



nest

NATIONAL
EMPLOYMENT
SAVINGS TRUST



Getting to know **NEST**

How to start putting
money away for your future

What's inside

- 01** **Being enrolled in a pension scheme**
page **3** »
- 02** **Why get a pension?**
page **4** »
- 03** **How are pensions changing?**
page **5** »
- 04** **What does NEST offer?**
page **6** »
- 05** **How much will I need to contribute?**
page **9** »
- 06** **Opting out**
page **10** »
- 07** **Managing your money**
page **11** »
- 08** **When can you take your money out?**
page **13** »
- 09** **What happens next?**
page **14** »

The people who run NEST

NEST Corporation is the organisation that runs the NEST pension scheme. It's made up of a Chair and up to 14 Trustee Members who run the scheme in the interests of our members. In this booklet we use the term NEST to refer to both NEST Corporation and the scheme.

You can find out more about how NEST is run by visiting nestpensions.org.uk/how-NEST-is-run

01

Being enrolled in a pension scheme

You may have heard about changes to pensions at work.

The changes mean that all employers will have to offer their workers a chance to join a pension scheme. Many workers will be put straight into a scheme by their employer. This is called auto enrolment.

NEST is one scheme that employers can use for their workers. It's been set up as an easy and low-cost way to put money aside for the future.

This booklet will explain what that means for you and how NEST can help.

Your employer will let you know if you're being automatically enrolled into NEST or not. If you are you'll get a chance to opt out and if you join you can have a say about what happens to your money.

If you're not being automatically enrolled, they'll still give you information about joining the scheme if you want to.



02

Why get a pension?

It's a good idea to start putting some extra money away for your future. It's important to be able to provide for your retirement and NEST is designed to help you do that.

A lot of people plan to rely mainly on the State Pension so it's worth remembering that the basic State Pension is currently worth £115.95 per week for 2015/16.

It can give you some income in retirement, but without your regular income when you stop working, you may not have enough money for the retirement you want.

Why a workplace pension is different

There are many different ways to put money away, for example lots of people use a savings account or put cash into an individual savings account (ISA). However, at the moment bank accounts don't offer high rates of interest.

Between now and the time you retire the cost of things such as food, petrol and taking a holiday is likely to increase. When you come to retire you may find that the money you've saved is worth less than you expected because of the higher cost of living.

You need to make sure your money grows more than the rising cost of living. A pension scheme like NEST is one of the best ways of doing this.

You could also get extra money added by your employer and most people will get money from the government through tax relief. That means over the years there'll be more money going into your retirement pot than if you just saved in a bank account.

The money you put into NEST belongs to you no matter what else happens. If you die before taking your money out it will be returned to your family, partner or loved ones. Or if you've told us who you want to get the money, we'll do our best to make sure they get it.

03

How are pensions changing?

From October 2012 onwards, you'll have new workplace pension rights. This means your employer needs to make sure you have access to a workplace pension scheme that meets certain legal standards. NEST is one scheme that meets these standards.

You can become a member of NEST in two ways.

You'll be automatically enrolled if you're:

- at least 22 and under State Pension age
- working or ordinarily working in the UK
- earning over £10,000 a year.

If you're not automatically enrolled you can ask your employer to enrol you if you're aged over 16 and below age 75.

Everyone who is automatically enrolled will be entitled to contributions to their retirement pot from their employer. If you ask your employer to enrol you in the scheme you'll be entitled to contributions from your employer if you earn over £5,824 a year.

Note:

The figures on this page apply to the 2014/15 tax year and will be reviewed every year by the government.

04

What does NEST offer?

NEST has been set up to look after your money and help it grow. It's run on a not-for-profit basis so our charges go towards helping you save. Like other trust-based schemes we don't have shareholders looking to make money from you.

A lot of people haven't had a workplace pension before, so we've spent time finding out what they want and need from a scheme like NEST.

Easy to understand

We know pensions can seem confusing. That's why we don't use jargon and we take the time to make sure information about your retirement pot is easy to understand.

We won't bury things in small print and we'll use plain language when we talk to you about your money.

Online

Once you're a member of NEST you can switch on your online account. You can also let us know your email address so we can send you news and information by email. This helps us keep costs low so more money goes towards your retirement.

You can log into your online account whenever you want and see exactly what's being paid into your retirement pot.

You can also use it to let us know about any updates to your personal details, change how much you want to contribute or tell us when you want to take your money out.

Low cost

NEST is run on a not-for-profit basis. We work hard to keep our charges low, so more of the contributions from you, your employer and the government go into your retirement pot.

To cover the costs of setting up and running NEST we take a small percentage of the money going into your pot. We also take a very small percentage off the value of your retirement pot over the year.

