Aegon IGC annual report

For the year 2024, published in 2025

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An introduction from the Chair

I am pleased to share with you the annual report from Aegon's Independent Governance Committee (IGC) for the year 2024.

We, as the IGC, have continued in our role of acting solely in the interests of in-scope members, assessing the Value for Money provided by Aegon for your workplace pension. The **framework** we use to do this is built on the core pillars of Value for Money set out by the Financial Conduct Authority (FCA), and we structure our report around this, detailing what we as the IGC have investigated, what we concluded, and where we have challenged Aegon to do more. We have continued to pay particular attention to the experiences of members across the different Aegon propositions.

We are also required by the FCA to compare the Value for Money received by Aegon members with that received by people in other companies' comparable pension arrangements. Aegon once again took part in an exercise organised by the independent consultancy firm, Redington, which helped us to do this. We consider the results of this exercise in our assessment and share the results at the end of the more detailed sections that follow.

We are also required to carry out a similar Value for Money assessment of Aegon's Investment Pathway funds. Investment Pathways are four specific investment choices available to members at the point of retirement. They are designed to simplify the decision for members not taking financial advice on how to invest their remaining pension pot after taking any initial tax-free lump sum. They are linked to one of four retirement objectives and are based on what plans members may have for their money over the following five years. Aegon also took part in the comparative exercise Redington organised for Investment Pathways.

On the pages that follow, you will find our overall assessments of both Aegon's workplace pensions and Investment Pathways. The detail behind those assessments is broken down in the subsequent sections of the report, with workplace pensions first, followed by Investment Pathways.

Summary of our workplace pensions findings

Costs and Charges

The majority of members pay a charge that is in line with or lower than what they could expect to pay elsewhere.

Members at the higher end of Aegon's charge scale are all in Traditional Products. Aegon has committed to capping charges for workplace pension members at 1%, but there have been delays in implementing the cap while Aegon prioritises the recovery from a system migration it carried out during 2024. While the delays in implementing it are disappointing, we recognise that the effective dates Aegon has agreed to will mean the delays won't have a financial impact on member outcomes in the long term.

Investments

Of the largest default funds in each proposition, two have performed well and one (Aegon Workplace Default fund on ARC) has under-performed relative to peers (although absolute performance was positive overall).

A high proportion of Aegon's default funds used by ARC and Traditional Products members continue to target annuity purchase, at a time when only a small percentage of members are actually purchasing annuities at retirement. Aegon is bound by contractual obligations which prevent change on a mass scale without the consent of members, so we welcome the prospect of legislative change in this area which would enable this. In the meantime, we urge Aegon to move at pace to develop a proposed solution, and to enhance communications with members, particularly in the period before changes to their asset allocation start to be made. This is to ensure members fully understand the implications of remaining invested in an annuity endpoint lifestyle fund.

Customer Service

Almost all call centre and back-office administration measures were above target for the first eight months of the year. This level of service continued through to the end of the year for ARC and TargetPlan. However, the final four months of the year for Traditional Products were impacted significantly by the migration of the administration system. It is absolutely key that Aegon restores the high levels of service seen previously, as soon as possible.

The number of ARC and TargetPlan complaints Aegon received in 2024, despite being lower than in 2023, remains higher than either Aegon or the IGC expects. Aegon has carried out extensive analysis into the root causes of complaints and made some changes as a result. The results have been encouraging, however we believe there is more to be done to bring overall complaint numbers down. Complaints in relation to Traditional Products rose considerably over the final four months of the year following the migration of the administration system. Aegon must ensure it resolves these complaints as a priority.

Communication and Member Engagement

Aegon continues to support ARC and TargetPlan members in engaging with their pensions through a range of tools and services. The growing number of members activating online accounts and using the app suggests this is effective. However, many have yet to take these steps. While we welcome the improvements for ARC and TargetPlan members, progress for Traditional Products is limited by older systems and delays linked to the system migration. Aegon still has plans to launch a new online portal for these members as part of its modernisation efforts, but this isn't expected until 2026 at the earliest. For Traditional Products, the combination of online services being unavailable for some members following the system migration, statements being paused and the call centre being unable to answer all calls for a period has resulted in us downgrading our assessment to amber.

Summary of our Investment Pathway findings

Aegon's charges are typically lower than the average, and is one of the lowest cost providers for customers with more than £25k (including those paying the £75 income fee in each year they take an income). Aegon is one of the most expensive for customers with pot sizes up to £15k and paying the £75 income fee.

We identified a cohort of c.200 former Traditional Products customers who were being charged more than others when they moved into drawdown, and Aegon is taking action to address this.

The TargetPlan Pathways have performed in line with or ahead of comparators over 2024. The ARC Pathways delivered positive returns for three of the four Pathways, but this still compared poorly with comparators, with the lowest performance figures in the Redington survey.

Our analysis suggests that members using Aegon's Investment Pathways received an acceptable level of service in 2024. However, the number of complaints Aegon received from Pathways customers rose compared to the year before. Aegon has made a number of changes over the year to improve its processes, with the initial results suggesting they have made a difference.

To conclude

I would like to express my thanks to my fellow IGC members and to the Aegon team for their ongoing support of our activities and their cooperation in responding constructively to our challenges.

As always, we are keen to hear from Aegon's customers to understand your needs and experiences, and to use these to drive a better outcome for you. We are also interested in meeting workplace pension members or employers to improve our understanding and have an ongoing programme of face-to face and virtual meetings. If you would like to join us, details can be found in section 11 of this report. You can share your thoughts and find out more about our discussion groups by emailing us at **igc@aegon.co.uk**.

Alison Bostock

A Bostock

1. Workplace Pensions

Value for Money assessment

The table below explains the Red-Amber-Green rating system used on the following pages to assess Value for Money.

Green	We have no material concerns about the Value for Money received by members.
Amber	We have identified some areas for improvement, that may be impacting the overall Value for Money received by some members.
Red	We have identified areas for improvement that are impacting the overall Value for Money received by most members, or have very material concerns that are impacting some members.

1. Workplace Pensions Value for Money assessment

Principle	Proposition			IGC conclusion
	ARC	TargetPlan	Traditional Products	
Costs and Charges	2023 2024	2023 2024	2023 2024	The majority of members pay a charge that is in line with or lower than what they could expect to pay elsewhere. Members at the higher end of Aegon's charge scale are all in Traditional Products. Aegon has committed to capping charges for workplace pension members at 1%, but there have been delays in implementing the cap while Aegon prioritises the recovery from a system migration it carried out during 2024. While the delays in implementing it are disappointing, we recognise that the effective dates Aegon has agreed to will mean the delays won't have a financial impact on member outcomes in the long term.
Investments	2023 2024	2023 2024	2023 2024	Of the largest default funds in each proposition, two have performed well and one (Aegon Workplace Default fund on ARC) has under-performed relative to peers (although absolute performance was positive overall). A high proportion of Aegon's default funds used by ARC and Traditional Products members continue to target annuity purchase, at a time when only a small percentage of members are actually purchasing annuities at retirement. Aegon is bound by contractual obligations which prevent change on a mass scale without the consent of members, so we welcome the prospect of legislative change in this area which would enable this. In the meantime, we urge Aegon to move at pace to develop a proposed solution, and to enhance communications with members, particularly in the period before changes to their asset allocation start to be made. This is to ensure members fully understand the implications of remaining invested in an annuity endpoint lifestyle fund.
Service: Customer Service	2023 2024	2023 2024	2023 2024	Almost all call centre and back-office administration measures were above target for the first eight months of the year. This level of service continued through to the end of the year for ARC and TargetPlan. However, the final four months of the year for Traditional Products were impacted significantly by the migration of the administration system. It is absolutely key that Aegon restores the high levels of service seen previously, as soon as possible. The number of ARC and TargetPlan complaints Aegon received in 2024, despite being lower than in 2023, remains higher than either Aegon or the IGC expect. Aegon has carried out extensive analysis into the root causes of complaints and made some changes as a result. The results have been encouraging, however we believe there is more to be done to bring overall complaint numbers down. Complaints in relation to Traditional Products rose considerably over the final four months of the year following the migration of the administration system. Aegon must ensure it resolves these complaints as a priority.

1. Workplace Pensions Value for Money assessment

Principle	Proposition			IGC conclusion
	ARC	TargetPlan	Traditional Products	
Service: Communication and Member Engagement	2023 2024	2023 2024	2023 2024	Aegon continues to support ARC and TargetPlan members in engaging with their pensions through a range of tools and services. The growing number of members activating online accounts and using the app suggests this is effective. However, many have yet to take these steps. While we welcome the improvements for ARC and TargetPlan members, progress for Traditional Products is limited by older systems and delays linked to the system migration. Aegon still has plans to launch a new online portal for these members as part of its modernisation efforts, but this isn't expected until 2026 at the earliest. For Traditional Products, the combination of online services being unavailable for some members following the system migration, statements being paused and the call centre being unable to answer all calls for a period has resulted in us downgrading our assessment to amber.

Overall Value for Money conclusions

The IGC has assessed Value for Money separately for each of the three propositions as follows:

ARC: We have identified some important areas for improvement under the Investments principle; the poor relative performance of the main default fund, and the fact that so many members remain in default funds targeting annuity purchase. The fact that action is being taken in both these areas and the evidence presented to us under the other three principles has led us to conclude that Aegon continues to offer Value for Money overall to ARC members. Core financial transactions were processed promptly and accurately.

TargetPlan: We have no material concerns and believe that Aegon continues to offer Value for Money overall to its TargetPlan members. Core financial transactions were processed promptly and accurately.

Traditional Products: We have identified areas for improvement under all principles, with material concerns over customer service levels in the final four months of the year, and the fact that so many members remain in default funds targeting an annuity purchase. Any members who have experienced all these factors in 2024 will have received poorer value for money than we expect. However, Aegon has provided evidence that it is taking action to address each of our concerns – so we hope to be able to report on an improved position in next year's report. We understand that in the latter part of the year some core financial transactions were not processed promptly, but we recognise that all members will be put in the same financial position as if their contributions had been invested (or switched or paid out, as applicable) when they should have been – in other words, these transactions will be accurate once all remediation is complete.

2. Investment Pathways

Value for Money assessment

The table below explains the Red-Amber-Green rating system used on the following pages to assess Value for Money.

Green	We have no material concerns about the Value for Money received by members.
Amber	We have identified some areas for improvement, that may be impacting the overall Value for Money received by some members.
Red	We have identified areas for improvement that are impacting the overall Value for Money received by most members, or have very material concerns that are impacting some members.

Investment Pathways Value for Money assessment

Principle	2023 RAG status		IGC conclusion
	ARC	TargetPlan	
Costs and Charges	2023 2024	2023 2024	Aegon's charges are typically lower than the average, and is one of the lowest cost providers for customers with more than £25k (including those paying the £75 income fee in each year they take an income). Aegon is one of the most expensive for customers with pot sizes up to £15k and paying the £75 income fee. We identified a cohort of former Traditional Products customers who were being charged more than others when they moved into drawdown, and Aegon is taking action to address this.
Investments	2023 2024	2023 2024	The TargetPlan Pathways have performed in line with or ahead of comparators over 2024. The ARC Pathways delivered positive returns for three of the four Pathways, but performed poorly relative to comparators, with the lowest performance figures in the Redington survey.
Service: Customer Service	2023 2024	2023 2024	Our analysis suggests that members using Aegon's Investment Pathways received an acceptable level of service in 2024. However, the number of complaints Aegon received from Pathways customers rose compared to the year before. Aegon has made a number of changes over the year to improve its processes, with the initial results suggesting they have made a difference.
Service: Communication and Member Engagement	2023 2024	2023 2024	Aegon's communications for Pathway customers score well, with particularly positive feedback from customers who have received assistance and guidance from Aegon while moving from saving into a pension to taking money out.

Overall Value for Money conclusions

The IGC believes that Aegon continues to deliver Value for Money overall to its Investment Pathway customers. Core financial transactions were, in the main, processed promptly and accurately by Aegon's customer service teams. We believe the value ARC Investment Pathway customers received was negatively impacted by the performance of the fund used for Pathways 1 and 3, and the fund used for Pathway 2.

3. Workplace Pensions

Costs and Charges

Costs and Charges Customer Outcomes

‘The overall price I pay to build up my pension savings is competitive and reflects the value of the services I receive’.

3. Workplace Pensions: Costs and Charges

What is a good outcome for members?

'The overall price I pay to build up my pension savings is competitive and reflects the value of the services I receive'.

What did we investigate and what did we find?

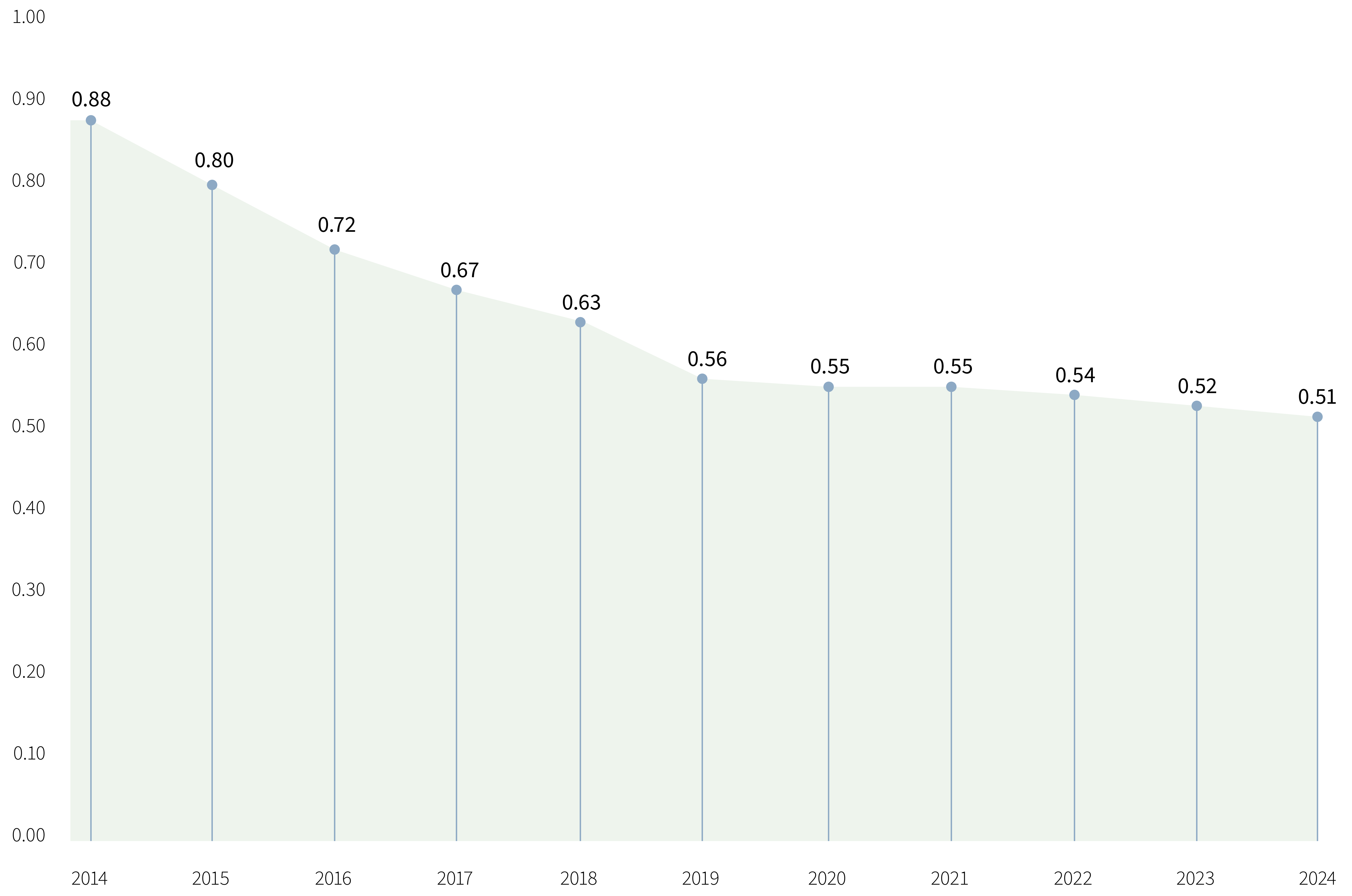
The level of charge is important as it directly impacts how a member's fund grows. Our review of the overall price members pay sets out to test how competitive Aegon charges are, relative to those available in the wider market.

You can see the charge that applies to your pension plan by looking at the statement that Aegon sends you or the personal illustration you received when you took out your pension plan. Alternatively, you can contact Aegon and it will provide the required information.

Each year we carry out a full review of the charges across Aegon's workplace pension schemes. We receive regular analysis of Aegon's workplace pension charges and investigate areas of concern.

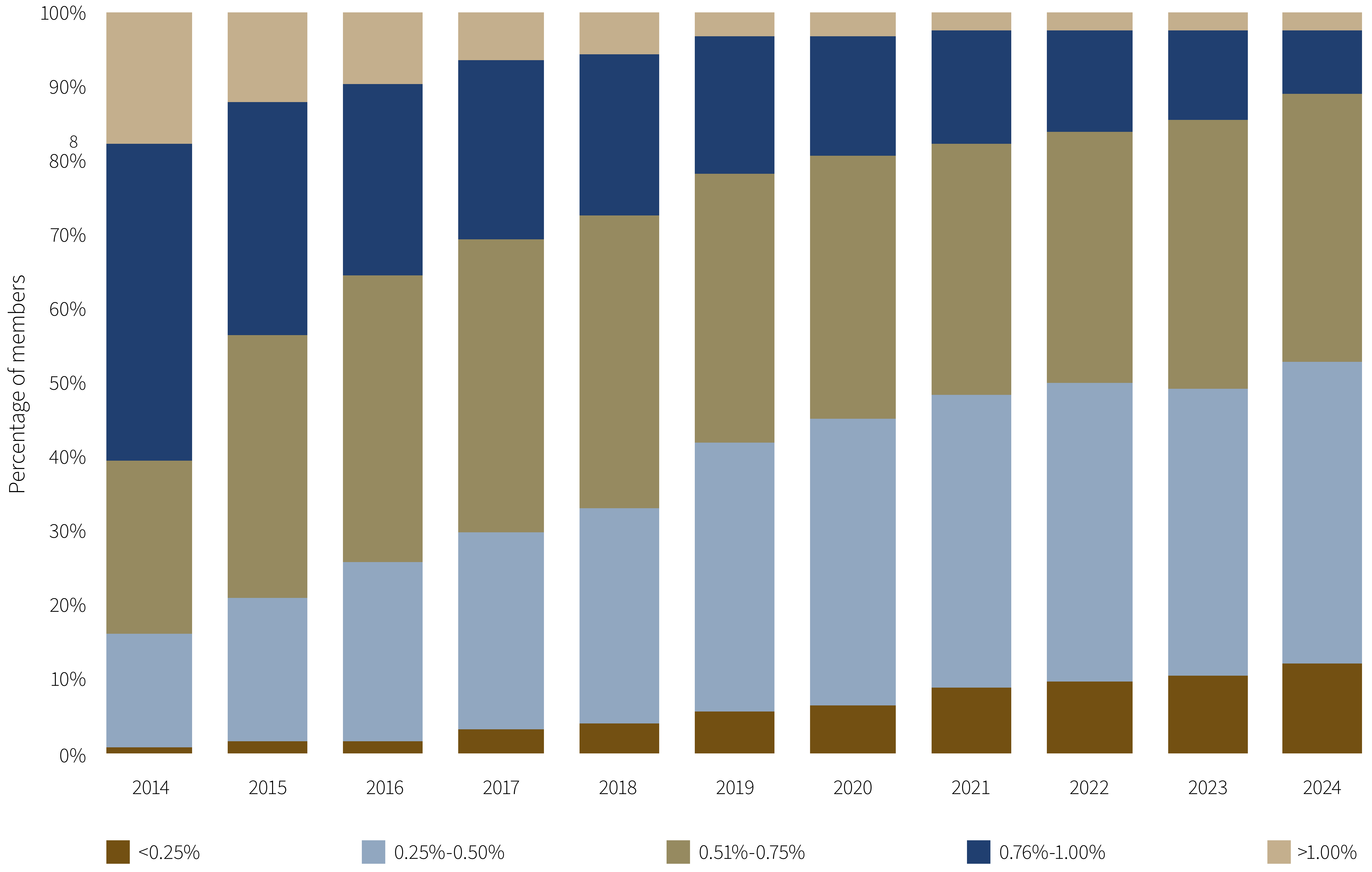
The average annual charge applied across all workplace pension members currently sits at 0.51%. This is another small decrease on the previous year, contributing to the more significant reduction over the last 10 years.

Average Annual % Charge for Aegon workplace members



3. Workplace Pensions: Costs and Charges

Charges trend (by charge band)

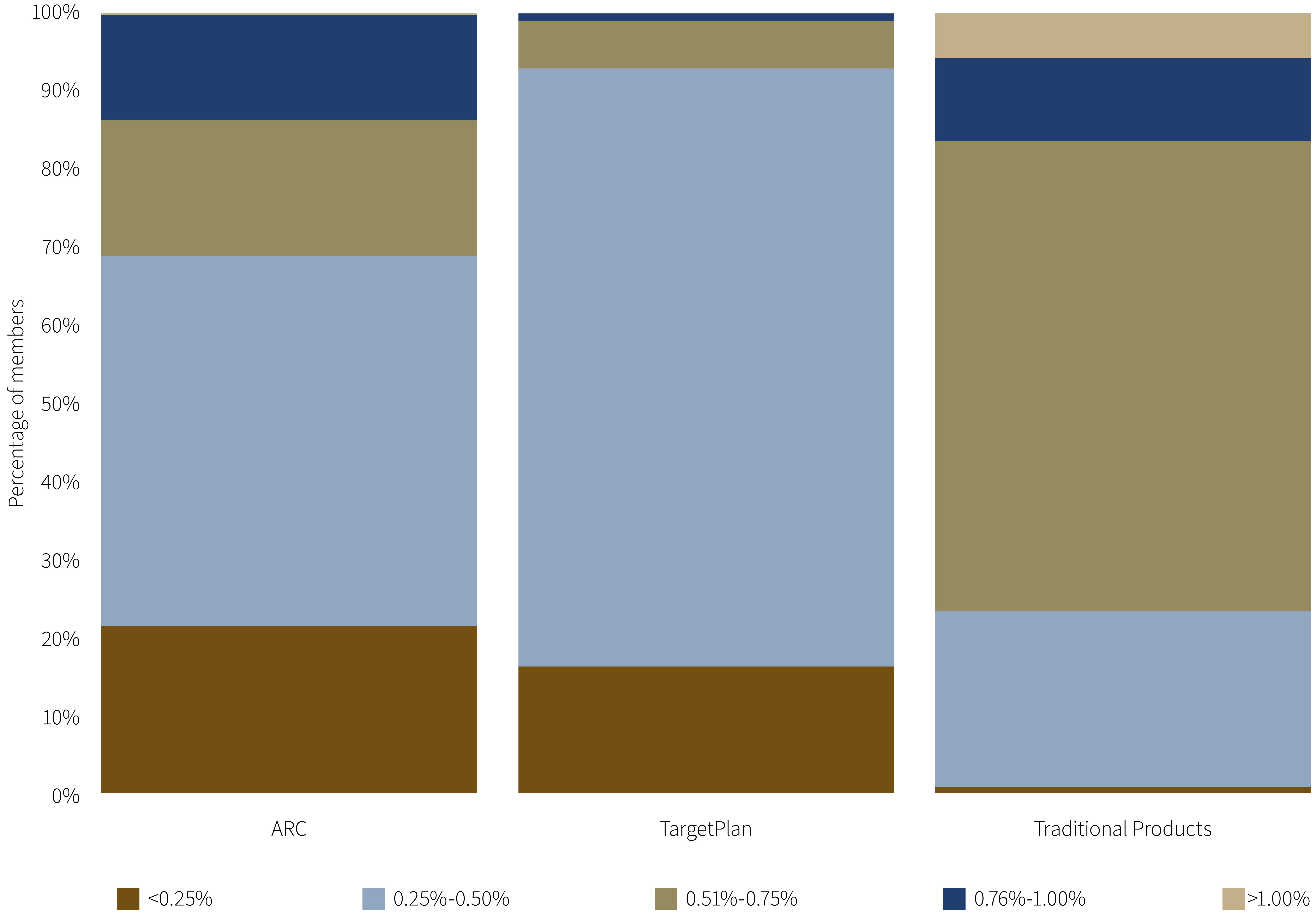


Annual charges vary between schemes, reflecting the costs of administering pension schemes for different employers, all with a different make up of employees. For schemes used for auto-enrolment, the regulator has set the maximum price that providers can charge for default funds at 0.75%. For funds chosen by the member, or for non auto-enrolment schemes, charges can exceed this amount. The average annual charge across all the members we are responsible for has reduced over recent years, which reflects the competitive market and the type of schemes being set up by Aegon.

As part of its comparative exercise, Redington analysed charges for active schemes, and found that of all the providers to take part, Aegon has one of the highest proportions of customers in the lowest charge bands.

3. Workplace Pensions: Costs and Charges

Charge Bands by Proposition (at end 2024)



In addition to the overall view of charges across the workplace pension population, we also look at charges at a propositional level, as there are three different platforms within Aegon that house workplace pensions: Aegon Retirement Choices (ARC), TargetPlan and Traditional Products. Members of TargetPlan and ARC schemes, which are the platforms still marketed by Aegon to new employers, generally have lower charges. At the end of 2024, the average annual charge paid by workplace pensions members was 0.35% on TargetPlan, and 0.33% on ARC. Around 93% of TargetPlan members, and 69% of ARC members, are charged less than 0.5%. Very few members across these two propositions are charged more than 1%, and if they are, it is as a result of their choice of fund. All funds are priced differently based on the cost of running them, and this particular cohort of members have actively chosen to invest in a fund that results in them being charged more than 1% annually.

Traditional Products members are charged on average 0.72%. In contrast to the figures quoted above, only 23% of Traditional Products members pay less than 0.5%, with 6% of members paying more than 1% annually. Following IGC challenge, there is an ongoing exercise to address this – see 'developments during 2024' on the next page for more information.

