

# Explaining our *costs & charges*

Simple. Fair. Easy to understand with the help of this guide.

**now:**pensions



# Explaining our costs and charges

How much you pay for running your pension and investing your money can make a difference over your lifetime. We've designed this guide to help you understand how our costs and charges work.

Here are our charges

1. A **monthly administration charge** for running **now:pensions**. This is £1.75 a month or £21 a year.
2. An **investment management charge** for investing your money. This is 0.3% of the value of your pension savings each year.
3. **Transaction costs** for buying and selling investments. We don't charge for these separately – we factor them into the returns on **now:pensions'** investments.

We split our charges up in this way to spread the costs fairly across all our members. For example, we don't use the investment charge to subsidise administration costs.

## How the investment charge works

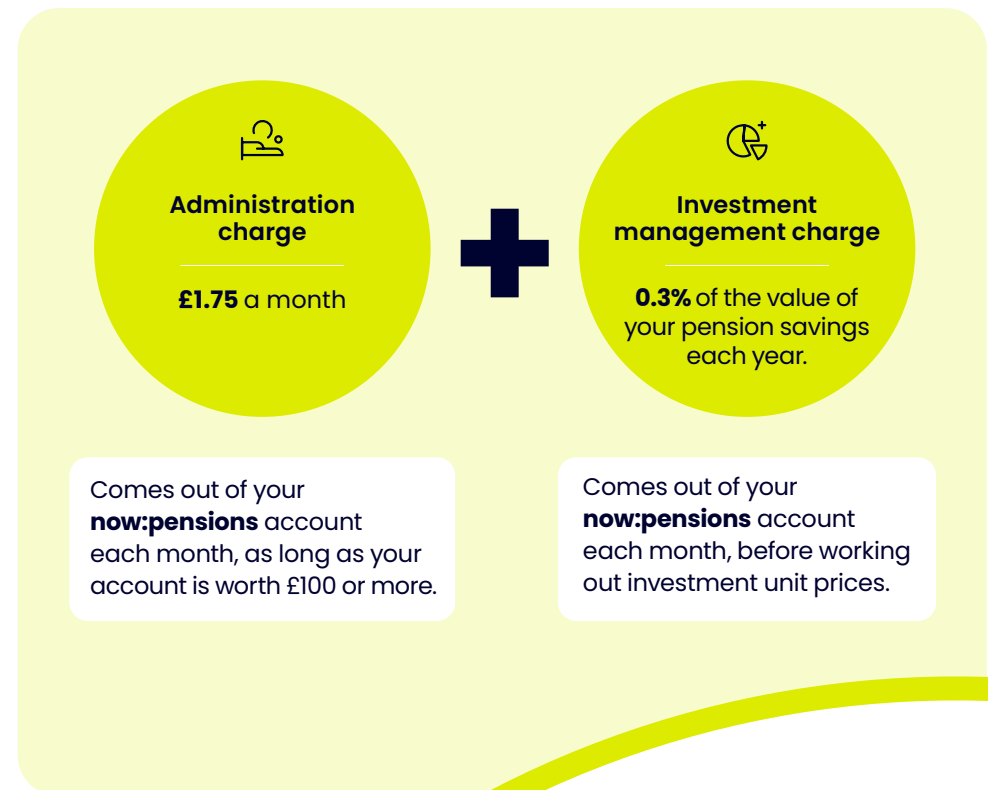
This table shows how the investment charge works in a year for different amounts of pension savings.

Total pensions savings before investment charge	Charge in a year	Total pensions savings after investment charge
£500	£1.50	£498.50
£1,000	£3	£997
£2,500	£7.50	£2,492.50

## The charging limit

By law, we don't take the full amount of the administration charge if it would make the value of your **now:pensions** account lower than £100. This is to help prevent small amounts of pension savings being eaten away by administration fees.

The charges at a glance



# Our member profiles

To help you understand how our costs and charges could affect you over time, we've created some member profiles with different ages.

- We show how much different amounts of pension savings could be worth at each age.
- We show them **before** and **after** we take off the charges.
- And, we show the effect of putting them in different investment options. Please see '**Investing your savings**' on page 10 for more about the investment options.



22 years old

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35 years old

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45 years old

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55 years old

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# Future pension savings for a 22-year-old member



## At the start:

- their pension savings are worth £2,000
- the total payments into their pension, from the member and their workplace, are £120 a month.

