



Aegon IGC annual report

For the year 2025, published in 2026



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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 2025.

I should start by addressing the announcement Aegon UK made earlier this year with regards to its proposed new ownership. The Aegon Group has reached an agreement to sell Aegon UK to Standard Life - Aegon and Standard Life believe that this combination will deliver many benefits, including improved outcomes and greater financial security in later life for members. It should be noted however, that at the time of writing, the transaction remains subject to regulatory approval – it is expected to complete towards the end of 2026. This means that, in the meantime, it is business as usual for Aegon UK customers, and as such our role as the IGC has not changed.

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. There are three different platforms within Aegon that house workplace pensions: Aegon Retirement Choices (ARC), TargetPlan and Traditional Products. The ARC and TargetPlan platforms are still marketed by Aegon to new employers, and while Traditional Products isn’t, existing Traditional Products employer schemes can accept new members. We carry out separate Value for Money assessments of each of these three 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 Gallagher (formerly Redington, which was acquired by Gallagher), which helped us to do this. We consider the results of this exercise in our assessment and share the results at the end of each of the more detailed sections that follow.

We also 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 intentions members may have for their money over the following five years. Aegon launched its Investment Pathways in February 2021, and as a result, early investors in the funds were approaching the five-year time horizon associated with Pathways by the end of 2025. This is therefore the ideal time to start to assess customers’ actions over this time horizon, against the expected action based on their choice of Pathway. Gallagher’s 2025 comparative review of Investment Pathways included, for the first time, some analysis of this customer behaviour across all participants in the study.

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.



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 of your needs, and have held a number of meetings over recent years to do just this. 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 opportunities to discuss our findings with us by emailing us at igc@aegon.co.uk.



Alison Bostock





1. Workplace Pensions

Value for Money assessment

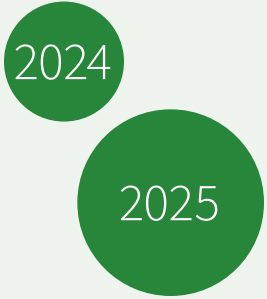
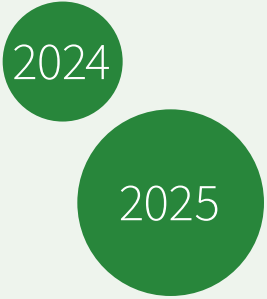
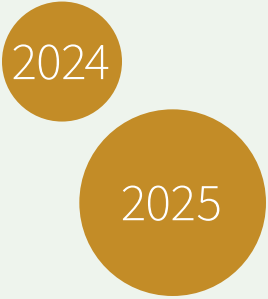
The table below explains the red-amber-green rating system used on the following pages to assess Value for Money.

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	2024 2025	2024 2025	2024 2025	Most members continue to pay charges that are in line with, or lower than what they could expect to pay elsewhere. As reported previously, Aegon has agreed to ‘cap’ charges at 1% for workplace pension members. This will have a positive impact for members with the highest charges, but the delays in implementing the ‘cap’ have been disappointing. We note that Aegon started to make progress during 2025 and expects to have reduced charges for most if not all impacted members by the end of 2026. We also recognise that, as Aegon has agreed to backdate the reductions (to July 2020 for the first cohort or July 2025 for the second – see Section 3 Costs and Charges for further information), the delays won’t have a financial impact on member outcomes in the long term. This only affects Traditional Products and is reflected in the ratings.
Investments	2024 2025	2024 2025	2024 2025	Two of Aegon’s largest default strategies have performed well relative to their objectives and peer groups. However, Aegon Workplace Default continues to lag some competitors despite positive absolute returns. We note the actions Aegon has taken to improve future outcomes, including changes to asset allocations. Only a minority of members purchase an annuity at retirement. It is therefore imperative that Aegon ensures the significant number of members invested in strategies that target annuity purchase at retirement understand that they need to take action if they are to avoid the risk of poor outcomes at retirement. Significantly improving the effectiveness of communications to members invested in these strategies is key.
Service: Customer Service	2024 2025	2024 2025	2024 2025	Customer service levels in both ARC and TargetPlan were strong once again. In Traditional Products, the impacts from the 2024 system migration were felt well into 2025, and while the second half of 2025 saw service levels stabilise, there are still members whose plans have not been returned to the position they should be in. It is vital that Aegon restores both service, and individual members’ plans, back to where they should be as soon as possible. ARC and TargetPlan complaints have been managed well in general over 2025. We recognise the effort Aegon has put into addressing the most common concerns but believe there is further progress to be made in reducing incoming volumes of complaints. Complaints in relation to Traditional Products remained high in 2025, and while progress was made, the backlog of complaints was not fully cleared by the end of the year.

1. Workplace Pensions Value for Money assessment

Principle	Proposition			IGC conclusion
	ARC	TargetPlan	Traditional Products	
Service: Communication and Member Engagement				By offering a range of digital tools, personalised communications, educational content and guidance services, Aegon has continued to support ARC and Target Plan members well throughout 2025. It also has well-developed plans to further improve support for these members. Traditional Products customers continue to experience a more basic offering. Aegon says it remains committed to improvements, but recovery activity and legacy system constraints continue to hamper the pace of change. The delivery of the new online portal planned for 2027 will be an important step forward.

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 areas for improvement under the Investments principle, particularly the weak relative performance of the Aegon Workplace Default strategy and the continuing challenge of legacy annuity-targeting default arrangements. However, we recognise the actions Aegon has taken to address these concerns and the strong outcomes delivered under Costs and Charges, Communications, and Customer Service where core financial transactions were generally processed promptly and accurately. Based on the evidence reviewed, we believe Aegon continues to provide Value for Money overall to ARC members.

