earning more than £18,000 when active	£1.50	£1.00
	+	+
Annual investment charge	0.3% of fund	0.3% of fund

### Member charges from 1 April 2018

Monthly administration charge	£1.50
	+
Annual investment charge	0.3% of fund

# What's good for employers and workers is also good for advisers

**The NOW: Pensions proposition is focused on creating value for our members. The business is built around the belief that everyone deserves a better pension. Our focus is to provide members with a simple to use, easy to manage, cost transparent pension solution which will consistently deliver good investment returns in the accumulation phase and provide the necessary support when members are due to retire.**

We give employers the opportunity to transform the auto enrolment liability into an opportunity. Auto enrolment is not a choice. However, it's a choice to make sure it doesn't become a long term liability. By choosing NOW: Pensions employers receive a solution that goes beyond compliance to deliver real value for both employers and employees.

There are many benefits to employers introducing auto enrolment. As providers and advisers it is in our best interests to provide the right level of support throughout the process to ensure that employers gain a return on the investment they will have to make regarding auto enrolment.

We believe we can help you, as an adviser, to develop a profitable auto enrolment advice model.



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NOW: Pensions is a UK occupational pension plan. This is written as a general guide only. It should not be relied upon as a substitute for specific professional advice.

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