Years of pension saving	Age	If invested in Diversified Growth Fund/ Retirement Countdown Fund		If invested in Shariah Fund:	
		Before charges	After charges	Before charges	After charges
1	23	£3,506	£3,477	£3,506	£3,477
3	25	£6,674	£6,571	£6,674	£6,571
5	27	£10,062	£9,862	£10,062	£9,862
10	32	£19,599	£19,036	£19,599	£19,036
15	37	£30,878	£29,735	£30,878	£29,735
20	42	£44,219	£42,211	£44,219	£42,211
25	47	£59,999	£56,756	£59,999	£56,756
30	52	£78,664	£73,711	£78,664	£73,711
35	57	£100,740	£93,473	£100,740	£93,473
40	62	£124,140	£114,017	£126,852	£116,504
45	67	£141,787	£128,888	£157,737	£143,345
46	68	£144,331	£130,932	£164,561	£149,224

## What if a member stops paying into now:pensions?

This table shows what happens if the above member stops paying in to her **now:pensions** account after one, three and five years. The costs and charges carry on coming out of her account.

Years of pension saving	Age stopped paying in	Retirement age	Future pensions savings value:	
			Before charges	After charges
1	23	68	£13,871	£10,841
3	25	68	£24,690	£20,321
5	27	68	£34,806	£29,239

## Stopped paying in to your pension savings? Think about transferring

Our costs and charges apply whether you're:

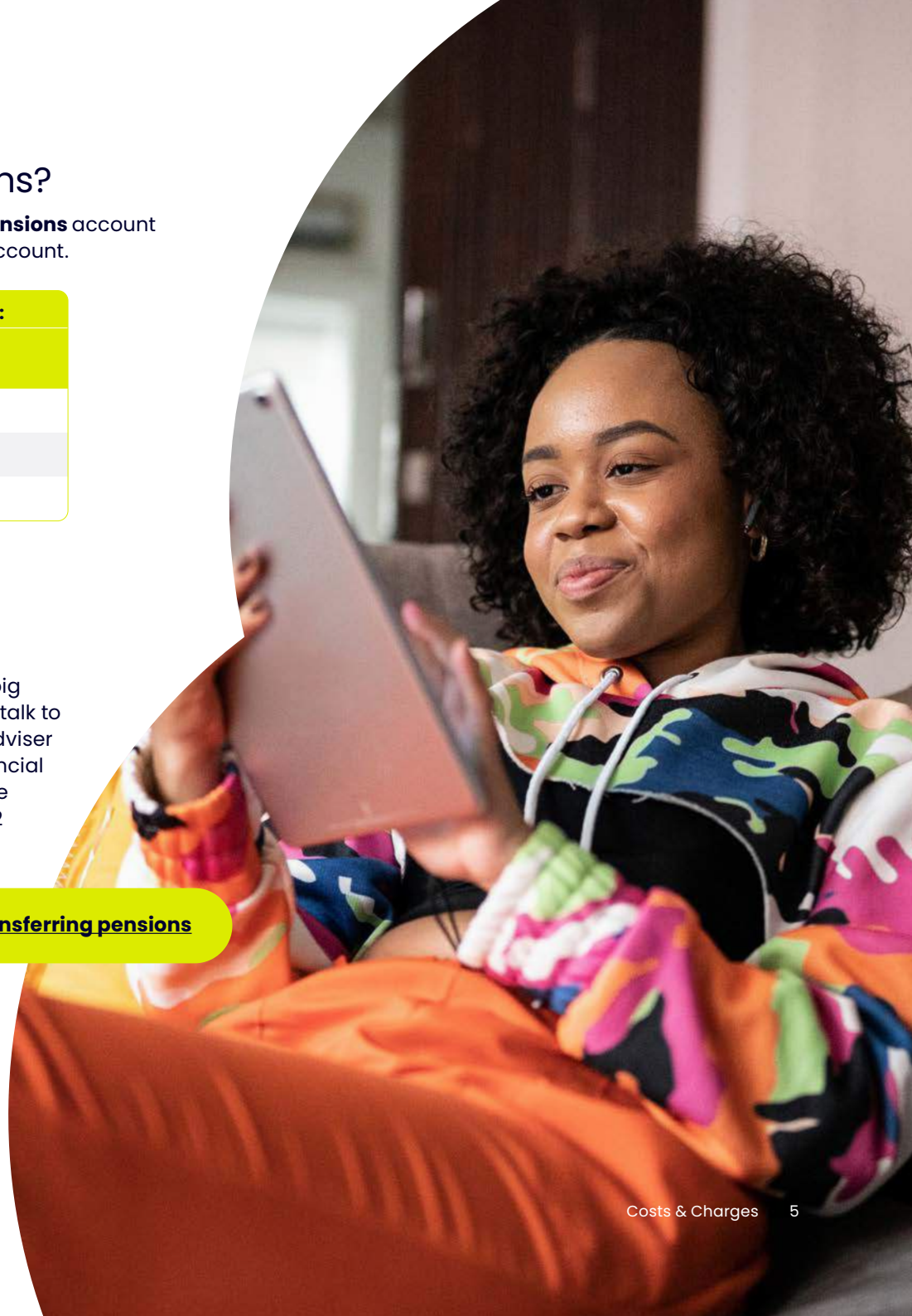
- currently paying in to your pension savings, or
- have stopped paying in, but still have savings in **now:pensions**.