3. Workplace Pensions: Costs and Charges

Developments during 2024

There is a group of c. 65,000 members who pay an annual charge of more than 1% (almost all of them are Traditional Products members). As you can see from the 'charges trend (by charge band)' chart on page 14, the number of members paying more than 1% has been declining over recent years, but we have been challenging Aegon to evidence that the value these members receive is reflected in the price they pay.

As we reported previously, Aegon committed to a 'charge cap' of 1% per year from July 2020 for more than half of these members. Following our challenge, Aegon reviewed its position, and in the second half of 2023 agreed that all workplace pension members would be brought in scope of this price cap (excluding those choosing to invest in more expensive funds).

While this is positive news for members at the higher end of Aegon's range of charges, progress on implementing the 'cap' has been slow and has this year suffered a further delay. Aegon had initially planned to implement the cap as part of a wider programme of modernisation work it was carrying out. When it became clear this work was going to take longer than anticipated, Aegon made the decision to separate the 'charge cap' solution so that it could implement the cap more quickly. Whilst work was being progressed to implement the charge cap, elements of the modernisation work went live, which triggered a number of system problems that resulted in a deterioration of service levels for Traditional Products members. Aegon prioritised restoring good service levels for these customers and so decided to further delay the charge cap project (see Section 5: Customer Service for more details on these service problems).

It is disappointing that the implementation of the charge cap has been delayed again, but we accept that restoring good service levels for these customers must come first. In the long term, the delay will have little impact on members. This is because once the new, lower charges are implemented, they will be backdated – either to July 2020 for the first group of customers, or to July 2025 for the second group.

In the meantime, members who were in scope for a reduction in charges from July 2020, and who have since exited their Aegon pension, are entitled to a refund. As a result of the work to recover from the system problems, progress in making these payments has also run behind schedule. At the time of writing this report, Aegon has started to make these payments and expects to have made them all by the end of 2025. We have asked to see evidence of both the backdated charges and the refund payments so that we can be assured that everyone who is due to benefit from these new lower charges has done so.

Further analysis of charges

During the year, Aegon presented the IGC with its analysis of charges greater than 0.75% a year. Once the 'charge cap' is implemented, this cohort of members will be at the higher end of Aegon's range of charges. We have been keen to see evidence that this cohort will continue to receive value for the charges they pay.

Aegon included in its analysis details of what these charges look like in monetary terms i.e. what members are actually paying in pounds and pence. The analysis showed that the charges this cohort pay are slightly higher than other cohorts, but, as most of these pots are relatively small, they are paying only a small amount extra each year.

Aegon also included analysis from benchmarking exercises, as well as information gathered from publicly available resources, such as other pension providers' IGC reports. This showed that all of the eight providers included in Aegon's analysis (covering the majority of the workplace pensions market) have members paying more than 0.75%, and in many cases a higher proportion of members paying more than 0.75% than Aegon. Aegon's conclusion from this analysis was that its charges aren't out of line with what members are paying elsewhere.

None of these members' pensions are being used for auto-enrolment, so Aegon is allowed to apply a charge greater than 0.75% - just as many others in the market do. It is important to note that members could potentially transfer their pension to a lower cost option elsewhere - but this may not be in all members' best interests as they may be invested in funds and/or products with potentially valuable guarantees.

Our conclusions

The average level of charges paid by Aegon members continues to fall, with the majority of members paying a charge that is in line with or lower than what they could expect to pay elsewhere. The 'charge cap' work will have a positive impact for members with the highest charges and, while the delays in implementing it are disappointing, we recognise that the effective dates Aegon has agreed to will mean the delays won't have a financial impact on member outcomes in the long term.

It is worth noting that, while most members are free to switch away from these products without penalty, some will be invested in funds and/or products which offer potentially valuable guarantees which would be lost if they transferred to a new policy. As a result, it may not be in all members' best interests to move to a lower cost option. If you are considering moving away then we recommend you check your annual statement to see if you have a product like this and then seek financial advice if you have concerns around whether or not any additional benefits your product offers justify the cost.

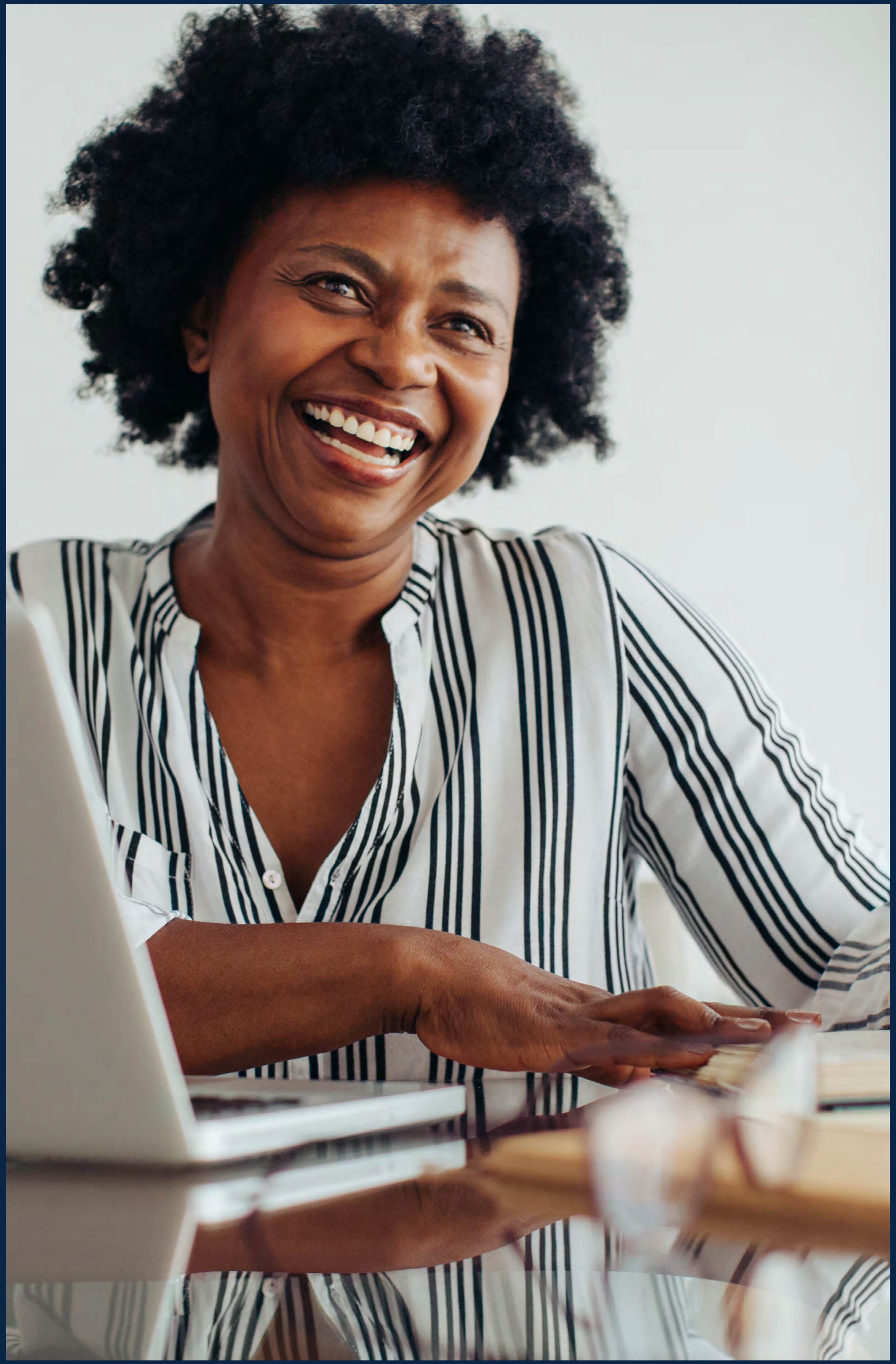
3. Workplace Pensions: Costs and Charges

Our challenge to Aegon

Introduce the 'charge cap' as soon as possible, and complete the charge refund payments for those in scope members who have exited their Aegon plan since the agreed effective dates.

What did the Redington study say about the charges Aegon apply?

Aegon's charges for active schemes are generally competitive. Of all the providers to take part, Aegon has one of the highest proportions of customers in the lowest charge bands.



4. Workplace Pensions

Investments

Investments Customer Outcomes

'My savings are invested in funds that deliver a competitive return, in line with or ahead of their objectives and other comparable funds'

'My savings are invested in line with: my attitude to risk; and my income plans and needs in retirement'

'My savings are with a provider that has a policy on ESG factors, which it implements as intended, and which sets out clearly how it takes financial and non-financial considerations into account in its investment strategy and decision making. Its approach to stewardship is clear'

4. Workplace Pensions: Investments

This section looks at the investment management and performance of pension investments within the IGC's remit, including the primary default strategies which account for 61% of monies invested in Aegon workplace pensions.

Many default pension funds gradually de-risk invested assets as a member approaches their target retirement age. The purpose of this is to preserve capital or annuity purchasing power in the years leading up to retirement. This process is called lifestyling which automatically changes the target asset allocation. This happens in two stages:

The growth stage

In the earlier years before retirement members are invested in growth assets such as equities (stocks and shares). 90% of members are currently in this stage.

The retirement stage

As members approach their target retirement date, known as the retirement stage, investments are gradually and automatically moved into less risky assets for retirement, based on one of three endpoints: flexible drawdown, annuity purchase or cash lump sum. The period over which the investment mix is gradually changed is sometimes called the 'glidepath'. 10% of members are currently in this stage.

- Flexible drawdown – the strategy is designed for members who want to keep their options open about when they retire and how they take an income in retirement. The investment strategy remains diversified.
- Annuity purchase – the strategy is designed for members who plan to purchase an annuity (a guaranteed income) when they reach retirement. The investment strategy aims to invest in a mix of assets which more closely aligns to annuity pricing as the member approaches retirement age. Traditionally, this is fixed income assets, in particular government bonds (gilts).
- Cash lump sum – the strategy is designed for pension scheme members who intend to fully cash-in their pension at retirement. It will gradually move their investments into a 100% cash allocation.

The table here shows the main default funds in the growth stage:

- Aegon Workplace Default, the default strategy for the Aegon Retirement Choices (ARC) platform
- Aegon BlackRock LifePath, the default strategy for the TargetPlan platform
- Universal Balanced Collection, the primary default fund available on Traditional Products and also available on ARC.

Fund	Aegon Retirement Choices (ARC)	TargetPlan	Traditional Products
Aegon Workplace Default	£6.3 billion		
Aegon BlackRock LifePath		£9.2 billion	
Universal Balanced Collection	£8.9 billion		£3.7 billion

In our assessment of workplace pension funds for members building up their pensions savings we investigate whether the Investments Customer Outcomes are being met.

What is a good outcome for members?

'My savings are invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds.'

What did we investigate and what did we find?

Every year we monitor the performance of the funds in our remit using comprehensive data and investment reports provided by Aegon. We review the funds' absolute and relative performance measured against selected benchmarks and wider peer group. The quarterly report we receive from Aegon includes fund performance over the previous three months and one, three and five-year periods. The report is regularly refined to help us pinpoint areas of focus. We consider any underperformance and ensure appropriate actions are being taken. We place most weight on longer-term performance because pensions are long-term investments.

We discuss how funds are performing and meeting their investment objectives with senior members of Aegon's Investment Proposition team. Funds are reviewed through Aegon's Fund Governance Framework and assessed annually using Value for Money criteria, including a check on comparative charges. In addition, Aegon regularly conducts strategic reviews to ensure the default funds remain suitable for members. The output of all this work is shared with us for discussion.

In 2024, global financial markets generally saw positive returns with solid growth from equities (stocks and shares), in particular US equities and technology companies. Bond returns were more muted as inflation remained stubbornly high and there were fewer interest rate cuts than the market expected.

Commentary on the performance of the primary default strategies at the growth stage is provided below:

- **Aegon Workplace Default**
  Members invested = 306,773

The Aegon Workplace Default strategy had positive absolute returns over 12-month, three-year and five-year periods. However, the strategy underperformed a peer group of similar funds during the second half of 2024. The underperformance relative to peers was due to a more defensive asset allocation, holding a higher allocation of corporate and government bonds, and a lower allocation of equities, than the comparator peer group.

The Redington report focused on this fund as Aegon's main default. It was observed that there were no material changes to asset allocation between the end of 2023 and 2024 and there was less diversification into other asset classes (outside of equities and bonds) compared to other default strategies. Redington also ranked Aegon Workplace Default among the lower performers across one, three and five-year periods in comparison to other funds included in the study. Aegon's Investment Proposition team continue to monitor comparative performance, having taken action to improve outcomes for members in this fund. The IGC will receive updates on these changes in 2025.

- **Aegon BlackRock LifePath**
  Members invested = 91,743

Aegon's reporting showed that the growth stage of the Aegon BlackRock Lifepath strategy fund continued to perform well, both in absolute terms and against competitors.

Throughout 2024, Aegon has worked with BlackRock to evolve the LifePath strategy, giving Aegon more control over the fund's design and ongoing management. The update, which is due in 2025, will also reduce the glidepath length, meaning members will be invested in growth focused assets for longer. This would include moving some members back into riskier assets by selling bonds to purchase stocks and shares. Aegon modelling projects that this change is expected to deliver improved outcomes (better risk-adjusted returns) for members.

We have received regular updates and stressed the importance of clearly communicating the changes to members and managing the transition carefully, particularly for those who will be moved back into growth stage assets as a result of reducing the glidepath length. The IGC will closely monitor to ensure good outcomes are being delivered where additional risk is being taken.

- **Universal Balanced Collection**
  Members invested = 604,946

The Universal Balanced Collection fund experienced positive absolute returns over one, three and five-year periods. During 2024, Aegon embarked on a project to make significant changes to this fund, which is the largest growth stage default fund in terms of assets under management (AUM). The changes have been planned in two phases and the IGC has been kept informed throughout.

The first phase was carried out between September and October 2024 which included changes to the underlying investments, and adding a new allocation into a bespoke Long-Term Asset Fund (LTAF) managed by BlackRock. LTAFs are a type of open-ended pooled fund that aim to invest efficiently in long-term illiquid assets not traded on a stock exchange. It is a new type of fund that has been authorised and regulated by the FCA and is specifically intended to be used by pension schemes. This type of fund broadens the range of asset classes available, increasing diversification. Historically, private market assets have been harder for Defined Contribution (DC) pension savers to access due to cost and operational challenges. The changes align with Aegon's commitment as a signatory of both the Mansion House Compact (2023) and the Mansion House Accord (2025) to targeting increased levels of default investment into private market assets, provided it is in members' best interests. Phase two is forecast to start in 2025 and includes further private market investments.

The IGC will continue to monitor these developments, and asked Aegon to focus on providing clear communications to members regarding these changes. We will monitor for the expected increase in investment performance that Aegon anticipates given the higher level of risk associated with such investments, albeit noting an increase in performance is expected over the long, rather than short term. If these changes deliver the returns that Aegon expects, there should be an increase in Value for Money. We will continue to monitor and engage on this basis.

Throughout 2024, Aegon's Fund Governance process highlighted several funds which had underperformed their respective investment targets. No new funds were escalated in 2024, but the IGC noted several funds that had been underperforming but had not yet been flagged for escalation. We wanted to better understand the escalation process and Aegon provided further clarity on this. We expect to see evidence of the escalation and actions being taken, particularly for the funds which have been on the watchlist for longer periods.

A number of funds merit further comment:

- **Aegon BlackRock LifePath Flexi – Retirement stage**

Aegon estimates that around 215,000 members are currently in the glidepath and either moving towards or have already reached the Retirement stage of the Aegon BlackRock LifePath Flexi fund.

At the retirement stage, performance for the Aegon BlackRock LifePath Flexi fund remained behind peers when reviewed against three-year performance figures. The exposure to longer dated government bonds (gilts) had negatively affected performance, however strategic asset allocation changes were made between June and December 2023 to address this. As at the end of December 2024, it was still too soon for these changes to be fully reflected in the three-year performance figures and the IGC will continue to monitor Aegon's reporting. We expect to see evidence that the asset allocation changes will result in improved member outcomes.

- **Aegon Annuity Target (previously Long Gilt) fund**

This fund is used in the lifestyle stage across a range of annuity endpoint strategies. Aegon estimate that around 130,000 members will have some level of exposure to this fund.

The IGC continued to raise challenges about this fund due to serious performance concerns noted in 2022 after a period of gilt market volatility. Last year we reported that, following Aegon's review of the fund, action was taken to escalate these concerns with the fund manager, resulting in strategic asset allocation changes to increase diversification within the fund and better match annuity pricing in line with the investment objective.

The asset allocation changes were implemented in August 2024 and completed by the end of September 2024. The fund name and objective were also updated. We will be closely monitoring to see that the asset allocation changes improve returns over the next year and beyond as Aegon expect to see this reflected in performance from 2025 onwards.

The IGC is also aware that annuity purchase has decreased in popularity and therefore the underperformance (in comparison to funds designed for a flexible drawdown endpoint) could have a particularly poor outcome for customers not intending to purchase an annuity at retirement, despite this being a default option. While action has been taken to address the performance concerns for the Annuity Target fund, we asked Aegon to conduct a full review into the default funds that target an annuity endpoint, which is detailed on page 23.

- **Aegon Ethical Managed fund**
  Members invested = 10,418

This fund has remained on the watchlist for more than two and a half years because of persistent periods of underperformance. The fund is used in several ethical default strategies, and Aegon has monitored the fund on a monthly basis. The fund mainly invests in UK small and mid-cap stocks which haven't experienced the same growth as large-cap stocks in 2024. Aegon engaged with the fund manager to understand more about stock selection. The fund manager took action by selling underperforming UK technology stocks and investing in more promising alternatives. By the end of the year, strong stock selection had contributed positively to performance, however the fund will be kept on the watchlist due to the three-year performance figures.

As outlined in our last report, the fund is also constrained by its ethical screening process which means it can only invest in companies meeting predefined ethical criteria and can miss out on growth from sectors that are excluded such as oil and gas, or tobacco. In particular, this has contributed to short-term underperformance due to more favourable returns on oil and gas stocks. We had previously asked Aegon to provide greater detail on how the screening process for the Aegon Ethical fund incorporates member views, and you can read more about this on page 25.

For a detailed performance breakdown of the default fund range see appendix 3.

Transaction costs:

In our ongoing Value for Money assessment, we are required to take specific account of costs and charges, and any transaction costs members pay. To help with this, Aegon provides the IGC with an annual analysis of the costs and charges for each fund, including each fund's transaction costs. The analysis uses a framework agreed with the IGC that compares each fund's transaction costs against a set of peer funds. The IGC were updated on the results of Aegon's investigation into 15 funds that were flagged in the 2023 review. Further action was taken for one fund to assess the higher transaction costs, and it was determined that there were no further concerns or action required for the other funds.

For the 2024 transaction cost review Aegon conducted assessments on 352 funds. Each fund was tested against a relevant peer group. The tests identified 27 funds which required further examination for higher-than-expected transaction costs. Three of these funds had also been flagged in the 2023 tests. Since the analysis was completed, Aegon has engaged with all fund managers to understand their rationale for any higher transaction costs compared to peers. We will review the result of Aegon's investigation into these charges and report on them next year.

The Redington study noted that Aegon's default transaction costs were low for the Aegon Workplace Default strategy.

You can find the costs and charges data in appendix 4 of this report and online.

Our conclusions

We have focussed our commentary on the three largest default funds, of which two are performing well and one has underperformed relative to peers. We have noted where actions have been taken to address performance concerns, and factored this into our decision when reaching our overall score for investments based on the volume of data across each platform and over 350 funds on offer to members. We have also assessed the process that Aegon follow to monitor and govern investment performance.

Our challenges to Aegon

- Demonstrate that the asset allocation changes made to the Aegon Annuity Target (previously Long Gilt) fund deliver improved returns for members.
- Demonstrate that the changes made to the Universal Balanced Collection provide better long-term returns and offer better Value for Money to members.
- Take steps to improve the relative performance of the Aegon Workplace Default which has been performing behind peers.
- Manage the proposed changes to the Aegon BlackRock LifePath funds and ensure effective communications are provided to members.
- Address funds that have been on watchlist for some time and review how the escalation process can be improved for more timely intervention.

What is a good outcome for members?

'My savings are invested in line with: my attitude to risk; and my income plans and needs in retirement'

What did we investigate and what did we find?

For most members this outcome is dependent on the performance and suitability of the default fund they use. We assess the process that Aegon uses to regularly review the investment choices available, including default funds, to ensure that they are suitable for workplace pension members. As mentioned, Aegon oversees the default funds through its Fund Governance process, including fund reviews and performance monitoring against objectives and member expectations.

Last year's report highlighted the IGC's main concern in this area that a large number of default funds target an annuity purchase at retirement. Due to changing member behaviour this is now unlikely to match most member's income plans and needs. The number of members purchasing annuity at retirement has reduced since the 2015 'Pensions Freedoms' Act, which has allowed members to also take their pension benefits via flexible drawdown or cash lump sum. This is supported by the FCA's latest data showing 9.9% of all pension savers are purchasing an annuity.

The IGC challenged Aegon to further progress its review of the range of default funds, acknowledging that this will be a long-term project. We asked Aegon to review its communications to members and ensure those who are in an annuity endpoint fund are aware of this and encouraged to consider if this aligns with their intended course of action at retirement.

Throughout 2024, Aegon has continued to assess the range of default funds that it designs and manages, including an analysis into the annuity endpoint funds. This indicated that more than half (57%) of Aegon workplace pension members are invested in a default strategy which targets an annuity endpoint. Around 90% of these members are still in the growth phase of investment and the asset allocation has not yet begun to change. Approximately 2% of these members enter the glidepath each year, moving into assets which aim to preserve the level of annuity they can purchase at retirement. Aegon is actively investigating options to help members make sure they are invested in a strategy that aligns with their income plans and needs in retirement.

Aegon has updated the IGC on progress including process improvements, enhanced member communications and a major project to close three default strategies which target annuity purchase. This moved members in the growth stage into flexible endpoint funds and provided valuable insight into the default fund closure process, which will inform Aegon's next steps. Aegon has concluded that there are several legal and contractual obligations that prevent moving members away from annuity endpoint investments on a mass scale without consent. Based on the large number of members in annuity targeting defaults, and the small number purchasing annuities, if action is not taken this could present a serious issue where members are invested in defaults that do not meet their income plans and needs in retirement. Aegon anticipates proposed legislative changes which may allow it to move members, subject to safeguards, into a more appropriate default without their consent provided this is in line with members' best interests.

Meanwhile, a project is underway to review and enhance Aegon communications. The IGC has emphasised how important it is to effectively communicate with members before they are moved into investments that may not suit their retirement needs. This is a key priority for the IGC, and we will judge the effectiveness of the new communications approach by the results of the testing Aegon carries out with members, along with how many members take action to switch funds before their investments start to change in line with the annuity endpoint.

Our conclusions

The IGC awaits further updates from Aegon, but we recognise the complexity and scale of this issue requires careful consideration. We continue to emphasise the importance of understanding member requirements and behaviour in relation to their attitude to risk and retirement income needs.

The key risks are for members who have already, or will soon, enter lifestyling which targets annuity purchase, when they may not end up purchasing an annuity. Aegon has informed the IGC that there are contractual obligations which prevent making widescale changes to members invested in funds with an annuity endpoint. We have urged Aegon to move at pace to develop a proposed solution and to enhance communications with members in the meantime to ensure they fully understand the implications of remaining invested in an annuity endpoint lifestyle fund.

Our challenges to Aegon

- Update and test new communications to assess that they sufficiently make members aware they are invested in an annuity endpoint fund and encourage them to take action if this does not align with their income plans and needs in retirement. We expect Aegon to report on how members react to this information and how many make changes to their investment choice.
- Continue to progress the review of the default fund range with the aim of delivering better customer outcomes.
- Closely track, and where appropriate, seek to influence legislative developments that are intended to enable a smooth process to move members into different funds without their consent, subject to suitable safeguards and protections.

What is a good outcome for members?

'My savings are with a provider that has a policy on ESG factors, which it implements as intended, and which sets out clearly how it takes financial and non-financial considerations into account in its investment strategy and decision making. Its approach to stewardship is clear'

What did we investigate and what did we find?

In 2024 we continued to receive regular updates on ESG and responsible investment. Aegon's responsible investment policy applies to all funds within the IGC remit and is reviewed annually. The policy outlines Aegon's approach to ESG factors and sets out how they consider both financial and non-financial considerations, such as climate change.

Aegon has committed to net zero by 2050 across all default investment funds (growth stage only for ARC and TargetPlan[1]). ESG metrics are tracked and reported to the IGC. Aegon is on track to meet this target and achieved a 40% reduction in carbon footprint by the end of 2024 measured against a 2020 baseline. Aegon also has a target to invest £500 million in climate solutions by 2026 and is on track to achieve this. The annual Aegon UK Taskforce for Climate Related Financial Disclosures (TCFD) report was published in June 2024, which provides information on the climate metrics for default funds.

We had previously asked Aegon to give an update on its ESG screening methodology and how member views and feedback are considered. In 2024, Aegon enhanced its screening process by developing an exclusions framework bringing together the screens applied across the range of default funds. Aegon believes its current screening criteria and level of screening remain suitable. Aegon confirmed how feedback from regular member surveys has been incorporated into its ESG approach. Member feedback informed Aegon's actions on nature including becoming an early signatory to the Finance for Biodiversity Pledge. Member views on investing in sustainable themes also supported the introduction of private markets investments as noted above. The surveys also indicated that members would like more information on ESG and responsible investment and Aegon has continued to work on member communications in this area. Aegon added wording to select default fund factsheets to explain how responsible investment is implemented across the default fund range.

Last year the IGC also asked Aegon to review how screening and member feedback is managed by Aegon Asset Management (AAM), who run the Aegon Ethical fund – especially in the context of its relatively poor performance as noted on page 21. Aegon has confirmed that AAM reviews its screening process every two years to ensure it is in line with market requirements. AAM applies its own specific screens and exclusion criteria and regularly seeks client views on this subject. The last feedback survey was in 2023, and the respondents' views were incorporated into the updated screening approach. Aegon responded to this survey by providing insights from its own member surveys on ESG. Aegon is also planning to engage with AAM to seek further alignment between the two screening processes and will contribute to AAM's next biannual review.

