



nest

Order and rules summary

—
A guide to help
you understand
the small print

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About this guide

This guide is a straightforward summary of some of the key points in Nest's Order and rules. The aim is to help you understand why Nest has certain features and obligations.

Nest's Order is the legal document that establishes the Scheme and appoints Nest Corporation as the Trustee. The rules document sets out how the Scheme is designed and operates.

Some of the areas this summary covers are set out in the legal framework that governs Nest, known as the Order and rules.

The people who run Nest

Nest Corporation is the organisation that runs the Nest 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.

Find out more by visiting nestpensions.org.uk/how-nest-is-run

How this guide works

We've broken this guide down into three main sections:

section 1 - Nest's key features

section 2 - using Nest as an employer

section 3 - being a member of Nest.

Each section highlights some of the most important elements of Nest’s Order and rules.

In each section we give you the reference to the relevant article in the Order and/or the related rule.

For example, where we look at how Nest has a public service obligation to accept all employers who wish to use the Scheme to fulfil their auto enrolment duties, we add that this is set out in articles 18 and 19 of the Order and rules 6 and 8 of the rules.

This means you can read more about any area covered in this guide in the full Order and rules documents. You can download these or request copies at nestpensions.org.uk

For employers using Nest we also tell you where the particular part of the Order and rules is expanded on in Nest’s Employer Terms and Conditions. We’ve done this in each section where appropriate. For example, where we explain that Nest uses the relief at source method of claiming tax relief on member contributions in section 1.5, we also say that this is covered in section 4 of Nest’s Employer Terms and Conditions.



Nest Corporation is the organisation that runs the Nest Scheme. It’s made up of a Chair and up to 14 Trustee Members who run the Scheme in the interests of our members.



Section 1

Nest's product features

Section 1

1.1 Nest's public service obligation

Nest has a public service obligation to accept all employers that want to use it as a pension scheme to fulfil their auto enrolment duties under the 2008 Act if they're willing to accept the terms and conditions of using Nest. Employer duties started to apply to the largest employers in October 2012, and have been gradually applied to all existing employers. This is known as staging and it completed in February 2018.

These duties affect employers with workers who are working or ordinarily work in the UK and are aged at least 16 but under 75. Employers who choose Nest must agree to Nest's Employer Terms and Conditions.

Our obligation to accept these employers means that we'll do the following.

- We'll accept any employer that wants to use Nest to fulfil its employer duty to automatically enrol eligible jobholders. We must also accept as members any eligible jobholders who work for these employers.
- We'll accept as members, any workers with qualifying earnings who aren't eligible to be automatically enrolled but ask their employer to be enrolled into a qualifying pension scheme, if their employer uses Nest.
- We'll accept as members, any workers without qualifying earnings who ask their employer to be enrolled into a pension scheme, if their employer uses Nest. However, the employer isn't obliged to pay contributions into these workers' retirement pots or arrange for contributions to be deducted from payroll.

Also, Nest won't charge members at different levels based on the number of members their employer brings to the Scheme or on the income that is, or may in future be, earned by that member. We have a single charging structure for all members, irrespective of who they are.

The above is set out in articles 18, 19 and 27 of the Order and rules 6 and 8 of the rules.

Other individuals who can join Nest

Nest must also accept as members certain other individuals who don't have an employer, as long as they're working or ordinarily work, in the UK.

These are:

- individuals who are self-employed and are aged at least 16 but under 75, so long as contributions that relate to their employment are not subject to the social and labour laws of another European Economic Area (EEA) country
- single person directors who are aged at least 16 but under 75, so long as contributions that relate to their employment are not subject to the social and labour laws of another EEA country
- ex-spouses or ex-civil partners of members, who are entitled to a share of a member's retirement pot. They would be entitled to this as a result of a pension sharing order following a divorce or the end of a civil partnership.