TargetPlan: We have no material concerns and believe Aegon continues to provide Value for Money overall to TargetPlan members. Investment performance remains strong relative to peers, service standards were maintained throughout the year with core financial transactions generally processed promptly and accurately, and member engagement continues to benefit from effective communications, digital services and ongoing proposition enhancements.

Traditional Products: We have identified areas for improvement under all principles. Customer service recovery progressed during 2025; by year end, core metrics were nearing a ‘business as usual’ position and customer satisfaction (as measured by Net Promoter Score) was on an improving trend. However, challenges remained with the prompt and accurate processing of members’ pension contribution payments, and the level of complaints being received and the speed of resolving them. These issues affect the service provided to members but do not impact them financially. We are frustrated at the pace of implementation on the price cap but acknowledge that Aegon has committed that no member will lose out as a consequence. We also remain concerned that many members continue to be invested in annuity-targeting default arrangements that are unlikely to align with how many members eventually access their retirement savings. Given Aegon’s conclusion that it does not have the legal right to unilaterally restructure the funds, it is critical that the planned communications improvements are delivered and are effective. Against all that, we note the positive impact of the changes to the growth stage of the Universal Lifestyle Collection default strategy which many Traditional Products members are invested in. In considering the impact of all this on members, it is clear that there is a significant minority for whom the value for money provided in 2025 has continued to be poorer than we expect.



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	Proposition		IGC conclusion
	ARC	TargetPlan	
Costs and Charges	2024 2025	2024 2025	Aegon’s charges remain competitive for most Investment Pathway customers and continue to compare favourably with much of the wider market. We note the action required to address historic charging issues affecting a small cohort of customers and will continue to monitor progress. Overall, we remain satisfied that charges represent fair value for the services provided.
Investments	2024 2025	2024 2025	Several of Aegon’s Pathway funds have continued to underperform compared with other providers’ solutions. This is largely a result of lower levels of investment risk being taken. Aegon has acknowledged these concerns and is considering changes, based on evidence of customer behaviour, designed to improve future returns. We expect Aegon to demonstrate how these changes will benefit member outcomes and long-term Value for Money. It is positive to see a correlation between customers’ behaviour and their choice of Pathway, for three of the four Pathways. We agree with Aegon’s decision to develop new communication approaches for those in Pathway 2, which is aimed at providing a guaranteed income or annuity, where it does not appear that customers are taking the expected action.
Service: Customer Service	2024 2025	2024 2025	Customer service outcomes improved during 2025, with a notable decrease in customer complaints. We are encouraged by the actions Aegon has taken to address the most common root causes for the complaints received, but believe there is still work to do to further reduce complaints from TargetPlan members in particular.
Service: Communication and Member Engagement	2024 2025	2024 2025	Aegon continues to provide support to members approaching and entering retirement through a combination of communications, guidance services and digital retirement journeys. We have seen continued development of tools and communications designed to help customers understand their retirement options and make informed decisions.

Overall Value for Money conclusions

On balance, the IGC believes that Aegon continues to provide Value for Money overall to its Investment Pathway customers. We are satisfied that customers generally receive competitive charges, effective communications and good service, with core financial transactions generally processed promptly and accurately. However, Aegon’s lower risk approach has meant that investment performance relative to its competitors has been weak. Across several Pathway solutions, returns have lagged Pathway funds from over providers, and we expect Aegon to demonstrate how it intends to improve member outcomes while remaining consistent with the purpose of each Pathway fund.

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?

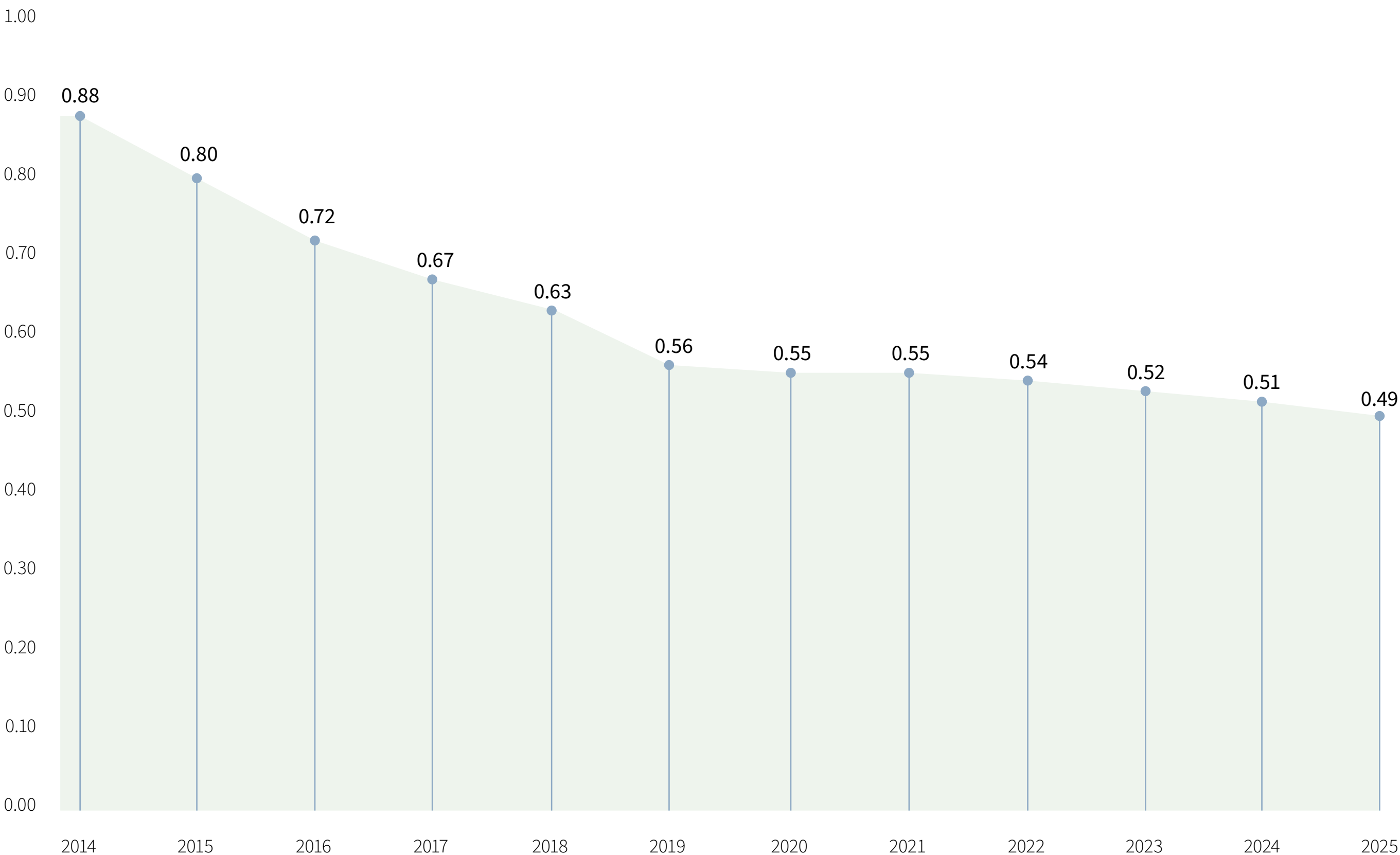
The level of charge is important as it directly impacts how your fund grows. Our review of the overall price paid sets out to test how competitive Aegon charges are, relative to those available in the wider market.

