

Key features of the Monzo Pension



What's this document for?

- The Financial Conduct Authority (FCA) is a financial services regulator. It requires FNZ Securities Limited (FNZ Securities), to give you this important information to help you decide whether opening a self-invested personal pension through Monzo Bank Limited (Monzo/we/us) is right for you. Read this document carefully so you understand what you're buying, and keep it safe in case you need it in the future.
- This document gives an overview of the services that Monzo and FNZ Securities give you, the risks of investing, the fees you'll pay, and the tax implications of investing in your pension, to help you decide whether this product is right for you. Read this along with our Pension terms and conditions, the terms and conditions with FNZ Securities, the key features illustration for your Monzo Pension (which shows you what your pension might be worth in future), the documents for funds you might invest in (called key investor information documents), and the Pension Fee Information Document.
- We won't give you advice on what investments you should hold in your pension, or on decisions relating to your pension. If you need more help, you might want to get regulated financial advice. This could help you better plan your retirement savings, though you'll usually need to pay for the advice you get.
- You can find guidance on pensions and investments, and a list of financial advisers, on the government's [MoneyHelper website](#).
- Stakeholder pensions (another kind of personal pension) are also generally available, and might meet your needs as well as the Monzo Pension.

About us and our services

- FNZ Securities is authorised and regulated by the Financial Conduct Authority (FCA). FNZ Securities' registered office is 10th Floor 135 Bishopsgate, London, United Kingdom, EC2M 3TP.
- The Monzo Pension and the services both FNZ Securities and Monzo provide are designed for retail customers, and we classify all of our customers as retail investors.
- FNZ Securities and not Monzo operates and administers the pension scheme for the Monzo Pension. Monzo provide you with services to help you manage your pension and buy and sell investments in your pension account through the Monzo app

Its aims

- The Monzo Pension aims to provide you with a straightforward, tax-efficient way to grow your money for retirement, so you can use the money when you reach retirement age.
- **The Monzo Pension is designed to help you save for your retirement, with only limited options for taking benefits from your pension - if you want to start taking income from your pension in the next few years, it may be better to find a provider that provides a full-range of options for taking money out of your pension.**
- Monzo gives you access to a set of target-date-retirement funds to choose from to do that - these aim to support you growing your pension so that you can retire in or around a given year in the future. You can see more details about target-date funds and how they work in the Questions and Answers section.
- The content in the Monzo app aims to help you understand what's happening when you invest for your retirement, so you can build your knowledge and confidence, and develop positive, long-term investing habits.

The tax relief you get for paying into your pension, the minimum age at which you can start taking money out of your pension, and other tax rules relating to pensions could change in future, and depend on your individual circumstances.

Your commitment

- You're committing to investing for the long-term. You usually can't withdraw money from your pension until you reach at least the minimum age for taking retirement benefits - this is set in legislation, and is 55 at the time of writing (but rises to 57 in April 2028)
- You're responsible for ensuring the target-date retirement fund meets your needs and that you are comfortable with the types of assets it invests in, and level of risk taken. You're also responsible for how much and how often you contribute to your pension so that you're able to meet your retirement goals.
- You must tell us if you're aware that your pension contributions stop qualifying for tax relief - see the [questions and answers](#) section for examples of how this can happen.
- You can't transfer-in defined benefit pensions, or pensions which give you safeguarded benefits. Check with your current pension provider if you're unsure whether you have these types of pension. In using a Monzo Pension, you're committing to not transferring-in these kinds of pensions.
- In using a Monzo Pension, you agree to the terms and conditions which apply - these are both Monzo's terms, and FNZ Securities' terms for the services that they provide. You can find copies of both documents in the Monzo app. You also agree to pay the fees set out in the Pension Fee Information Document to us.
- If any of your personal information changes, you need to tell us as soon as you can. **If you move abroad, we may restrict your account or close it completely**, meaning you'll need to transfer to another pension provider. If this happens we may also inform any relevant foreign tax authority about your investments if we need to.