Aegon's Stewardship report was published in May 2024, and Aegon was accepted as a signatory to the Financial Reporting Council's Stewardship Code for the second year. Aegon has been recognised by InfluenceMap as a leader for its stewardship process, including fund manager monitoring and direct policy lobbying. The IGC receive updates on how Aegon support the aims of its responsible investment and stewardship policies by using its 'Expression of wish' process to influence asset managers. The process now covers 100 priority companies, increased from less than 10 in 2023. For 2024, Aegon targeted the biggest 500 holdings within the default funds showing a clear approach to stewardship. Aegon monitors the responsible investment practices of fund managers on a regular basis. In 2024, Aegon reported to the IGC that most fund managers had improved their scores to 75% (from 65% in 2023, and 55% in 2022) indicating better responsible investment practices.

Our conclusions

The IGC has reviewed and is satisfied that with the adequacy of Aegon's Responsible investment policy which states that financially material ESG considerations are integrated into investment management and non-financial considerations are also taken into account. We see that Aegon is implementing its responsible investment policy, making progress to meet the decarbonisation target for the default fund estate and making significant developments like adding private market investments to the Universal Balanced Collection fund which will provide an opportunity to invest in climate solutions. Aegon has a clear approach to Stewardship and is able to demonstrate results.

Our challenge to Aegon

We are pleased to see that Aegon performs strongly in this area and look forward to future updates.

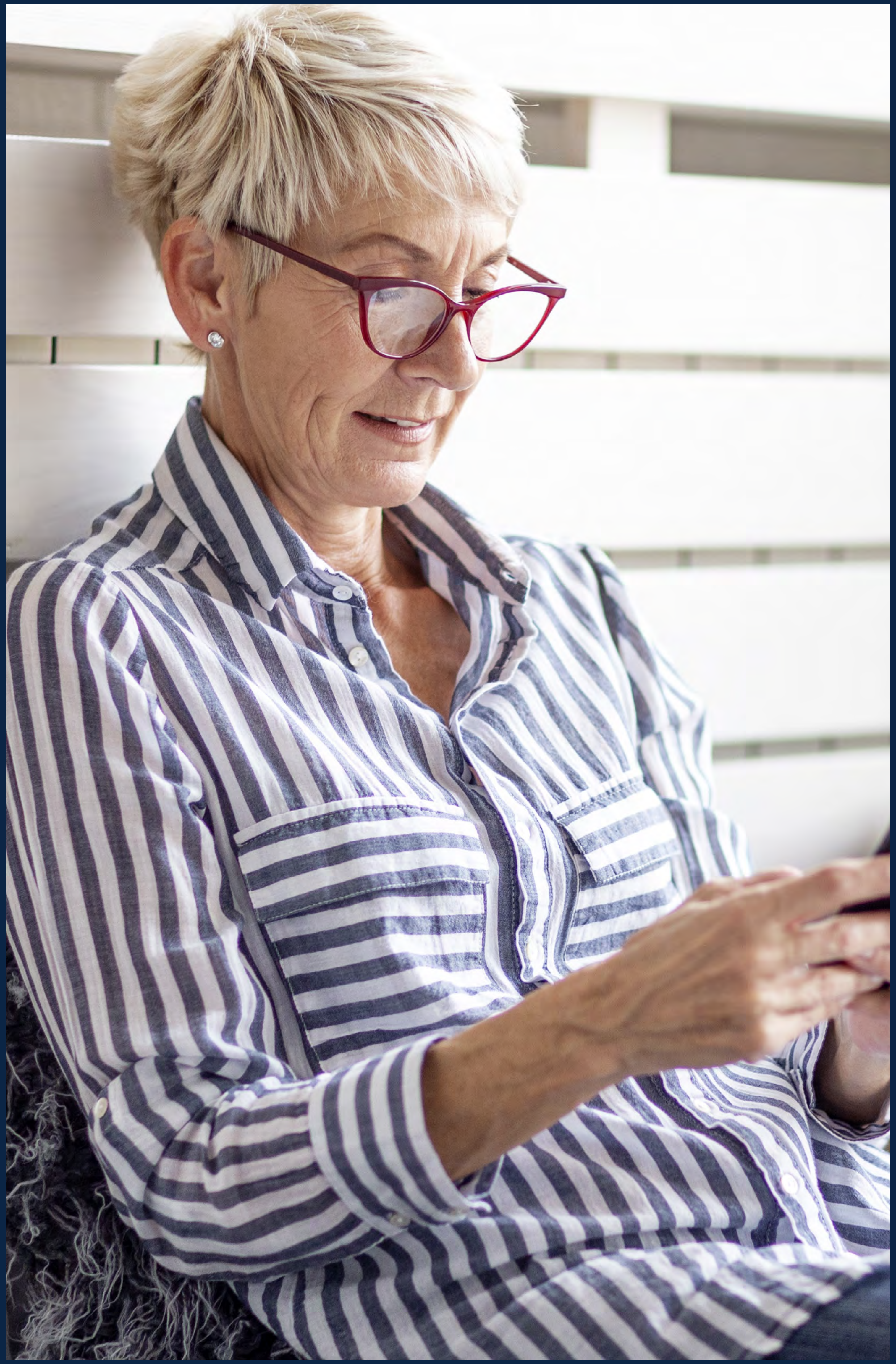
1 Measured using carbon footprint across the full range of default funds. Emissions targets don't apply to individual funds. Aegon's 2030 target applies to scope 1 and 2 emissions from listed equities (shares) and corporate fixed income (bonds) only.

What did the Redington study say about investments?

Redington assessed the Aegon Workplace Default fund, which is the current default solution for new Aegon customers on Workplace ARC.

Redington found that investment returns over the past one, three and five-year periods were towards the lower end when compared with others in the survey. Aegon also identified that the fund had fallen behind peers by the end of 2024 and will continue to monitor performance while reviewing potential actions to improve outcomes for members. Redington found transaction costs for the fund to be low.

Even though data was not submitted to Redington, Aegon also benchmarked the growth stage Aegon BlackRock LifePath Flexi and Universal Balanced Collection funds against the survey data. This showed that at the Aegon BlackRock LifePath Flexi fund had performed ahead of the peer group over one, three and five-year periods. The Universal Balanced Collection fund was amongst the lowest performers over the three-year period and performed close to the median within the peer group over one and five-year periods.



5. Workplace Pensions Service

Customer Service

Customer Service Customer Outcomes

‘My requests and instructions are acted on promptly and accurately, in line with my expectations’

‘Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members’

5. Workplace Pensions Service: Customer Service

What is a good outcome for members?

'My requests and instructions are acted on promptly and accurately, in line with my expectations'

What did we investigate and what did we find?

Throughout 2024 we were provided with regular reporting on the service members were receiving. We also carried out deeper dives with Aegon's Customer Service senior management into the performance across each proposition.

As highlighted earlier in the report, there are three propositions that make up Aegon's workplace pensions business: ARC, TargetPlan and Traditional Products. We look at each of those in turn over the pages that follow.

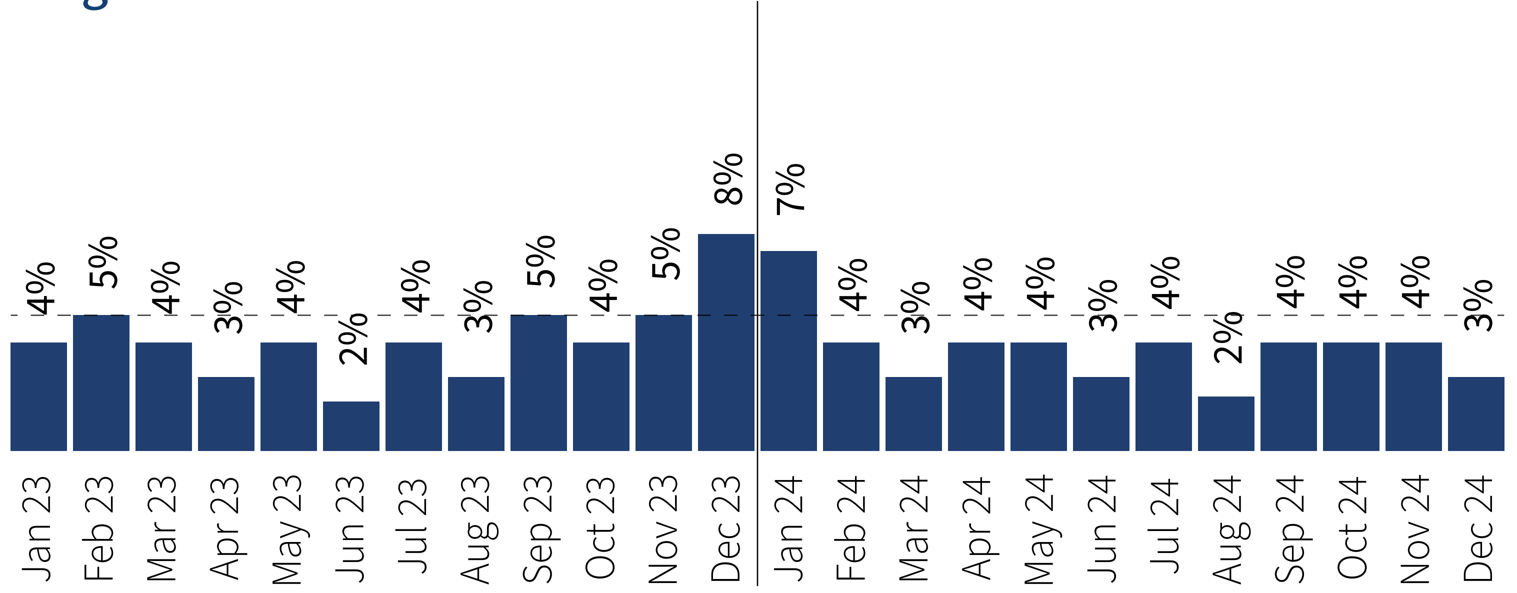
ARC

Customer service levels in 2024 improved, compared to the year before. The charts that follow show that the key measures of service for contact centre and back-office administration were on or ahead of target in almost every month of 2024.

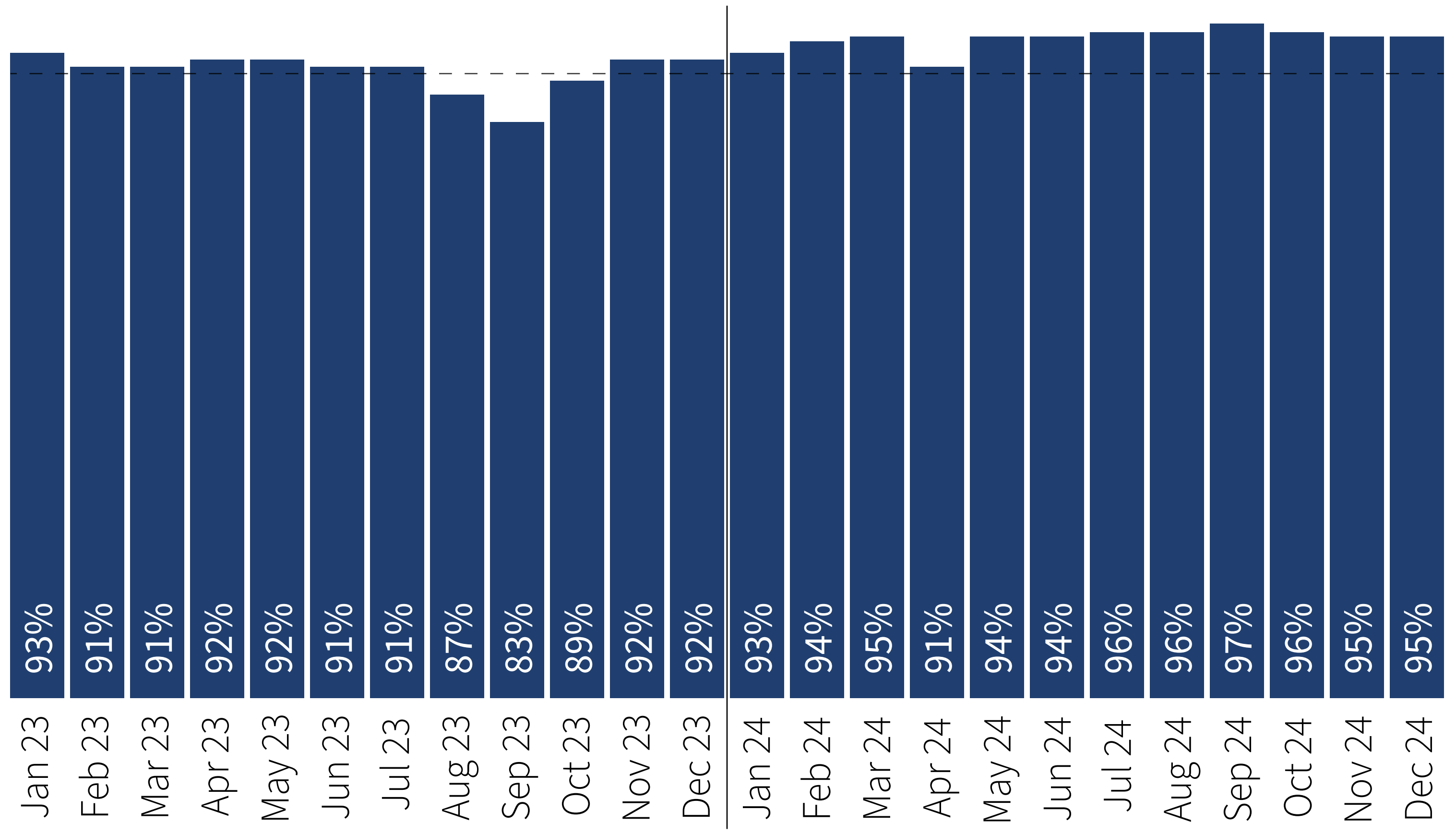
The abandonment rate shows the percentage of phone calls where the member hangs up before the call is answered. Clearly, this should be as low as possible. The rate was 5% or lower for all months in 2024 except January.

The administration SLA chart shows the percentage of tasks that were completed within the service level agreement (SLA) (such as within 5 working days). We want this to be as high as possible. The rate was higher than 90% in all months of 2024.

ARC abandonment rate
Target: 5% or lower



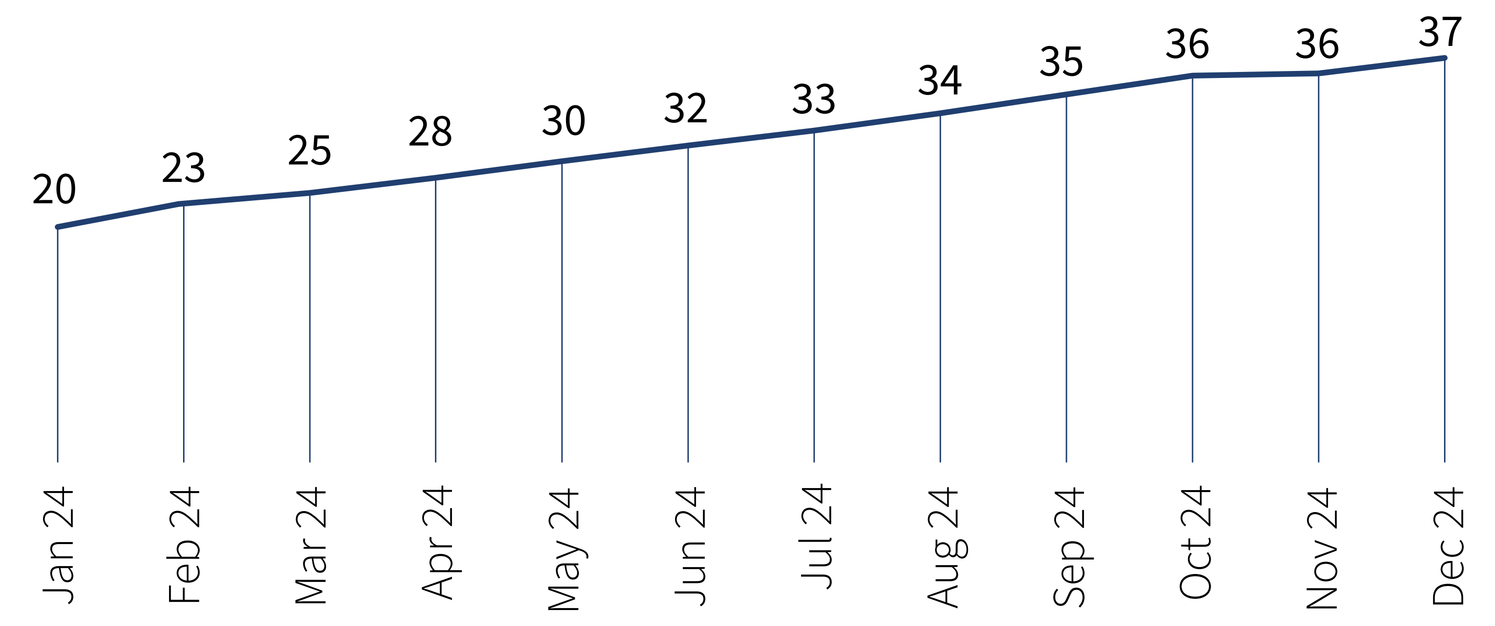
ARC administration SLA
Target: 90% or higher



5. Workplace Pensions Service: Customer Service

Alongside the transactional measures detailed above, we also review member satisfaction measures which give us members' views on the level of service received from Aegon. We have seen the Net Promoter Score (NPS) improve during the year, which is a score based on survey responses members provide following an interaction with Aegon. Each year, Aegon sets itself a target score to reach, and in 2024 set this at +35. Aegon reached this target score in September, and maintained it for the remaining months of the year.

ARC NPS*
Target: +35 or higher

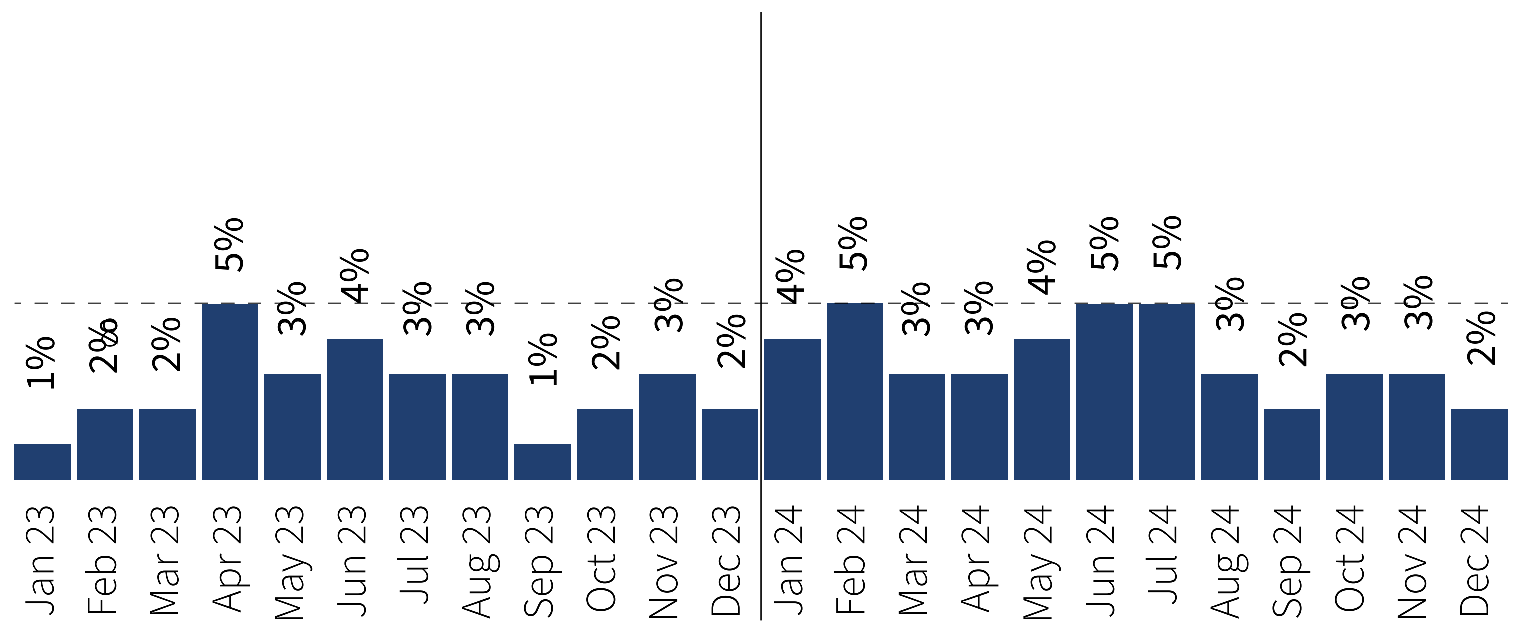


*ARC and TargetPlan NPS scores represented by Aegon's overall Platform Solutions score, which is the area of the business both belong to.

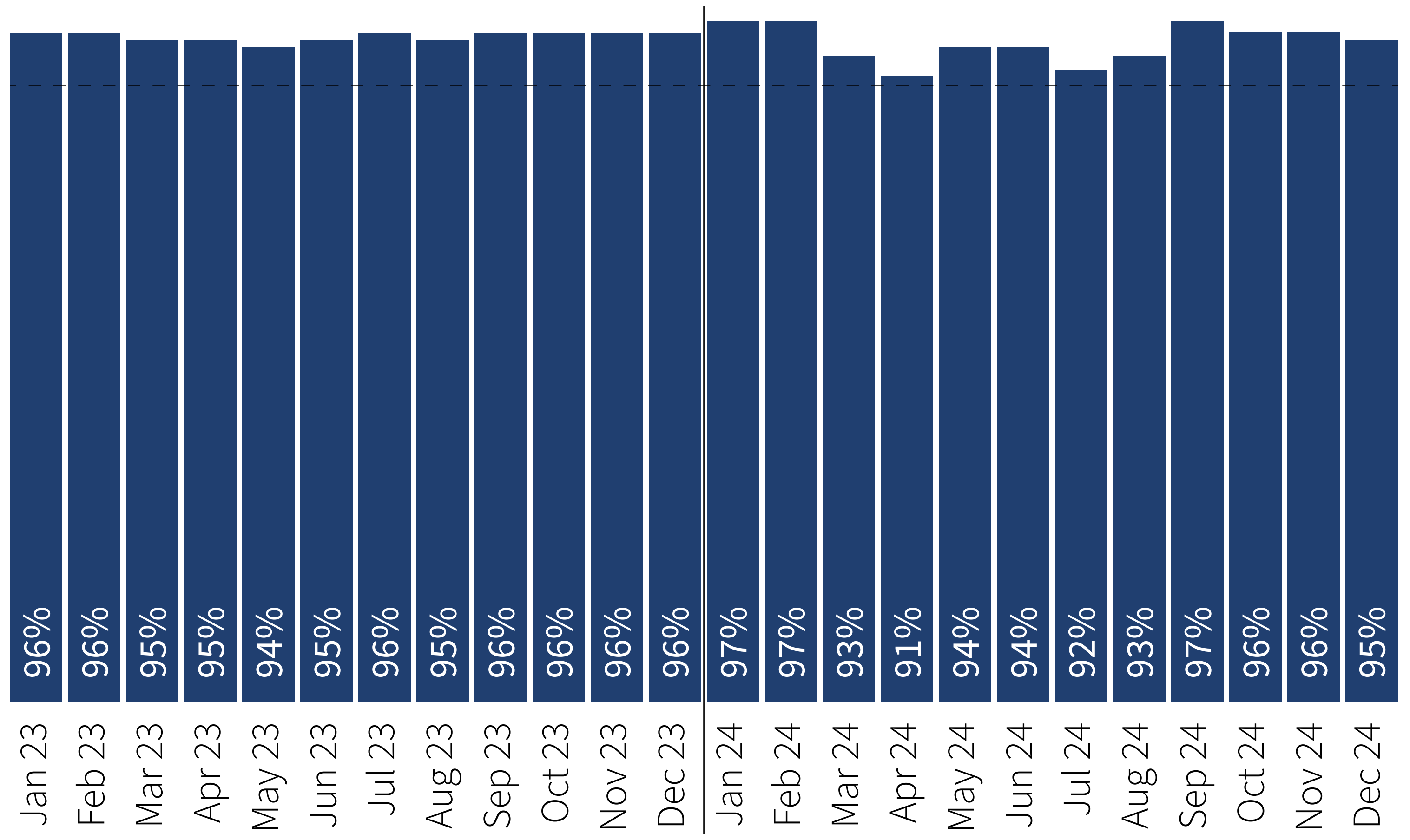
TargetPlan

Consistent with 2023, targets across both the contact centre and back-office administration were met in every month of the year for TargetPlan. In early 2024, Aegon retired the workflow system it had used to manage back-office administration tasks in TargetPlan and replaced it with the system Aegon uses for all its other propositions. This change better sets up TargetPlan for the future, as the new system enables Aegon to make enhancements to its processes, including automating parts of them where possible, to allow them to be completed faster and more accurately. We will report on any benefits delivered by this new system in future reports.

