

The legal structure of NEST

Consultation overview



Background

The Pensions Act 2008 requires the pension scheme we now know as NEST to be established.

Following this, what is known as an order established NEST. An order is a piece of legislation that can only be amended by Parliament.

NEST will operate as a trust-based workplace pension scheme. NEST's order is the equivalent of the trust deed which is the legal framework normally used to establish other trust-based occupational pension schemes.

NEST's order sets out its legal structure. It also includes details on a number of areas including who is eligible to join NEST, and member and employer participation.

NEST's rules contain more detail and outline how the administration of NEST will work in practice.

The scheme rules are not a piece of parliamentary legislation. This means they do not need to be amended by Parliament if any changes have to be made.

In the future, if NEST Corporation or the Secretary of State wants to change the scheme rules, a consultation process will have to be followed.

The Pensions Act 2008 requires that amendments to the rules must also be consulted on in advance.

Consultation on NEST's order and rules

The joint consultation on NEST's order and rules ran for 12 weeks and closed on 20 July 2009.

In October 2009 the Department for Work and Pensions (DWP) and the Personal Accounts Delivery Authority (PADA) published a [Summary of responses to the joint public consultation \(PDF, 129KB\)](#).

The document summarises stakeholders' views on the consultation questions and contains the responses from the Government and PADA.

There was broad support for the overall approach to the policies set out by the draft order and rules. No substantial policy changes were recommended as a result of the consultation. However, both DWP and PADA proposed a range of minor changes in the way certain sections were written. Some changes ensured it was clear what the policies underlining the rules were trying to achieve. Other small amendments clarified the meaning of certain sections of the order and rules.

The Personal Accounts Delivery Authority (PADA) was established by the Pensions Act 2007 and was NEST's predecessor. In January 2010 PADA announced NEST as the permanent name for the personal accounts scheme.