In addition, Nest can choose to accept:

- members who join by a bulk transfer with or without consent as long as the relevant employer is a participating employer in Nest who is making contributions for at least one jobholder; and
- workers aged at least 16 and under 75 who are working or ordinarily work in the UK and have agreed with their employer that they wish to become a member of the scheme (this is often called 'contractual enrolment' or enrolment by consent).

The above is set out in articles 19 and 20 of the Order and rules 8 and 24.1.1 of the rules.

1.2 Third party contributions

Nest allows other parties, such as members' partners or spouses, to pay contributions into members' retirement pots.

This is set out in article 21(2) of the Order and rule 10 of the rules.

1.3 Nest uses the relief at source method of claiming tax relief

Where members are eligible for income tax relief on their contributions, and we have all the information we need to make a relief at source claim to HM Revenue & Customs (HMRC), Nest will claim basic rate income tax relief through the relief at source method.

This means we claim the basic rate income tax paid on member contributions back from HMRC and pay it into their retirement pots.

Higher rate taxpayers can claim the difference between basic and higher rate tax relief directly from HMRC.

This is set out in rule 4.7 of the rules.

This is also incorporated in section 4 of Nest's Employer Terms and Conditions.

1.4 Investing contributions

We'll invest each member's retirement pot in a fund designed to be ready for them in the year we expect them to take their money out of Nest. These funds are called Nest Retirement Date Funds.

Members' pots will be invested in this way automatically and without them having to make an active choice. If they prefer, members can choose the age at which they want to take their money out of Nest or make their own investment choice from a range of alternative funds.

This is set out in articles 28 and 29 of the Order and rules 15 and 16 of the rules.

1.5 The Scheme Trustee

Nest Corporation is the Trustee appointed to run the Scheme under the Scheme Order.

This is set out in article 4 of the Order.

1.6 Member charges

The costs of setting up and running Nest are paid for through charges paid by our members. These charges are taken out of members' retirement pots.

All members will pay an annual management charge (AMC) on the complete funds they've invested through Nest. The AMC is currently set at 0.3 per cent.

We also make a one-off charge on each contribution that's paid into the Scheme. This contribution charge is currently set at 1.8 per cent.

Nest Corporation will consult with the Members' Panel on any changes to the charge levels. The Members' Panel represents the Scheme members' interests.

This is set out in article 27 of the Order and rule 4.5 of the rules.

1.7 Transfers into and out of Nest

We can accept transfers into the Scheme from other pension pots that members have.

Our rules give us powers to decide which type of transfers to accept including which types of scheme we'll accept them from, for example UK or overseas, money purchase or defined benefit. The types of transfer we've decided to accept are set out in our online [member help centre](#).

Members can also transfer in any share of their ex-partners' retirement pot they're awarded following a divorce or the end of a civil partnership.

Members can transfer their pots from Nest to another pension scheme, provided they meet certain requirements set out in legislation.

We also allow transfers of money out of Nest following a divorce, or the end of a civil partnership, where a member's pot is shared with their ex-partner. This applies only when the ex-partner decides to take their share of the pot out of Nest.

This is set out in article 31 of the Order and rules 22, 23 and 24 of the rules.

1.8 The age members can take money out

A member can ask Nest Corporation to set their Nest retirement date to any age from 55.

If a member hasn't chosen a Nest retirement date, it's usually set at either age 65 or the member's State Pension age, depending on the member's date of birth. A member who joins Nest after age 65 or their State Pension age, can choose a Nest retirement date, but if they don't, and they are under 75, it'll be set at age 75. If they're over 75, it will be set at age 105.

If a member suffers from ill health they may be able to take their money out before reaching 55. See 3.8 for more details.

This is set out in rule 16 of the rules.

1.9 Leaving Nest

Under the duties for employers, some Nest members will be able to opt out of the Scheme within the first month of starting their membership or being automatically re-enrolled.

This applies to members who've been automatically or re-enrolled and those with qualifying earnings who've opted in to the Scheme.

If a member opts out, they'll be treated as not having been a member of Nest and their employer is required to refund the member's contributions to them.

After the opt-out period, a member can stop contributing to Nest if they want to, but they'll remain a member of the Scheme and their contributions won't be refunded.