TargetPlan abandonment rate
Target: 5% or lower

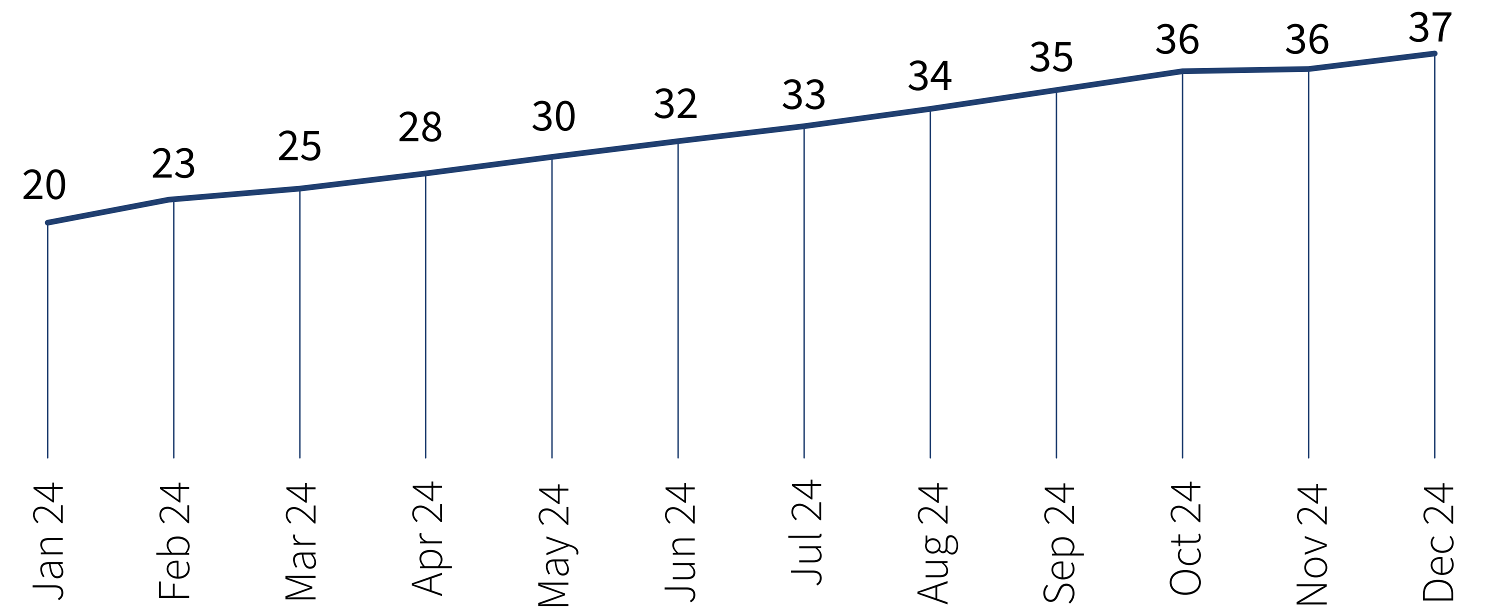


TargetPlan administration SLA
Target: 90% or higher



As detailed in our ARC commentary on the previous page, TargetPlan NPS scores are also represented by Aegon's overall Platform Solutions score, which is the area of the business both belong to. This score increased during 2024, reaching the target that Aegon set itself of 35 in September and maintaining it for the remainder of the year.

TargetPlan NPS*
Target: +35 or higher

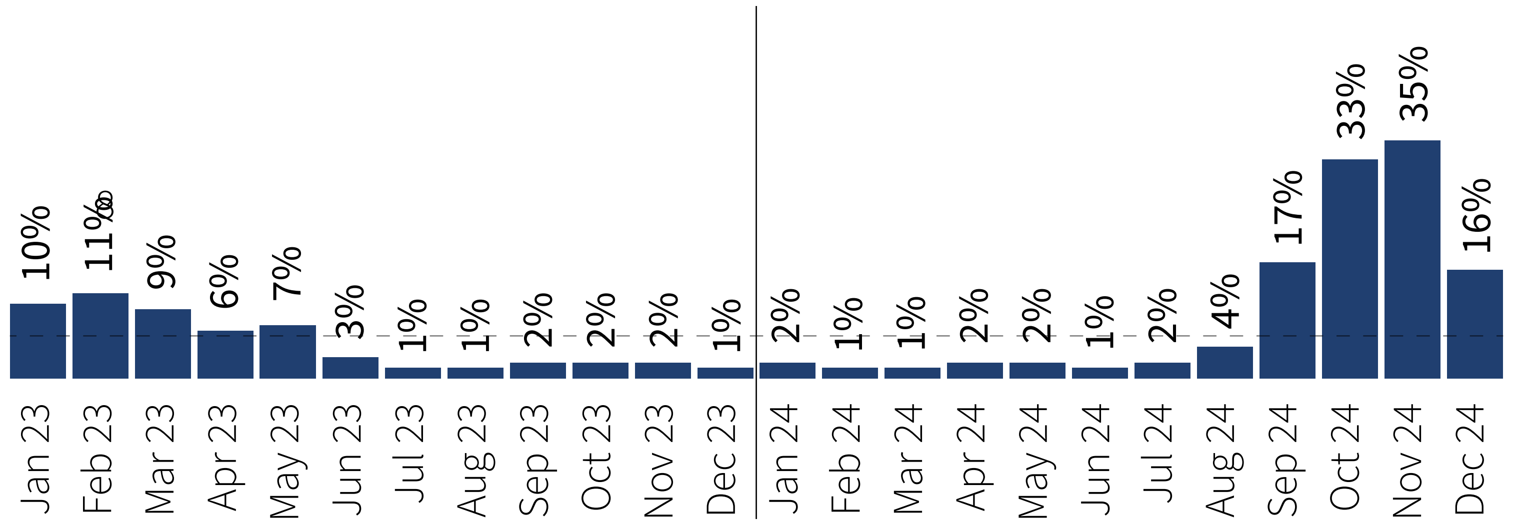


5. Workplace Pensions Service: Customer Service

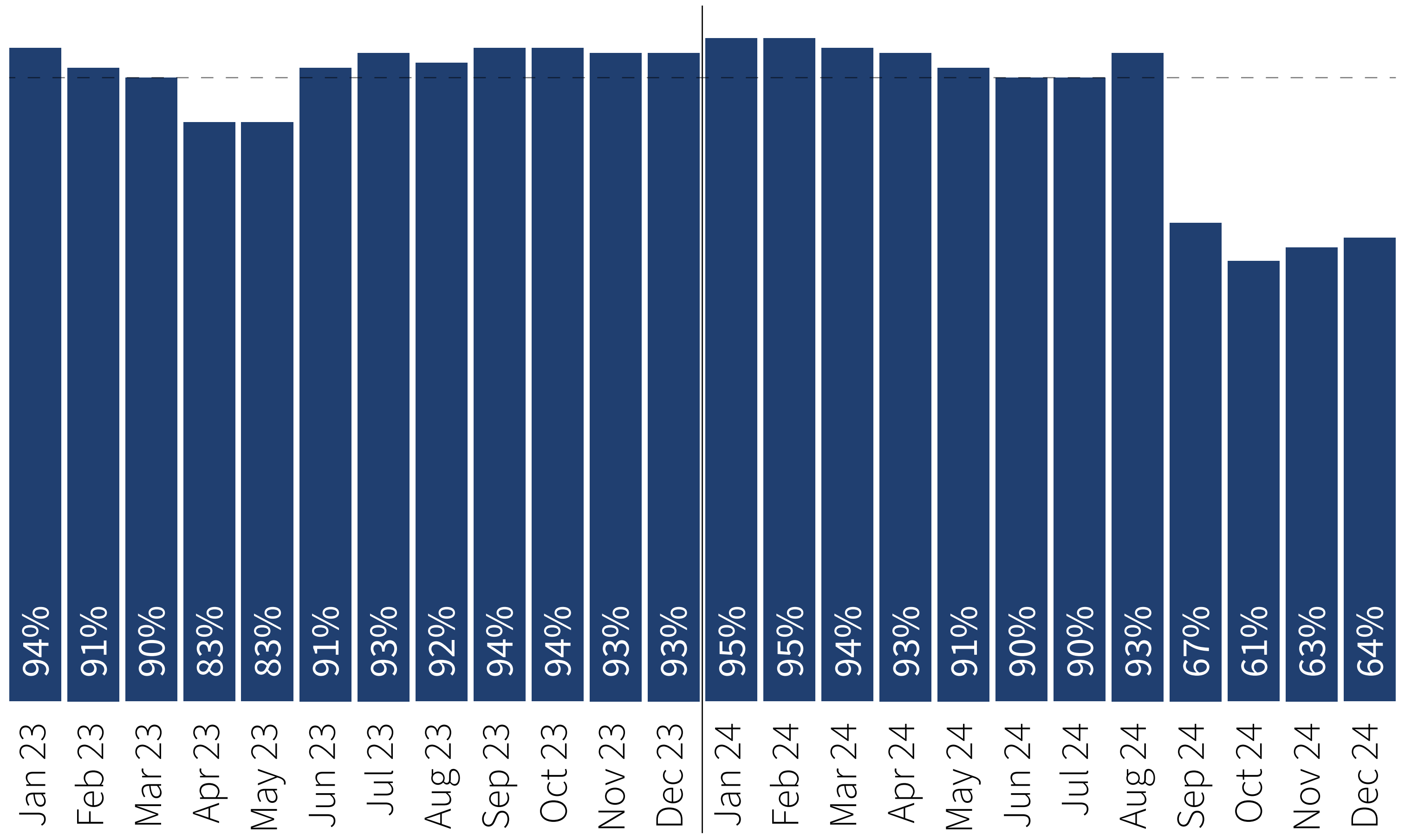
Traditional Products

As part of a programme of modernisation, Aegon made the decision to upgrade one of the administration systems in use in Traditional Products in August 2024. This involved migrating the records of around one million members from the system in use, to a more modern system that would enable future enhancements to be made to improve the customer experience going forward. The migration resulted in a number of issues, largely as a result of how the new system communicates with others within Aegon. This in turn led to a very poor levels of service for these customers in the final four months of 2024. This is particularly disappointing as the service experienced by these customers in the first eight months of the year, before the migration, had been strong in all areas.

Traditional Products abandonment rate
Target: 5% or lower

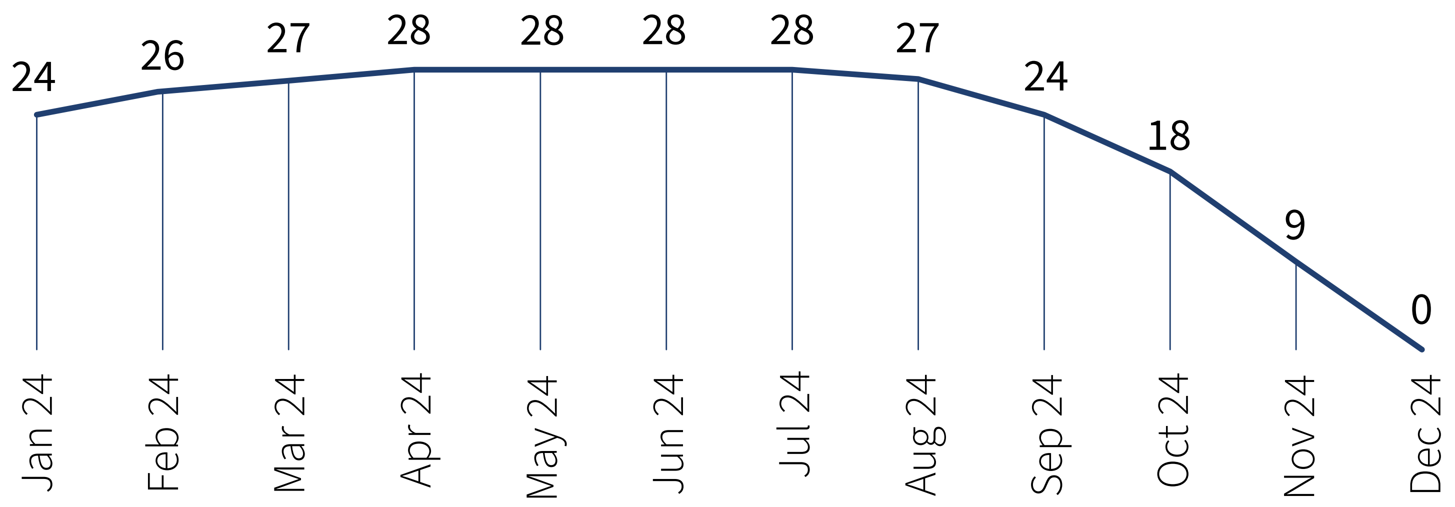


Traditional Products administration SLA
Target: 90% or higher



The impact can also be seen in Traditional Products NPS, where scores had been rising up until the point of the migration. In the months that followed, the scores dropped quickly.

Traditional Products NPS
Target: +35 or higher



The impacts on Traditional Products members following the migration were clearly highlighted in the sharp deterioration in these measures. The IGC asked Aegon for more frequent updates in order to monitor the position and while, at the time of writing, we have seen some of the underlying issues resolved, there are some key issues that remain. Aegon is prioritising the issues which carry the greatest risk to member outcomes and assure us that no member will be worse off as a result of these issues. However, the recovery has taken longer than Aegon had anticipated, meaning some members will have continued to receive poor levels of service well into 2025.

Aegon is undertaking a 'lessons learned' exercise, to fully understand what went wrong, and how it could mitigate the risk of these issues occurring in the future. We have asked Aegon to provide us with the outcomes of this exercise.

Our conclusions

Almost all call centre and back-office administration measures were above target for the first eight months of the year. This level of service continued through to the end of the year for ARC and TargetPlan. However, the final four months of the year for Traditional Products were impacted significantly by the migration of the administration system. It is absolutely key that Aegon restores the high levels of service seen previously, as soon as possible.

Our challenges to Aegon

Maintain the strong service levels seen in ARC and TargetPlan, and resolve the Traditional Products post-migration issues as soon as possible – ensuring no member is financially worse off as a result of any of the issues faced. Demonstrate that Aegon has understood what went wrong with the Traditional Products migration, and has taken effective action as a result. This is important so that other members can be confident that something similar won't happen again.

5. Workplace Pensions Service: Customer Service

What is a good outcome for members?

'Any complaints I make are dealt with quickly and appropriately; lessons are learned so the experience improves for other members'

What did we investigate and what did we find?

ARC & TargetPlan (both groups of members handled by the same team)

In 2024, Aegon received a higher level of complaints from its ARC and TargetPlan members than it would ordinarily expect. While lower than the 2023 numbers, there is still work to be done to reduce these numbers further. By the middle of 2024 Aegon had started to resolve a much higher proportion of these complaints within the timescales promised to members, compared with the year before when it was generally taking too long to handle complaints.

Early in 2024, Aegon introduced a root-cause forum, with the aim of understanding more about the reason for members' complaints. This is to ensure appropriate action is taken to stop the same thing happening again, and the improve the experience for other members.

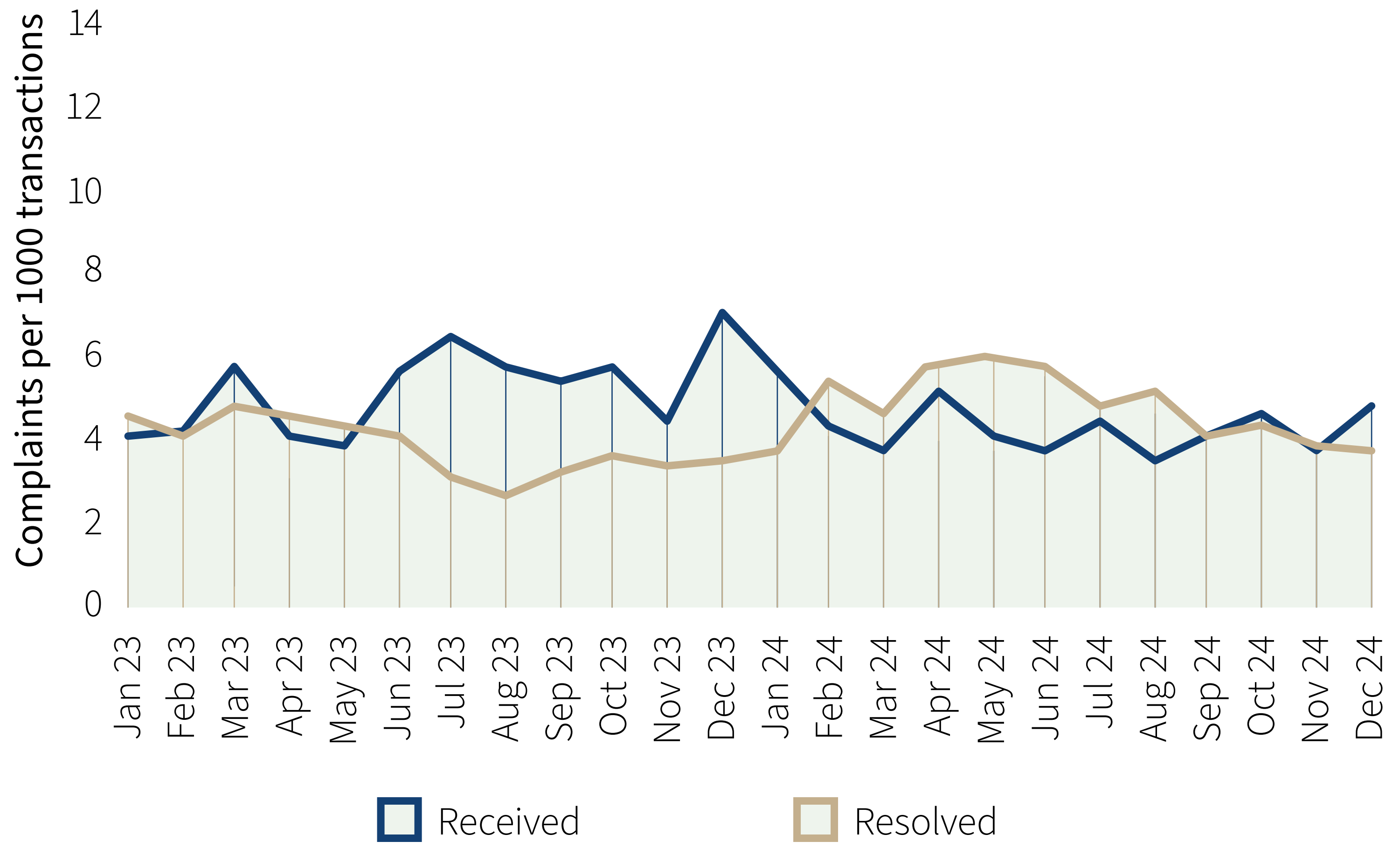
The most common cause of member complaints related to the process of taking money out of their pension. As a result, Aegon made a number of changes throughout 2024 to address these complaints. These include:

- introducing a number of new ways for members to provide the necessary proof of identity before they take money out.
- developing leaflets that are now shared with members at the start of the money out process, that explain how the process will work and how long it's likely to take.
- introducing automated messages that go out to members at key points of the money out journey to manage members expectations which update them about when they can expect to receive their money.
- running a pilot exercise where biometric member identification and bank account verification were carried out digitally, again reducing the need for original documentation in the mail. The pilot had good results, with the solution since being rolled out further.

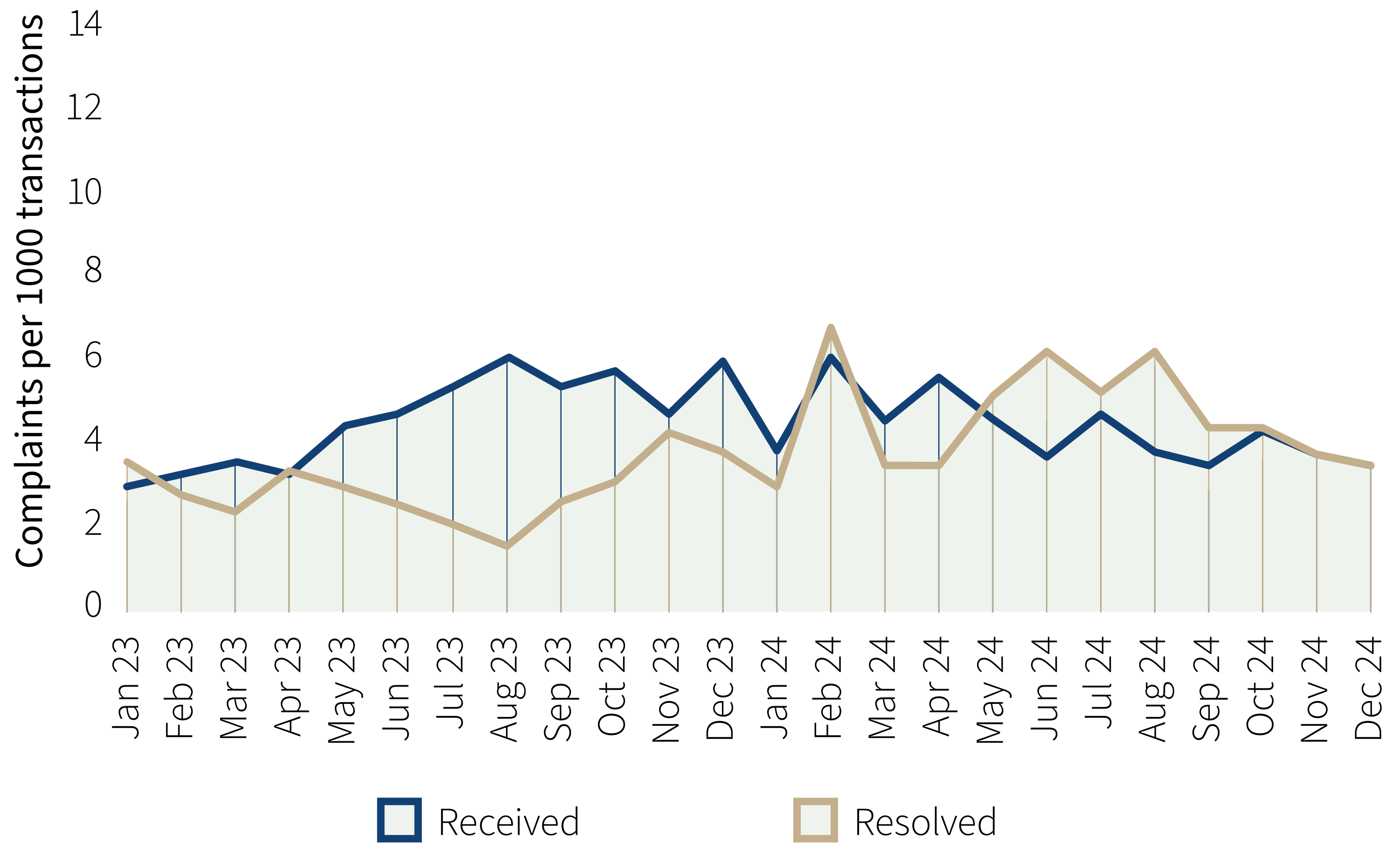
As a result of these changes, Aegon has seen the following improvements in the numbers of complaints received in the last quarter of 2024 compared with the same period in 2023:

- A 16% reduction in complaints about identity and bank account verification
- A 30% reduction in complaints about members not being updated throughout the process
- A 62% reduction in complaints about Aegon's forms
- A 40% reduction in complaints about the process taking too long

ARC



TargetPlan



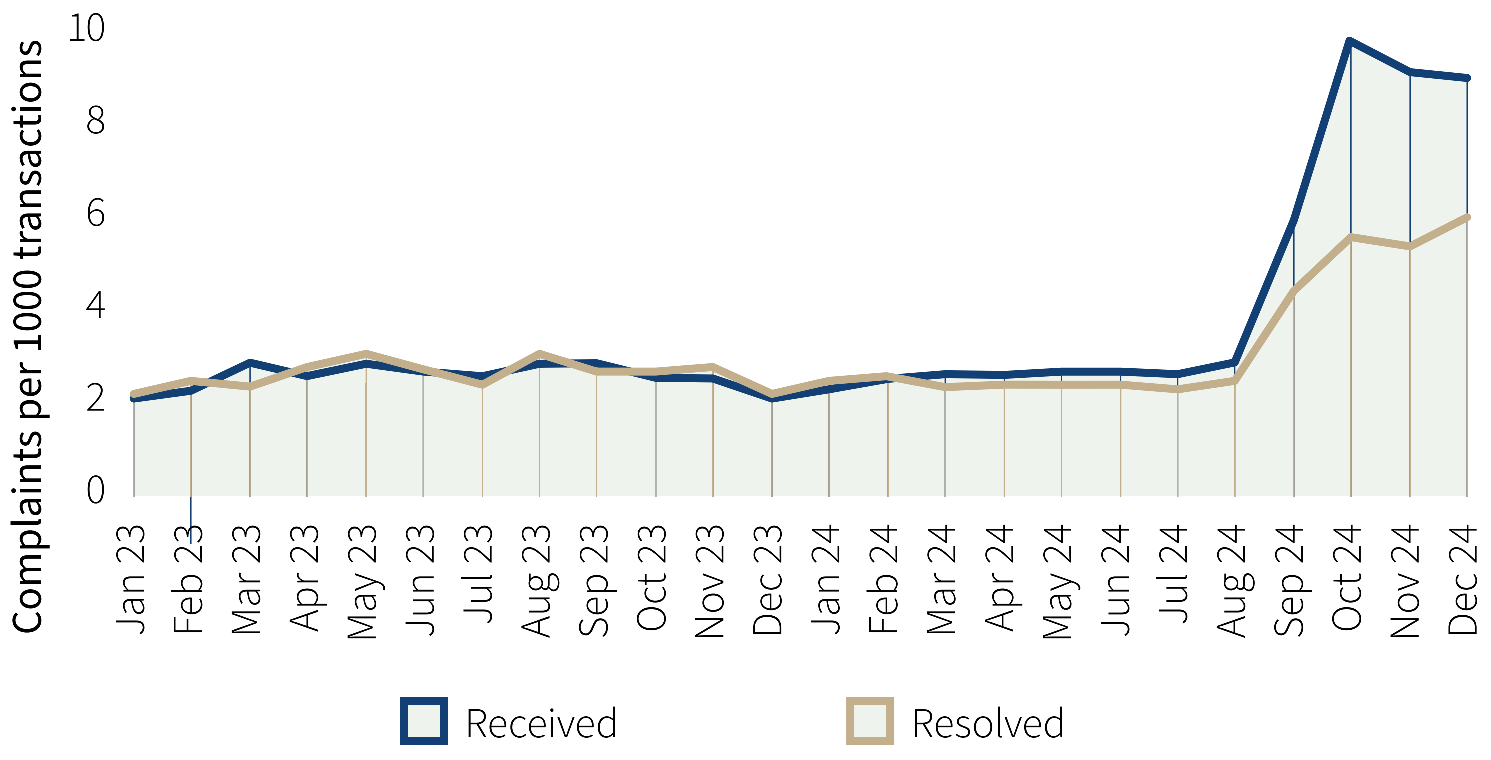
Traditional Products

Complaint numbers in Traditional Products increased in the last four months of the year, reflecting the deterioration in customer service levels detailed on the previous pages. Before the system migration was carried out, Traditional Products members had found less cause to complain than those with ARC or TargetPlan pensions. However, post-migration the complaint numbers rose sharply.