Members can see the charge that applies to their pension plan by looking at the statement Aegon provides. Alternatively, members 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 pensions. We receive analysis of charging levels across each of the three propositions and investigate areas of concern.

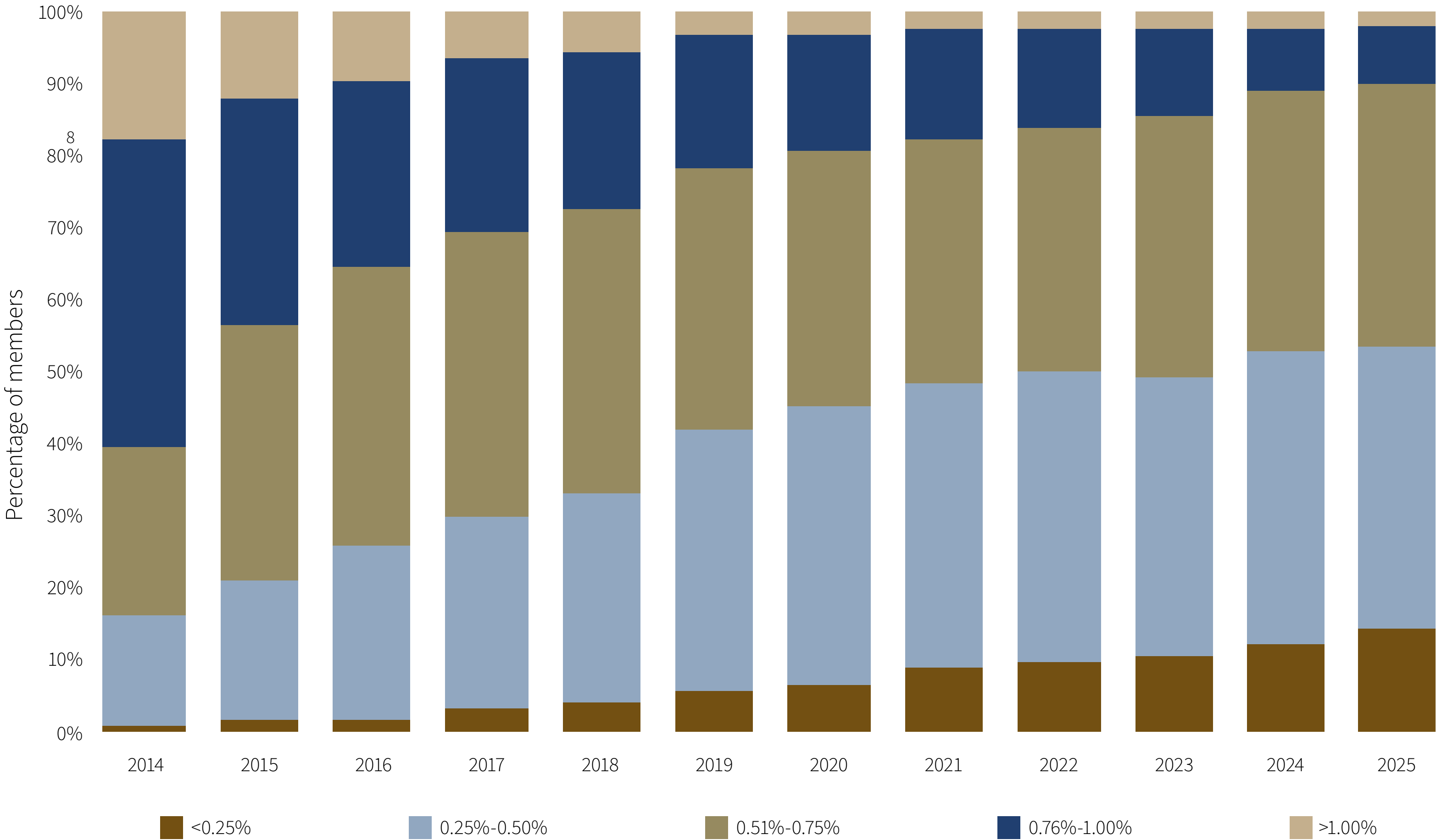
The average annual charge applied across all workplace pension members as at the end of 2025 was 0.49% (down from 0.51% as at the end of 2024). This small decrease continues the downward trend we’ve observed over recent years.