This is set out in rule 12 of the rules.

Section 2

Using Nest as an employer

2.1 Accepting all employers that want to use the scheme to meet their auto-enrolment duties

Once an employer has agreed to Nest's Employer Terms and Conditions we'll accept any UK worker that the employer has a duty to enrol under the 2008 Act.

This includes UK workers who are eligible to be automatically enrolled and those workers who aren't automatically enrolled but have asked to be enrolled into a qualifying pension scheme by their employer.

In line with legislation, employers will need to:

- automatically enrol workers who are aged at least 22 but under State Pension age who earn more than £10,000¹ in a year. They also need to pay a minimum contribution.
- Enrol workers who are aged at least 16 but under 75, earn more than £6,136² in a year and ask to be enrolled. They also need to pay a minimum contribution.

Employers will also have to enrol any workers aged at least 16 but under 75 who earn less than £6,136 who ask to be enrolled, but they don't need to pay contributions for these workers.

This is set out in articles 18 and 19 of the Order and rules 6 and 8 of the rules.

¹ This figure applies to the 2019/20 tax year, and will be reviewed every year by the government.

² This figure applies to the 2019/20 tax year, and will be reviewed every year by the government.

2.2 Obligations on employers using Nest

After choosing Nest as the qualifying scheme for some or all of their workers, employers will need to do the following before they can start using the Scheme:

- agree to abide by the terms of the Order and rules
- agree to meet the operational requirements of Nest, such as giving us the information we need in the electronic formats we accept
- agree to make payments in line with a payment schedule that sets out the contributions they agree to pay into Nest
- agree to be represented by the Employers' Panel which gives its views at Trustee level within Nest Corporation
- agree to the other terms set out in Nest's Employer Terms and Conditions.

Once employers have agreed to Nest's Employer Terms and Conditions, they can start using Nest.

This is set out in article 18 of the Order and in rules 6.2 of the rules.

These also form the basis of the Employer Terms and Conditions.

2.3 Employer contributions

Employers have to agree to the minimum contribution requirements set by the 2008 Act when they use Nest to meet their auto enrolment duties.

This is set out in rule 7 of the rules.

There's also a requirement to set up a payment schedule detailing the level of contributions that will be paid and when. This schedule is required by law, for all occupational pension arrangements. The Trustee and the Pensions Regulator may take action if an employer fails to pay contributions in accordance with the payment schedule.

This is set out in rule 6.2.4 of the rules and is part of the Admission Agreement, which forms part of Nest's Employer Terms and Conditions.

2.4 Employers enrolling members

Nest will set up a retirement pot for each new member that an employer enrolls. Where a member already has a pot with Nest, we'll ensure that the member can continue to use their existing pot.

Nest will allocate and invest all of the contributions paid into the member's pot.

This is set out in article 21 of the Order and rule 11 of the rules.

2.5 Paying additional contributions

An employer and the worker can, in most cases, choose to voluntarily pay additional contributions into the worker's Nest retirement pot.

This is set out in article 21 of the Order and rules 7.1.3, 7.1.4 and 9.4 of the rules.

2.6 Members who have more than one employer

If a worker is enrolled into Nest by more than one employer, each individual employer who has an auto-enrolment duty in respect of the worker, must pay into that worker's retirement pot.

2.7 Maternity leave, paternity leave, adoption leave, parental leave or family leave

Employers are required to pay contributions throughout the time that members take paid maternity, paternity, adoption or parental leave, or leave for other family reasons. The level of contributions an employer needs to pay for any such period of leave is determined by the relevant employment laws.

This is set out in rule 7.1.5 and 9.6 of the rules.

2.8 Members who want to stop contributing

If a member stops contributing to Nest, the employer can continue to make contributions or can choose to stop doing so if they want to. This is because there's no legal requirement on the employer to continue paying. Members can usually choose to opt into Nest and start paying contributions again. Where this happens the employer would need to start paying contributions again if the worker has qualifying earnings and is working or ordinarily works in the UK. The worker must also be aged at least 16 but under 75.