Risks

General risks when investing

- Before making any investment, you need to understand that every investment involves taking some risk.

- What you get back from investing depends on how your investments perform. And there's no guarantee that investments will always perform well.
- The way an investment has performed in the past doesn't tell you how it'll perform in future. The value of investments, and the income from them, can go down as well as up - so you may get back less than you invest.
- Inflation can affect the 'real world' value of your money and your investments. Inflation means that prices of things you buy day-to-day (food, clothes, household bills and the like) rise over time.
- If the value of your investments doesn't go up in line with inflation, you won't be able to buy as much in future with the money you invested as you can right now.

Risks that come with the funds we offer

- The funds we offer are target-date retirement funds. These aim to support you growing your pension over time, and retiring in or around a given year (referred to as a 'target date'). For example, the 2050 retirement fund is designed for customers looking to retire in or close to the year 2050.
- You can only invest in one fund at a time, as the funds operate with a specific range of retirement dates in mind. You can change the fund you're invested in whenever you want, but need to update your target retirement date to match the target date of the new fund.
- As with any investment, there's a risk that the fund won't perform well enough to achieve your retirement goals.
- The fund manager will outline each fund's investment objective, how they plan to achieve it, and the risks associated with doing so in documents called Key Investor Information Documents (KIIDs) - you can see a copy of this document in the Monzo app.
- The fees you pay to us and the manager of the funds you invest in reduces the return you make on your investments. You can find details about fees in the Pension Fee Information Document.

If you're unsure about whether to invest in a particular fund, you should get advice from an authorised financial adviser.

You may want to get advice where you need to retire earlier than planned because of ill-health, and need to access your pension.

Contributions into your pension

- The amount you contribute into your pension, and the performance of the fund that you choose to invest in, will affect the size of your pension.
- The amount you decide to contribute to your pension (whether through one-off or regular contributions) has a big effect on the overall value and growth of your pension. If you delay paying into your pension, or choose to pay in less, the overall value and growth of your pension may be lower as a result.
- The rules relating to the tax relief you receive on contributions into your pension may change in the future.

Transfers

- Unless your current pension providers offer the same funds as we do, when you transfer your pensions to us, the investments in them will be sold and your pension transferred in cash. This means your pension won't be invested while the funds are being transferred from your previous providers (which can take several weeks).
- When you transfer from another pension provider, there's a risk that you give up guarantees about the benefits you can take from your pension with your current provider. For example, some pensions give you the right to receive a certain income when you retire (known as a defined-benefit pension). This is just one example, but if you're not sure whether a pension has these kinds of benefits, you should check with the pension provider. We don't accept transfers of these types of pension.
- If the value of your existing pension is less than £10,000 when you retire, you may be able to take this as a cash lump sum without affecting your Money Purchase Annual Allowance or Death Benefit Allowance. This is because of how the rules for tax and pensions apply to 'small pots'. However, if you transfer your

pension to us and the value then grows so it's worth more than £10,000 when you retire, you'll lose this ability.

- Some pension providers charge fees to exit their pension - if any of your current providers charge fees, they'll take these from the value of the pensions you transfer to us.
- When you transfer your pension out from us we'll transfer your pension minus any fees accrued and not yet charged during the time you held your pension with us.

Taking benefits from your pension

- If you receive means tested benefits, taking an income from your pension might mean those benefits are reduced or stopped.
- Your choices about the income you take from your pension can affect the tax you need to pay. For example, taking a large amount in a short period might mean you need to pay tax at a higher rate than if you took the same amount of income over a longer period.
- Tax rules and regulations may change in the future. This could affect the tax treatment of your Monzo Pension while it is invested and when you access the benefits.
- Your pension may not be large enough to provide a sufficient level of income for as long as you intended. Depending on how you take your benefits, your retirement income could run out before you die.