Average Annual % Charge for Aegon workplace members



3. Workplace Pensions: Costs and Charges

Charges trend (by charge band)

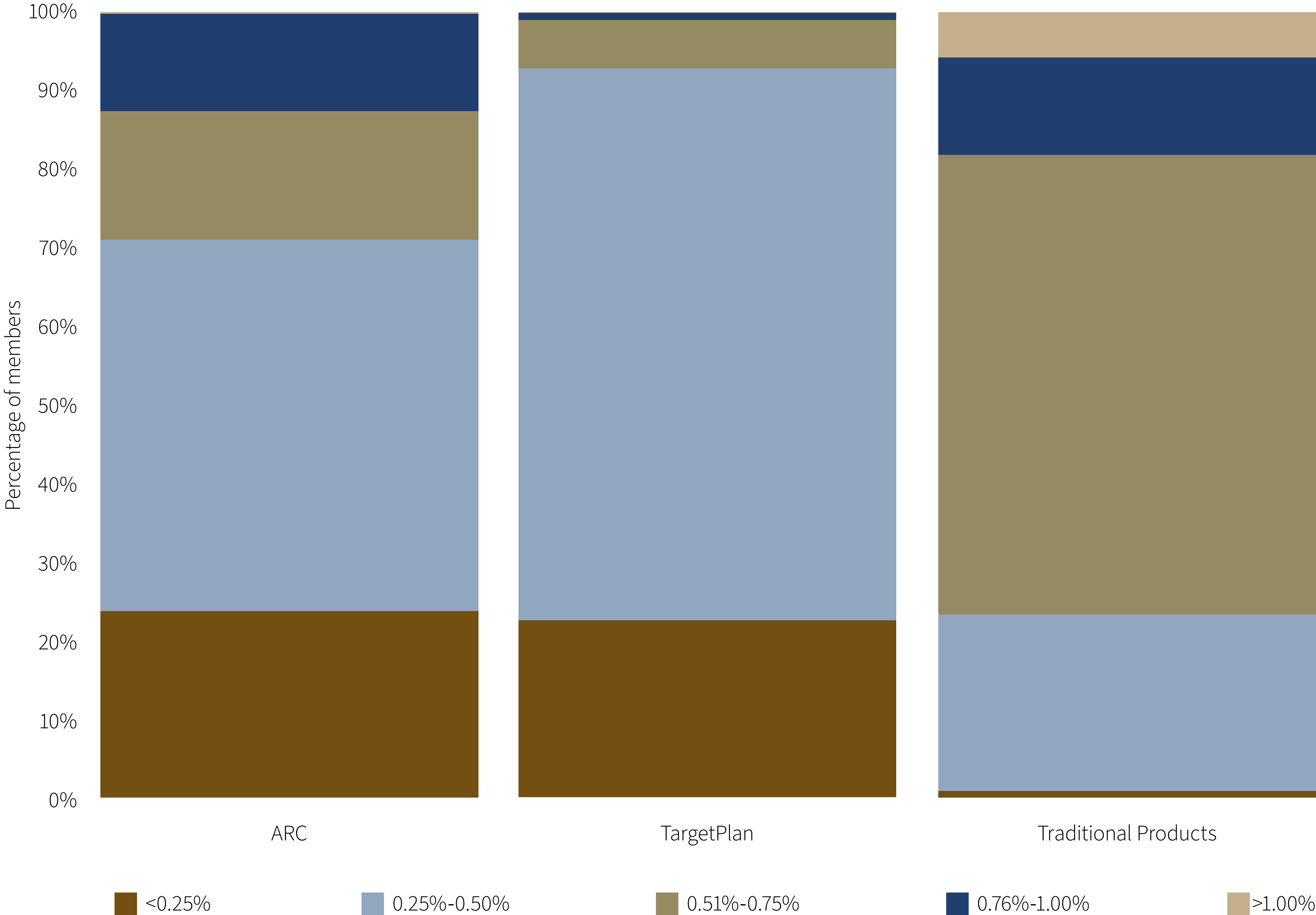


The annual charge an individual member pays is dependent on their employer’s scheme with Aegon. Annual charges vary between employer schemes, reflecting the costs of administering pension schemes for different employers, all with a different make up of employees. For employer schemes being used for auto-enrolment (a UK government initiative requiring employers to automatically place eligible workers into a workplace pension scheme), the regulator set a maximum price that providers can charge for those invested in the providers’ default funds of 0.75%. If a member has chosen their own fund to invest in, or where a scheme isn’t being used for auto-enrolment, charges can exceed this amount. Each year, Aegon provides us with a view of the charges its workplace pension members are paying, split across five charge bands. Over the years, we have seen the proportion of members in the lowest charge bands increase, and the proportion in the highest charge bands decrease. This was again the case in 2025.

As part of its comparative exercise, Gallagher analysed charges for members in active schemes invested in the providers’ default fund(s) and found that Aegon had one of the largest proportions of policyholders within the lowest two charge bands.

