

Comparison between NEST, NOW: Pensions and The People's Pension

April 2018

At Lentells we recognise the enormity of the auto enrolment process and whilst we are not authorised to give any specific advice on a suitable pension scheme we have put together this guide to assist our clients when comparing the differences or similarities of the main points of the three major multi-employer pension schemes.

The three main multi-employer pension schemes are provided by NEST (National Employment Savings Trust), NOW: Pensions and the People's Pension. All three are defined contribution (DC) schemes, which mean the employee builds up their own pension pot to provide income when they retire. The employee and employer pay in contributions that are then invested. How much the pot grows depends on how well the investments perform and the scheme's charges.

NEST

Set up by the UK government to offer a suitable workplace pension scheme for all employers.

NOW: Pensions – important note on page 6 of this guidance.

NOW Pensions is backed by Danish retirement specialists ATP, which has run the Danish National Pension for more than 40 years.

The Peoples Pension

The firm behind The People's Pension is B&CE, a firm which has managed workplace pensions, particularly in the construction sector, for more than 30 years.

How can Lentells help you?

If we do not currently run your payroll and you want to continue to run this in-house, we can help you with:

- Nominating a Contact
- Setting up your pension scheme on NEST, NOW or The People's Pension
- Assist you with the completion of The Pension Regulator declaration of compliance

If we run your payroll, our team can help ease the burden

Our payroll department processes over 300 payrolls a month and we have invested in software to help clients with the administrative burdens of auto enrolment. If we process your payroll, once you have selected your qualifying pension scheme, we will be able to:-

- Nominate a Contact
- Set up your pension scheme on NEST, NOW or The Peoples Pension
- Assess your entire workforce against Automatic Enrolment legislations according to UK worker status, age and earnings for each pay reference period.
- Automatically put your workforce into the correct category and enrol all your eligible job holders into the correct qualifying scheme.
- Manage postponements, waiting periods and earnings spikes based on rules you set.
- Manage opt ins and opt outs as they are received from your pension provider.
- Create your data file in the correct format to be sent to your pension provider.
- Create the correct, individually addressed communication for your employees to be sent from email or for printing by yourselves. Communication to the workforce individually is an on-going requirement depending on changing situations and is assessed each pay period i.e. weekly or monthly.
- Complete and submit your declaration of compliance on your behalf to The Pension Regulator.
- Assist with your triennial reenrolment.

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| Main Point | NEST | NOW: Pensions | The People's Pension |
|--|--|---|---|
| Fund Choice | <p>Default investment choice is a target date fund corresponding to the date of retirement (State Pension Age) of the member or a date on which the member wishes to retire. Employees can swap between retirement dates to suit. There are 3 phases to choose from depending on how far a member is from their NEST retirement date. Other fund choices i.e. ethical, high risk, lower growth are available.</p> <p>Self employed people can join even though there is no requirement under auto enrolment legislation currently.</p> | <p>One default investment plan. Your money is split across five different risk classes each with different risk characteristics.</p> <p>-Equities -Inflation -Rates -Credit -Commodities</p> <p>Two distinct phases over the life of your pension: the savings phase and the pre-retirement phase.</p> <p>Self employed people cannot join.</p> | <p>Three lifestyle profiles to choose from: Cautious, Balanced and Adventurous. Default fund is Balanced. Can move between funds twice a year with no charge. Other funds available to employees to self select including ethical.</p> <p>Self employed people cannot join.</p> |
| Employer charge | None | <p>A standard monthly charge of £36. If using a payroll bureau:- £12.50 for up to 4 employees £20.00 for 5+ employees There is a fee if you leave the scheme within the first two years.</p> | <p>£500 one off set up fee, reduced to £300 if an adviser sets this up for you.</p> |
| Annual Management charge for employee ** | 0.3% on total value of members fund each year calculated on a daily basis | 0.3% of Assets under Management. | 0.5% |

| Main Point | NEST | NOW: Pensions | The People's Pension |
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| Contribution charge for employee | 1.8% on each new contribution | 30p or £1.50 monthly Admin fee depending on earnings. | None |
| Can you transfer funds In from another source/pension | Yes – there are opportunities for members to transfer other existing pensions into their NEST retirement pot at any age, although restrictions apply. | Yes – no charges for transfers however if transferred in conjunction with a financial adviser you may be charged. | Yes without penalty. |
| Can you transfer funds out | Yes you have the option to transfer your pot to another registered pension scheme. | Yes – A member may request a transfer from the plan to another registered pension scheme as long as that scheme allows transfers in. | Yes – A member may request a transfer from the plan to another registered pension scheme as long as that scheme allows transfers in. |
| Can you carry on contributing to the scheme after you have left your current job | Yes – you can carry on contributing into the scheme if you change jobs or stop work. If your new employer offers NEST then you can continue to pay into your existing plan. | No – you cannot carry on contributing to the scheme after leaving your job, however if your new employer offers NOW: Pensions as the provider the employee will be matched to their existing pot and will continue to contribute into it. | Yes – you can carry on contributing into the scheme after leaving your job, however if your new employer offers The Peoples Pension as the provider the employee will be matched to their existing pot and will continue to contribute into it. |

| Main Point | NEST | NOW: Pensions | The People's Pension |
|---------------------------|---|---|--|
| Maximum annual investment | No limit | No limit | No limit |
| Online for Employers | Secure online system to enrol workers, set up contributions, make payments. Delegate access to payroll provider to access and update as required. | Secure online system to enrol workers, set up contributions, make payments. Delegate access to payroll provider to access and update as required. | Secure online system to enrol workers, set up contributions, make payments. Delegate access to payroll provider to access and update as required. |
| Online for Members | Members can access their own portal to change their retirement date, switch funds or opt out. | Members can access their own portal to change their retirement date, nominate beneficiaries, opt out, view fund valuations. | Members can access their own portal to change their retirement date, switch funds or opt out. |
| Assessment | Unable to assess your workforce independently of payroll software. | Unable to assess your workforce independently of payroll software. | Can provide an assessment of your work force by using their templates and uploading employee details each pay reference period. |
| Communication | Templates available for use by the employer to communicate with their employee. | Pre-staging – NOW:Pensions provide letter Templates for use by the employer to communicate with their employee and announce the staging date. Post staging – NOW:Pensions produce all statutory and on going communications to employees. Preferred approach via email or printed and posted for a charge. | Templates available for use by the employer to communicate with their employee. Can email out joining information if email addresses are available. |

The information provided is for general information purposes only and has been sourced from the websites shown below. It is not, and should not be construed as, financial or other professional advice. You should not rely on the information you find here to inform your decisions; rather, use it as a starting point for doing your own independent research. Clients should contact the pension scheme providers direct to discuss their own individual needs and requirements.

24th July 2017 – Press release from NOW: Pensions and The Pensions Regulator

We have become aware that NOW: Pensions have taken themselves off The Pension Regulator’s approved Master Trust list.

They seem to be acknowledging that they are having problems but taking action to address this.

The Pension Regulator has confirmed that the scheme is still considered to be a qualifying scheme for auto enrolment. The Pension Regulator is also working with NOW: Pensions to address the issues and indications are that this is a temporary blip whilst they get their house in order.

Acknowledgements:

NEST: www.nestpensions.org.uk

NOW: Pensions www.nowpensions.com

The Peoples Pension: www.thepeoplespension.co.uk