Cancelling and closing your account

You can cancel your Monzo Pension through the Monzo app within 30 days of opening your account. You can also cancel a transfer into your pension within 30 days of that transfer completing.

- If you cancel your Monzo Pension, then we'll close your account and return the value of cash and investments held in your account to you.
- If you decide to cancel a transfer, then we'll try to return the sums transferred to your previous provider. Your previous provider may not accept the funds, and if

this happens then you'll need to instruct us to transfer your pension to another registered pension scheme.

- There's no fee for cancelling, but you may get back less than you invested, depending on the market value of the investments in your pension when you cancel.

After the cancellation period ends, you can still close your account at any time through the Monzo app. But you'll need to instruct us to transfer your pension to another registered pension scheme before we can close your pension account.

Making a complaint

- If you want to complain, get in touch with us through the Monzo app. This applies if your complaint is about Monzo's services, or the services which FNZ Securities provides, as the operator and administrator of the pension scheme.
- You can find information on our complaints procedure on [our website](#), and FNZ Securities' complaints procedure on [their website](#). We will pass on any complaints about FNZ Securities' services to them.
- If you're not happy with how we handle your complaint, you can refer it to either the Financial Ombudsman or the Pensions Ombudsman (if it relates to how your pension, rather than the investments in it, has been administered).

Financial Ombudsman Service

- **Address:** Financial Ombudsman Service, Exchange Tower, Harbour Exchange Square, London E14 9SR
- **Telephone:** 0800 023 4567
- **Email:** complaint.info@financial-ombudsman.org.uk
- **Website:** www.financial-ombudsman.org.uk

Pensions Ombudsman

- **Address:** Pensions Ombudsman, 10 South Colonnade, London E14 4PU
- **Telephone:** 0800 917 4487
- **Email:** centralsupportmailbox@pensions-ombudsman.org.uk

- **Website:** www.pensions-ombudsman.org.uk
- Making a complaint won't affect your legal rights, including the right to take legal actions against us or FNZ Securities.

Getting compensation

- We're covered by the Financial Services Compensation Scheme (FSCS). So you may be able to get compensation from the FSCS if we can't meet our obligations to you. The amount you get will depend on the limit at the time, the nature of the investments and your individual circumstances.
- You can contact the FSCS for more information on compensation at:
 - **Address:** FSCS 10th Floor, Beaufort House 15 St Botolph Street London EC3A 7QU
 - **Telephone:** 0800 678 1100
 - **Email:** enquiries@fscs.org.uk
 - **Website:** www.fscs.org.uk

Questions and answers

What's the Monzo Pension?

The Monzo Pension gives you access to a UK registered pension scheme, which is operated and administered by FNZ Securities. It is a long term, tax-efficient account which helps you invest for your retirement.

Within the Monzo Pension, you can access a range of target-date retirement funds designed to help build your retirement savings. You can also get tax-relief on your contributions - see the section on tax below for more details.

How is the Monzo Pension different from a workplace pension scheme?

The Monzo Pension isn't a workplace pension. A workplace pension is a scheme provided by an employer to its employees which has minimum standards set by the government on costs, minimum contribution levels (including contributions by your employer) and terms and conditions. If you're an employee, you're likely to have access

to a workplace pension scheme: this may meet your needs better than the Monzo Pension.

The Monzo Pension is a personal pension, meaning that it's up to you to manage how much you contribute, make investment choices, and ultimately your retirement choices. You don't get employer contributions with a personal pension. Stakeholder pensions (another kind of personal pension) are also generally available, and might meet your needs as well as the Monzo Pension.

If you aren't sure which pension may best meet your needs, or whether a Monzo Pension is right for you, consider getting advice from an authorised financial adviser.

Can I have more than one pension?

Yes - you can have more than one personal pension, and you can use one alongside a workplace pension too.