Even if you're no longer paying in to your pension savings, we're managing and investing them. So the costs and charges still apply. Over time these can eat away at your pension savings.

It could make sense to combine your **now:pensions** savings with other pension savings you have. For example, you could transfer your **now:pensions** savings out to another pension you are paying in to – such as your current workplace pension. Or, you could transfer other pension savings into your **now:pensions** account so you have a larger amount.

Transferring a pension is a big decision. It's a good idea to talk to an independent financial adviser who's regulated by the Financial Conduct Authority (FCA). See **Financial advice** on page 12 for more about this.

[Find out more about transferring pensions](#)



# Future pension savings for a 35-year-old member



## At the start:

- their pension savings are worth £3,000
- the total payments into their pension, from the member and their workplace, are £135 a month.

Years of pension saving	Age	If invested in Diversified Growth Fund/ Retirement Countdown Fund		If invested in Shariah Fund:	
		Before charges	After charges	Before charges	After charges
1	36	£4,702	£4,670	£4,702	£4,670
3	38	£8,284	£8,168	£8,284	£8,168
5	40	£12,114	£11,889	£12,114	£11,889
10	45	£22,893	£22,259	£22,893	£22,259
15	50	£35,643	£34,353	£35,643	£34,353
20	55	£50,724	£48,453	£50,724	£48,453
25	60	£68,185	£64,535	£68,562	£64,891
30	65	£84,130	£78,880	£89,660	£84,052
33	68	£91,636	£85,436	£104,127	£97,039

# Future pension savings for a 45-year-old member



## At the start:

- their pension savings are worth £3,800
- the total payments into their pension, from the member and their workplace, are £145 a month.

Years of pension saving	Age	If invested in Diversified Growth Fund/ Retirement Countdown Fund		If invested in Shariah Fund:	
		Before charges	After charges	Before charges	After charges
1	46	£5,669	£5,634	£5,669	£5,634
3	48	£9,600	£9,475	£9,600	£9,475
5	50	£13,804	£13,560	£13,804	£13,560
10	55	£25,637	£24,945	£25,637	£24,945
15	60	£39,419	£38,014	£39,633	£38,221
20	65	£52,839	£50,507	£56,188	£53,699
23	68	£59,752	£56,816	£67,540	£64,191

# Future pension savings for a 55-year-old member



## At the start:

- their pension savings are worth £4,400
- the total payments into their pension, from the member and their workplace, are £160 a month.

Years of pension saving	Age	If invested in Diversified Growth Fund/ Retirement Countdown Fund		If invested in Shariah Fund:	
		Before charges	After charges	Before charges	After charges
1	56	£6,442	£6,405	£6,442	£6,405
3	58	£10,724	£10,591	£10,738	£10,605
5	60	£15,168	£14,910	£15,333	£15,072
10	65	£26,353	£25,663	£28,264	£27,519
12	67	£30,601	£29,698	£34,076	£33,058



# How we worked out the examples

We know there's no such thing as an 'average' member of **now:pensions**. But we've had a good look at the membership and worked out some 'typical' examples of members at different ages, with different amounts of pension savings.

Here's how we did this.

1. We split the membership into age bands.
2. We took the average value of pension savings, and payments in, from each age band.
3. We used these as the starting value of pension savings, and monthly payments in, for each example.

Remember: these are just examples to help you understand the effect of the costs and charges on your pension savings. Even if you're the same age, or have the same value of pension savings, as one of the examples, the amounts are likely to be different for you.