The most common cause of member complaints again related to the process of taking money out of their pension. Following the system migration, a backlog of member requests built up which saw delays experienced by some members – in every month prior to the migration more than 95% of member requests were processed within the timescales Aegon promises, in the final four months of the year this figure ranged between 60 to 80%. Problems in accessing Aegon's online services were also a common cause for complaint, with the service not being available for a number of members post-migration. Without access to this service, members were reliant on calling Aegon for information about their product that they could normally obtain online. As we detailed earlier in this section, the Traditional Products call centre wasn't able to answer all of the calls it was receiving at that time, which compounded matters for those members who couldn't access their product online and were also now finding it challenging to get through to the call centre.

Over 2024, around 27% of concerns raised in relation to Traditional Products were upheld by Aegon. Between January and August, this figure was around 19% which was consistent with 2023. However, between September and December, this figure rose to around 39%.

Traditional Products



We have seen the high level of complaints in Traditional Products continue into 2025, and the IGC has been updated on progress made by Aegon on resolving these issues. Aegon must not only respond to all of the complaints received over the period, but it must also ensure any financial detriment suffered by members is made good.

Our conclusions

The number of ARC and TargetPlan complaints Aegon received in 2024, despite being lower than in 2023, remains higher than either Aegon or the IGC expect. Aegon has carried out extensive analysis into the root causes of complaints and made some changes as a result. The results have been encouraging, however we believe there is more to be done to bring overall complaint numbers down.

Complaints in relation to Traditional Products rose considerably over the final four months of the year following the migration of the administration system. Aegon must ensure it resolves these complaints as a priority.

Our challenges to Aegon

Continue to drive down the numbers of complaints being received through the root cause work and clear the backlog of Traditional Products complaints.

What did the Redington survey say about the customer service Aegon provides?

End-to-end processing times for most core processes were in line with other participants in the survey. However, Aegon took longer to process retirement payments and bereavements than most other participants.

Contact centre measures were at the median of all participants.

Aegon received more complaints than most other participants but upheld a relatively low percentage of them in comparison. The average days to close a complaint was higher than the majority of other participants.

Note: The figures Redington reviewed were a combined view of Aegon's three propositions. As detailed throughout this section of the report, the experience Aegon members have received has differed quite significantly across the different propositions. The IGC recognises that the ARC and TargetPlan results in isolation would have compared more favourably and Traditional Products in isolation would have compared less favourably.

6. Workplace Pensions Service

Communication and Member Engagement

Communication and Member Engagement Customer Outcomes

'I receive relevant and timely communications about my pension because Aegon holds up to date contact details for me'

'I keep in touch with my long-term savings by making use of the secure portal and app Aegon provides'

'I read, understand and take action on the communications I receive from Aegon because they are

- clear and simple
- in a form that meets my needs
- personalised and proactive – nudging me to engage, and to act when it is in my best interests to do so

'I have access to a wide range of information, education, guidance and advice and I use it to help me make the right choices for me'

'I understand how much I need to save to achieve my goals in retirement and whether I'm on track, by accessing tools, information and education on this topic'

'I understand what protection my pension offers if I die, I have a nominated beneficiary and keep these details up to date'

'The service I receive meets my needs as Aegon take steps to make sure people who have different needs, or need additional support receive an appropriate service. Any developments Aegon makes to its services or communications are designed with inclusivity in mind.'

6. Workplace Pensions Service: Communication and Member Engagement

What is a good outcome for members?

'I receive relevant and timely communications about my pension because Aegon holds up to date contact details for me'

What did we investigate and what did we find?

Members should receive regular updates about their pension, and that's only possible if Aegon has the right contact details - like a valid postal or email address.

We reviewed how well Aegon is doing at keeping member contact details up to date. Here's what we found:

At end of 2024	Valid postal address	Valid email address
Workplace ARC	93%	92%
TargetPlan	91%	51%
Traditional Products	91%	48%

ARC has strong coverage for both postal and email addresses. TargetPlan and Traditional Products have lower coverage, especially for email. Many of these schemes were set up a long time ago, at a time when capturing email addresses wasn't part of a pension provider's approach. Some were also transferred to Aegon from other providers without full contact details.

The Redington exercise showed Aegon compares well for email addresses. However, it also showed Aegon has fewer valid postal addresses than other providers.

To help fix this, Aegon ran a pilot with a new supplier to trace missing contact details for almost 16,000 members, who Aegon had attempted to trace previously without any success. The pilot went well, with new addresses confirmed for around 9% of members included in the exercise. Communications were issued to a further 60% of members to seek confirmation of the new address the tracing supplier had found. Aegon is now using this supplier more widely, and we'll be watching closely to see how these results improve.

Our conclusions

Aegon is taking steps to improve how it keeps in touch with members. We'll continue to monitor how effective these efforts are.

Our challenges to Aegon

Continue to increase the number of members for whom valid contact details are held.

What is a good outcome for members?

'I keep in touch with my long-term savings by making use of the secure portal and app Aegon provides'

What did we investigate and what did we find?

We regularly check how well Aegon is helping members engage with their pensions online – through its secure portal and mobile app.

Online account activation

More than half of Aegon members have now activated their online accounts – the second highest result in the Redington study. At a proposition level, 59% of ARC members have activated their accounts. For TargetPlan and Traditional Products, the figures are lower at 37% and 36% respectively, although all have improved since 2023.

We detailed in last year's report that Aegon had piloted a campaign encouraging ARC members to activate accounts after they had contacted Aegon's customer service team. About one in five of the people who were nudged in this way went on to activate their account for the first time. Aegon plans to extend this campaign to TargetPlan members in 2025. Traditional Products are not yet in scope.

Aegon continued to add new features to online accounts in 2024, including:

- The ability to make a one-off pension contribution for ARC members.
- Notifications for TargetPlan members approaching their target retirement age, helping them to stay on track.

Mobile app usage

The total number of app downloads increased by 38% in 2024, reaching 121,000 – around 10% of ARC and TargetPlan members, up from 6% in 2023. Traditional Products members don't currently have access to an app.

New app features in 2024 included:

- Death benefit nomination – making it easier to manage beneficiaries
- Multi-product access – allowing members to view all their Aegon products in one place
- Educational content – including videos from Pension Geeks
- FAQs and signposting – helping members find support on subjects such as financial wellbeing and responsible investing.

Impact of migration

As detailed in the Customer Service section of this report, some Traditional Products members faced difficulties in accessing Aegon's online services following the system migration. Without access to this service (in some cases this would have been a period of months), members were reliant on calling Aegon for information about their product that they could normally obtain online. The Traditional Products call centre wasn't able to answer all of the calls it was receiving at that time, which compounded matters for those members who couldn't access their product online and were also now finding it challenging to get through to the call centre.

At the same time, Aegon had paused the issuing of annual statements to members while the migration impacts were resolved. As a result, some Traditional Products members would have found themselves challenged to keep in touch with their pension savings. This is a concern for the IGC, and as such has resulted in us downgrading our Value for Money assessment of Communication and Engagement for Traditional Products.

Our conclusions

Aegon continues to support ARC and TargetPlan members in engaging with their pensions through a range of tools and services. The growing number of members activating online accounts and using the app suggests this is effective. However, many have yet to take these steps. While we welcome the improvements for ARC and TargetPlan members, progress for Traditional Products is limited by older systems and delays linked to the system migration. Aegon still has plans to launch a new online portal for these members as part of its modernisation efforts, but this isn't expected until 2026 at the earliest. For Traditional Products, the combination of online services being unavailable, statements being paused and the call centre being unable to answer calls has resulted in us downgrading our assessment to amber.

Our challenges to Aegon

Continue to drive up these key measures of engagement for all members, and deliver on the new online portal for Traditional Products members.

What is a good outcome for members?

'I read, understand and take action on the communications I receive from Aegon because they are

- clear and simple
- in a form that meets my needs
- personalised and proactive – nudging me to engage, and to act when it is in my best interests to do so'

What did we investigate and what did we find?

Redington assessed Aegon's annual statement and other key communications such as it's 'welcome pack' and the communications it sends to members as they approach retirement, most recently at the end of 2023. This assessment considered the reading ease of each communication. The results showed that Aegon's communications were generally in line with other providers in the exercise, but with less graphic design than was evident elsewhere. The assessment also suggested that there was further scope to reduce the use of jargon and to use shorter sentences.

Since then, Aegon has carried out a review of all of its key customer communications. Aegon made adjustments to over 1,000 marketing items and over 2,000 servicing letters and emails – all are now under the governance of a regular review and quality control process. Aegon's tone of voice and commitment to removing or immediately explaining jargon is with the intent of ensuring communications can be understood.

To check how well members understand these updates, Aegon ran in-depth sessions with a panel of its customers on key documents like annual statements and retirement packs. These sessions showed that over 80% of members understood the main messages. Aegon gained some insight into how the wake-up packs in particular could be improved and is now taking forward those changes.

Aegon has a rolling plan to test more communications, and is evolving how it identifies which ones to review next.

Our conclusions

Aegon's core communications are clear and generally well understood by members, with progress made in simplifying language and improving clarity.

We've also encouraged Aegon to make communications more personalised and proactive – for example, by sending reminders or prompts when action is needed. Aegon has shared plans to introduce a new approach to member engagement which aims to do just that. We look forward to seeing how this works in practice.

Our challenge to Aegon

Show us how the new approach improves member engagement – and continue making communications clearer, more personal, and more helpful.

What is a good outcome for members?

'I have access to a wide range of information, education, guidance and advice and I use it to help me make the right choices for me'

What did we investigate and what did we find?

Making decisions about pensions, like how much to save or when to take your money, can be complex. So we looked at the support Aegon provides to help members make informed choices.

Support for employers: Member Insights (MI)

Aegon's Member Insights tool helps employers send targeted messages to members — with open rates of around 40%. Recent improvements include:

- Deferred members – better data to help employers support members who've left the scheme but haven't taken their money.
- Industry comparisons – more data to help employers see how their scheme compares to others.
- Gender pension gap – detailed analysis by age and gender to help employers run campaigns that support women's retirement outcomes. This analysis supports Aegon's report "The Second 50", which highlights the financial challenges many women face in later life.

74% of TargetPlan schemes and 45% of ARC schemes use Member Insights. 18% of Traditional Products schemes use MI data for governance purposes.

For employers who don't use MI, Aegon has improved its ReportZone system to make reporting tools more reliable and easier to use.

Support for members: guidance and advice

- Aegon Assist – a free guidance service which helped more than 11,000 members access their pension pot in 2024, mostly from ARC (67%) and Traditional Products (33%).
- Origen Financial Services – offers a free initial advice session, with the option to pay for further advice.

Other tools and resources

Some tools are only available to members of certain pension types.

	ARC	TargetPlan	Traditional Products
Online statements	✓	✓	✓
Aegon app	✓	✓	X
Live online events	✓	✓	X

In 2024, Aegon ran a number of live sessions, with 50,000 members attending. These included:

- Pension Geeks TV – fun, interactive shows with live Q&A.
- Understand your Aegon pension – expert-led sessions to help members plan for retirement.

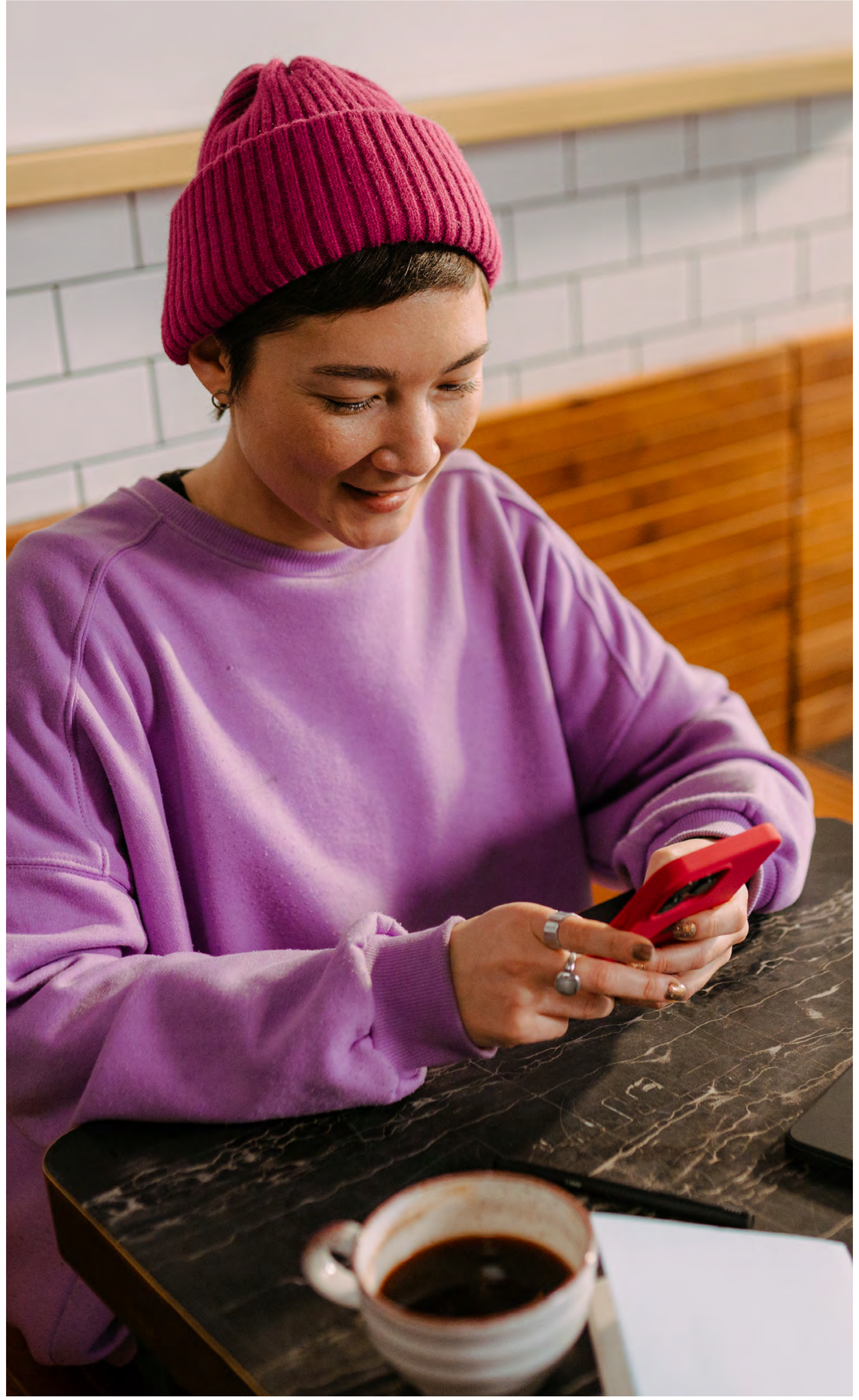
Our conclusions

Aegon offers a wide range of tools, education, and support to help members make informed decisions. The live events and webinars are especially popular.

However, access to some of these services still depends on the type of pension a member has. Traditional Products members currently have fewer options, but Aegon has told us that this should improve once Aegon completes its modernisation work.

Our challenges to Aegon

Once the modernisation work in Traditional Products is complete, present the IGC with a plan as to how Traditional Products members will receive the support they need to make informed choices.



What is a good outcome for members?

'I understand how much I need to save to achieve my goals in retirement and whether I'm on track, by accessing tools, information and education on this topic'

What did we investigate and what did we find?

We looked at how Aegon helps members understand whether they're saving enough for retirement – and what they can do to stay on track.

All three workplace pension types offer modelling tools that let members explore how different choices – like changing contributions, investment options, or retirement age – could affect their future savings. These tools are presented in different formats depending on the pension type.

Members in TargetPlan and ARC also receive personalised video summaries. These short videos give a clear, engaging overview of their pension savings and what they might mean for retirement. In 2024, these videos were viewed around 50,000 times.

These videos are not yet available to members with Traditional Products.

Our conclusions

Members have access to tools that can help them understand and plan for their retirement goals. The personalised video summaries are a particularly engaging way to support this.

We've asked Aegon to provide more evidence on how these tools are being used and whether they're helping members make better decisions along with considering how best to extend innovations to Traditional Products members

Our challenges to Aegon

Continue to improve reporting on how these tools are used – and show how they're helping members understand and manage their retirement savings.

What is a good outcome for members?

'I understand what protection my pension offers if I die, I have nominated a beneficiary and keep these details up to date'

What did we investigate and what did we find?

Letting Aegon know who should receive your pension if you die – by completing a death benefit nomination (DBN) – is a simple but important step. It helps make sure your savings go to the right person, quickly and without complications.

We've asked Aegon to improve how many members complete this step, and to provide better data on progress.

Here's what we know so far:

- ARC: 22% of members have completed a DBN
- TargetPlan: 23% of members have completed a DBN

These figures have improved since Aegon introduced an online nomination form for ARC and TargetPlan members.

For Traditional Products, Aegon can't report the percentage of members with a DBN in place due to system limitations. However, it can show that just over 18,000 new nominations were completed in 2024.

Our conclusions

Introducing an online DBN form for ARC and TargetPlan members is a positive step, but uptake remains low. Aegon currently has no plans to extend this to Traditional Products members, though it is being considered for future development.

Our challenges to Aegon

Keep working to increase the number of members who complete a death benefit nomination.

What did the Redington study say about Aegon's approach to member engagement?

The Redington study found that Aegon is performing well on member engagement, showing improvements across most areas. While all providers are making progress, Aegon has managed to stay ahead of many others – a positive sign that its efforts are making a difference.

What is a good outcome for members?

'The service I receive meets my needs as Aegon take steps to make sure people who have different needs, or need additional support receive an appropriate service. Any developments Aegon makes to its services or communications are designed with inclusivity in mind.'

What did we investigate and what did we find?

We looked at how Aegon supports members who may need extra help – and how it's making its services more inclusive for everyone.

Aegon reviews its vulnerable customers policy every year, including with the IGC, to make sure it's doing the right things for members who need additional support.

All staff are trained to spot and respond to signs of vulnerability. Frontline teams also receive specialist training from the Samaritans, and Vulnerable Customer Champions are on hand to provide extra support when needed.

Aegon offers a range of tailored services, including:

- Large print, braille, audio formats, webchat, and video calls
- Simplified language for people with cognitive impairments
- Support for speech impairments via carers or alternative channels
- Referrals to external agencies for specialist help
- Flexibility in hardship cases to allow early fund access
- Translation support through Aegon's internal language bank

In 2024, Aegon strengthened its focus on customer inclusion, with six key improvements:

- Refreshed training for Customer Care teams
- A survey to check staff confidence in supporting vulnerable customers
- New checks to monitor and improve the experience of vulnerable members
- Local support from trained leads and specialists
- A clear framework for making fair decisions in complex cases
- A new system to help identify and prioritise vulnerable customers

Our conclusions

Aegon is taking meaningful steps to support members with different needs. But creating a truly inclusive service means going further – especially in how services, communications, and digital tools are designed from the start. We've seen progress, but more is needed.

Our challenge to Aegon

Show us how this renewed focus on inclusion is making a real difference for members – and continue to build services that work for everyone.

7. Investment Pathways

Costs and Charges

Costs and Charges Customer Outcomes

'The price I pay to invest and draw on my savings during retirement is competitive and reflects the value of the services I receive'

7. Investment Pathways: Costs and Charges

What is a good outcome for members?

'The price I pay to invest and draw on my savings during retirement is competitive and reflects the value of the services I receive'

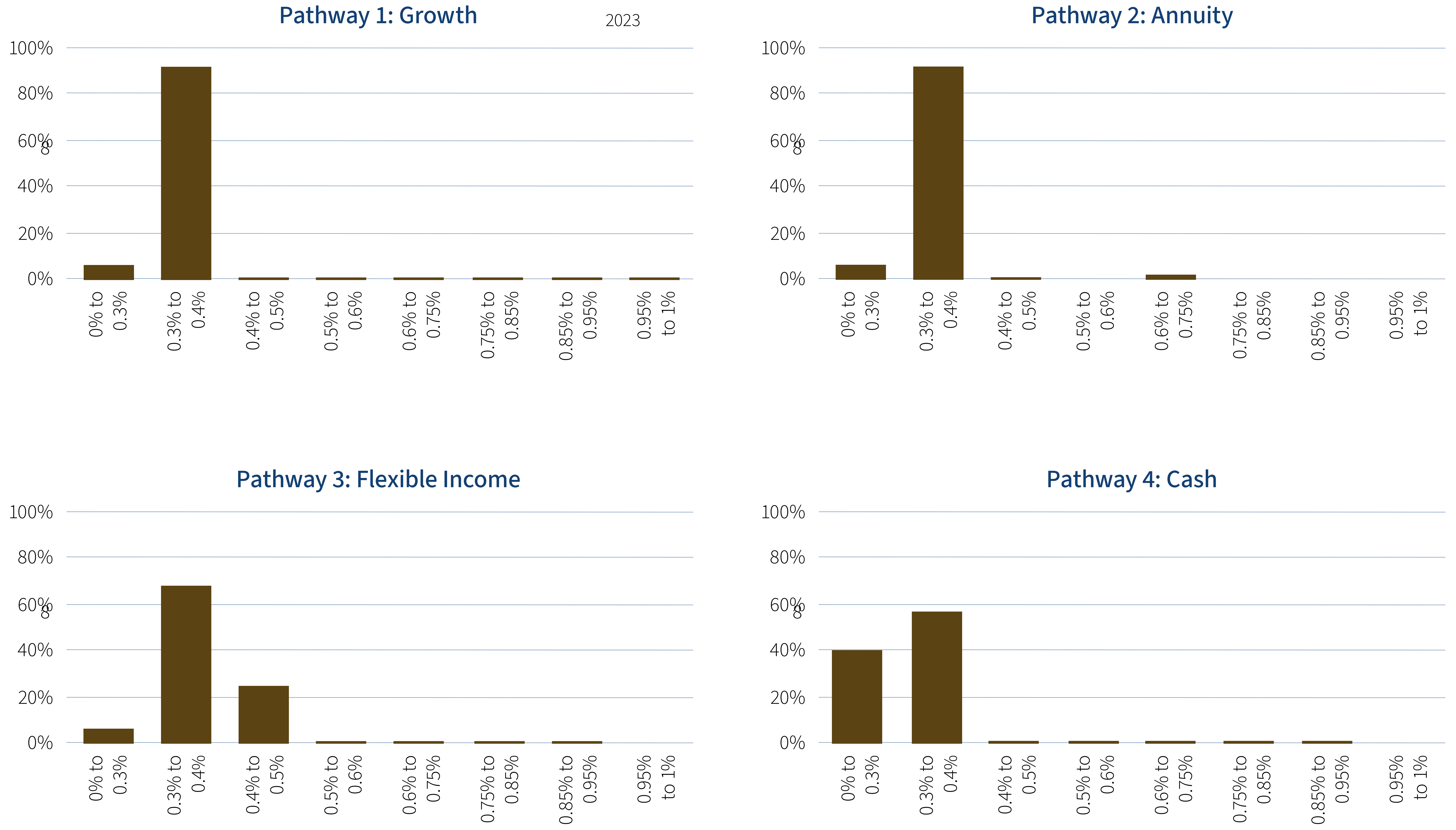
What did we investigate and what did we find?

We found that 90% of all of Aegon's Pathway customers are charged less than 0.4%, largely as a result of most of Aegon's Pathway customers accessing drawdown through Aegon One Retirement, where they pay a total charge of 0.36% annually.

As reported last year, we had identified a set of circumstances that resulted in some former Traditional Products customers who moved into drawdown being charged more than other customers. The number of instances was small (less than 200 customers), but Aegon recognised this was not the right outcome. In 2024, Aegon confirmed to us that it intends to update the process so the circumstance can't reoccur, and lower the price being paid by the specific cohort of customers affected.

Aegon continues to be the only provider to take part in the Redington

% of customers in each charge band, by Pathway



survey that charges customers a fee (£75) in each year that they take an income from their plan. Taking this into account, and assuming that all Aegon Pathway customers pay this fee each year (which we know from previous analysis they don't), Aegon would still be one of the lowest cost providers for pot sizes of £25k upwards. Aegon is one of the most expensive for pot sizes up to £15k, but only if an income is being taken and the income fee being paid. Previous analysis presented to the IGC by Aegon showed that around 5% of Aegon's Pathway customers would fall into this bracket.

Our conclusions

Aegon's charges are typically lower than the average, and is one of the lowest cost providers for customers with more than £25k (including those paying the £75 income fee). Aegon is one of the most expensive for customers with pot sizes up to £15k and paying the £75 income fee.

We identified a cohort of former Traditional Products customers who were being charged more than others when they moved into drawdown, and Aegon is taking action to address this.

Our challenge to Aegon

Complete the actions that will rectify charge levels for the small number of impacted customers (as detailed above).

8. Investment Pathways

Investments

Investments Customer Outcomes

‘My retirement savings are invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds’

‘I am using the right approach/product to draw on my pension savings, in line with my needs and plans’

‘My savings are with a provider that has a policy on ESG factors, which it implements as intended, and which sets out clearly how it takes financial and non-financial considerations into account in its investment strategy and decision making. Its approach to stewardship is clear'.

8. Investment Pathways: Investments

What is a good outcome for members?

'My retirement savings are invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds'.

What did we investigate and what did we find?

By the end of 2024, the Investment Pathway funds had been available for three full years. The Investment Pathway funds are designed to provide a simple way for non-advised customers to match their investment approach to the way they plan to use their pension savings.

Aegon has two sets of Pathway solutions, one solution serving investors in Aegon Retirement Choices (ARC) platform and Traditional Products and the other for TargetPlan investors. There are different pre-retirement phases and different funds offered to each investor group, so there are slight variations in the design and implementation of the Pathways to match. The overall objectives and aims of the Pathway solutions remain consistent across both sets of funds. The underlying funds held for each Pathway are shown here:

	ARC Platform	TargetPlan Platform
Investment Pathway 1 – I have no plan to touch my money	Aegon Workplace Default Retirement	LifePath Flexi Undated
Investment Pathway 2 – I plan to use my money to set-up a guaranteed income	SE Annuity Target	BlackRock Pre-Retirement Fund
Investment Pathway 3 – I plan to start taking my money as a long-term income	Aegon Workplace Default Retirement	LifePath Flexi Undated
Investment Pathway 4 – I plan to take out all my money as cash	SE Cash	ICS Sterling Liquidity

8. Investment Pathways: Investments

By the end of 2024, 9,587 investors were using one of Aegon's Pathways. That's around 3,600 more than in 2023. The table below shows the number of investors in each Investment Pathway.