This is set out in rule 12.2 of the rules.

2.9 Employers using contractual enrolment or enrolment by consent

Employers can ask to use Nest to enrol their workers with consent. Where this consent is via the worker's contract of employment, this is known as contractual enrolment. The Trustee can agree to this at its discretion. These employers must also comply with Nest's Employer terms and conditions.

This is set out in article 18(3A) of the Order and rules 6.1.3 and 6.2

2.10 Employers leaving Nest

If an employer wants to stop using Nest, they should give 28 days' notice and pay any outstanding contributions. The Trustee may give notice to an employer that it intends to terminate their participation in circumstances where the employer hasn't contributed for a specified period of time or has informed the Trustee that it has ceased contributing. If the employer starts contributing before the end of the notice period notified to them, the Trustee will not terminate their participation. Employers that no longer use Nest can choose to start using Nest again in the future.

This is set out in article 18 of the Order and rule 6.4 of the rules.

Section 3

Being a member

3.1 Membership

Individuals can become members of Nest in a number of ways.

Members can continue to be a member of Nest and to pay contributions into their retirement pot after age 75 but they won't receive tax relief on those contributions.

Workers can be enrolled as members of Nest by an employer either automatically, if they're eligible, or if they ask their employer to enrol them.

Self-employed workers and single person directors who are working or ordinarily work in the UK can apply to the Trustee to become members of Nest. They must be aged at least 16 and under 75 and contributions that relate to their employment must not be subject to the social and labour laws of another EEA country. As long as they meet these criteria, the Trustee will accept them into the scheme. Self-employed workers and single person directors can also choose their own contribution levels, as long as each payment is at least £10.

In addition, Nest can choose to accept:

- members who join by a bulk transfer with or without consent as long as the relevant employer is a participating employer in Nest who is making contributions for at least one jobholder; and
- workers aged at least 16 and under 75 who are working or ordinarily work in the UK and who have agreed with their employer that this wish to become a member of the scheme (this is often called 'contractual enrolment' or enrolment by consent).

This is set out in articles 19, 20 and 21(3) of the Order and rules 8 and 9 of the rules.

3.2 One retirement pot per member

Each Nest member will have a single retirement pot for the whole of their time as a member. All of their contributions will be held in this pot by Nest Corporation.

This is set out in articles 19 and 21 of the Order and rule 11 of the rules.

3.3 Members' pots remain open

Once a member has a Nest retirement pot they can pay into it until they take their money out of Nest.

Members can continue to contribute to their pot even if they're not working, become self-employed or are no longer working for an employer that uses Nest.

This is set out in article 21(2) of the Order and rules 9 of the rules.

3.4 Members who receive pension credits on divorce, dissolution or annulment

Nest will accept as members the former spouses or civil partners of members who are awarded part of their former spouses' Nest retirement pots as part of a legal settlement.

This is set out in article 31 of the Order and rule 24 of the rules.

3.5 Stopping contributions

A member can stop contributing if they tell Nest or if their employer tells Nest on their behalf.

This is set out in rule 12 of the rules.

3.6 Pension sharing on divorce, dissolution or annulment

Where a pension sharing order is made following divorce, an annulled marriage or the end of a civil partnership, Nest can arrange to share a member's Nest retirement pot with their ex-spouse or civil partner.

Nest can pay the ex-spouse or civil partner's share into a Nest retirement pot for them or to another registered pension scheme.

Where the ex-spouse or civil partner does not ask for a payment into another registered scheme, their share will remain with Nest.

If this happens then the ex-spouse or civil partner will become a member and their pension credit will be placed in their own retirement pot.

Nest will also accept a pension credit from another scheme if the person receiving it is already a member.

This is set out in article 31 of the Order and rule 24 of the rules.

Anyone receiving a pension credit will be treated the same as other members.

This is set out in rule 24.2 of the rules.