## How the tables work

1. We've assumed earnings, and payments in, increase by **2.5%** each year.
2. All the figures are in **today's money**. This means we've projected them forward, then taken out the effect of inflation to suggest how far your money could go in future. We've assumed inflation is **2.5%** each year.
3. We've based payments in on the current minimum rate for auto enrolment – **8% of qualifying earnings**. That's a minimum of 3% from your workplace and 5% from you. Qualifying earnings are all your earnings between £6,240 and £50,270 in 2024-25. The government could change these amounts in future.
4. **Before charges** shows the total value of the pension savings if there were no charges.

5. **After charges** shows the effect of the charges on the pension savings of people in that age band.
6. We've used the same assumptions for investment returns as we used in your most recent annual benefit statement.
7. Charges are the same for each workplace.
8. We've based the transaction costs on an average of the last three years' transaction costs.
9. We worked these values out on **31 March 2024**.

## Making assumptions about the future

Payments in increase	2.5% a year
Inflation, measured by the Consumer Prices Index (CPI)	2.5% a year
Diversified Growth Fund investment return, before charges	6% a year
Diversified Growth Fund investment return, after charges	5.68% a year
Retirement Countdown Fund investment return, before charges	2% a year
Retirement Countdown Fund investment return, after charges	1.69% a year
Shariah Fund investment return, before charges	6% a year
Shariah Fund investment return, after charges	5.68% a year
Administration charge	£1.75 each month
Investment management charge	0.3% a year
Retirement age	State Pension Age

# Investing your pension savings

## Your pension journey

While you're in **now:pensions**, we invest your savings to help them grow and protect their value as you get closer to retiring. Your pension journey has three phases.

### 1 Growth phase

During this phase we invest your pension savings to help them grow. The kind of investments that help money to grow also have a higher risk of falling in value in the short term. But because this phase lasts a long time – most of your working life – there's enough time for the long-term growth to make up for short-term variations in value.

### 2 De-risking phase

This phase starts 10 years before you plan to retire. We gradually move your pension savings into investments designed to reduce the risk of variations in value as you get closer to retiring.

### 3 Destination phase

This is when you start to use your pension savings to give yourself a retirement income.

## Time to grow

During the growth phase we invest your pension savings in our Diversified Growth Fund.

This fund is designed to give your pension savings stable growth over the long term. To make this happen it spreads money across five investment areas that tend to give different results in different economic conditions.

## Time to protect

Starting 10 years before your planned retirement age – the age you've told us you want to retire at – we gradually switch your pension savings to the Retirement Countdown Fund.

This fund aims to protect the value of your pension savings, reducing the risk of them changing a lot in value before you start to take them as your retirement income. It uses cash and other investments that behave like cash – they keep their value well in the short term.

By the time you reach your planned retirement age 70% of your pension savings will be invested in the Retirement Countdown Fund and 30% in the Diversified Growth Fund.

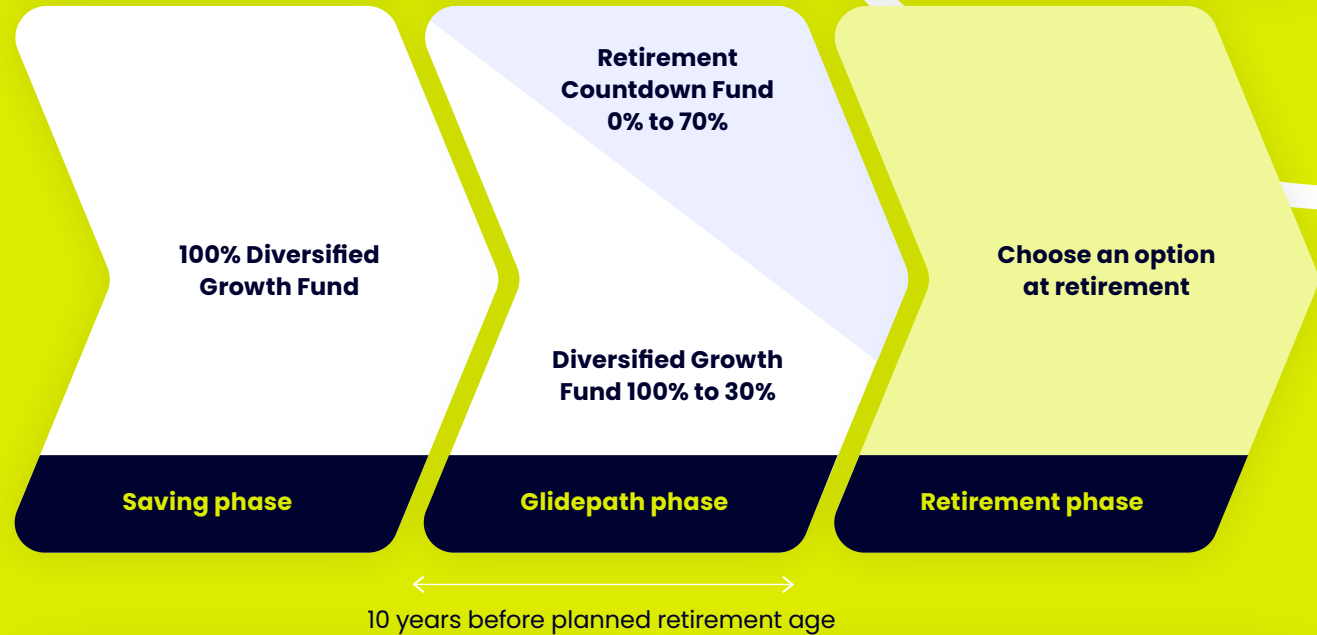
The Shariah Fund doesn't have a de-risking phase. Pension savings invested in the Shariah Fund stay there until planned retirement age.

