

# Nest response to Rule change consultation published in November 2023



The consultation on the proposed amendments to the Nest rules ran from 16th November 2023 to 16th January 2024. During this period, we did not receive any responses from the public. The members' panel and employers' panel were supportive of the proposed rule changes.

Given the reasons for the changes set out in the consultation document, and with no comments received, we have decided to proceed with implementing the two rule changes as proposed in the consultation document:

## 1 Amending the Grant of Representation Threshold

We will amend Rule 18 (Death Benefits) to remove the £5,000 limit that we refer to as the "Grant of Representation Threshold." The £5,000 limit will be replaced with a new definition of "relevant amount" in Rule 1, which would be "such amount as shall be determined by the Trustee from time to time".

The Grant of Representation Threshold is currently set at £5,000. It applies to a deceased member's Nest pot. It is the amount below which we'll pay the death benefit in line with a priority list set out in a trustee determination when no nominated beneficiary or Expression of Wish (EoW) exists for the deceased member, rather than to the estate or a personal representative. However, if the pot value exceeds this threshold, certain rules apply. These rules only come into play when no nominated beneficiary or Expression of Wish (EoW) exists for the deceased member. They also apply if listed beneficiaries set out in a pre-determined list have pre-deceased the member, are untraceable, or if the Trustee declines payment to any EoW beneficiary. Under such conditions, the funds must be transferred to the member's personal representatives. These representatives must have obtained a Grant of Representation.

The term 'Grant of Representation' is a catch-all generic term for a court-obtained grant of probate, grant of letters of administration, or grant of confirmation. Generally speaking these provide the person/people obtaining it with the power to collect in a deceased person's assets and deal with their estate on their death.

Where the deceased member's Nest pot is paid out to the person with the Grant of Representation (the personal representative), it becomes part of the member's estate and is then paid out in line with the Will or intestacy law.

The rationale for the rule change is to enable operational flexibility by allowing the Grant of Representation Threshold to be amended by the Trustee to what is considered to be the appropriate amount. This will allow the scheme to operate efficiently without recourse to future rule changes, which can take a number of months to complete.

## 2 Deductions from Member Accounts Where Legally Required

We will amend Rule 11.2 to explicitly allow deductions from members' accounts in certain legally required circumstances, such as void transactions under insolvency law, employer insolvency situations, and compliance with court orders. This clarifies the rules and provides an express power for the Trustee to make lawful deductions when required.

The Trustee is satisfied that these rule changes achieve the intended goals outlined in the consultation in a straightforward manner. We will proceed with making the amendments to the Scheme Rules as set out in the consultation document. These changes are expected to formally take effect from 5<sup>th</sup> August 2024 with the exact date to be confirmed on the Nest website.

We would like to thank all parties for their continued engagement with Nest as we work to develop the scheme in the best interests of our members. The updated rules incorporating these changes will be published on our website shortly.

**Signed**

Ian Cornelius  
Interim Chief Executive Officer

Date: 31 July 2024