

Choosing a charging structure

Consultation overview



Background

To pay for its set-up and running costs, NEST Corporation will need to charge its scheme members.

In March 2010 the Government announced that NEST's proposed combination charge would be made up of an annual management charge (AMC) and a charge on contributions.

In this briefing note [Why does NEST's combination charge meet its low charge objective? \(PDF, 651KB\)](#), we explain how the combination charge for NEST meets the scheme's low charge objective.

To support the decision on charges, PADA sought stakeholder views on the most suitable charging structure for the scheme through a public consultation.

The consultation [Building personal accounts: choosing a charging structure, a discussion paper to support consultation \(PDF, 1MB\)](#) explored the options and invited feedback from interested individuals and groups. As part of the process, PADA also held a stakeholder seminar.

To support the consultation, it also commissioned research into attitudes towards various charging structures. The report [Personal accounts: attitudes and reactions to possible charging structures \(PDF, 553KB\)](#) explores the reaction of individuals in NEST's target audience towards potential charging structures.

The formal feedback we received during the consultation is summarised in this document [Building personal accounts: choosing a charging structure, a summary of responses following public consultation \(PDF, 1MB\)](#).

Meeting the low charge objective

It is proposed that NEST will initially have a combination charge made up of an annual management charge (AMC) of 0.3 per cent and a small contribution charge of 1.8 per cent.

The PADA briefing note [Why does NEST's combination charge meet its low charge objective? \(PDF, 651KB\)](#) examines the combination charge proposed for NEST and explains why it delivers low charges for NEST members.

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.