

The Nest logo, consisting of the word "nest" in a white, lowercase, sans-serif font, is centered within a solid orange circle. The background of the entire page is a photograph of two women in a garden. One woman, with blonde hair and glasses, is looking at a tablet held by the other woman, who has dark hair in a bun and is wearing colorful floral gloves. They are both smiling and appear to be engaged in a collaborative activity. The garden is filled with various flowers, including purple and yellow pansies, and green foliage.

nest

An employer's guide to workplace pensions

How Nest can help you meet your auto enrolment pension responsibilities

Contents

Workplace pensions for all	3
Your pension responsibilities	4
Who do you need to enrol?	5
How much should you contribute?	6
Who can use Nest?	7
Why use Nest?	8
Looking for expert help?	9
How we support your workers	10
How to get started	11



Workplace pensions for all



Since auto enrolment was introduced in 2012, many UK businesses have had to change their pensions policies – and we've been here to support them every step of the way.

We work tirelessly to make the most of our members' savings, from an award-winning, responsible approach to investment to the services we offer to both employers and members to make saving easy and engaging. Our mission is to help millions enjoy a better retirement, and we are well on the way.



Helen Dean
Chief Executive Officer,
Nest Corporation



Your pension responsibilities

As a UK business that employs one or more workers, you're required to:

- Set up a workplace pension scheme that meets the rules of the Pensions Act legislation.
- Automatically enrol all workers who meet the age and earnings criteria.
- Make contributions into eligible workers' pension pots.
- Enrol any ineligible workers who ask to join the scheme.

When should you set up your scheme?

Your legal obligations as an employer begin on the day your first member of staff starts work.

You can use a waiting period to push back the date you need to enrol your workers by up to three months, otherwise known as postponement. However, you'll need to have your pension scheme set up and have offered your staff the right to opt in to the scheme on the first day they start work.

Your workers can ask to be enrolled into the pension scheme during the waiting period.



Who do you need to enrol?

Auto enrolment only applies to certain workers, depending on their age and earnings. Other workers can ask you to enrol them and you may or may not have to pay contributions for them. Instead of automatically enrolling only eligible workers, you can choose to immediately enrol all workers when they first start work with you.

You have a legal responsibility to give your employees information about their pension scheme. We've created a resource of **all the material you need** to give the right information to the right people.

Can workers opt out?

Any automatically enrolled worker can opt out within one month of their enrolment. You'll need to refund any contributions they've made. If your employee is past their opt-out period, they can choose to stop their contributions.

We've made this process as straightforward as possible. Your workers can opt out with us online, over the phone or by asking us for an opt-out form which they'll hand to you once completed.



Automatically enrol

You need to automatically enrol these workers into a pension scheme when they begin work, unless they opt out.

Earns at least £10,000 a year
and

Aged 22 and over but under the State Pension age



Enrol if they ask

You'll need to enrol these workers if they ask you to.

Earns less than £10,000 a year
or

Aged under 22 or State Pension age and over

How much should you contribute?

Qualifying earnings are a band of gross annual earnings that you use to calculate a worker's contributions for their workplace pension. It's between £6,240 and £50,000 a year for the 2020/21 tax year. It includes salary, wages, overtime, bonuses and commission, as well as statutory sick pay, maternity, paternity and adoption pay.

The legal minimum contribution for jobholders is currently 8% of their qualifying earnings. You'll need to pay 3% of this, but you can contribute more if you want to. The worker will contribute 5%. For most workers who qualify for tax relief the 5% is reduced by the current rate of basic rate tax.

We offer a range of pre-set alternatives on our system if you'd like to use a different definition of earnings that best suits your organisation, for example total pay or basic pay excluding overtime. You can even use your own earnings basis if it meets the legal minimum. Please remember that you'll need to fill out a certificate if you choose not to use qualifying earnings to work out your contributions.

You'll find more details and an online tool from [The Pensions Regulator \(TPR\)](#).



Minimum contribution

8%



What you'll pay

3%



What your workers pay

4%



What the government pays

1%

Who can use Nest?

Any business can use Nest, no matter how large or small. Since we launched in 2008, over 800,000 employers around the country have chosen Nest as their provider of choice.

Different organisations need different things from their pension scheme, so we've made sure we're flexible enough to be used as your sole pension scheme or alongside other providers for some of your workers.

We've also made sure our scheme can be used whether you want to manage your account yourself or use a business or person outside of your business, such as an accountant or payroll provider.