Investment Pathway	Total
Investment Pathway 1: Aegon Growth Pathway	4,087
Investment Pathway 2: Aegon Annuity Pathway	253
Investment Pathway 3: Aegon Flexible Income Pathway	2,990
Investment Pathway 4: Aegon Cash Pathway	2,257

Pathway 1 continues to be the most selected option and Pathway 2 remains the least selected. 79% of all Pathway investors have less than £100,000 in their pot (compared to 83% in 2023) and 29% of investors have less than £25,000 (compared to 32% in 2023).

A summary of performance return (%) 1 Year:

The following summarises annual performance after investment charges as at 31 December 2024 across all Investment Pathway options offered across each Aegon platform. The underlying solutions for ARC and Traditional Products Investment Pathways are the same.

Investment Pathway 1: Aegon Growth Pathway

ARC and Traditional Products: 3.54%

TargetPlan: 7.08%

Both Pathways 1 and 3 (which use the same underlying fund) had positive performance in 2024, particularly driven by US equities, however both Pathways have underperformed the peer group.

For ARC and Traditional Products - The Redington study showed that over one and three-year periods, performance for Aegon's Pathway 1 was the lowest of the seven providers that participated in the study. The fund had lower equity allocation and less asset class diversification than peers.

Aegon reported that the fund began to underperform competitors in the latter half of 2024, and was reviewing potential actions to address this. It will continue monitor comparative performance and provide an update to the IGC on any potential changes to the fund in 2025.

For TargetPlan - The one-year performance shows a recovery, although three-year performance figures remain impacted by volatile markets over the period. Aegon believes the changes implemented by the fund manager throughout 2023 will support improved member outcomes.

Although data was not submitted to Redington, Aegon also benchmarked the performance of the TargetPlan Pathways against the study which showed that the TargetPlan Pathway performed close to the median in the peer group over the one-year period but was the lowest performer over the three-year period.

Investment Pathway 2: Aegon Annuity Pathway

ARC and Traditional Products: -8.28%

TargetPlan: -3.85%

Pathway 2 still struggled in 2024 as bonds generally saw more muted performance against a backdrop of stubborn inflation and high interest rates. Aegon confirmed that it is comfortable the funds are performing as designed to meet the objective of purchasing an annuity at retirement.

For ARC and Traditional Products – Past performance remains the lowest in the Redington study over one and three-year periods. As outlined on page 21, the IGC has continued to raise concerns about the fund used for Pathway 2 and changes were made to the fund to address this towards the end of 2024. The IGC will be monitoring to see that the asset allocation changes improve returns over the next year and beyond as Aegon expects to see this reflected in performance from 2025 onwards.

For TargetPlan – The TargetPlan Pathway already has a more diversified asset allocation which led to better returns than ARC and Traditional Products. The additional benchmarking exercise showed that the TargetPlan Pathway performed close to the median in the peer group over the one-year period and slightly above the median over the three-year period.

8. Investment Pathways: Investments

Investment Pathway 3: Aegon Flexible Income Pathway

ARC and Traditional Products: 3.54%

TargetPlan: 7.08%

Redington found that when compared to other participants in the study, Aegon had lower asset class diversification and performance was the lowest in the study over one and three-year periods for ARC and Traditional Products. The additional benchmarking showed the TargetPlan Pathway performed close to the median in the peer group over the one-year period and was the lowest performer over the three-year period. The underlying fund for Investment Pathway 3 is the same as Investment Pathway 1 across all platforms, so the same commentary applies.

Investment Pathway 4: Aegon Cash Pathway

ARC and Traditional Products: 5.23%

TargetPlan: 5.33%

For all investors in Pathway 4, the high-interest rate environment continued to result in positive returns throughout 2024. Most main central banks began cutting rates in 2024. Aegon is comfortable that performance is reasonable in line with the interest rate environment.

For ARC and Traditional Products - The Redington report found that Aegon's 100% allocation to cash has been successful. Performance over the one-year period was above the median in the study, and Aegon had the joint highest gross returns over the three-year period.

For TargetPlan - The additional benchmarking exercise showed that the TargetPlan Pathway was also amongst the highest performers in the study.

Overall, while returns for Pathways 1 and 3 have been positive over 2024, performance has remained behind peers. The Redington study noted that with the exception of Pathway 2, there were no material asset allocation changes over the year. Performance for Pathway 2, the Annuity Pathway, remained negative and behind peers, although Aegon has already taken action to address performance concerns. Aegon is also working with BlackRock on making changes to the LifePath fund range which will impact TargetPlan Pathway investors. Pathway 4 performed well and was ahead of peers.

Our conclusions

The TargetPlan Pathways performed in line with or ahead of comparators over 2024. The ARC and Traditional Products Pathways delivered positive returns for three of the four Pathways, but this still compared poorly with comparators, with the lowest performance figures in the Redington survey. Aegon took action to address the performance concerns for Pathway 2, and we will be monitoring for improvements throughout 2025. The IGC has also discussed the performance relative to peers of Pathways 1 and 3 on ARC and Traditional Products and understand that Aegon is reviewing potential actions to improve outcomes in 2025.

Our challenges to Aegon

- We expect to see that the asset allocation changes made to the fund used for Pathway 2 on ARC and Traditional Products deliver the improved returns expected.
- We expect Aegon to take steps to improve the relative performance of the fund used for Pathways 1 and 3 on ARC and Traditional Products.

What is a good outcome for members?

'I am using the right approach/product to draw on my pension savings, in line with my needs and plans'.

What did we investigate and what did we find?

The table below shows how Aegon's investors use each Pathway as at the end of December 2024:

Investment Pathway	Aegon's proportion of investors in each pathway (%)
Investment Pathway 1: Aegon Growth Pathway You have no plans to touch your money in the next five years	43%
Investment Pathway 2: Aegon Annuity Pathway You plan to use your money to set up a guaranteed income (annuity) in next five years.	2%
Investment Pathway 3: Aegon Flexible Income Pathway You plan to start taking your money as a long-term income within the next five years	31%
Investment Pathway 4: Aegon Cash Pathway You plan to take out all your money within the next five years	24%

These figures appear to be in line with member behaviour at retirement, with annuity purchase being the least popular choice.

Our conclusions

It is still too early to judge whether or not actual investor behaviour matches the targeted outcome for each Pathway. However, over the coming year, Pathways will approach their 5-year anniversary – we would like Aegon to have provided us with a thorough assessment before this point.

Our challenges to Aegon

- Present analysis of actual investor behaviour vs. targeted outcome for each Pathway around the time of the fifth anniversary of Investment Pathways.
- Demonstrate how members are prompted to keep their original choices under review and any actions that have followed these prompts.

What did the Redington study say about Investment Pathway solutions?

Aegon's ARC and Traditional Products Pathways had the lowest performance amongst peers over one and three-year periods, with the exception of Pathway 4. Aegon has addressed this with asset allocation changes for Investment Pathway 2 and is reviewing potential actions to improve outcomes for the fund used for Pathways 1 and 3 on ARC and Traditional Products.

The 100% cash allocation was highlighted for Pathway 4 which had the joint highest gross returns in the study over one and three-year periods.

Although data was not submitted to Redington, Aegon also benchmarked the performance of the TargetPlan Pathways against the study which showed that TargetPlan Pathways have performed in line with or ahead of comparators over the one-year period. Over the three-year period, performance for Pathways 1 and 3 remained behind peers and performance for Pathways 2 and 4 was at the top of the peer group.

What is a good outcome for members?

'My savings are with a provider that has a policy on ESG factors, which it implements as intended, and which sets out clearly how it takes financial and non-financial considerations into account in its investment strategy and decision making. Its approach to stewardship is clear'.

What did we investigate and what did we find?

We continued to receive regular updates on Aegon's approach to ESG and responsible investment. Aegon's Responsible investment policy applies to all funds used for the Pathways and is reviewed annually. The policy outlines Aegon's approach to ESG factors and sets out how they consider both financial and non-financial considerations, such as climate change. Aegon's Stewardship report was published in May 2024, and they were accepted as a signatory to the FRC's Stewardship Code for the second year. Aegon has also been recognised by InfluenceMap as an industry leader for its stewardship approach, including fund manager monitoring and direct policy lobbying.

In 2024, there have been no major ESG developments in Pathways 1 and 3. The underlying funds for these Pathways continue to integrate ESG into the fund management by using ESG screens and tilts. ESG exposure has continued to increase in line with investment growth.

In our last report, we outlined Aegon's research into the Aegon BlackRock Liquid Environmentally Aware Fund (LEAF) as a possible investment option for TargetPlan Pathway 4. We understand that Aegon is still considering implementation and development priorities for TargetPlan, focusing on the LifePath funds which are used for Pathways 1 and 3. The LEAF proposal will be reassessed in 2025.

Our conclusions

The IGC has reviewed and is satisfied that Aegon has a policy on ESG factors and has implemented this as intended and has a clear approach to stewardship.

Our challenges to Aegon

We are pleased to see that Aegon perform strongly in this area and look forward to future updates.

What did the Redington study say about Investment Pathway solutions?

Aegon's ARC and Traditional Products Pathways had the lowest performance amongst peers over one and three-year periods, with the exception of Pathway 4. Aegon have addressed this with asset allocation changes for Investment Pathway 2 and are reviewing potential actions to improve outcomes for the fund used for Pathways 1 and 3 on ARC and Traditional Products.

The 100% cash allocation was highlighted for Pathway 4 which had the joint highest gross returns in the study over one and three-year periods.

Although data was not submitted to Redington, Aegon also benchmarked the performance of the TargetPlan Pathways against the study which showed that TargetPlan Pathways have performed in line with or ahead of comparators over the one-year period. Over the three-year period, performance for Pathways 1 and 3 remained behind peers and performance for Pathways 2 and 4 was at the top of the peer group.

9. Investment Pathways Service

Customer Service

Customer Service Customer Outcomes

‘My requests and instructions are acted on promptly and accurately, in line with my expectations’

‘Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members’

9. Investment Pathways Service: Customer Service

What is a good outcome for members?

‘My requests and instructions are acted on promptly and accurately, in line with my expectations’

What did we investigate and what did we find?

We analyse the regular customer service reporting Aegon provides to ensure any Investment Pathways specific issues are identified.

As documented in section 5 of this report, we know that across 2024 the key service indicators were ahead of target in almost every month of the year in ARC and TargetPlan (which is where all Investment Pathways customers sit).

In addition, we asked Aegon to identify whether there were any Investment Pathways specific issues within the data it reviews. Aegon found that there were no Pathways specific issues documented in any of the complaints or NPS survey responses it had received from Pathways investors. There was however an increase in the number of complaints being received – we look at this in greater detail under the next outcome.

Aegon has continued to provide us with a breakdown of the service levels experienced specifically by Pathways customers. Most core processes were completed within the timescales promised by Aegon, and the key contact centre measures also met their targets, and were an improvement on 2023.

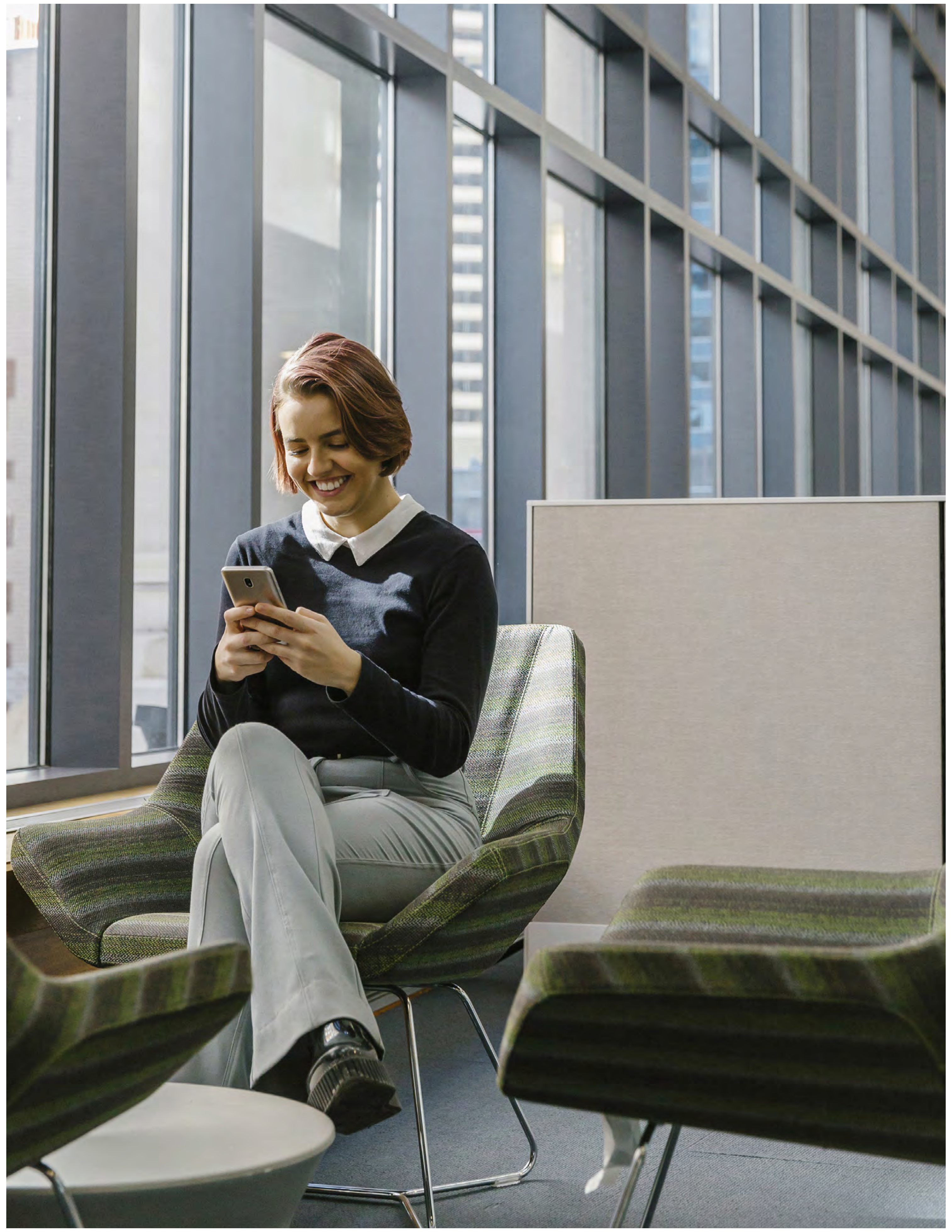
One area of concern to come out of last year’s Redington survey, was the relatively low percentage of Pathway bereavement claims Aegon was resolving within the target dates it sets itself. Over 2024, Aegon was able to reduce the average time taken to close a bereavement claim by around 30%. The average time taken is now in line with the comparators in the Redington survey, although we continue to challenge Aegon to improve the parts of this process that are in its control.

Our conclusions

Our analysis suggests that members using Aegon’s Investment Pathways received an acceptable level of service in 2024.

Our challenge to Aegon

Maintain the levels of service seen throughout 2024.



What is a good outcome for members?

'Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members'

What did we investigate and what did we find?

Aegon presented the IGC with data on the complaints received from Investment Pathway customers. As detailed in the previous outcome, none of the issues reported were specific to Investment Pathways.

However, there was a sizeable increase in the number of complaints received from Pathways customer compared to previous years.

The analysis Aegon provided us with showed that around two thirds of these complaints were in relation to customers withdrawing money, and that most of those were as a result of timelines not meeting customers' expectations.

As detailed in section 5 of this report, Aegon has been carrying out root cause analysis of its complaints, and has taken action to address this particular issue:

- Changes to streamline the process, by introducing new means of accepting the required documentation.
- Introduced leaflets that are now shared with members at the start of the money out process, that explain how the process will work and how long it's likely to take.
- Introduced automated messages that go out to members at key points of the money out journey to manage members expectations on when they can expect to receive their money.
- Running a pilot exercise where biometric member identification and bank account verification were carried out digitally, again reducing the need for original documentation in the mail. The pilot had good results, with the solution since being rolled out further.

As a result of these changes, Aegon has seen the following improvements in the numbers of complaints received in Q4-24 compared to Q4-23:

- A 16% reduction in complaints about identity and bank account verification
- A 30% reduction in complaints about members not being updated throughout the process
- A 62% reduction in complaints about Aegon's forms
- A 40% reduction in complaints about the process taking too long

We also challenged Aegon in last year's report to improve the timeliness of dealing with customer complaints. Aegon has confirmed to us that the average time taken to resolve a complaint in 2024 was 48 days, which is 25% lower than it had been in 2023.

Our conclusions

The rise in complaint numbers in 2024 is a concern, however we're encouraged by the action Aegon has taken to address the issues raised, and look forward to seeing the positive impacts of them.

Our challenges to Aegon

Reduce the number of complaints being received by Pathways customers, especially in relation to money out requests.

10. Investment Pathways Service

Communication and Member Engagement

Communication and Member Engagement Customer Outcomes

‘I receive the information, advice and support that I need at the right time and in the right form to help me make the right investment pathway choice for me’

‘I am drawing a sustainable income from my savings or understand the implications if I am drawing more than this’

10. Investment Pathways Service: Communication and Member Engagement

What is a good outcome for members?

'I receive the information, advice and support that I need at the right time and in the right form to help me make the right investment pathway choice for me'

What did we investigate and what did we find?

Aegon's Investment Pathways support non-advised members moving into drawdown.

Aegon Assist provides guidance, handling over 9,000 calls per quarter, including around 2,800 guided conversations which lead to members taking their benefits. NPS results from these calls are consistently high, suggesting this is a service Aegon customers value greatly.

If members feel they need more than guidance at this point in their retirement journey, they can access financial advice though Origen Financial Services (owned by Aegon UK), which members pay for separately as they would if they found their own adviser.

The core communications Aegon issue to Pathway customers (annual statement, annual drawdown illustration, Pathway setup communication, and the communication of the risk profile of each Pathway and assumed member actions) were all assessed by Redington at the end of 2023. Redington scored Aegon's communications above the survey average for readability, however Aegon made less use of graphics than most.

Aegon is continuing to enhance the retirement journey for TargetPlan members, aligning its digital communications with ARC.

Our conclusions

Aegon's communications for Pathway customers score well, and the NPS scores received from customers who have been in touch with Aegon Assist continue to be high.

Our challenge to Aegon

Share with the IGC the progress on the TargetPlan member retirement journey initiative, and the impact it has.

What is a good outcome for members?

'I am drawing a sustainable income from my savings or understand the implications if I am drawing more than this'

What did we investigate and what did we find?

Aegon's analysis of income levels has shown that since our last report, there has been no notable increases to the average monthly income amount customers are taking, or to the average monthly income taken as a percentage of the average fund value. Aegon hasn't identified any concerns on the basis of this analysis.

Our conclusions

Aegon's analysis hasn't presented us with any concerns over the levels of income being taken.

11. Feedback

Feedback from members and employers

11. Feedback from members and employers

The feedback you provide to Aegon and directly to the IGC is critical as it helps us understand where Aegon is doing well, and where improvements are needed. This helps us to prioritise our focus and areas of challenge throughout the year.

Towards the end of 2024, we had the opportunity to meet with two employers whose pension schemes are with Aegon. The two schemes combined have over 12,000 members, and almost £500m invested. Conversations like these are invaluable as they give us direct and unfiltered feedback from those who use the services Aegon provide. Both employers were generally satisfied with their pension arrangements, but provided some specific points of feedback.

Both employers mentioned complaints their members had raised with Aegon – generally around retirement and other money out processes. As detailed in the customer service sections of this report, Aegon has carried out root cause analysis into such complaints, and taken a number of steps already to mitigate the risk of such issues reoccurring.

Given Aegon has workplace pensions across three different propositions, the employers were also keen to make sure ‘their’ proposition was receiving the same level of development resource as others. From the updates Aegon has given us throughout the year, we don’t believe that any of the propositions are treated as less of a priority by Aegon. However, the three propositions are all different, with different technologies behind them and quite varied histories. As a result, Aegon is often prioritising different things on different propositions, to meet the needs specific to each.

As always, we’d be delighted to hear from employers and to discuss their experience of working with Aegon and what more they think Aegon can do to help their employees engage with and improve their financial wellbeing.

And of course, we are always keen to hear directly from you, Aegon’s customers. If you would like to share your thoughts on the experiences you have with Aegon and tell us what can be done to improve outcomes for you, then please contact us using the details on this page.

How to contact Aegon if your query is for them

Follow the link below to find the right contact details for you.

Aegon support – contact us

Or in writing to:

Freepost RUCB-LJKR-HHBU
Aegon
Sunderland
SR43 4DU

Or by email:

igc@aegon.co.uk

Our email system and the way we deal with data internally is secure. However, we’re unable to ensure the security of emails before they reach us so please consider this and do not include any personally sensitive, financial or banking information that has not been appropriately secured.

Appendix 1

Our approach

Appendix 1: Our approach

The Financial Conduct Authority – the regulator which oversees our work - expects IGCs to judge the value for money delivered to customers by workplace pensions providers in the context of:

- the level of charges and costs paid by members;
- investment performance; and
- the quality of services.

The last of these is a broad category which includes judging the extent to which:

- communications are fit for purpose and take into account the characteristics, needs and objectives of customers;
- core transactions are processed promptly and accurately;
- default investment strategies are designed and executed in the interest of customers; and
- the provider regularly reviews the characteristics and net performance of investment strategies to ensure they are aligned with the interests of customers and take appropriate action as a result.

The scope for the IGC includes both those customers who are building up pensions savings with a provider, as well as those who are drawing down on them with that provider via one of the FCA's prescribed Investment Pathways.

The IGC is also expected to consider and report on:

- the adequacy and quality of Aegon's policy in relation to ESG financial considerations;
- the adequacy and quality of Aegon's policy in relation to non-financial matters;
- how these two matters are taken into account in Aegon's investment decision making; and
- the adequacy and quality of Aegon's policy in relation to stewardship.

Aegon has a Responsible Investment policy which covers these points, which we report on in section 4 of this report.

We have taken all of these into account in the judgements and activities we set out on in our overall Value for Money assessment and throughout this report.

We have also built on these broad headings with a set of member outcomes statements. These statements help us to consider these requirements from an individual customer's point of view, and how they affect them throughout the time that they are building up, and then drawing down on their pension savings. We use the statements to help focus our agenda and to set out where we are looking for evidence from Aegon. Together, the categories set out by the FCA and our member outcome statements make up our Value for Money Framework, which we use to structure our report.

In many cases, we need to be able to judge value by making comparisons. In other words, how do the costs customers are paying, or the performance of investments, compare with those from other pension companies? As a result, we are increasingly looking for comparable information about similar products from other companies. That is why, this year, we have again joined a number of other IGCs in participating in a comparative study conducted by the pensions consultancy, Redington. With over 2.5 million Aegon customers in scope for the IGC, we make use of cohorts of employer pension arrangements and cohorts of Pathway investments to make these comparisons. We have set out the key points from the Redington study throughout this report, and used the results to help inform our conclusions.

Appendix 1: Our approach

Our Value for Money framework

Value for Money category	What is a good outcome for members?
Costs and charges	‘The overall price I pay to build up my pension savings is competitive and reflects the value of the services I receive’.
Investments	‘My savings are invested in funds that deliver a competitive return, in line with or ahead of their objectives and other comparable funds’ ‘My savings are invested in line with: my attitude to risk; and my income plans and needs in retirement.’ ‘My savings are with a provider that has a policy on ESG factors, which sets out clearly how it takes financial and non-financial considerations into account in its investment strategy and decision making. Its approach to stewardship is clear’.
Service: customer service	‘My requests and actions are acted on promptly and accurately, in line with my expectations.’ ‘Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members.’

Our Value for Money framework

Value for Money category	What is a good outcome for members?
Service: communication and member engagement	'I receive relevant and timely communications about my pension because Aegon holds up to date contact details for me.' [Workplace] 'I keep in touch with my long-term savings by making use of the secure portal and app Aegon provides' [Workplace] 'I read, understand and take action on the communications I receive from Aegon because they are: • clear and simple • in a form that meets my needs • personalised and proactive – nudging me to engage, and to act when it is in my best interests to do so' [Workplace] 'I have access to a wide range of information, education, guidance and advice and I use it to help me make the right choices for me' [Workplace] 'I understand how much I need to save to achieve my goals in retirement and whether I'm on track, by accessing tools, information and education on this topic' [Workplace] 'I understand what protection my pension offers if I die, I have a nominated beneficiary and keep these details up to date' [Workplace] 'The service I receive meets my needs as Aegon take steps to make sure people who have different needs, or need additional support receive an appropriate service.' [Workplace] 'I receive the information, advice and support that I need at the right time and in the right form to help me make the right investment pathway choice for me' [Investment Pathways] 'I am drawing a sustainable income from my savings or understand the implications if I am drawing more than this' [Investment Pathways]

Green	We have no material concerns about the Value for Money received by members.
Amber	We have identified some areas for improvement, that may be impacting the overall Value for Money received by some members.
Red	We have identified areas for improvement that are impacting the overall Value for Money received by most members, or have very material concerns that are impacting some members.

Appendix 2

Aegon's IGC members

Appendix 2: Aegon's IGC members

Aegon's IGC is chaired by ZEDRA Governance Limited, acting through Alison Bostock as its nominated representative. Including the Chair, it is made up of five members; three independent members and two Aegon appointed members.

Independent chair: Alison Bostock, Director of ZEDRA Governance Ltd (ZEDRA), nominated representative of ZEDRA

Alison joined ZEDRA (formerly PTL Governance Ltd) as a full-time professional trustee in 2015, after a 25-year career in pensions consultancy as an actuary. Alison acts as a trustee to a number of DB and DC pension schemes, and previously served for 8 years on ZEDRA's Governance Advisory Arrangement, which acts as an IGC to assess value for money for the workplace pension schemes of a large number of smaller providers. Alison holds the PMI Certificate in DC Governance and is an accredited professional trustee. She was also appointed as ZEDRA's representative on the Board of the Aegon Master Trust on 1 December 2018.