3.7 Paying contributions throughout maternity leave, paternity leave, adoption leave, parental leave or family leave

Members can pay contributions whenever they like. This includes when they're not working because of maternity leave, paternity leave, adoption leave, parental leave or leave for family reasons.

This is set out in rule 9.3 of the rules.

3.8 Taking money out early because of ill health and serious ill health

Members who suffer from ill health may be able to take their money out of Nest before age 55.

This will be the case if a registered medical practitioner says the member is and will continue to be incapacitated and isn't able to carry on working in any occupation.

This is set out in rule 16 of the rules.

In the case of serious ill health, where a registered medical practitioner says the member has less than a year to live, we can pay the member their retirement pot as a lump sum.

This is set out in rule 16 of the rules.

3.9 Taking money out of Nest

When members come to take their money out of Nest, they can either:

- take all of their retirement pot as a cash lump sum or take a series of smaller lump sums
- buy a retirement income with or without taking some of their pot as a lump sum
- transfer the value of their retirement pot to another pension scheme.

This is set out in article 32 of the Order and in rules 16 and 23.2 of the rules.

Members can take their money out at any age from 55 onwards, or where they meet the definition of 'incapacity' in the Nest rules. They can transfer their money to another pension scheme at any time provided they meet certain requirements set out in legislation.

3.10 Members who don't take their money out of Nest by their Nest retirement date

If a member hasn't taken their money out of Nest by the time they reach their Nest retirement date and they haven't chosen a new Nest retirement date, we'll automatically increase their Nest retirement date.

If the member was born on or before 5 December 1953 and their Nest retirement date is under 65, we'll set the new Nest retirement date to 65. If the member was born after 5 December 1953 and hasn't yet reached their State Pension age, we'll set their Nest retirement date to their State Pension age. If they've already reached age 65 or State Pension age, but not yet reached age 75, we'll set it to 75. For members aged 75 or over, we'll set the Nest retirement date to 105.

In any case, we'll let the member know what we've done.

This is set out in rule 16.1 of the rules.

3.11 When Nest membership stops

Once a member has taken all their money out of Nest they're no longer a member of Nest. In addition, the Trustee may remove a member from the Scheme if the amount in the member's pot is zero, and has been for at least 12 months from the start of their membership. The Trustee will notify the member before doing this and advise them what they need to do if they want to remain a member.

This is set out in rule 16.7, the definition of 'member' in the Order and rules and article 21(A) of the Order.

3.12 Members who die before taking their money out of Nest

If a member has completed a nomination form and submitted it to Nest before their death, then on their death, we'll pay out their retirement pot to the person, people, charity or organisation they have nominated.

These are known as nominated beneficiaries. If we can't identify or trace the nominated beneficiary/ies or they pre-deceased the member, we will usually pay the pot to the member's estate. In some circumstances, for pots of £5,000 or less, we could pay the pot to the member's immediate family.

If a member has instead completed an expression of wish form, and submitted this to Nest before their death, then on their death, we'll decide whether to pay their pot to some or all of the beneficiaries listed on the expression of wish form or to their estate.

These are known as expression of wish beneficiaries. If we can't identify or trace an expression of wish beneficiary, or they pre-deceased the member, their share will be paid to the other expression of wish beneficiaries (if any) that we decide to pay to. If we decide not to pay the member's retirement pot to any of the expression of wish beneficiaries, we'll usually pay the pot to the member's estate. In some circumstances, for pots of £5,000 or less, we could pay it to their immediate family.

If a member has not submitted a nomination form, or an expression of wish form, we'll usually pay their retirement pot to their estate. In some circumstances, for pots of £5,000 or less, we could pay it to their immediate family.

The person looking after the member's estate should let Nest know about a member's death as soon as possible. It's important that we pay out the value of the member's retirement pot to their nominated beneficiary or expression of wish beneficiary or their estate/family member within two years.

After two years, different tax rules apply to any payments made.

This means members need to make sure Nest has up-to-date details of their nominated beneficiary or expression of wish beneficiary/ies throughout their working lives.

This is set out in rule 18 of the rules.