3. Workplace Pensions: Costs and Charges

Charge Bands by Proposition (at end 2025)



In addition to the overall view of charges across the workplace pension population, we also look at charges at a propositional level. At the end of 2025, the average annual charge paid by workplace pension members was:

- 0.41% on ARC,
- 0.34% on TargetPlan, and
- 0.72% on Traditional Products

Around 93% of TargetPlan members and 71% 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.

In contrast to the figures above, only 23% of Traditional Products members pay less than 0.5%, with 5% of members paying more than 1% annually. Aegon is taking steps to address this, as detailed on the next page.

3. Workplace Pensions: Costs and Charges

Developments during 2025

The ‘charges trend (by charge band)’ chart on [page 13](#) shows that the number of members paying more than 1% has been declining over recent years, but we have continued to challenge 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 (‘the first cohort’). 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 cap, other than those choosing to invest in more expensive funds (‘the second cohort’, whose charges will be capped effective from July 2025).

In last year’s report, we expressed our disappointment at the lack of progress made by Aegon in implementing the cap. Since then, Aegon has begun reducing charges for impacted members. As a result, the number of members paying more than 1% reduced from c.65k at the end of 2024 to c.60k by the end of 2025. We know from Aegon’s more recent presentations to us that this work has continued into 2026, and we expect to report on considerable progress in next year’s report.

Aegon has also started to make refund payments to members who exited their pension after the effective date of the cap (July 2020 for the first cohort, July 2025 for the second). By the end of 2025, around 6,500 former members had been issued this refund payment. As a result of Aegon committing to these effective dates, the delays in implementing the cap should have little financial impact on members – all in-scope members are due to be appropriately refunded, taking into account the higher charges they have paid since their respective effective date. Nevertheless, the IGC is keen to see refunds issued promptly.

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 note that Aegon has started to make progress during 2025 and expects to have reduced charges for most if not all impacted members by the end of 2026. We also recognise that as a result of Aegon backdating the reductions, the delays won’t have a financial impact on member outcomes in the long term.

It is worth noting that even after the 1% ‘charge cap’ is implemented, members at the top end of the charge scale will still be paying a charge considerably higher than the Aegon average of 0.49% (as of December 2025). While members may wish to consider switching away from these products (which they can do 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. We recommend that any member considering moving their pension check their annual statement to see if they have a product like this, or get in touch with Aegon to find out. If a member has concerns around whether or not any additional benefits their product offers justify the cost, we recommend they seek financial advice.

Our challenge to Aegon

Implement the ‘charge cap’, make refund payments to all members entitled to them, and provide the IGC with evidence of the accuracy of this work.

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

Gallagher observed little change to Aegon’s overall costs and charges distribution, but any changes that were noted were positive, with slightly higher proportions of members in lower charge bands in 2025 compared to the 2024 position. Aegon has one of the highest proportions of members within the lowest two charging 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 covers the investment management and performance of pension investment strategies within the IGC’s remit, including the primary default strategies, which account for 97% of monies and 79% of members invested in Aegon default workplace pensions.

Many default pension funds gradually de-risk invested assets as members approach their target retirement age. This process, called ‘lifestyling’, is designed to reduce members’ investment risk in the years leading up to retirement, and 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, the ‘lifestyling’ process begins. The period over which the investment mix is gradually changed, depending on the endpoint selected, is sometimes called the ‘glidepath.’ 10% of members are currently in this stage. The different endpoints are:

- Flexible drawdown – 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 – designed for members who plan to purchase an annuity (a guaranteed income for life) when they reach retirement. The investment strategy aims to invest in a mix of assets which more closely align to annuity pricing as the member approaches retirement age. Traditionally, this is fixed income assets, and in particular government bonds.
- Cash lump sum – designed for members who intend to fully cash-in their pension at retirement. This strategy will gradually move investments into a 100% cash allocation.

The table below shows the percentage of all members in a lifestyle fund targeting each of the above endpoints.

	Flexible Drawdown	Annuity	Cash
Members (%)	49%	50%	1%

Table 1 shows the Assets Under Management (AUM) of the main default strategies in the growth stage.

- Aegon Workplace Default, the default strategy for the Aegon Retirement Choices (ARC) platform – flexible drawdown endpoint.
- Aegon LifePath, the default strategy for the TargetPlan platform – flexible drawdown endpoint.
- Universal Lifestyle Collection, the primary default fund available on Traditional Products and also available on ARC – annuity purchase endpoint.

Fund name	Aegon Retirement Choices (ARC) & Traditional Products	TargetPlan	Total members
Aegon Workplace Default	£8.80 billion		782,833
Aegon LifePath		£12.8 billion	408,000
Universal Lifestyle Collection	£9.8 billion		723,773

Table 1: data as at 31/12/2025

4. Workplace Pensions: Investments

Aegon also operates a number of ‘mirror’ funds, which are run to the same, or similar, strategy as the main default strategies listed above. Table 2 shows the AUM of the main default strategies’ ‘mirror’ funds.

Fund Name	Mirror Strategy	AUM (£m)
Stakeholder Default	Aegon Workplace Default	£263
GPP Default	Aegon Workplace Default	£234
Default Equity & Bond Lifestyle	Aegon Workplace Default	£2,314
Growth Tracker (Flexible Target)	Aegon Workplace Default	£5,023
Growth Tracker (Cash Target)	Aegon Workplace Default	£57
Growth Tracker (Annuity Target)	Aegon Workplace Default	£21
Combined AUM of AWD + mirrors		£16,712
Universal Balanced Collection (Flexible Target)	Universal Lifestyle Collection	£1,322
Universal Balanced Collection (Annuity Target)	Universal Lifestyle Collection	£59
Universal Balanced Collection	Universal Lifestyle Collection	£3,015
Combined AUM of ULC + mirrors		£14,196

Table 2: data as at 31/12/2025

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 customers?