Independent member: Helen Parker

Helen's career has been spent championing consumers' interests, first in executive roles and now as a non-executive. She was a member of the senior leadership team of Which? for more than a decade – as Editorial Director, then Policy Director and finally Deputy CEO. Helen's non-executive roles have included serving as the Deputy Chair of the Financial Services Compensation Scheme and as a non-executive director of the Infected Blood Compensation Authority. She is also a member of Pay.UK's End User Advisory Council, and is a member of the Board of the Aegon Master Trust.

Independent member: Ramona Tipnis, nominated representative of Capital Cranfield

Ramona joined Capital Cranfield in 2022 and has been a professional trustee since the beginning of 2020. Since accepting her first role as a trustee in 2011, Ramona has successfully applied over 20 years of experience in investment management and analysis. Her expertise is strengthened by a 5-year tenure as Head of Investor relations at a major national retailer. Ramona is an experienced Chair and co-trustee across DB, DC and hybrid schemes. Her previous involvement with the ZEDRA Governance Advisory Arrangement has provided her with a deep understanding of value for money assessments necessary for workplace schemes and investment pathways. Additionally, Ramona holds accreditation as a Professional Trustee from the Association of Professional Pension Trustees.

Aegon appointed member: Andy Manson, Chief Marketing Officer Aegon UK

Andy is Chief Marketing Officer at Aegon. He is responsible for the development and marketing of propositions across workplace and wealth channels. Andy has over 25 years of experience in the industry across a range of marketing, operations and distribution roles. He joined Aegon from KPMG in 2016 where he was a management consultant working with insurers, advisers and asset managers to drive strategic change. Prior to this, Andy held a number of senior roles at Standard Life. Andy brings a deep understanding of Aegon's business and its ambition to transform member outcomes embedding financial wellbeing at the heart of its business. He is ensuring that the products Aegon offer deliver value for money and that the right communications are in place to connect all members with their savings to help them get the most out of it.

Aegon appointed member: Alan McBride, Deputy Chief Actuary and With Profits Actuary, Aegon UK

As With-Profits Actuary Alan advises the Aegon UK Board on the investment strategy and financial management of Aegon's with-profits fund and is responsible for ensuring the fair distribution of the fund's assets to its invested policyholders. As Deputy Chief Actuary Alan helps oversee Aegon UK's capital, liquidity, and solvency, ensuring that the organisation remains financially secure for the long-term. With 29 years of industry experience Alan has a deep understanding of pensions and investments, having held senior actuarial, pricing and finance roles with UK life and pensions product providers. Alan is focused on ensuring Aegon achieves good outcomes for its customers and that its workplace pensions and pathway investments give value for money.

Appendix 2: Aegon' s IGC members

Experience and Expertise

We have concluded that, through initial and ongoing assessment of our individual experience and expertise, we collectively have sufficient experise, experience and independent to act in relevant policyholders' interests.

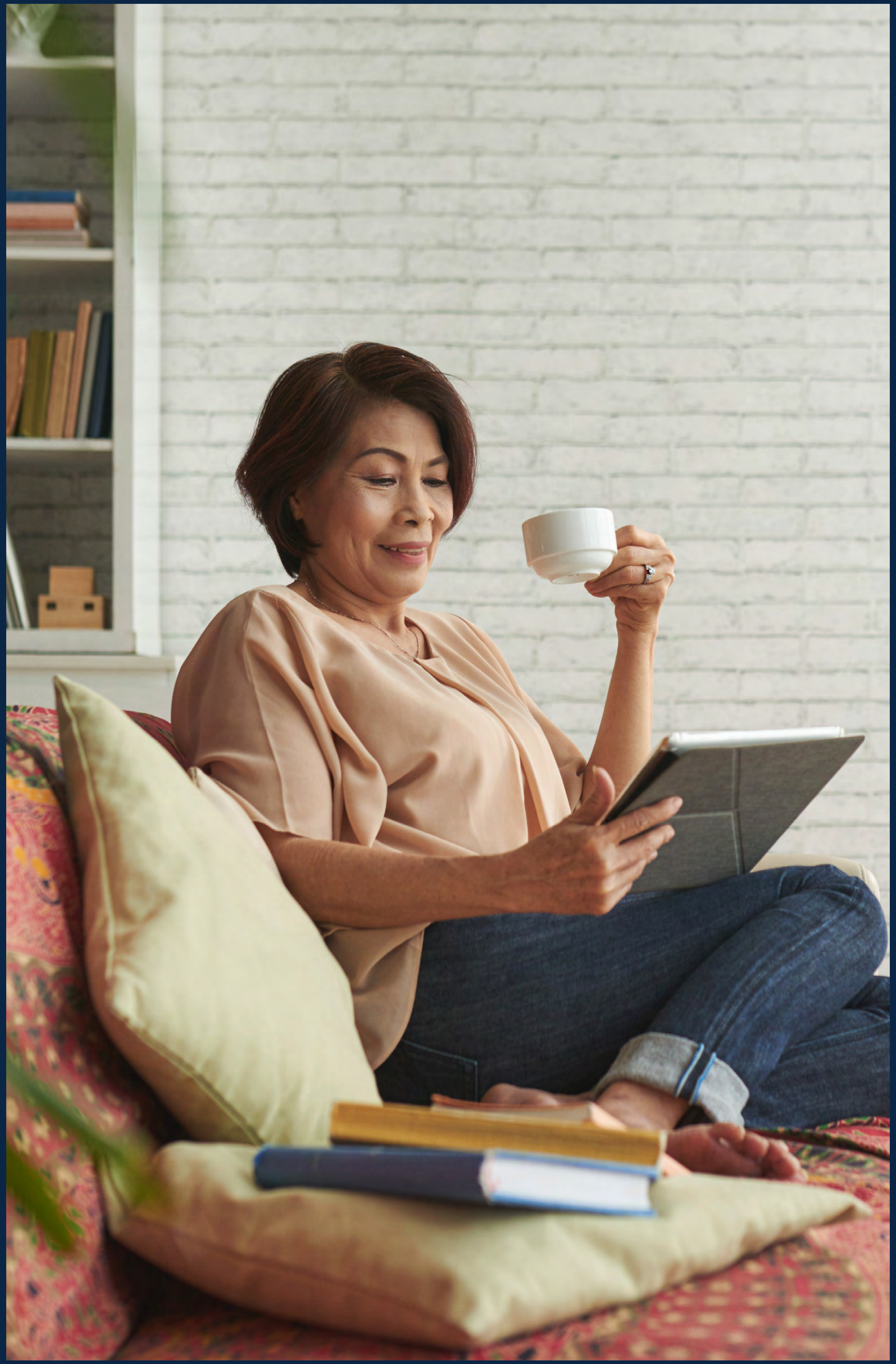
Independence

The independent members of Aegon's IGC fulfil the FCA requirements to be demonstrably independent of Aegon. None are, or ever have been employees of Aegon UK or of a company within the Aegon group. None are or have been paid by them for any role other than as an IGC member or since ZEDRA Governance Limited (formerly PTL Governance Ltd) was appointed to the Board of the Aegon Master Trust on 1 July 2018 and since Helen Parker was appointed as Trustee on 13 May 2020 in respect of which their fees are paid by Scottish Equitable as Sponsoring Employer and Scheme Founder of the Aegon Master Trust. (The FCA rules explicitly acknowledge that there may be benefits in a trustee of a master trust operated by a group also being a member of the group's IGC). They have never had any material business relationship with any company within the Aegon group.

The corporate members, ZEDRA Governance Limited and Capital Cranfield, do not have any actual or potential conflicts of interest and neither do their nominated representatives.

The IGC can therefore confirm that it meets the independence requirement, taking in to account the relevant Financial Conduct Authority guidance.

Aegon has confirmed it also regards its independent IGC members as meeting the independence requirements and will continue to review this, taking appropriate action if it considers that they are not.



Appendix 3

Aegon's own default fund performance

Appendix 3: Aegon's own default fund performance

Fund Name	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Universal Lifestyle Collection (ARC & Trad Prods)	12.85	8.06	11.83	8.06	3.83	1.62	2.90	1.62	6.71	3.94	5.75	3.94
Balanced Lifestyle (ARC & Trad Prods)	9.35	8.06	8.47	8.06	1.63	1.62	0.82	1.62	5.88	3.94	5.04	3.94
Aegon Growth Tracker (Flexible Target) (ARC & Trad Prods)	9.72	12.11	8.66	12.11	3.74	4.13	2.75	4.13	5.63	6.58	4.62	6.58
Aegon Default Equity & Bond Lifestyle (ARC)	9.72	N/A	N/A	N/A	3.74	N/A	N/A	N/A	5.63	N/A	N/A	N/A
Aegon Workplace Default (ARC)	9.76	N/A	N/A	N/A	3.77	N/A	N/A	N/A	5.72	N/A	N/A	N/A
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) (TargetPlan)	18.22	N/A	N/A	N/A	6.59	N/A	N/A	N/A	9.78	N/A	N/A	N/A

Appendix 3: Aegon's own default fund performance

Fund Name	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Aegon 50/50 Global Equity Index Lifestyle (ARC)	9.72	9.92	N/A	N/A	5.84	5.74	N/A	N/A	6.99	6.87	N/A	N/A
Universal Balanced Collection (annuity target) (ARC & Trad Prods)	12.86	8.06	11.83	8.06	3.84	1.62	2.90	1.62	6.72	3.94	5.75	3.94
Universal Balanced Collection (flexible target) (ARC & Trad Prods)	12.86	8.06	11.84	8.06	3.84	1.62	2.90	1.62	6.72	3.94	5.75	3.94
Ethical Managed Lifestyle (Trad Prods)	N/A	N/A	5.86	7.21	N/A	N/A	-2.17	2.87	N/A	N/A	1.34	3.34
Ethical Managed (flexible target) (ARC & Trad Prods)	6.53	7.21	5.86	7.21	-1.55	2.87	-2.17	2.87	1.98	3.34	1.34	3.34
Ethical Lifestyle (ARC & Trad Prods)	7.53	9.47	6.77	9.47	-1.28	5.83	-1.97	5.83	2.45	4.81	1.73	4.81
Aegon BlackRock Consensus Lifestyle (ARC & Trad Prods)	8.64	8.06	7.60	8.06	3.70	1.62	2.71	1.62	5.73	3.94	4.72	3.94

Appendix 3: Aegon's own default fund performance

Fund Name	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Stakeholder default (Trad Prods)	N/A	N/A	8.68	8.06	N/A	N/A	2.76	1.62	N/A	N/A	4.63	3.94
GPP Default (Trad Prods)	N/A	N/A	8.66	8.06	N/A	N/A	2.75	1.62	N/A	N/A	4.62	3.94
Growth Tracker (cash target) (ARC & Trad Prods)	9.71	12.11	8.65	12.11	3.73	4.13	2.74	4.13	5.62	6.58	4.61	6.58
Growth Tracker (annuity target) (ARC & Trad Prods)	9.72	12.11	8.87	12.11	3.76	4.13	2.77	4.13	5.68	6.58	4.66	6.58
Balanced Tracker (flexible target) (ARC & Trad Prods)	6.81	6.47	5.77	6.47	0.44	0.28	-0.53	0.28	3.13	2.87	2.13	2.87
Balanced Tracker (annuity target) (ARC & Trad Prods)	6.83	6.47	5.79	6.47	0.47	0.28	-0.50	0.28	3.16	2.87	2.16	2.87
Adventurous Tracker (annuity target) (ARC & Trad Prods)	15.16	14.98	13.96	14.98	7.57	7.70	6.58	7.70	8.89	8.84	7.87	8.84

Appendix 3: Aegon's own default fund performance

Fund Name	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Adventurous Tracker (flexible target) (ARC & Trad Prods)	15.18	14.98	14.06	14.98	7.55	7.70	6.52	7.70	8.89	8.84	7.84	8.84
Global Equity Tracker Lifestyle (ARC & Trad Prods)	14.94	14.98	13.89	14.98	7.47	7.70	6.49	7.70	8.83	8.84	7.84	8.84
Aegon Blackrock 50/50 Global Equity Tracker Lifestyle (ARC & Trad Prods)	N/A	N/A	8.67	9.92	N/A	N/A	4.84	5.74	N/A	N/A	5.98	6.87
Aegon Blackrock 40/60 Global Equity Tracker Lifestyle (ARC & Trad Prods)	16.01	16.12	14.90	16.12	7.58	7.53	6.56	7.53	9.53	9.64	8.49	9.64
Aegon BlackRock 50/50 Equity and Bond Tracker Lifestyle (ARC & Trad Prods)	0.57	0.59	-0.40	0.59	-4.62	-5.06	-5.53	-5.06	-0.36	-0.59	-1.31	-0.59
Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle (ARC & Trad Prods)	3.99	3.94	2.99	3.94	-0.69	-0.95	-1.64	-0.95	2.08	1.89	1.11	1.89

Appendix 3: Aegon's own default fund performance

Fund Name	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
UK Fixed Interest and Global Equity Tracker Lifestyle (ARC & Trad Prods)	6.81	6.80	5.95	6.80	0.84	0.72	0.04	0.72	3.26	2.98	2.43	2.98
Dynamic Lifestyle (ARC & Trad Prods)	18.06	14.38	17.17	14.38	4.17	5.47	3.39	5.47	10.92	8.69	10.09	8.69
Cautious Lifestyle (ARC & Trad Prods)	5.88	4.92	5.03	4.92	1.81	-0.09	0.99	-0.09	2.79	1.73	1.97	1.73
Balanced Passive Lifestyle (ARC & Trad Prods)	9.81	8.06	8.80	8.06	4.06	1.62	3.11	1.62	5.83	3.94	4.87	3.94
Balanced Plus Core Lifestyle Portfolio (ARC & Trad Prods)	8.34	N/A	7.51	N/A	2.82	N/A	2.04	N/A	4.40	N/A	3.60	N/A
Balanced Core Lifestyle Portfolio (ARC & Trad Prods)	5.90	N/A	5.09	N/A	1.31	N/A	0.54	N/A	2.84	N/A	2.06	N/A
Adventurous Core Lifestyle Portfolio (ARC & Trad Prods)	15.58	N/A	14.63	N/A	7.44	N/A	6.57	N/A	8.00	N/A	7.12	N/A

Appendix 3: Aegon's own default fund performance

	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
Fund Name	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Growth Core Lifestyle Portfolio (Trad Prods)	N/A	N/A	10.36	N/A	N/A	N/A	3.93	N/A	N/A	N/A	5.17	N/A
Growth Plus Core Lifestyle Portfolio (Trad Prods)	N/A	N/A	12.41	N/A	N/A	N/A	5.25	N/A	N/A	N/A	6.14	N/A
Cautious Core Lifestyle Portfolio (ARC & Trad Prods)	3.64	N/A	2.85	N/A	-0.34	N/A	-1.10	N/A	1.46	N/A	0.69	N/A
Conservative Core Lifestyle Portfolio (Trad Prods)	N/A	N/A	0.70	N/A	N/A	N/A	-2.53	N/A	N/A	N/A	-0.76	N/A
Aegon BlackRock LifePath Capital 2058-2060 (BLK) (TargetPlan)	18.22	N/A	N/A	N/A	6.59	N/A	N/A	N/A	9.78	N/A	N/A	N/A
Aegon BlackRock LifePath Retirement 2058-2060 (BLK) (TargetPlan)	18.21	N/A	N/A	N/A	6.59	N/A	N/A	N/A	9.77	N/A	N/A	N/A

Appendix 3: Aegon's own default fund performance

Fund Name	Investment Performance											
	1 Year (%) (ARC/TargetPlan)		1 Year (%) (Traditional Products)		3 Years (%) (ARC/TargetPlan)		3 Years (%) (Traditional Products)		5 Years (%) (ARC/TargetPlan)		5 Years (%) (Traditional Products)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Growth Tracker (annuity target) ex-MI Workplace Savings (H) (ARC & Trad Prods)	13.13	N/A	12.17	N/A	4.14	N/A	3.24	N/A	4.85	N/A	3.94	N/A
Growth Tracker (annuity target) ex-MI Workplace Savings (L) (ARC & Trad Prods)	8.86	N/A	7.80	N/A	1.44	N/A	0.46	N/A	2.75	N/A	1.77	N/A
Growth Tracker (annuity target) ex-MI Workplace Savings (M) (ARC & Trad Prods)	9.98	N/A	9.29	N/A	2.30	N/A	1.49	N/A	3.46	N/A	2.61	N/A

Source: Aegon as at 31/12/2024

See fund factsheets for objectives and investment approach

Appendix 3: Aegon's own default fund performance

All of the above funds change their investment mix as your retirement date gets closer, placing more of your money in, what are regarded by investment experts as, less risky investments. This means that closer to retirement, you will likely have a higher allocation to fixed income assets such as corporate and government bonds.

While this means that the returns are generally lower than in the growth stages, the risk is also generally reduced as shown here:

Fund	Return (%pa) – 3 years to 31/12/2024	Risk (%pa) 3 years to 31/12/2024
Growth stages		
Aegon Workplace Default	3.77	8.02
LifePath Flexi 2064-66	6.57	12.03
Retirement stages		
Aegon Workplace Default Retirement	-0.45	6.93
LifePath Flexi	-1.09	9.21
Inflation (UK RPI)	7.26	2.56

Sources: FE analytics and Aladdin, 3-year annualised returns to 31 December 2024. Risk is measured by the 3-year standard deviation.

Appendix 4

Disclosure of costs and charges

Appendix 4: Disclosure of costs and charges

This appendix provides detail of the costs and charges members pay. In particular it:

4.1 Details the work we do to ensure fund transaction costs are appropriate.

4.2 Shows representative costs and charges for both funds and administration, providing detail on each element of charges paid for funds and administration.

4.3 Provides representative illustrations, showing the potential impact of costs and charges on the value of a pension pot over time.

4.1 Transaction costs in detail

All funds have transaction costs because they need to buy and sell investments as money comes into or out of the fund and to implement investment decisions. Transaction costs are paid from the fund, so directly impact the net return you receive.

Transaction costs are influenced by a number of factors such as:

- The type of investment that the fund holds – for example company bonds and cash have lower transaction costs than stocks and shares (equities) and other types of investment;
- How frequently the fund manager tends to buy and sell the investments – active funds will tend to buy and sell more frequently than passive funds;
- The funds overall objective – typically those with a higher performance target will likely buy and sell more often.

Analysis of transaction costs:

During 2024, Aegon conducted transaction cost assessments on 352 funds. Each fund was tested against a relevant peer group. The tests identified 27 funds which required further examination for higher-than-expected transaction costs, which was in line with expectations. Three of these funds had also been flagged in the 2023 tests. Since the analysis was completed, Aegon's Workplace Investment Proposition team have engaged with all fund managers to understand any rationale for higher transaction costs compared to peers. The IGC will review the result of Aegon's investigation to ensure that satisfactory information is provided. The IGC expects further action to be taken if a fund shows deterioration in value.

4.2 Disclosure of costs and charges

We provide a full breakdown of costs and charges, including the elements that make up transaction costs for default funds offered by Aegon under our remit. This information is also available online for all funds offered to workplace customers **here**.

Each table below has a column 'Total Fund Costs', that represents the full amount members pay for that fund.

The 'Total Fund Costs' are the sum of:

Fund Annual Management Charge + Annual Additional Expenses + Sub-total of transaction costs = Total Fund Costs

It is the total fund cost that members can use when assessing the costs and charges of the investments they hold.

Fund Annual Management Charge

When selecting a fund, members can see the Fund Annual Management Charge they will pay; this is set for each fund within the product range available to a member and known in advance of them investing. The charge depends on the investments they select.

Annual Additional Expenses

In addition to the Fund Annual Management Charge, members will pay their share of any Annual Additional Expenses for the fund; these costs are calculated each year to cover costs like trading fees, legal fees, auditor fees, and other operational expenses.

Transaction costs

All funds have transaction costs when they buy and sell investments. Members pay their share of any transaction costs for the fund. In all tables we have supplied the detailed breakdown for each element of transaction costs – these are added together in the transaction costs subtotal column, the cost members pay. We have included a glossary of terms used for transaction costs at the end of this Appendix.

Other costs

For some pension types there is also a charge to cover the administration of the pension. These are explained in the tables below.

Appendix 4: Disclosure of costs and charges

Table 1: Costs and charges for default funds on workplace ARC:

For Workplace ARC there is an administration charge, the Annual Platform Charge (the last column on the right), payable in additional to the Total Fund Costs. Members will pay the sum of the last two columns in this table.

The table shows a representative cost for the Annual Platform Charge, members can view the actual charge they pay by checking their yearly benefit statement.

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Universal Lifestyle Collection (ARC)	0.10	0.03	0.06	0.00	0.01	0.03	Not recorded	0.00	Not Recorded	0.19	0.29
Balanced Lifestyle (ARC)	0.20	0.02	0.06	0.00	0.01	0.01	Not Recorded	0.00	Not Recorded	0.28	0.29
Aegon Growth Tracker (Flexible Target) (ARC)	0.04	0.02	0.04	0.03	0.01	0.03	Not Recorded	0.00	Not Recorded	0.09	0.29
Aegon Default Equity & Bond Lifestyle (ARC)	0.04	0.02	0.04	0.03	0.01	0.03	Not Recorded	0.00	Not Recorded	0.09	0.29
Aegon Workplace Default (ARC)	0.04	0.02	0.04	0.04	0.01	0.04	Not Recorded	0.00	Not Recorded	0.09	0.29
Aegon 50/50 Global Equity Index Lifestyle (ARC)	0.05	0.02	0.07	0.02	0.01	0.03	Not Recorded	0.01	Not Recorded	0.14	0.29

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon Balanced Passive Lifestyle (ARC)	0.09	0.03	0.01	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.12	0.29
Cautious Lifestyle (ARC)	0.20	0.02	0.03	0.00	0.01	0.01	Not Recorded	0.00	Not Recorded	0.24	0.29
Aegon 75/25 Equity & Bond Index Lifestyle (ARC)	0.04	0.01	0.03	0.03	0.00	0.00	Not Recorded	0.01	Not Recorded	0.09	0.29
Universal Balanced Collection (Flexible Target) (ARC)	0.09	0.03	0.06	0.00	0.01	0.03	Not Recorded	0.00	Not Recorded	0.18	0.29
Aegon 50/50 Bond & Equity Index Lifestyle (ARC)	0.04	0.02	0.05	0.01	0.00	0.04	Not Recorded	0.01	Not Recorded	0.11	0.29
Aegon BlackRock Consensus Lifestyle (ARC)	0.04	0.02	0.02	0.01	0.00	0.01	Not Recorded	0.01	Not Recorded	0.08	0.29
Dynamic Lifestyle (ARC)	0.25	0.02	0.05	0.00	0.01	0.01	Not Recorded	0.00	Not Recorded	0.32	0.29

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon's MI Workplace Savings (M) (ARC)	0.04	0.03	0.03	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.10	0.29
Scottish Equitable UK Fixed Interest & Global Equity Tracker Lifestyle(ARC)	0.20	0.02	0.01	0.00	0.00	0.00	Not Recorded	0.00	Not Recorded	0.23	0.29
Aegon Balanced Tracker (Flexible Target) (ARC)	0.03	0.02	0.02	0.04	0.00	0.02	Not Recorded	0.01	Not Recorded	0.07	0.29
Balanced Plus Core Lifestyle Portfolio (ARC)	0.24	0.02	0.01	0.02	0.00	0.02	Not Recorded	0.01	Not Recorded	0.27	0.29
Aegon Global Equity Tracker Lifestyle (ARC)	0.09	0.03	0.01	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.12	0.29
Aegon Growth Tracker (Cash Target) (ARC)	0.04	0.02	0.03	0.03	0.01	0.03	Not Recorded	0.00	Not Recorded	0.09	0.29
Aegon's MI Workplace Savings (L) (ARC)	0.04	0.03	0.03	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.09	0.29

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Annual Platform Charge (%)
				Explicit Costs							
			Sub Total	Taxes	Fees & Charges	Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
Universal Balanced Collection (Annuity Target) (ARC)	0.09	0.03	0.06	0.00	0.01	0.03	Not Recorded	0.00	Not Recorded	0.18	0.29
Balanced Core Lifestyle Portfolio (ARC)	0.24	0.02	0.01	0.02	0.00	0.02	Not Recorded	0.01	Not Recorded	0.27	0.29
Aegon Ethical Lifestyle (ARC)	0.30	0.01	0.10	0.05	0.04	0.01	Not Recorded	0.00	Not Recorded	0.41	0.29
Aegon 40/60 Global Equity Index Lifestyle (ARC)	0.04	0.01	0.04	0.02	0.00	0.02	Not Recorded	0.01	Not Recorded	0.09	0.29
Adventurous Core Lifestyle Portfolio (ARC)	0.18	0.02	0.01	0.02	0.01	0.02	Not Recorded	0.01	Not Recorded	0.21	0.29
Aegon Adventurous Tracker (Flexible Target) (ARC)	0.03	0.02	0.04	0.09	0.01	0.02	Not Recorded	0.00	Not Recorded	0.10	0.29
Cautious Core Lifestyle Portfolio (ARC)	0.24	0.02	0.01	0.01	0.00	0.01	Not Recorded	0.01	Not Recorded	0.27	0.29

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Ethical Managed (Flexible Target) (ARC)	0.37	0.02	0.05	0.03	0.02	0.01	Not Recorded	0.00	Not Recorded	0.44	0.29
Aegon Balanced Tracker (Annuity Target) (ARC)	0.03	0.02	0.03	0.04	0.00	0.02	Not Recorded	0.01	Not Recorded	0.08	0.29
Aegon's MI Workplace Savings (H) (ARC)	0.04	0.03	0.04	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.10	0.29
Aegon Growth Tracker (Annuity Target) (ARC)	0.04	0.02	0.04	0.04	0.01	0.04	Not Recorded	0.00	Not Recorded	0.10	0.29
Aegon Adventurous Tracker (Annuity Target) (ARC)	0.03	0.02	0.04	0.09	0.01	0.02	Not Recorded	0.00	Not Recorded	0.09	0.29

Source: Aegon as at 31/12/2024

The Transaction Costs data is obtained from the underlying fund managers and is the most recent data available, however some of the figures may be from an earlier date such as the end of the previous quarter.