There are benefits to workplace pensions which you don't get with personal pensions - your employer has to pay into your workplace pension as well as you, and some employers will 'match' your contributions up to a certain level, or may even contribute more than you do. But you can have a personal pension alongside your workplace pension, if you feel it helps you better manage your retirement savings.

For example, if you have several workplace pensions from previous jobs, you could consolidate them into one personal pension, so it's all in one place and easier to manage, whilst staying in your current employer's workplace pension scheme.

Who can open a Monzo Pension?

You can open a Monzo Pension if you're between 18 and 70, are a UK resident, and have UK relevant earnings you use to contribute to it. It's not available to US persons, or individuals who are subject to US taxes. You must have a Monzo current account to open a Monzo Pension.

How do I open a Monzo Pension?

You can only open a Monzo Pension through the Monzo app - you can read and download copies of the terms and conditions, this document, the Key Features Illustration, and the Key Investor Information Document for the fund you invest in through the app as part of doing so. We'll ask you for personal details when doing so,

including details of your nationality, and employment details (if we don't already have them).

Who can contribute to my Monzo Pension?

Only you can make contributions into your Monzo Pension from your Monzo current account.

How much can I contribute?

You can contribute to your Monzo Pension from as little as £1.

Total contributions made across all your pension schemes are subject to the "annual allowance". This is a limit on the amount you can contribute to pensions each tax year whilst still getting tax relief from HMRC. Find more information on the annual allowance on the HMRC website, including details on carrying forward unused portions of your annual allowance to later tax years.

If your taxable income is £260,000 or more, then under current HMRC rules the annual allowance is reduced by £1 for every £2 of taxable income you've earned until the allowance is £10,000 per year. This means that anyone with taxable income of over £360,000 has a maximum annual allowance of £10,000.

What happens if I exceed the annual allowance?

If you exceed the annual allowance, you might be able to carry forward any unused allowance from the 3 previous tax years. You need to meet certain conditions to do this - you can see more details on the HMRC website.

If you can't use allowances from previous years, and exceed the annual allowance, then you may need to pay tax on the portion of your contributions above the limit, at the highest rate of tax you pay on your income (known as your top marginal tax rate).

Do I get tax relief on contributions into my Monzo Pension?

Yes, as long as you meet conditions set out by HMRC, you can get tax relief on money you put into your pension. Relief is applied at the highest rate at which you pay tax on your earnings, or on £3,600 (whichever is higher). For example if you're in the higher rate tax bracket, and some of your earnings are taxed at 40% (based on current rates), you'll get tax relief at 40%.

We'll arrange for basic rate tax relief to be claimed on your behalf from HMRC. This means that HMRC will add 20% of the value of your contributions to your pension on top. For example, if you paid £400 into your pension, then HMRC would add £100 as tax relief. So you end up with £500 in total being contributed to your pension. **If you pay income tax at the higher or additional rates of tax, then you'll need to claim additional tax relief due above the basic rate on your self assessment tax return.**

If you live in Scotland or Wales, different tax rates and different rates of tax relief may apply.

It usually takes around 6-10 weeks between making your contribution and us receiving the tax relief from HMRC. When we receive the amount from HMRC, we'll invest it in the fund you've chosen for your pension, in line with your instructions.

What fees and charges do I pay?

Each year, Monzo charges you 0.45% of the value of investments and cash in your accounts, or 0.35% if you subscribe to a plan that offers a lower fee on your Monzo Pension in the terms. This covers the services offered in the Monzo app, including helping you to invest in the funds offered.

Monzo pays fees to FNZ Securities, the pension scheme operator and administrator, for their services in operating and administering the pension scheme. The cost of those fees to Monzo is reflected in the fees Monzo charges.

You'll also pay a 0.18% fee to BlackRock for managing the funds you invest in. This fee comes out directly from each fund you invest in, so the fund's value will be lower to reflect what you've paid. You won't see this fee come out of your investment account.