You also pay a charge of 1.8 per cent on new contributions you make. This means that from each £100 contribution, for example, £98.20 goes into your pot.



NEST collects an annual management charge (AMC) from its members. This is set at **0.3 per cent** of your total fund each year. So, if you had **£10,000** in your retirement pot you'd pay **£30** over a year.



If you want to find out more about NEST's charges visit nestpensions.org.uk/charges-explained

A retirement pot for life

At NEST you keep the same retirement pot and contribute to it even if your circumstances change. For example, if you change jobs and your new employer uses NEST, then both you and your employer can contribute to the pot you already have.

Even if your new employer doesn't use NEST or if you stop working you can still put money into your NEST retirement pot. You won't get money from your employer, but most members will still get tax relief on their contributions.



05

How much will I need to contribute?

We know that pensions aren't always a priority for people. There are always other things to pay for and it's not always easy to put money aside for the future.

However, putting away even small amounts can make a difference to what you get in retirement. You may find that once you get into the habit of saving it's easier than you think. As a member of NEST you can also stop contributing if you need to and start contributing again later.

Your employer will let you know how much they'll contribute to your NEST retirement pot, and whether you'll need to make a contribution. What you're entitled to depends on your age and how much you earn.

You can see what the minimum contribution levels could mean in pounds and pence by using the Money Advice Service's pension calculator at moneyadviceservice.org.uk/en/tools/workplace-pension-contribution-calculator

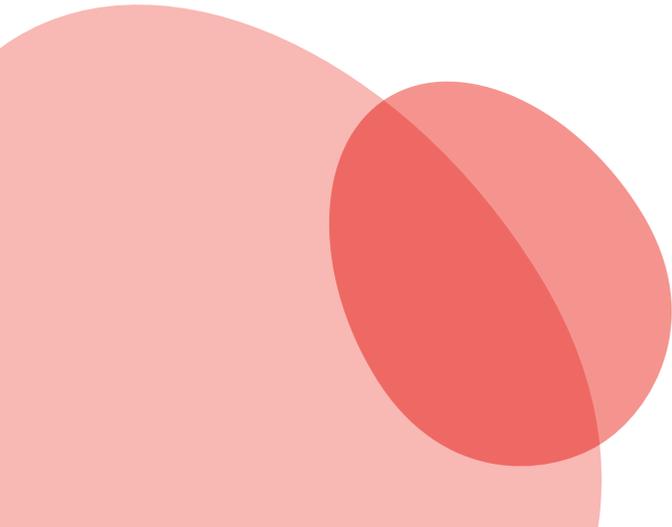
06

Opting out

Being automatically enrolled doesn't mean you don't have a choice. If you're automatically enrolled you can choose to opt out of the scheme within one month of enrolment.

If you opt out, any money you've contributed with this employer will be refunded, but you should think carefully before you opt out. Opting out means you'll lose out on employer contributions and tax relief that would have gone into your retirement pot.

If you need to stop contributing for a while you can do so without opting out. This option is open to all NEST members and you can start contributing again whenever you want. In most cases your employer will also have to restart contributing.



07

Managing your money

We understand that most members are looking for steady, consistent growth from the money they put into their retirement pots. When you put money into NEST we manage it carefully for you.

Helping your retirement pot to grow

We'll manage your money for you throughout your time with NEST, aiming to make it grow ahead of the rising cost of living.

You can read more about this in our *Different types of investment* factsheet available at nestpensions.org.uk/different-types-of-investment

We manage your retirement pot based on how many years you are from retirement. Even if you're near the end of your career it can be worth putting a little extra aside.

NEST Retirement Date Funds

When you join NEST we put your money into one of our NEST Retirement Date Funds.

Unless you tell us differently, we'll assume you'll take your money out of NEST when you reach 65 or your current State Pension age, depending on your date of birth. So whether you're near retirement or further away from it, we'll have a NEST Retirement Date Fund for you.

Each of these funds is managed according to the life stage of the people in it. If you're five years from retirement we'll manage your money in one particular way, making sure it's ready for you to take it out. If you're 20 years from retirement, we'll manage your money differently, focusing on growing it as much as possible.



Go to nestpensions.org.uk or search online for NEST pensions

Other funds

NEST Retirement Date Funds are designed to suit most people who join NEST. But some people may have personal beliefs or preferences about how we manage their money. For these reasons we offer a carefully selected choice of other funds.

These funds are:

- NEST Ethical Fund
- NEST Sharia Fund
- NEST Higher Risk Fund
- NEST Lower Growth Fund
- NEST Pre-retirement Fund.

You can find out more about all our fund choices at nestpensions.org.uk/other-funds-savers



08

When can you take your money out?

You can take your money out of NEST at any point from your 55th birthday.