‘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 their respective benchmarks and wider peer group. The annual fund performance reporting we receive from Aegon includes data covering the previous three months, as well as one, three and five-year periods. The report is continually refined to help us pinpoint areas of focus. We consider any underperformance and the action Aegon is taking to address it.

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 Performance and Fee assessments. 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.

The global economy in 2025 was characterised by persistent inflation and rising trade tensions. At the start of the year, general expectations were for lower inflation and lower interest rates with improved economic growth. As such, most developed markets began cutting interest rates as inflation moved below 2022-23 peaks. However,

many factors, including US trade policy, made price pressure more persistent than expected.

In the UK, inflation remained above the Bank of England’s (BoE) 2% target throughout the year. It eased slightly, falling from 3.9% to 3.6%, which allowed the BoE to lower interest rates from 4.75% to 3.75% over the course of the year.

Across the globe, stock markets performed well. The UK, Emerging Markets, Asia Pacific, Japan, and North America all delivered double digit returns. However, after years of outperformance, the US lagged other countries as markets worried about its bias toward technology and high valuations relative to long-term norms.

Fixed income markets delivered improved total returns, compared to 2024, with bond prices rising throughout the year. Credit markets remained resilient with relatively low defaults.

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

• Aegon Workplace Default (AWD)

The growth phase of the strategy delivered positive absolute returns over one, three and five-years. As in previous years, however, it generally underperformed relative to respondents to the Gallagher market survey; in 2025 the one-year returns were greater than one competitor fund, but lower than all others (between c. 0.1% and c. 1.5% lower). This underperformance is primarily attributable to the strategy holding a lower allocation in equities and a higher allocation in UK government bonds, compared to the peer group. We challenged Aegon on this approach, which is out of line with much of the rest of the market, including the other main defaults it operates.

Aegon’s response included four aspects. First, it said that it operates several default solutions across the risk spectrum as part of its proposition to offer choice. Employers and individual members can,

4. Workplace Pensions: Investments

if they choose, select alternative solutions to AWD, depending on their attitude(s) to risk.

Second, Aegon pointed to its decision to increase the allocation of equities in AWD from 75% to 80% in June 2025, resulting in an improvement in returns to the end of 2025. Whilst an 80% equity allocation remains low by comparison to the peer group mentioned earlier, it is a lower-risk position over the long term, than holding, for example, 100% in equities. Aegon told us that its view remains that this is appropriate for most members.

Third, members in AWD have a shorter ‘glidepath’ (6 years) than most of the default strategy peer group. This means that members remain invested in a higher proportion of equities for longer before they start to derisk, compared to members in competitors’ equivalent funds. To evidence this point, Aegon showed us how AWD had performed for members who were five years from retirement as at the end of 2025. At this five-year to retirement point, AWD members were only one year into the glidepath and therefore benefitting from a higher allocation to equities than members in strategies with longer glidepaths. The data Aegon presented showed that, compared with 21 other default strategies available across the market, AWD ranked third for 5-year returns at this five years to retirement point.

Fourth, Aegon says that the AWD proposition design aims to deliver value at a particular, relatively low, price point. Aegon says it continues to see demand from employers and their advisers for low-cost default strategies. Each default must operate within its own fee budget, and as such not all funds are able to access the investment strategies other more expensive funds may be able to.

Aegon believes that this lower risk growth strategy, which remains invested for longer with a lower cost structure, continues to deliver value for money for the member over the course of the investment.

We understand these responses and will continue to monitor both operational and investment performance on this strategy going forward.

• Aegon LifePath

The growth stage has delivered positive returns over one, three and five years, as well as outperforming its benchmark and performing well against peers. This performance has been driven by its 100% equity allocation in the growth stage.

Over the course of the year Aegon made several announcements highlighting changes to LifePath, in particular the reduction in glidepath length to 15 years from 35 years. This change means members’ money will be invested for longer in assets such as equities. In December 2025 Aegon confirmed that, over the course of 2026, LifePath will begin to invest in private markets, which includes investing in companies that are not listed on a public exchange such as the FTSE 100 or S&P 500.

We challenged Aegon to manage the updates to the LifePath fund range and ensure effective communications were provided to members. Aegon shared details of the communications plan as well as regular updates on the delivery. Overall, we believe that Aegon continues to manage the LifePath funds effectively.

• Universal Lifestyle Collection

The growth phase of the Universal Lifestyle Collection¹ has delivered positive returns over one, three and five years and has also outperformed its benchmark over the same time periods. Strong equity performance has been a key driver of this return which has been supplemented by the new multi asset credit strategy and initial investments in private markets.

In October 2024, Aegon announced structural changes, including the introduction of private markets and removal of some previous holdings.

Aegon built on this in 2025 by delivering further changes which will gradually increase investments in private markets over the next three years, primarily through three Long Term Asset Funds (LTAFs). These changes are designed to improve member outcomes through improved investment performance while increasing diversification and reducing volatility.

Aegon provided data that demonstrated short term improvement in overall performance as a result of these changes.

A number of funds merit further comment:

Aegon provided further updates in 2025, following our comments in the 2024 report that the LifePath Flexi and Ethical Cautious Managed funds underperformed. LifePath Flexi has improved performance over 2025 when compared to peers, however, Aegon note that 1 year is a short time period on which to judge the fund overall. Aegon further stated that it is comfortable with the direction of travel the fund has been making. For the Ethical Cautious Managed fund, Aegon states that it has been actively engaging with the fund manager to understand the causes of underperformance and how the manager expects to improve performance in the future. We have asked for early feedback on this.

