

For financial advisers only

This document must not be distributed to or relied on by customers or any other persons.

# Product Governance and Value Assessment Exsel Group – April 2023

## Product governance

We have a detailed proposition development policy to provide a framework for the development, approval and lifecycle management of propositions manufactured by Aegon UK. We do this to ensure they are designed to meet the needs, characteristics, and objectives of a target group of customers and are distributed accordingly.

The Financial Conduct Authority (FCA) expects firms to identify any aspects of the design of a product or service that could lead to foreseeable harm or prevent customers pursuing their financial objectives. Under the Consumer Duty, Aegon UK will need to continue to demonstrate how the design of a product or service meets the cross-cutting rules and take appropriate action to avoid harm.

## Product summary information

Here you can find the information about Exsel Group.

Product information	Detail
<b>What is the Product?</b>	<p>Exsel Group is an insured packaged employer-sponsored group money purchase pension scheme. The schemes are established under trust, typically by paternalistic employers looking to provide retirement and death benefits on a money purchase basis to their eligible workforce while retaining control over the schemes.</p> <p>It provides investment within a tax-efficient pension wrapper and allowed employers to provide their employees with a vehicle to save for their retirement, but are not suitable to be used to meet employer automatic enrolment obligations.</p> <p>The product is closed to new business but can accept new entrants to existing schemes.</p>
<b>Who is the target market?</b>	<p><b>Designed for employers who:</b></p> <ul style="list-style-type: none"><li>▪ Wanted to provide a trust-based pension solution for their employees.</li><li>▪ Took a more paternalistic view of pensions provision, wanting to help their employees with some of the associated responsibilities, and so would be comfortable setting up a trust-based pension scheme.</li><li>▪ Wanted to offer all employees, or a select group of employees, a pension.</li><li>▪ Wanted to offer employees access to a range of insured funds across all major asset classes.</li><li>▪ Are committed to offering their employees a good benefit package, including an employer contribution.</li></ul>

Product information	Detail
<b>Who is the target market?</b>	<p><b>Designed for employees who:</b></p> <ul style="list-style-type: none"> <li>▪ Are employees of a firm who has arranged to have Aegon provide a workplace pension scheme.</li> <li>▪ Want to pay regular contributions of at least £20 per month.</li> <li>▪ Are aged between 18 and 74.</li> </ul>
<b>Who isn't the product suitable for?</b>	<p><b>Not designed for employers who:</b></p> <ul style="list-style-type: none"> <li>▪ Want a scheme suitable for automatic enrolment.</li> <li>▪ Want a contract-based pension scheme.</li> </ul> <p><b>Not designed for employees who:</b></p> <ul style="list-style-type: none"> <li>▪ Do not accept a degree of risk to their capital.</li> <li>▪ Are not habitually resident in the UK.</li> <li>▪ Are residents of the USA.</li> </ul>
<b>What's the suggested distribution strategy?</b>	<ul style="list-style-type: none"> <li>▪ This proposition is closed to new employers.</li> <li>▪ The product is not directly available to employees, new joiners can only be added by employers who have an existing scheme.</li> </ul>
<b>What are the main features, benefits and characteristics?</b>	<ul style="list-style-type: none"> <li>▪ To allow employers to support employees to save for their retirement needs in line with their retirement objectives in a tax-efficient manner.</li> <li>▪ To allow employees to build up a pension fund to be used to provide a tax-free cash lump sum and an income when they retire.</li> <li>▪ To provide retirement options such a Small Pots or Uncrystallised Funds Pension Lump Sum (UFPLS). Drawdown or Annuity would require a transfer to a separate product.</li> <li>▪ The potential for death in service benefits.</li> </ul>

Product information	Detail
<b>What are the risks?</b>	<ul style="list-style-type: none"> <li>▪ The value of an employee's investment can fall as well as rise, isn't guaranteed, and the final value of their pension fund when they come to take their benefits could be less than has been invested.</li> <li>▪ The value of an employee's pension fund could also be lower than expected if: <ul style="list-style-type: none"> <li>- The level of charges go up.</li> <li>- They stop or make lower contributions than anticipated to the plan.</li> <li>- They take benefits from the plan at an earlier age than expected.</li> </ul> </li> <li>▪ The law and tax-efficient treatment of registered pension schemes may change in the future.</li> <li>▪ Employers/Trustees who are no longer in a relationship with their adviser could suffer poor outcomes where they are reliant on services that are underpinned by ongoing advice. Aegon will continue to offer its services but will not provide financial advice.</li> <li>▪ The Trustee no longer understands obligations or is absent resulting in poor outcomes for employees.</li> </ul>
<b>How are customers in the target market with characteristics of vulnerability supported?</b>	<p>Aegon's customers for these products are the trustees of each scheme and in the event of any direct contact with scheme members, Aegon follows a Vulnerable Customers framework, which includes:</p> <ul style="list-style-type: none"> <li>▪ Frontline staff are trained to identify and record signs of potential vulnerability and take appropriate steps to support vulnerable customers.</li> <li>▪ Staff are also supported by Vulnerable Customer Champions who supply 1-2-1 case guidance as and when required.</li> <li>▪ We aim to simplify our processes and client communications to give clients what they need whilst reducing unnecessary complexity.</li> <li>▪ Upon consent, vulnerabilities can be recorded capturing the support service required to help vulnerable customers with their needs.</li> </ul>
<b>What are the associated costs?</b>	<ul style="list-style-type: none"> <li>▪ Each workplace savings scheme is individually priced, and you'll find details of each employee's charges in their policy documentation.</li> </ul>

Product information	Detail
<b>Are there any circumstances which may cause a conflict of interest to the detriment of your clients?</b>	Aegon has a policy in place to identify and manage any conflicts that arise to ensure no detriment to customers.

The information in this summary is based on our understanding of current taxation law and HM Revenue & Customs (HMRC) practice, which may change.

## Outcome of value assessment – April 2023

The purpose of the value assessment is so distributors can understand the products or services they distribute, enabling them to carry out their own value assessment.

Value assessment	Detail
<b>Outcome of value assessment</b>	<ul style="list-style-type: none"> <li>▪ Considering the various factors as required by FCA rules and guidance, these products do not raise material fair value concerns.</li> <li>▪ Aegon considers the product and associated service offer fair value on a forward-looking basis and that the costs and charges associated with the product are reasonable compared to the benefits.</li> </ul>
<b>When was the value assessment carried out?</b>	We carried out our value assessment in April 2023.
<b>What did the fair value assessment consider?</b>	<p>Our assessment covers the Consumer Duty four outcomes of products &amp; services, price &amp; value, consumer understanding and consumer support, and applies for a reasonably foreseeable period. It includes the following:</p> <ul style="list-style-type: none"> <li>▪ The nature of the product including the benefits provided or which would be reasonably expected and its quality, including any limitations.</li> <li>▪ The charges to be paid by the customer to Aegon.</li> <li>▪ Customer insight – Net Promoter Score (an index used to measure the willingness of customers to recommend our products or services to others), customer complaints, treatment of vulnerable customers, feedback from other firms in the distribution chain.</li> <li>▪ Proposition design, features and benefits – any barriers to exit, current and future events impacting the product.</li> </ul>

Value assessment	Detail
<b>What did the fair value assessment consider?</b>	<ul style="list-style-type: none"><li>▪ Customer communications - review of key customer communications.</li><li>▪ Processes and platforms - service performance, platform functionality, support for customers including vulnerable customers, incident management, complaints.</li><li>▪ Distribution strategy - how the product is sold, whether appropriate and in line with the needs and objectives of the defined target market.</li></ul>

For more information speak to your usual Aegon representative.