You can see an example of how this works, and how it affects your returns, in the Pension Fee Information Document. You can also see how fees affect your returns in the key features illustration.

How will tax affect my investments?

Under current legislation and HMRC rules, generally there's no tax on investments, cash, or any return you make on them while they are in your pension. You may need to pay income tax when you come to take money out of your pension in the future. You should bear in mind that tax rules can change in the future.

How do you keep my investments safe?

FNZ Securities Pension Scheme Trustees Limited acts as the trustee of the pension scheme, and has appointed FNZ Securities to act as custodian for the investments and cash in the pension scheme. FNZ Securities is responsible for keeping the assets of the pension scheme safe in line with the FCA's client assets and client money rules.

The fact that the assets of the pension scheme are held in a trustee company, which then appoints a custodian to safeguard and administer those assets, means the assets of the pension scheme are always separate from Monzo's and FNZ Securities' own assets, and protected in the unlikely event of insolvency.

See more information on the steps we take to protect your pension, including how FSCS cover applies, in the FSCS information document in the app.

Can I transfer existing pensions?

Yes, you can transfer across pensions held with other providers to us through the Monzo app.

But if the investments are different to the ones we offer, your current provider will need to sell them first and then transfer the cash to us. This could mean the money in your pension isn't invested while the transfer is being processed and completed, which means you'll miss out on any gains or losses you would have otherwise made in that time.

Can I move my pension with you to another provider?

You can move your Monzo Pension to another registered pension scheme at any time.

If you want to transfer to another provider, you need to ask the new provider to sort the transfer for you. Depending on the pension scheme you want to transfer to, we may need to carry out extra checks on that scheme, and confirm certain things with

you before we can make the transfer. We need to do this under the rules applying to pension schemes, to make sure that the transfer is genuine.

What happens to my pension if I die?

We support the person responsible for taking care of your money to make sure we're taking the right steps to deal with your pension. All of the money in your pension is available to provide your beneficiaries with a lump sum payment, or an annuity.

Most people can be an 'eligible beneficiary' under the rules of the pension scheme, and the trustee of the pension scheme has discretion over where to pay the money.

However, the trustee will take your wishes into account in reaching their decision. You should make sure that you complete your Expression of Wish form in the Monzo app to nominate the person who would receive your pension when you die.

We'll stop any regular payments into your pension, but we won't make any other changes until the people responsible for sorting out your affairs ask us to. The investments and any cash in your pension will be held by the trustee for your beneficiaries. We'll still need to take the fees from your account and your investment value will go up and down. But we won't take any regular payments from your current account.

If you die before age 75, the money will normally be paid to your beneficiaries free of tax. If you die after age 75, the money will be taxed as income at your beneficiaries' marginal rates.

What happens if I want to retire, and take money out of my pension?

You can normally take money out of your pension from 55 (this will increase to 57 from April 2028), but you may be able to access your pension sooner if you are retiring due to ill health. Get in touch if you would like further details.

Currently, we offer limited options for taking an income from your pension. You can:

- take the full amount as a cash lump sum (known as an uncrystallised funds pension lump sum, or UFPLS)
- use it to buy an annuity from an annuity provider.

You can also take a tax-free pension commencement lump sum with either of these options.

We do not yet offer partial cash lump sums or flexible-access drawdown.

If you plan to take your pension in the next few years, you may be better off using a pension provider which offers a full-range of options for drawing down from your pension.

Try the MoneyHelper service for free guidance

MoneyHelper is a Government backed service where you can get free and impartial guidance in a variety of formats, including online, on the phone, or face to face. Go to www.moneyhelper.org.uk or call 0800 011 3797 (or +44 20 7932 5780 if you're outside the UK).

The aim of MoneyHelper is to help educate and inform people so that they can make informed decisions about their pensions, and personal finance generally. This guidance isn't a substitute for regulated financial advice given by professional financial advisors, but it might help you get started.