Two other funds require further focus given their underperformance in 2025. Aegon has provided details on how it is managing each.

Mercer Balanced Managed Investment Approach Fund

Despite delivering positive returns over one, three and five years, the Mercer Balanced Investment Approach Fund has been slightly underperforming its benchmark over 3 and 5-year periods. Mercer has proposed asset allocation changes which are expected to be delivered in Q3 2026. These changes increase exposure to equities and growth fixed income assets.

Aegon expects these changes to support improvements in customer outcomes, with the fund becoming more aligned to Mercer’s wider

¹ The Universal Lifestyle Collection invests in Aegon’s Universal Balanced Collection.

4. Workplace Pensions: Investments

workplace solution offering and incorporate its strategic asset allocations. This will drive improved governance focus and allow Mercer’s asset allocation views to be implemented quicker. Aegon will continue to monitor the fund performance to ensure these changes deliver good customer outcomes.

Annuity Target Fund

The Annuity Target fund is used in the lifestyle stage and endpoint across several default funds and Aegon estimates that approximately 133,000 members have some level of exposure to the fund. In October 2024, Aegon made several changes to the fund, primarily reducing allocation to UK government bonds and lowering the fund’s sensitivity to interest rate changes. These changes have led to an improvement in performance of c. 0.8% over the course of 2025.

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 that members pay. Aegon provides an annual analysis of the costs and charges for each fund, including each fund’s transaction costs. The analysis uses an agreed framework that compares each fund’s transaction costs against a set of peer funds.

For the 2025 transaction cost review, Aegon conducted assessments on 651 funds out of a total 988 across its investment estate. Each fund was tested against a relevant peer group. The tests identified 153 funds that required further examination for higher-than-expected transaction costs. Twelve of these funds had previously been flagged in 2024. Since the analysis was completed, Aegon has engaged with all fund managers to understand their rationale for any higher transaction costs compared to peers. Managers have since confirmed

that they have followed their best execution policy appropriately and that transaction costs can appear high for several reasons including portfolio turnover and market timing. Aegon says that, although it has no specific cause for concern, its fund governance processes help ensure it can take necessary actions if similar situations arise.

The Gallagher study noted that Aegon’s 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 at <https://www.aegon.co.uk/about-us/independent-governance-committee/costs-and-charges>

Our conclusions

We have focussed our commentary on the three largest default strategies, of which two are performing well and one has lower performance relative to some peers. We note where actions have been taken to address performance concerns and factored this into our decision when reaching our overall score for investments. We have also considered the process that Aegon follows to monitor and govern investment performance.

Our challenges to Aegon

- Demonstrate that the changes made to the Annuity Target Fund deliver improved returns for members who intend to buy an annuity at retirement. However, we believe that not all members in this fund do intend to buy an annuity and we comment further on this under the following outcome statement (see ‘Glidepaths’ on [page 21](#)).
- Demonstrate that the changes made to the Universal Lifestyle Collection are providing better long-term returns and offer better Value for Money to members.
- Continue to take steps to improve the relative performance of the Aegon Workplace Default which has been performing behind some peers. Consider if the strategy is taking an appropriate level of risk to continue to deliver the returns that members would expect to achieve.
- Demonstrate that the changes to the Aegon LifePath funds have been effectively managed and delivered positive outcomes for members.
- Continue to address funds that have delivered prolonged underperformance and provide us with updates as this work progresses.

4. Workplace Pensions: Investments

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, retirement outcomes depend on the default fund in which they invest. We continue to assess Aegon's governance of these funds through its regular review and monitoring processes.

Growth phase

Across Aegon's three primary default strategies we noted that these are, broadly, delivering the desired outcomes during the growth phase of saving and meeting their long-term investment objectives. While AWD has underperformed relative to certain peers, we recognise that this reflects its lower allocation to equities.

The introduction of private market investments within UBC and changes to LifePath that extend the growth phase by shortening the glidepath are intended to support improved long-term member outcomes.

Glidepaths

	Flexible Drawdown	Annuity	Cash
Customers (%)	50%	45%	5%

The table shows a significant proportion of members currently in the glidepath stage remain invested in strategies targeting annuity purchase. However, FCA retirement income data shows that, at present, only c. 10% of members moving into retirement purchase an

annuity. This issue extends more widely across Aegon's legacy default fund range, where significant numbers of members remain invested in defaults with annuity-targeting end points.

This presents a serious and ongoing risk of mismatch between what these legacy default funds were designed to achieve and the actual retirement decisions that the member may make. Specifically, members who remain in an annuity-targeting strategy, but then choose to access their benefits through a different option like flexible drawdown or cash, are likely at risk of materially different investment outcomes than if they were in flexible drawdown or cash targeting end point strategies. This could result in a poorer outcome for these members, particularly if annuity prices fall.

Aegon presented revised member communication material designed to encourage members invested in annuity-targeting funds to review whether those investments remain suitable. We believe that this approach is unlikely to make a material difference to members’ understanding of the issue and the likelihood that they will take action to choose a different approach. As a result, we have challenged Aegon to rethink the strategy and take a much more direct approach.

In the longer term, The Pensions Schemes Act that passed into law in April 2026 introduced a power called ‘contractual override’, which is expected to come into effect in 2028. Contractual override will empower Aegon to switch members into a different fund without getting individual member consent – subject to appropriate oversight. This should enable Aegon to automatically move customers out of annuity targeting funds into funds it considers to be better suited to most customers’ needs.