It's a good idea to tell us when you plan to take your money out so we can make sure we manage your retirement pot to be ready for that date. If you don't tell us the date you want to take your money out of NEST we'll assume you'll take it out:

- › at age 65 if you were born before 5 December 1953
- › at your current State Pension age if you were born on or after 5 December 1953
- › at age 75 if you've already reached 65 or State Pension age at the point of joining.

State Pension age is changing over the next few years. You can find out what yours is at [direct.gov.uk/spacalculator](https://www.direct.gov.uk/spacalculator)

Deciding what to do with your money

When the time comes to take your money out of NEST, there are a number of things you can do with your retirement pot.

Your options will depend mainly on how much is in your pot. NEST can help you understand these options and offer information to support you in making your decision.

Find out more about your options at [nestpensions.org.uk/taking-money-out](https://www.nestpensions.org.uk/taking-money-out)

09

What happens next?

Your employer will contact you to let you know more about NEST and whether you're being automatically enrolled or not. They'll also let you know about asking to become a member.

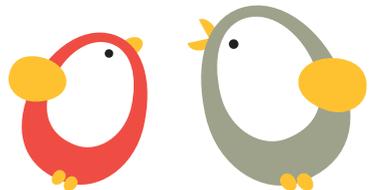
If you become a member you'll receive a copy of *Welcome to NEST* and you can switch on your online account.

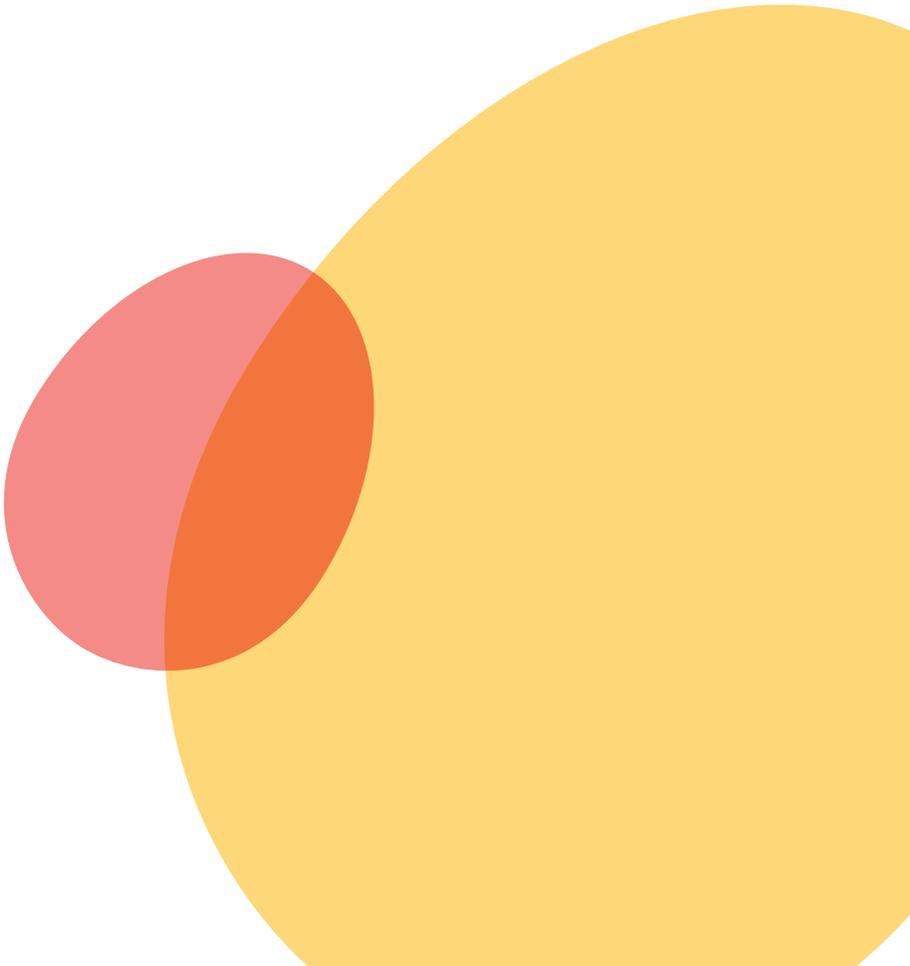
Switching on your online account allows you to:

- › see the value of your retirement pot
- › check what your employer is contributing
- › make sure we have up-to-date details for you

- › find out how much you could get when you take your money out
- › pay in more or stop contributions for a while
- › tell us who you want to get your money if you die.

In the meantime, why not spend some time finding out more about NEST? There's lots more information and answers to your questions on our website at nestpensions.org.uk or you can search online for **NEST pensions**.





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Go to nestpensions.org.uk
or search online for **NEST pensions**