3.13 Members who are unable to manage their own finances

Members or beneficiaries who are unable to manage their own financial affairs, for example, because they're ill, can have money paid to any other person acting on their behalf.

This is set out in rule 21 of the rules.

3.14 Representing members' views

Nest Corporation has established a Members' Panel to represent the views of members on how Nest is run at Trustee level.

This is set out in articles 6-8 in the Order and in rule 5 of the rules.



Nest Corporation has established a Members' Panel to represent the views of members on how Nest is run at Trustee level.

Section 04

Glossary

2008 Act

The Pensions Act 2008 established new employer duties. This means UK employers will have to provide some or all of their workers with access to a workplace pension scheme that meets certain legal requirements. Employers will also have to automatically enrol certain workers into a qualifying pension scheme and pay contributions on their behalf.

Annual management charge (AMC)

This is a charge taken based on the whole of a Nest member's retirement pot each year. The level of Nest's AMC is currently 0.3 per cent.

Annuity

A financial product that provides a regular income stream for a fixed period or for the rest of a worker's life. Nest often refers to annuities as products providing a retirement income.

Auto enrolment

Making a worker who meets certain legislative requirements a member of a qualifying workplace pension scheme without them needing to make an active decision.

The staging process started in 2012 with the largest employers and was completed in February 2018.

From 1 October 2017, all new employers have a legal obligation to commence automatic enrolment on the day their first member of staff begins working for them. This obligation is referred to as the duties start date and it cannot be altered.

Auto enrolment date

Once auto enrolment applies to an organisation, it will have to automatically enrol those workers who meet the requirements. When auto enrolment first applies, the organisation may have a large number of workers whose auto enrolment date occurs at that time.

After that:

- UK workers who join a new employer will have an auto enrolment date on the day they join if they're at least 22 and under State Pension age and earn more than £10,000
- UK workers who earn more than £10,000 but are under 22 will have an auto enrolment date on reaching 22
- UK workers who are 22 but don't earn more than £10,000 will have an auto enrolment date when they first become entitled to earnings of more than £10,000. If they are still below State Pension age.

Auto enrolment only applies to workers who earn more than £10,000 and are aged at least 22 and under State Pension age.

Bulk transfer

A bulk transfer with consent is a transfer involving more than one member, from an occupational pension scheme to another pension scheme, where the consent of each member to the transfer has been obtained.

A bulk transfer without consent is a transfer involving more than one member, from an occupational pension scheme to another pension scheme, where the members' consent has not been obtained but the conditions in the relevant regulations are met.

The legislation governing these transfers is the Pension Schemes Act 1993 and the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991.

Employer duties

The 2008 Act established new duties for UK employers that started to be introduced from 2012. These duties were covered by a staging process, which required employers to provide some, or all of their workers with access to a workplace pension scheme that meets certain legal requirements. The staging process was completed in February 2018.

From 1 October 2017, all new employers have a legal obligation to commence automatic enrolment on the day their first member of staff begins working for them. This obligation is referred to as the duties start date and it cannot be altered.

Employers' Panel

A panel of individuals including participating employers established to consult with Nest Corporation on how Nest is run.

Employer Terms and Conditions

The terms and conditions for employers that use Nest. The extent of these is limited by the Nest rules.

Estate

This refers to all the property, possessions and money that a member leaves behind when they die.

Expression of wish beneficiary

A person or number of people, trust, charity, club or society that a member wants to give their retirement pot to if they die before taking their money out of the Scheme. NEST will decide whether to pay the member's pot to some or all of their expression of wish beneficiaries on their death or to their estate

Fund

Funds are usually made up of shares and other financial products and are a way of investing a member's retirement pot in lots of different ways.

Incapacity

The definition of incapacity in the Nest rules is 'physical or mental impairment which renders the member incapable of carrying on any occupation'.

Jobholder

This is defined in the legislation as a worker in the UK who is working, or ordinarily works in the UK, is aged at least 16 and under 75 and to whom qualifying earnings are payable.

