

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 for 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 investment 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. We don't charge for these separately, but we factor them 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. It also makes it easier to understand what you'll pay for your pension every year.

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 four.


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

 Age at start 22 years Size of savings at start £1,396 Total monthly contributions £63	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	23	£2,239	£2,213
	3	25	£4,052	£3,960
	5	27	£6,046	£5,869
	10	32	£11,900	£11,401
	15	37	£19,144	£18,131
	20	42	£27,991	£26,213
	25	47	£38,685	£35,818
	30	52	£51,509	£47,143
	35	58	£66,790	£60,407
	40	62	£83,574	£74,731
	45	67	£98,804	£87,522
	46	68	£101,305	£89,604

 Age at start 35 years Size of savings at start £2,100 Total monthly contributions £80	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	36	£3,184	£3,154
	3	38	£5,446	£5,340
	5	40	£7,841	£7,634
	10	45	£14,460	£13,877
	15	50	£22,091	£20,919
	20	55	£30,889	£28,863
	25	60	£40,838	£37,652
	30	65	£50,280	£45,813
	33	68	£55,064	£49,873

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

 Age at start 45 years Size of savings at start £2,292 Total monthly contributions £84	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	46	£3,435	£3,404
	3	48	£5,820	£5,710
	5	50	£8,345	£8,130
	10	55	£15,323	£14,716
	15	60	£23,123	£21,922
	20	65	£30,619	£28,714
	22	67	£33,232	£31,051

 Age at start 55 years Size of savings at start £2,260 Total monthly contributions £80	Number of years saving	Age	Projected fund	
			With no charges	After all charges
	1	56	£3,352	£3,322
	3	58	£5,623	£5,515
	5	60	£7,961	£7,756
	10	65	£13,831	£13,309
	12	67	£15,990	£15,327

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 £50,000 for the 2020-21 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.

The assumptions we use

Contribution increase	2.50% each year
Inflation (RPI)	2.50% each year
Return on cash	2.00% each year
Investment Return - Diversified Growth Fund return before charges	5.46% each year
Investment Return - Diversified Growth Fund return after charges	5.00% each year
Investment Return - Retirement Countdown Fund return before charges	2.33% each year
Investment Return - Retirement Countdown Fund return after charges	2.00% each year
Administration charge	£1.50 each month
Annual Investment charge	0.30% each year
Transaction costs for Diversified Growth Fund	0.14% each year
Transaction costs for Retirement Countdown Fund	0.02% each year
Retirement age	State Pension Age

Glidepath to retirement

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

As you approach retirement, we gradually move your pension savings and new contributions into our Retirement Countdown Fund (RCF). We call this our 'glidepath to retirement' and take this into account in the projected fund sizes in the examples.

The table below summarises how your pension savings move from the DGF to the RCF.:

Retirement minus...	DGF	RCF
10 years	100	0
9 years	90	10
8 years	82	18
7 years	74	26
6 years	66	34
5 years	58	42
4 years	50	50
3 years	42	58
2 years	34	66
1 year	26	74
0 years	20	80



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 **Pensions Advisory Service** can help with questions about workplace, State or personal pensions. Visit www.pensionadvisoryservice.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 Money and Pensions Service (part of the government's Money and Pensions Service) has information about choosing financial advisers and a directory of financial advisers that specialise in retirement. Visit moneyadviceservice.org.uk or call **0800 138 7777**. You'll find the directory at directory.moneyadviceservice.org.uk.