

Business Case: Transferring Workplace Pension from NEST to St. James's Place (SJP)

Executive Summary

This business case outlines the rationale, process, and financial implications for transferring an employee's accumulated workplace pension pot from NEST (National Employment Savings Trust) to a personal pension product with St. James's Place (SJP), a UK wealth management firm. The transfer aims to consolidate retirement savings into a more tailored, professionally managed solution, potentially offering enhanced investment options and advice. Key findings include:

1. **No direct costs to the employer** for the transfer itself.
2. A straightforward transfer mechanism via electronic systems, typically completing in 4-12 weeks.
3. Recommended SJP products: St. James's Place Self-Invested Personal Pension (SIPP) or Personal Pension Plan, suitable for accepting workplace transfers.

This move supports employee retention and satisfaction by aligning pension options with individual preferences, while maintaining employer compliance with auto-enrolment rules. Total estimated employer impact: £0 in upfront costs, with ongoing contributions unchanged.

Background and Rationale

Workplace pensions under auto-enrolment (e.g., NEST) provide a low-cost, government-backed default scheme but often lack flexibility for personalized investment strategies or professional advice. SJP specializes in bespoke wealth management, offering access to a wider range of funds and ongoing advisory support, which may better suit mid-career employees seeking optimized growth.

Benefits to the Employee:

1. Consolidation of pots for easier management.
2. Potential for higher returns through diversified, actively managed funds (though past performance is not indicative of future results).
3. Tailored advice from SJP Partners, including retirement planning.

Benefits to the Employer:

1. Demonstrates commitment to employee financial wellbeing, aiding talent retention.
2. No disruption to payroll or auto-enrolment duties—future contributions can continue seamlessly into the new arrangement if structured correctly.
3. Tax-deductible employer contributions remain eligible.

Risks/Considerations:

1. Employee may face higher ongoing fees at SJP (e.g., 1-1.67% annual charges vs. NEST's lower ~0.3% administration fee).
2. Transfer value could fluctuate based on market conditions during the process.
3. If the employee remains employed, they cannot opt out of auto-enrolment; future contributions must go to a qualifying scheme.

Costs to the Employer

Based on current UK pension regulations and provider details, there are **no costs to the employer** for facilitating or processing this transfer. Here's a breakdown:

Cost Type	Description	Estimated Amount	Rationale/Source
Transfer Fees	Charges for moving the pot from NEST to SJP.	£0	NEST does not charge for outgoing transfers. SJP accepts transfers without entry fees for qualifying pensions.
Administrative/Payroll Changes	Updating payroll to redirect future contributions (if desired).	£0 (internal time only)	No external fees; handled via standard payroll software. Employer NI savings possible if salary sacrifice is used post-transfer.
Ongoing Contributions	Employer's minimum 3% auto-enrolment match.	Unchanged (e.g., £X based on salary)	Contributions continue at the same rate; tax-deductible as before. No increase required.
Advice/Compliance	Any employer-provided guidance.	£0	Not applicable; employee funds their own SJP advice if needed.
Exit Penalties	Fees if reversing the transfer later.	N/A to employer	Any SJP exit fees (up to 6% in early years) borne by employee.

Total Employer Cost: £0. This aligns with Pensions Regulator guidance, where transfers of deferred pots (inactive contributions) incur no employer liability. If the employee wishes to redirect active contributions, the employer must ensure the new SJP arrangement qualifies as a workplace pension to maintain auto-enrolment compliance—no additional cost.

Transfer Mechanism

The transfer process is regulated by the Financial Conduct Authority (FCA) and uses standardized electronic systems for security and efficiency. It applies to "defined contribution" pots like NEST's and can only proceed once contributions have stopped (e.g., via a brief opt-out pause or after job change). Full pots transfer; partial transfers are not permitted by NEST.

Step-by-Step Process:

- Preparation (1-2 weeks):** Employee logs into their NEST online account (or app) to confirm eligibility and obtain a transfer quote. They must stop contributions temporarily if active—notify HR/payroll to pause for the transfer period (typically 1-3 months). Complete a "scams awareness" checklist via NEST or MoneyHelper to comply with anti-fraud rules.
- Initiate with SJP (Week 1):** Contact an SJP Partner (via sjp.co.uk or 0800 027 7468) to open a receiving pension account. Provide NEST details (policy number, pot value). SJP issues a transfer request form.
- Electronic Transfer (4-12 weeks):** SJP submits the request to NEST via Origo (the UK pension transfer network). NEST validates and releases funds. Track progress via NEST/SJP portals. No paperwork exchange needed.
- Completion and Restart (Post-Transfer):** Funds arrive at SJP, invested per the employee's risk profile. Restart contributions by updating payroll to the SJP scheme details—ensuring it meets auto-enrolment standards.

Timeline: 8 weeks average; delays possible for large pots.

Regulatory Notes: No tax implications on transfer (stays within pensions).

Recommended SJP Product Names

SJP offers flexible personal pensions suitable for workplace transfers. These are defined contribution schemes with access to SJP's fund range (e.g., equity, bond, and multi-asset options). Key products:

Product Name	Description	Suitability for Transfer	Key Features
St. James's Place Self-Invested Personal Pension (SIPP)	A flexible SIPP for self-directed or advised investing.	Ideal for consolidating workplace pots; accepts NEST transfers seamlessly.	Wide investment choice (300+ funds); annual charges ~1.35% (advice + product + fund); min. pot £50,000 recommended for value.
St. James's Place Personal Pension Plan	A straightforward personal pension with managed portfolios.	Good for hands-off investors; direct transfer from workplace schemes.	Bespoke advice; ongoing charges ~1-1.67%; supports drawdown or annuities at retirement.

These products are FCA-regulated and HMRC-registered. Select based on risk tolerance (e.g., Polaris 4 for higher-risk growth). Employee should review SJP's Key Features Document for full charges.

Recommendations and Next Steps

1. **Approve the Transfer:** Proceed, as it incurs no employer cost and enhances employee benefits.
2. **Employee Actions:** Schedule a free SJP consultation; pause NEST contributions via HR.
3. **Employer Actions:** Confirm payroll update post-transfer; document for compliance.
4. **Review Date:** 6 months post-transfer to assess performance.

This case is based on current (December 2025) regulations

Auto-Enrolment Compliance

UK law requires every employer (including parish councils) to automatically enrol eligible workers into a **qualifying workplace pension scheme** and pay at least **3% employer contribution** (on qualifying earnings).

For a pension scheme to be **qualifying** and keep the council legally compliant, it must meet these minimum standards:

Requirement	What it means	NEST	St. James's Place (SJP)
Registered with HMRC & FCA	Properly approved pension	Yes	Yes (all SJP pensions are HMRC-registered)
Minimum total contribution	At least 8% total (employer 3% + employee 5%)	Yes	Yes – SJP allows exactly the same 3%/5% split
No barriers to joining	Employee cannot be refused or delayed	Yes	Yes

Accepts electronic payroll contributions	Must accept regular payroll deductions	Yes	Yes – SJP provides full payroll portal and scheme details
Provides required member information	Annual statements, etc.	Yes	Yes

Key point for the council:

St. James's Place Personal Pension and SIPP are both certified as **qualifying workplace pension schemes** for auto-enrolment purposes. Redirecting contributions from NEST to SJP does **not** break compliance – it is treated exactly the same as using Aviva, NOW Pensions, or any other approved provider.

The Pensions Regulator confirms this on their website: employers can use any HMRC-registered defined-contribution scheme, including advised personal pensions from firms like SJP, as long as the minimum contributions continue.