Why use Nest?

A high-quality scheme

We don't just comply with regulations. We've taken the time to understand best-practice guidance from TPR and the Department for Work and Pensions, winning a Defaqto Five Star rating four years in a row. More than that, we were set up by the government as a not-for-profit trust to be run for our customers' benefit, meaning your needs always come first.

It's easy to manage your account

Our digital service is designed to be straightforward. That means you can carry out nearly every process on your online account.

Seamless payroll integration

Our scheme can be run on most payroll software. Whatever you use, you can send your staff information by secure file upload, or simply fill in the details online.

We've also developed an advanced web service that connects with many payroll software packages. This means you can send information to and from your payroll to Nest. Your data will be processed quickly and accurately.

Free for employers

We offer great value for our customers. Our scheme is completely free of charge for employers.

Support in communicating with your workers

Pensions can be complicated. So, when your workers are looking to you to explain their rights and enrolment and contribution choices, it can be hard to know what to say – especially when you're legally required to keep your staff informed.

We've done a lot of research into what the average person understands about pensions. We've used these learnings to create tools, templates and materials for you to use. Whether you need to talk to your workers, line managers or senior staff about Nest, we offer resources to help you keep them up to date.

To download any of these tools, visit

[nestpensions.org.uk/
communicationmaterials](https://nestpensions.org.uk/communicationmaterials)



Defaqto Five Star rating
four years in a row

Looking for expert help?

Not everyone is a pensions expert or has one working for them. Many of our employers use experienced third-party administrators (TPAs) such as payroll providers or accountants to administer their scheme on their behalf.

We've built delegated access into the scheme. This means you can hand over some, or all, of the tasks involved in managing Nest to other people. You can do this when setting up, or later on when your scheme is up and running.

Levels of access

You can choose exactly how much responsibility you want to hand over, from being able to check the figures to running the whole scheme.

We've set up a service for TPAs, payroll providers, accountants and other support functions who use Nest on a regular basis called Nest Connect. Over 20,000 professionals use this service to quickly and effectively administer their clients' accounts. They can do everything from occasional admin to setting your scheme up from scratch.

Individual delegate

You can invite people within your organisation to help with running the scheme, such as colleagues in HR or payroll. It's always a good idea to set up additional delegates, whatever level of access you decide to give them, so that you have cover for holiday and other absences.



How we support your workers

Great value

We're a not-for-profit trust, which helps us keep our member charges low. They're made up of:

- A 1.8% contribution charge on each new contribution to their pot. For example, if a member contributes £25 to their pot, we'll take a charge of 45p.
- An annual management charge of 0.3% on the total value of their fund. For example, if a member has £5,000 in their pension pot, we'll charge them £15 over the year.

An award-winning investment approach

Our in-house investment team carefully looks after our members' savings. We aim to grow their money over the long term without ever taking more risk than needed. Our members benefit from:

- A sophisticated strategy designed for every member, no matter their age or income.
- Responsible and sustainable investments, because we care about the impact our funds have on people and the planet and believe this will generate the best returns.
- Best-in-class global fund managers.
- Transparent, accessible information on where their money is invested.



Funds for everyone

Our flagship default fund is suitable for most members. The revolutionary design of Retirement Date Funds means that it flexes for members' needs, whether aged 24 or 64.

We offer additional fund choices for employees with different beliefs and faiths, including:

- Nest Ethical Fund
- Nest Sharia Fund
- Nest Higher Risk Fund
- Nest Lower Growth Fund

Free transfers

There are lots of factors to consider before transferring pension savings in or out of Nest. Whatever a member decides, we don't charge anything for transfers.

How to get started

Get your Nest pension scheme up and running in three easy steps



Sign up online

Our handy Nest form helps you gather all the information you need in one place before you get started. Once you've completed it, you can sign up online. Remember, spending a little bit of time to set up the scheme correctly can save you lots of effort further down the line.

We'll send you a confirmation email when you're up and running.



Tell your employees

You're required by law to let your staff know about their pension rights. You'll also need to tell them if you plan on using a waiting period before enrolling them. Check out our communication guidelines if you're not sure what to say. This includes tools to work out what information you need to give each worker.



Enrol your workers

The final step is to enrol your workers into the scheme and start making contributions. You should check you've got everything you need and test your systems to see if they're working properly.

If you're sending files directly to Nest and not through payroll software, you can save time by using the Nest file tester to make sure your files are compatible before you send them to us.



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