**[Find out more about investment.](#)**

# The Lifecycle

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 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**

## 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 a guaranteed income, or drawdown income.

# Your options for retirement income



## Stay where you are

There's no rush. You don't have to take your pension savings at any particular time. You can do it when it's right for you.



## Take cash

You can take some or all your pension savings as cash. A quarter of each amount you take will be tax free and the rest will be taxable.



## Transfer out

You can take your savings out of **now:pensions** and transfer them to a different pension provider. This gives you more choice of what you can do with your money.

For example, you can buy an annuity to give you a guaranteed income for life. Or you can take flexible income (drawdown). These options aren't available in **now:pensions**.

**[Find out more about taking your money out of now:pensions.](#)**

# Get in touch

Use our **[contact form](#)** for the fastest way to get help with your question.

Or you can call our member support team on **0330 100 3334** from 9am to 5pm, Monday to Friday. When you call please give your full name, address and National Insurance number. We may record your call to help us improve our service to you.



Ask us on  
**webchat**



Visit our  
**help centre**

## Useful organisations

### MoneyHelper and Pension Wise

The government's **MoneyHelper** service offers free, impartial guidance about a whole range of money matters including budgeting, money troubles, savings and pensions. Trained experts are available to help by phone and webchat.

MoneyHelper includes **Pension Wise**, a service for people over 50 that explains your options for taking money out of your pension savings.

Website, including live webchat: **[www.moneyhelper.org.uk/en](http://www.moneyhelper.org.uk/en)**

Webchat opening hours: Monday to Friday, 9am to 5pm

Pensions helpline: **0800 011 3797** Monday to Friday, 9am to 5pm

### Citizens Advice

Citizens Advice is a charity offering confidential help and advice to help people sort out their problems, including money and debt.

Website (including online chat facility):

**[citizensadvice.org.uk/debt-and-money/pensions/](http://citizensadvice.org.uk/debt-and-money/pensions/)**

Adviceline (England): **0800 144 8848**

Adviceline (Wales): **0800 702 2020**

### Financial advice

The organisations we've listed here can give you guidance. But they can't give advice that's tailored to you. To get this kind of personalised advice, you need to talk to an independent financial adviser who's regulated by the Financial Conduct Authority (FCA).

The government's **MoneyHelper** website has a guide to finding a financial adviser and a directory of FCA-regulated financial advisers who can give advice on pensions. You'll find the directory at **[moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](http://moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser)**

The **Personal Finance Society (PFS)** has a **What we do for the public** section, including a directory you can filter to find independent financial advisers that specialise in retirement planning. Visit **[thepfs.org/about-us/what-we-do/for-the-public/](http://thepfs.org/about-us/what-we-do/for-the-public/)**

You usually have to pay for financial advice, so remember to ask your adviser how much they charge.

# Important information

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The value of investments can go down as well as up. Investment returns can't be guaranteed. Changes in financial markets, currencies and other risks can cause changes in the value of investments. If an investment fund has a target or 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.

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