Member

An individual who has joined Nest and hasn't yet taken all of their money out of Nest.

Minimum contributions

The minimum amount that needs to be paid into a member's retirement pot under the employer duties. They are currently 8 per cent of qualifying earnings. Alternatively, minimum contributions can be calculated on other earnings definitions but different minimum percentages will apply. The employer must pay at least some of this, though they can pay more or all of it if they want to.

Nest Retirement Date Fund

Unless they choose a different investment option, this is where a member's retirement pot will be invested throughout their working life. The money will be put into a fund designed to be ready for the year a member expects/is expected to take their money out of Nest.

Nominated beneficiary

A person or number of people, trust, charity, club or society that a member wants to give their retirement pot to if they die before taking their money out of the Scheme. Nest will pay the member's pot to their nominated beneficiaries if they are still alive at the member's death and can be traced.

Opt in

Workers who haven't been automatically enrolled can ask to join Nest. If a worker asks their employer to enrol them, they must do so if the worker is based in the UK, is at least 16 and under 75 and isn't already earning benefits in another qualifying pension scheme.

Opt out

Workers who've been automatically enrolled into Nest and those with qualifying earnings who've opted in have the right to opt out within one month of starting their membership.

Order

This is a short way of referring to the National Employment Savings Trust Order 2010 (as amended), the legislation that established Nest.

Participating employer

An employer who's using Nest after agreeing to our Employer Terms and Conditions.

Payment schedule

A schedule that shows the rates of contributions to be paid by an employer and their workers. It also shows the date by which the payments are due.

Qualifying earnings

This is the earnings band that can be used to calculate minimum contributions. Qualifying earnings are currently those between £6,136 and £50,000 in 2019/20.

Employers can choose to base contributions on another definition of earnings if they want to. There's a certification process for employers who want to do this, which aims to ensure certain minimum contribution standards are met.

Qualifying pension scheme

A workplace pension scheme that meets certain minimum standards.

Relief at source

The method of tax relief on contributions into members' retirement pots that Nest uses.

Requirements

This relates to what Nest Corporation asks employers that use Nest to do in order to run the Scheme efficiently.

Retirement income

A retirement income is the money that a member receives after they've taken their money out of Nest and bought a retirement income product.

Retirement pot

A retirement pot is Nest's name for a pension account. It includes the contributions from worker and employer, any tax relief and the investment returns.

Rules

This refers to the legal rules of Nest. They sit alongside the Order and set out how Nest operates.

Single person director

A single person director is someone who holds office as a director of a company and is the only worker in that company.

Staging

Employer duties were applied in stages rather than from a single launch date. The largest organisations were affected from 2012, with medium and smaller employers affected later.

State Pension age

This is the age when people normally start getting their State Pension. Currently State Pension age is 65 for men retiring now. The age for women is gradually rising to 65 between the years 2010 to 2018. State Pension age will then increase for everyone, reaching 66 in 2020, 67 by 2028 and 68 by 2046.

State Pension

This is the amount of money you'll receive from the government when you reach State Pension age. Those eligible for the full single-tier (flat rate) State Pension currently receive £168.60 per week.

Tax relief

The money that Nest claims from the government based on what members pay into their retirement pots and HMRC rules. This money is then paid into the member's retirement pot.

The Trustee

The Trustee of Nest Scheme is Nest Corporation. Nest Corporation is responsible for the Scheme's governance and administration.

We/us

This refers to Nest Corporation and includes the Nest Scheme.

Worker

A person who works under a contract of employment or any other contract that requires them to work or perform services personally for another person or organisation.

List of abbreviations

- HMRC - Her Majesty's Revenue & Customs.
- Nest - National Employment Savings Trust.
- 2008 Act - The Pensions Act 2008.

We've taken care to make sure that where this document summarises the Order and rules it's as accurate as possible. It doesn't cover everything and the Order and rules will always take priority. This version of the summary was published in October 2013, replacing the March 2012 summary. Minor updates were made to this document in May 2016, September 2016, April 2017, April 2018 and September 2019.

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