Appendix 4: Disclosure of costs and charges

Table 2: Costs and charges for Traditional Products – default funds

For these pensions there is an administrative charge known as the **Product Charge** (the last column on the right). Members pay the sum of the **Total Fund Costs** and the **Product Charge**. The table shows a representative cost for the **Product Charge**. Members can view the actual charge they pay by checking their yearly benefits statement.

The **Product Charge** can include an allowance for the **Fund Annual Management Charge**. This allowance covers many funds, including all but two of the default funds listed here, where the text 'included in RPC' (standing for 'included in Representative Product Charge') is included in the **Fund Annual Management Charge** column. Where you see 'included in RPC' the **Total Fund Costs** column is the sum of only the **Annual Additional Expenses** and the **sub total of transaction costs**.

Outside the default funds choice there are a number of funds where there is a Fund Annual Management Charge that is not covered in the Product Charge allowance. Members can see these funds in the online listing.

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Universal Lifestyle Collection	Included in RPC	0.03	0.06	0.00	0.01	0.03	Not recorded	0.00	Not recorded	0.09	0.72
Balanced Lifestyle	Included in RPC	0.02	0.06	0.01	0.01	0.01	Not recorded	0.00	Not recorded	0.08	0.72
Aegon Growth Tracker (Flexible Target)	Included in RPC	0.02	0.04	0.03	0.01	0.03	Not recorded	0.00	Not recorded	0.05	0.72
Aegon 50/50 Global Equity Index Lifestyle	Included in RPC	0.02	0.07	0.01	0.01	0.03	Not recorded	0.01	Not recorded	0.09	0.72

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon Balanced Passive Lifestyle	Included in RPC	0.03	0.01	0.01	0.00	0.00	Not recorded	0.01	Not recorded	0.04	0.72
Cautious Lifestyle	Included in RPC	0.02	0.03	0.01	0.01	0.01	Not recorded	0.00	Not recorded	0.04	0.72
Aegon 75/25 Equity & Bond Index Lifestyle	Included in RPC	0.01	0.03	0.01	0.00	0.00	Not recorded	0.01	Not recorded	0.04	0.72
Universal Balanced Collection (Flexible Target)	Included in RPC	0.03	0.06	0.01	0.01	0.03	Not recorded	0.00	Not recorded	0.09	0.72
Aegon 50/50 Bond & Equity Index Lifestyle	Included in RPC	0.02	0.05	0.01	0.00	0.04	Not recorded	0.01	Not recorded	0.06	0.72
Aegon BlackRock Consensus Lifestyle	Included in RPC	0.02	0.02	0.01	0.00	0.01	Not recorded	0.01	Not recorded	0.04	0.72
GPP Default	Included in RPC	0.02	0.04	0.03	0.01	0.03	Not recorded	0.00	Not recorded	0.05	0.72

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Dynamic Lifestyle	Included in RPC	0.02	0.05	0.01	0.01	0.01	Not recorded	0.00	Not recorded	0.07	0.72
Aegon's MI Workplace Savings (M)	Included in RPC	0.03	0.03	0.00	0.00	0.00	Not recorded	0.01	Not recorded	0.06	0.72
Stakeholder Default	Included in RPC	0.02	0.04	0.03	0.01	0.03	Not recorded	0.00	Not recorded	0.05	0.72
Scottish Equitable UK Fixed Interest & Global Equity Tracker Lifestyle	Included in RPC	0.02	0.01	0.00	0.00	0.00	Not recorded	0.00	Not recorded	0.03	0.72
Aegon Balanced Tracker (Flexible Target)	Included in RPC	0.02	0.02	0.01	0.00	0.02	Not recorded	0.01	Not recorded	0.04	0.72
Scottish Equitable Ethical Managed Lifestyle	Included in RPC	0.02	0.05	0.03	0.02	0.01	Not recorded	0.00	Not recorded	0.07	0.72
Balanced Plus Core Lifestyle Portfolio	Included in RPC	0.02	0.01	0.01	0.00	0.02	Not recorded	0.01	Not recorded	0.03	0.72

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon Global Equity Tracker Lifestyle	Included in RPC	0.03	0.01	0.00	0.00	0.00	Not recorded	0.01	Not recorded	0.04	0.72
Aegon Growth Tracker (Cash Target)	Included in RPC	0.02	0.03	0.03	0.01	0.03	Not recorded	0.00	Not recorded	0.05	0.72
Aegon's MI Workplace Savings (L)	Included in RPC	0.03	0.03	0.00	0.00	0.00	Not recorded	0.01	Not recorded	0.05	0.72
Universal Balanced Collection (Annuity Target)	Included in RPC	0.03	0.06	0.01	0.01	0.03	Not recorded	0.00	Not recorded	0.09	0.72
Balanced Core Lifestyle Portfolio	Included in RPC	0.02	0.01	0.01	0.00	0.02	Not recorded	0.01	Not recorded	0.03	0.72
Aegon Ethical Lifestyle	Included in RPC	0.01	0.10	0.05	0.04	0.01	Not recorded	0.00	Not recorded	0.11	0.72
Aegon 40/60 Global Equity Index Lifestyle	Included in RPC	0.01	0.04	0.01	0.00	0.02	Not recorded	0.01	Not recorded	0.05	0.72

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Growth Core Lifestyle Portfolio	Included in RPC	0.02	0.01	0.02	0.00	0.02	Not recorded	0.01	Not recorded	0.03	0.72
Adventurous Core Lifestyle Portfolio	Included in RPC	0.02	0.01	0.01	0.01	0.02	Not recorded	0.01	Not recorded	0.03	0.72
Aegon Adventurous Tracker (Flexible Target)	Included in RPC	0.02	0.04	0.01	0.01	0.02	Not recorded	0.00	Not recorded	0.07	0.72
Growth Plus Core Lifestyle Portfolio	Included in RPC	0.02	0.01	0.02	0.01	0.02	Not recorded	0.01	Not recorded	0.03	0.72
Cautious Core Lifestyle Portfolio	Included in RPC	0.02	0.01	0.01	0.00	0.01	Not recorded	0.01	Not recorded	0.03	0.72
Ethical Managed (Flexible Target)	Included in RPC	0.02	0.05	0.01	0.02	0.01	Not recorded	0.00	Not recorded	0.07	0.72
Aegon Balanced Tracker (Annuity Target)	Included in RPC	0.02	0.03	0.01	0.00	0.02	Not recorded	0.01	Not recorded	0.05	0.72

Appendix 4: Disclosure of costs and charges

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon's MI Workplace Savings (H)	Included in RPC	0.03	0.04	0.00	0.00	0.00	Not recorded	0.01	Not recorded	0.07	0.72
Aegon Growth Tracker (Annuity Target)	Included in RPC	0.02	0.04	0.04	0.01	0.04	Not recorded	0.00	Not recorded	0.06	0.72
Conservative Core Lifestyle Portfolio	Included in RPC	0.01	0.01	0.01	0.00	0.01	Not recorded	0.02	Not recorded	0.03	0.72
Aegon Adventurous Tracker (Annuity Target)	Included in RPC	0.02	0.04	0.01	0.01	0.02	Not recorded	0.00	Not recorded	0.06	0.72

Source: Aegon as at 31/12/2024

The Transaction Costs data is obtained from the underlying fund managers and is the most recent data available, however some of the figures may be from an earlier date such as the end of the previous quarter.

Appendix 4: Disclosure of costs and charges

Table 3: Costs and charges for TargetPlan default funds

For TargetPlan the **Fund Management Charge** covers the administration of the pension as well as the Investment Management fees. Members pay only the **Total Fund Costs**, which are the sum of the F**und Annual Management Costs + Annual Additional Expenses + sub total of transaction costs**.

We have used representative costs for **Fund Annual Management Charge**. Members' own charges may vary from those detailed. Members can find details of their Annual Management Costs and Additional Expenses for all the investment funds available to them by logging onto TargetPlan and selecting 'Funds Information'. Members can also find this information in their Investment Funds Guide, which was included in their Welcome Pack and is in their Document Store on TargetPlan.

Fund Name	Representative Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset	
				Taxes	Fees & Charges					
Aegon BlackRock LifePath Flexi 2058-2060 (BLK)	0.35	0.00	0.04	0.00	0.00	0.00	0.03	0.01	0.00	0.39
Aegon BlackRock LifePath Capital 2058-2060 (BLK)	0.35	0.00	0.04	0.00	0.00	0.00	0.03	0.01	0.00	0.39
Aegon BlackRock LifePath Retirement 2058-2060 (BLK)	0.35	0.00	0.04	0.00	0.00	0.00	0.03	0.01	0.00	0.39

Source: Aegon as at 31/12/2024

The Transaction Costs data is obtained from the underlying fund managers and is the most recent data available, however some of the figures may be from an earlier date such as the end of the previous quarter.

Appendix 4: Disclosure of costs and charges

Table 4: Charge Bands for Aegon Workplace Customers

As part of our analysis of Transaction costs and Value for Money we look at the breadth of charges across all Employer schemes to identify the number of schemes and their distribution for each band of charges. The table below shows this for each set of Aegon workplace products. The analysis is based on the default fund for each scheme.

Members can view the actual charge they pay by going to their annual benefits statement, or for TargetPlan by logging onto TargetPlan and selecting 'Funds Information'.

	Number of active schemes			
Charge Band	Workplace ARC	Traditional Products	TargetPlan	Total
<0.25	302	19	12	333
0.25-0.5	2,228	856	58	3,142
0.51-0.75	595	4,465	19	5,079
Total	**3,125**	**5,340**	**89**	**8,554**

Source: Aegon as at 31/03/2025

You can view the full range of administration charges **here**.

4.3 Illustrations

Example illustration for Aegon Retirement Choices (ARC)

Purpose of this example illustration

This isn't a personal illustration – it is based on the assumptions detailed later in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds we've chosen to illustrate on over a period of time.

Platform administration and fund related charges (%)

	Aegon Workplace Default (ARC)	North American (ARC)	Aegon Fundsmith Equity (ARC)
Growth	2.61%	2.94%	2.94%
Platform charge	0.29%	0.29%	0.29%
AMC*	0.04%	0.07%	0.99%
AAE*	0.02%	0.02%	0.05%
TC	0.04%	0.02%	0.01%

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

Platform charge is an administration charge taken to cover the cost of investing through ARC. You can see the charge that applies to you in your yearly statement.

AMC is the annual management charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the additional annual expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred.

TC are the transaction costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2024 to 31/12/2024.

*Rounding may result in different cumulative charges appearing on other documents.

Appendix 4: Disclosure of costs and charges

The impact of costs and charges on fund values (£)

The 'Before charges' column shows each fund value after the growth rate is applied without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after the growth rate is applied and transaction costs, charges and expenses have been deducted.

Years	Aegon Workplace Default (ARC)		North American (ARC)		Aegon Fundsmith Equity (ARC)	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1600	1600	1610	1600	1610	1590
3	5020	4990	5040	5010	5040	4940
5	8710	8630	8780	8700	8780	8500
10	19200	18900	19600	19200	19600	18300
15	32000	31100	32800	31900	32800	29700
20	47200	45500	48900	47000	48800	42800
25	65400	62300	68300	65000	68200	57700
30	86900	82100	91600	86300	91400	74800
35	112000	105000	119000	111000	119000	94200
40	142000	131000	152000	140000	152000	116000
45	177000	162000	192000	175000	191000	141000
49	210000	190000	229000	207000	228000	163000

About this illustration

We've made the following assumptions for the purposes of this example illustration:

- The current age is 16 and retirement age is 65.
- The current yearly salary is £20,000 and will increase each year by 3.5%.
- Future contributions paid will be 8% of the salary (£133.34 each month increasing by 3.5% each year in line with assumed salary increases).
- We've shown the scheme default Aegon Workplace Default (ARC).
- We've also shown the North American (ARC) and the Aegon Fundsmith Equity (ARC) to show funds with lower and higher charges for comparison.

Appendix 4: Disclosure of costs and charges

Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- The same as the rate of inflation – this reduces the growth rate, after making an allowance for inflation, to 0%.
- Less than the rate of inflation – this produces a negative growth rate after making an allowance for inflation.

Appendix 4: Disclosure of costs and charges

Example illustrations for the Traditional Products Group Personal Pension

Purpose of this example illustration

This isn't a personal illustration – it is based on the assumptions detailed later in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds that we've chosen to illustrate on over a period of time.

Product administration and fund related charges (%)

	Universal Lifestyle Collection	North American	Aegon Fundsmith Equity
Growth	2.44%	2.94%	2.94%
Product charge	0.72%	0.72%	0.72%
AMC	Included in product charge	Included in product charge	0.99%
AAE	0.01%	0.02%	0.05%
TC	0.06%	0.02%	0.01%

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

Product charge is an annual management charge which covers the costs associated with managing your plan and investments. You can see the charge that applies to you in your yearly statement.

AMC is the annual management charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the additional annual expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred.

TC are the transaction costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2024 to 31/12/2024.

Appendix 4: Disclosure of costs and charges

The impact of costs and charges on fund values (£)

The 'Before charges' column shows each fund value after the growth rate is applied without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after the Growth rate is applied and transaction costs, charges and expenses have been deducted.

Years	Universal Lifestyle Collection		North American		Aegon Fundsmith Equity	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1600	1590	1610	1600	1610	1590
3	5010	4950	5040	4990	5040	4910
5	8680	8510	8780	8620	8780	8410
10	19100	18400	19600	18900	19600	179000
15	31600	29800	32800	31000	32800	28800
20	46400	43000	48900	45300	48900	41100
25	64000	58100	68300	62100	68300	54900
30	84700	75300	91600	81700	91600	70400
35	109000	95000	119000	104000	119000	87800
40	137000	117000	152000	130000	152000	107000
45	170000	142000	192000	161000	192000	129000
49	201000	165000	229000	189000	229000	148000

About this illustration

We've made the following assumptions for the purposes of this example illustration:

- The current age is 16 and retirement age is 65.
- The current yearly salary is £20,000 and will increase each year by 3.5%.
- Future contributions paid will be 8% of the salary (£133.34 each month increasing by 3.5% each year in line with assumed salary increases).
- We've shown the scheme default Universal Lifestyle Collection.
- We've also shown the North American and the Aegon Fundsmith Equity to show funds with lower and higher charges for comparison.

Appendix 4: Disclosure of costs and charges

Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- The same as the rate of inflation – this reduces the growth rate, after making an allowance for inflation, to 0%.
- Less than the rate of inflation – this produces a negative growth rate after making an allowance for inflation.

Example illustrations for the Traditional Products Group Stakeholder Pension

Purpose of this example illustration

This isn't a personal illustration – it is based on the assumptions detailed later in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds that we've chosen to illustrate on over a period of time.

Product administration and fund related charges (%)

	Universal Lifestyle Collection	North American	Scottish Equitable Baillie Gifford 60/40 Worldwide Equity
Growth	2.44%	2.94%	2.94%
Product charge	0.72%	0.72%	0.72%
AMC	Included in product charge	Included in product charge	0.35%
AAE	0.01%	0.02%	0.01%
TC	0.06%	0.02%	0.07%

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

Product charge is an annual management charge which covers the costs associated with managing your plan and investments. You can see the charge that applies to you in your yearly statement.

AMC is the annual management charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the additional annual expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred.

TC are the transaction costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2024 to 31/12/2024.

Due to the Stakeholder product charge cap, the Scottish Equitable Baillie Gifford 60/40 Worldwide fund may not be available to all customers.

Appendix 4: Disclosure of costs and charges

The impact of costs and charges on fund values (£)

The 'Before charges' column shows each fund value after the Growth rate is applied without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after the Growth rate is applied and transaction costs, charges and expenses have been deducted.

About this illustration

We've made the following assumptions for the purposes of this example illustration:

- The current age is 16 and retirement age is 65.
- The current yearly salary is £20,000 and will increase each year by 3.5%.
- Future contributions paid will be 8% of the salary (£133.34 each month increasing by 3.5% each year in line with assumed salary increases).
- We've shown the scheme default Universal Lifestyle Collection.
- We've also shown the North American and the Scottish Equitable Baillie Gifford 60/40.
- Worldwide Equity to show funds with lower and higher charges for comparison.

Years	Universal Lifestyle Collection		North American		Scottish Equitable Baillie Gifford 60/40 Worldwide Equity	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1600	1590	1610	1600	1610	1600
3	5010	4950	5040	4990	5040	4960
5	8680	8510	8780	8620	8780	8540
10	19100	18400	19600	18900	19600	18500
15	31600	29800	32800	31000	32800	30100
20	46400	43000	48900	45300	48900	43600
25	64000	58100	68300	62100	68300	59200
30	84700	75300	91600	81700	91600	77000
35	109000	95000	119000	104000	119000	97500
40	137000	117000	152000	130000	152000	121000
45	170000	142000	192000	161000	192000	147000
49	201000	165000	229000	189000	229000	171000

Appendix 4: Disclosure of costs and charges

Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- The same as the rate of inflation – this reduces the growth rate, after making an allowance for inflation, to 0%.
- Less than the rate of inflation – this produces a negative growth rate after making an allowance for inflation.

Appendix 4: Disclosure of costs and charges

Example illustrations for the TargetPlan Group Personal Pension

Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Fund transactional costs and charges total (%)

	Aegon BlackRock Lifepath Flexi (Default)	Aegon BlackRock UK Equity Index (BLK)	Aegon Schroders Global Emerging Markets (BLK)
Growth	2.00% to 3.00%*	2.04%	2.98%
AMC	0.26%	0.20%	1.19%
AAE	0.00%	0.00%	0.00%
TC	0.04%	0.01%	0.28%

*The growth rate used for the Lifepath fund varies through time based on the underlying asset mix.

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/01/24 to 31/12/24.

Appendix 4: Disclosure of costs and charges

The impact of transactional costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

Years	Aegon BlackRock Lifepath Flexi (Default)		Aegon BlackRock UK Equity Index (BLK)		Aegon Schroders Global Emerging Markets (BLK)	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1609	1606	1603	1601	1610	1598
3	5030	5006	4977	4960	5045	4931
5	8737	8670	8585	8539	8780	8456
10	19379	19083	18713	18515	19575	18161
15	32251	31510	30595	30109	32743	29252
20	47721	46256	44466	43525	48704	41882
25	66220	63669	60589	58987	67945	56217
30	88240	84147	79261	76746	91033	72440
35	114351	108139	100813	97080	118627	90752
40	145208	136160	125616	120298	151491	111373
45	181564	168790	154084	146743	190512	134544
49	215187	198656	179806	170476	226851	155094

About this illustration

Your current age is 16 and retirement age is 65. This is based on the age of the youngest person in the scheme.

Your current salary is £20,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£133.33 each month increasing by 3.5% each year in line with assumed salary increases).

We've shown the default Aegon BlackRock Lifepath Flexi option that the majority of members invest in.

We've also shown the Aegon BlackRock UK Equity Index (BLK) fund and the Aegon Schroders Global Emerging Markets (BLK) fund to show the funds with the lowest and highest charges.

Appendix 4: Disclosure of costs and charges

The value of your investments will grow at a rate appropriate to the funds you're invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) you're invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation this reduces the growth rate, after making an allowance for inflation, to 0%; and
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

Appendix 4: Disclosure of costs and charges

Example illustrations for the TargetPlan Group Stakeholder Pension

Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

Fund transactional charges and costs total (%)

	Aegon BlackRock Lifepath Flexi (Default)	Aegon BlackRock Pre-Retirement (BLK)	Aegon Property (BLK)
Growth	2.00% to 3.00%*	2.31%	2.82%
AMC	0.41%	0.25%	1.01%
AAE	0.00%	0.00%	0.00%
TC	0.04%	0.03%	0.04%

*The growth rate used for the Lifepath fund varies through time based on the underlying asset mix.

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/01/24 to 31/12/24.

Appendix 4: Disclosure of costs and charges

The impact of transactional costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

About this illustration

Your current age is 16 and retirement age is 65. This is based on the age of the youngest person in the scheme.

Your current salary is £20,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£133.33 each month increasing by 3.5% each year in line with assumed salary increases).

We've shown the default Aegon BlackRock Lifepath Flexi option that the majority of TargetPlan members invest in.

We've also shown the Aegon BlackRock Pre-Retirement (BLK) fund and the Aegon AM Property (BLK) fund to show the funds with the lowest and highest charges.

	Aegon BlackRock Lifepath Flexi (Default)		Aegon BlackRock Pre-Retirement (BLK)		Aegon Property (BLK)	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1609	1605	1604	1602	1609	1600
3	5030	4995	4992	4970	5030	4948
5	8737	8636	8628	8566	8737	8505
10	19379	18938	18901	18633	19379	18369
15	32251	31148	31057	30399	32251	29755
20	47721	45545	45367	44086	47721	42843
25	66220	62442	62136	59941	66220	57832
30	88240	82192	81706	78241	88240	74945
35	114351	105197	104467	99296	114351	94423
40	145208	131908	130857	123450	145208	116536
45	181564	162836	161370	151087	181564	141582
49	215187	191000	189119	175991	215187	163949

Appendix 4: Disclosure of costs and charges

Investment growth

The value of your investments will grow at a rate appropriate to the funds you're invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) you're invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

Additional Illustrations:

Further example illustrations which could be more relevant to you can be accessed **here**.

Appendix 5

Glossary

Appendix 5: Glossary (WIP)

Annuity: At retirement, members can buy an annuity with their pension savings. An annuity is a guaranteed yearly income for life. Once purchased, members have the security of knowing that their money won't run out in retirement.

Anti-dilution offset: When there is a large purchase or sale of a holding to meet customer instructions this can lead to transaction costs paid by all investors in the fund rather than just those whose instructions necessitated the trading. An anti-dilution offset reduces the effects of such trading for all investors in the fund.

Auto-enrolment: All employers, by law, must provide certain employees with a workplace pension scheme and make regular contributions for them if they are:

- classed as a 'worker'
- aged between 22 and the current State Pension age
- earn at least £10,000 a year
- usually work in the UK

Benchmark: Benchmarks are used to measure a fund's performance against similar types of investments, similar markets or regions.

Beneficiary: The recipient of a cash sum paid out from a pension following the death of the policyholder. Members can nominate who they would like their beneficiaries to be.

Biodiversity: Diversity within species, between species and of ecosystems.

Contributions: Payments made to a pension pot, usually paid monthly and invested into funds linked to a variety of different investment asset types.

Core financial transactions: Include (but not limited to) investment of contributions, transfer of members' assets to and from the scheme, switching between investments within the scheme, and payments out of the scheme to members/beneficiaries.

Default fund: A default fund (or default investment strategy) is a type of lifestyle fund that members of a workplace pension scheme are automatically invested in if they don't select a fund when joining the workplace scheme. Lifestyle funds are designed for savers who don't make active fund choices throughout their working life.

Drawdown: A drawdown pension lets the policyholder keep their money invested, and take a regular income or a lump sum. The income provided will vary depending on the fund's performance, and isn't guaranteed to last the policyholder's lifetime (unlike an annuity).

Environmental, Social, and Governance (ESG): ESG stands for environmental, social and governance. How companies choose to respond to ESG issues, such as climate change, diversity & inclusion and human rights, could ultimately influence investment returns and the ability of your pension to provide a reliable income for you in retirement.

- **Environmental** – looks at how companies manage risks, such as climate change and waste & pollution, or take opportunities, such as the move to renewable energy.
- **Social** – relates to a company's effect on individuals and society and covers factors such as human rights and labour standards, diversity, equity and inclusion or workplace safety.
- **Governance** – good governance ensures a company's management team and its board look beyond short-term financial interests alone to make decisions based on a high ethical standard, covering factors such as board structure and remuneration.

Environmental, social and governance (ESG) screens: ESG screens exclude investments based on set criteria such as exposure to weapons, tobacco, UN Global Compact violators, thermal coal, oil sands or gambling.

Environmental, social and governance (ESG) tilts: ESG tilts favour investments in companies with high ESG scores and reduce exposure to companies with low ESG scores. ESG tilts may reduce the carbon footprint of a portfolio by decreasing exposure to carbon-intensive companies and favouring carbon-efficient or low-carbon assets.

Explicit costs: Where a known monetary amount is paid when the fund buys and sell investments and are in two categories:

- **Taxes:** Transaction taxes such as Stamp Duty; and
- **Fees & charges:** Broker commissions, dealing fees and other explicit non-tax transaction costs

Appendix 4: Glossary

Expression of wish (in relation to ESG): The process by which Aegon describes to key fund managers its voting preferences for key resolutions, including climate-related ones. The aim is for fund managers to align with Aegon's positions and, consequently, it expects them to exercise their voting rights and responsibilities in line with Aegon's expressions.

Financial Conduct Authority (FCA): Financial regulator with oversight of the financial services industry.

Glidepath: An investment strategy that automatically moves investments from growth funds (stocks and shares) into less risky assets as an investor approaches retirement.

Implicit costs: The difference between the price of a share before an order is placed and the actual price when the trade is executed. The difference is referred to as 'slippage'. Implicit costs can be positive or negative.

Indirect costs: Typically costs incurred when a fund invests in other funds (known as sub-components) and reflects the transaction costs of those sub-components.

Investment Pathway: Four specific investment choices available to members at the point of retirement, to align their investment with their retirement objectives, over a five-year time horizon.

Lifestyle funds: see explanation for Glidepath

Objectives: The fund objective explains how the fund invests and what it's trying to achieve for investors.

Securities Lending & Borrowing costs: Costs associated with lending or borrowing underlying assets in a fund, for instance financing costs on borrowing, non-financing stock lending and borrowing costs.

Stewardship: Stewardship is a powerful tool that fund managers can use to influence corporate behaviour, engaging with the companies they invest in to make your money talk on your behalf. They can vote on the re-election of board directors, and challenge companies on weak employment practices or poor environmental records.

Value for Money: The FCA requires us to assess and report on the Value for Money delivered by Aegon to its workplace pension members and Investment Pathways customers through assessing costs and charges, investment performance and quality of service.

Workplace pension: Employers must set up a workplace pension scheme by law – see auto-enrolment. A workplace pension is a tax efficient way of saving for retirement that's set up through an individual's employer, and is a term used to describe all forms of pension scheme offered by an employer. Contributions to the pension pot are usually paid in by the individual and their employer each month. The minimum pension age for taking benefits from a pension is usually 55 – this is rising to age 57 from 6 April 2028.