

Monzo Pension: Fees

What's this document for?

This document is about the fees you need to pay for a Monzo Pension (pension account), and the investment products we make available to you within your pension.

To help you understand what you're paying and why, we've used some example calculations to show how the fees work. These are just examples, rather than an indication of the fees you'll actually pay.

Fees you'll need to pay

You pay fees to both us and the fund manager that makes the funds you invest in. At the moment, the only products we offer are funds managed by BlackRock.

We charge you fees for making pension accounts available to you, for arranging for you to buy and sell investments, and for the services we provide through the Monzo app. Our Pension Services Partner (Seccl) charges us for the pension scheme operation and administration services and investment dealing (that is, buying and selling investments on your behalf) it provides you in relation to your pension account. We take that cost into account when we set the fees for our services.

BlackRock charges you fees for managing funds you've invested in. 'Managing funds' means taking steps to try and make a return on the money you and other investors have invested in the fund, in line with the fund's investment objective. You can see more information about each fund's investment objective in the Key Investor Information Document. You can see this in the app for the funds you invest in.

Fees in special situations

The Pension Services Partner may have to undertake certain bespoke actions for you from time to time (usually if you ask for them). This can include things like transferring your pension to an overseas pension scheme, asking for a valuation of your pension at a specific date, or effecting pension sharing orders if you get divorced.

The Pension Services Partner's fees in these cases will reflect the time and cost it takes them to complete the actions. As long as the Pension Services Partner tells us, we'll let you know what these fees are before you need to pay them.

What you'll pay and when

We charge a fee of 0.45% a year, or 0.35% if you subscribe to a plan that offers a lower fee on your pension in the terms, or have a Plus or Premium account. We apply this percentage to the value of investments and cash in your pension account.

Fees build up daily, and you'll pay them each month. We work out the fees you need to pay for each day, add them up over the course of the month, and then charge the fees due for that month. We round the fees down to the nearest £0.01, and collect them on or around the 10th of each month.

We cap the fees we charge each month at either £22.50 (if your annual fee is 0.45%) or £17.50 (if your annual fee is 0.35%). This cap applies to the total amount in your investment and pension accounts with Monzo and means that if, on the date we collect your fees, your accrued fees exceed the cap (either £22.50 or £17.50 as relevant) we won't charge any more than the cap. This means that you'll never pay more than £270 per year (if your annual fee is 0.45%) or £210 per year (if your annual fee is 0.35%). If you upgrade to or cancel a subscription plan during the month, we will apply the fee rate (either 0.45% or 0.35%) which is applicable on the date we collect your fees (we don't pro rata it over the previous month).

We take the fees automatically from your pension account each month - if there's not enough cash in your account, we'll sell just enough of your investments to generate cash to pay the fees. See more details in the terms and conditions.

The fee you'll need to pay BlackRock is the same for all of the funds we offer for pension accounts - 0.18% a year. This fee is known as the ongoing charges figure. You can see more details about how BlackRock works out this fee in the Key Investor Information Document and the prospectus for each fund you invest in.

BlackRock takes its fee out of the fund you invest in. This means you won't see the fee come out of your account, but it'll reduce the value of the fund you're invested in instead.

An example of the fees you'll pay

Assuming you have less than £60,000 invested in your Monzo investments and pension accounts, in total, you'll pay 0.63% of the value of your pension account in fees, or 0.53% if the fee we charge you for your pension is 0.35%. That's our fees plus BlackRock's fees. The fees you pay will reduce the value of your pension account. If you have more than £60,000 invested across your Monzo investments and pension accounts, then your monthly fees will be capped and you will pay less than this.

To give you an idea of how this could look, let's say you have £10,000 invested in the 2060 Retirement Fund. If the investment value doesn't change at all in that year, you'd pay:

- £18 to BlackRock - this comes out of the fund and reduces its value, so your investment would be worth £9,982
- £44.91 to us, or £34.93 to us if your Monzo fee is 0.35% instead of 0.45%. We calculate this by applying our fee to the total value of investments and cash in your account (in other words, 0.45% or 0.35% of £9,982). This means your investment is worth £9,937.09, or £9,947.07¹.

Alternatively, let's say you have £70,000 invested in the 2060 Retirement Fund. If the investment value doesn't change at all in that year, you'd pay:

- £126 to BlackRock - this comes out of the fund and reduces its value, so your investment would be worth £69,874
- £270 to us, or £210 to us if your Monzo fee is 0.35% instead of 0.45%. We calculate this by applying our capped fee to the total value of investments and cash in your Monzo investments and pension accounts. This means your investment is worth £69,604, or £69,664 and your Monzo fee has actually been 0.39% or 0.30% (rather than 0.45% or 0.35%).

¹ We always round fees down to the nearest £0.01, so a fee of £44.919 becomes £44.91 - this means the amount you're left with is £9,982 minus £44.91 (or £34.93, if your fee is 0.35%), which is £9,937.09 and £9,947.07 respectively.

Monzo and BlackRock

We've partnered with BlackRock to provide the investment products available to you. BlackRock will work with us on our investments offering, including financially, to help enhance in-app experience and features like educational content.

Based on the number of customers we expect to use Monzo for investments during this partnership, we estimate BlackRock's contribution will be approximately £2.70 per year for each customer.

Cash Interest

Generally speaking, it's not intended that you'll hold cash for any length of time in your pension account. However there may be circumstances where you do (for example it takes a little time for your investment instructions to complete). Seccl may earn interest on cash balances held in your pension account and if it does, it will pay these to charity. If in the future, Seccl decide to pay interest to you, we'll let you know (along with details of the interest rate).

Any interest Seccl pay would be accrued daily and paid monthly in the month immediately following that for which it was accrued. Interest would be calculated on cleared cash balances only.

Monzo Bank Limited, authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (Financial Services Register No. 730427). Registered in England. Registered No. 9446231. Registered Office: Broadwalk House, 5 Appold St, London, EC2A 2AG.

Seccl Custody Limited deals in investments, is the custodian of assets held on the platform and is the ISA manager. It is authorised and regulated by the Financial Conduct Authority, Registration No. 793200 and registered in England and Wales No. 10430958. Registered office 20 Manvers Street, Bath BA1 1JW.