The Committee understands that this will take time and detailed planning to execute but given the scale and urgency of this issue we have challenged Aegon to share their plans with us as soon as possible. Due to the fact that it is likely to be some time before

members can be automatically moved to a more suitable glidepath strategy, it is vital that Aegon takes every step possible to alert and actively encourage members to take action for themselves.

With-Profits Funds

We received a detailed update from Aegon on its With Profits funds, to help us understand better how they provide Value for Money (VfM). We concluded that Aegon’s With-Profits funds present no material VfM concerns in relation to the investment outcomes they deliver, contain valuable benefits including some guarantees, and benefit from independent scrutiny through their governance arrangements.

Our conclusions

The Pensions Schemes Act and, within it, the ability from 2028 for providers to make contractual override where appropriate is a significant milestone. We will work closely with Aegon and will closely scrutinise its plans as this is critical to improving member outcomes.

The Committee expects continued progress towards default strategies that reflect how members are most likely to access their savings in retirement and view this as a key determinant of future Value for Money.

Our challenges to Aegon

- As a matter of priority, Aegon must set out its plans for implementing contractual override where appropriate.
- At the same time, rethink its communication and engagement plans for members in an annuity targeting default, so that they can better understand the risks associated with being invested in a strategy that may not align with their plans in retirement, and take the necessary actions to avoid it.

4. Workplace Pensions: Investments

What is a good outcome for members?

‘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.’

What did we investigate and what did we find?

In 2025, we continued to receive regular updates on Aegon UK’s responsible investment activity. Aegon UK’s responsible investment policy applies to all funds within the IGC remit and is reviewed annually. It outlines Aegon UK’s approach to responsible investment and sets out how it manages environmental, social and governance (ESG) factors, such as climate change, alongside financial considerations.

Aegon UK has committed to achieving net-zero greenhouse gas emissions by 2050 across its entire default portfolio. To help achieve this net-zero ambition, Aegon defaults are investing in funds with robust ESG integration and climate change solutions within private markets. As at 31 December 2035, £44.3billion (84.1%) of growth stage assets in Aegon’s workplace defaults are invested in strategies screened and/or tilted for ESG factors. This has enabled Aegon to surpass its Climate Roadmap goal of achieving 70% of growth stage assets in ESG screened and/or optimised strategies by the end of 2026.

ESG metrics are monitored and reported to the IGC. Climate metrics are predominantly reported through the annual Aegon Taskforce

for Climate Related Financial Disclosures (TCFD) report which was published in June 2026. Across its default portfolio, Aegon reported a 61.2% reduction in scope 1 and 2 carbon footprint between 2020 and 2025, measured against a 2020 baseline. It is also on target to invest £500 million in climate solutions by 2026, as part of its broader climate strategy. This includes investments in renewable energy, green infrastructure, and forestry.

Aegon’s responsible investment and investment marketing teams have worked to improve ESG member disclosures, including ‘Our Guide to Responsible Investment’ and a ‘Jargon Buster’ to help educate members on these important topics.

Aegon’s Stewardship report was published in May 2025, and it was accepted as a signatory to the Financial Reporting Council’s Stewardship Code for a third year. The Committee receives updates on how Aegon supports the aims of its responsible investment and stewardship policies by using its ‘Expression of Wish’ approach to influence asset managers. In 2025, Aegon refreshed its approach to focus on 50 priority companies (including deep dive research on 10), identified as having material exposure to, and weak performance on, our core engagement themes: climate, nature, human rights, and diversity, equity, and inclusion (DEI).

In addition, Aegon monitors the responsible investment practices of fund managers on a regular basis. In 2025, Aegon built on information collected in previous years and incorporated enhancements such as adding asset class specific questions covering equity, fixed income and, importantly, private market investments.

Taken together, we have concluded that this demonstrates continued progress from Aegon in its approach to responsible investment.

Our conclusions

The IGC has reviewed and is satisfied 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. Aegon has further integrated ESG into its investment proposition, with the most recent changes coming to LifePath. Aegon sought independent investment advice in respect of these changes which we support as good practice and no adverse impact on member outcomes had been identified to date.

We note that Aegon has updated their Responsible Investment Policy and ongoing stewardship activity, as part of its ongoing governance responsibilities.

Member understanding of ESG remained an area of focus for us. We noted evidence of improved member awareness in regard to what responsible investment is and means but reiterated the need for clear and concise ESG disclosures to further improve member understanding of this subject.

The introduction of private market assets and LTAFs was also considered from an ESG perspective. Aegon plans to continue to integrate ESG across its fund range.

4. Workplace Pensions: Investments



Our challenges to Aegon

We are comfortable with the integration of ESG and responsible investment considerations where these enhance long-term member outcomes but remain clear that ESG credentials alone do not equate to good Value for Money. We challenged Aegon to make sure that ESG integration is documented where applicable - for example, in the context of Private Markets which, given their nature, may not be subject to regulatory scrutiny. Additionally, we expect Aegon to help members understand the potential benefits of ESG funds in a pension scheme through effective communications, and to provide us with evidence of continued improvement in member understanding.

What did the Gallagher study say about investments?

Gallagher assessed the AWD fund, which is the current default solution on ARC.

Gallagher found that investment returns over one, three and five-year periods were towards the lower end when compared with others in the survey. It also found that even after the changes Aegon had made to the AWD fund in 2025, it still had the second lowest equities exposure in the survey.

Even though data was not submitted to Gallagher, Aegon also benchmarked the growth stages of the Aegon LifePath and Universal Lifestyle Collection funds against the survey data. This showed that LifePath had performed towards the top of the range across all time periods, while Universal Lifestyle Collection returns were higher than all other funds over 1-year, but closer to the median over three and five years.



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 2025 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.

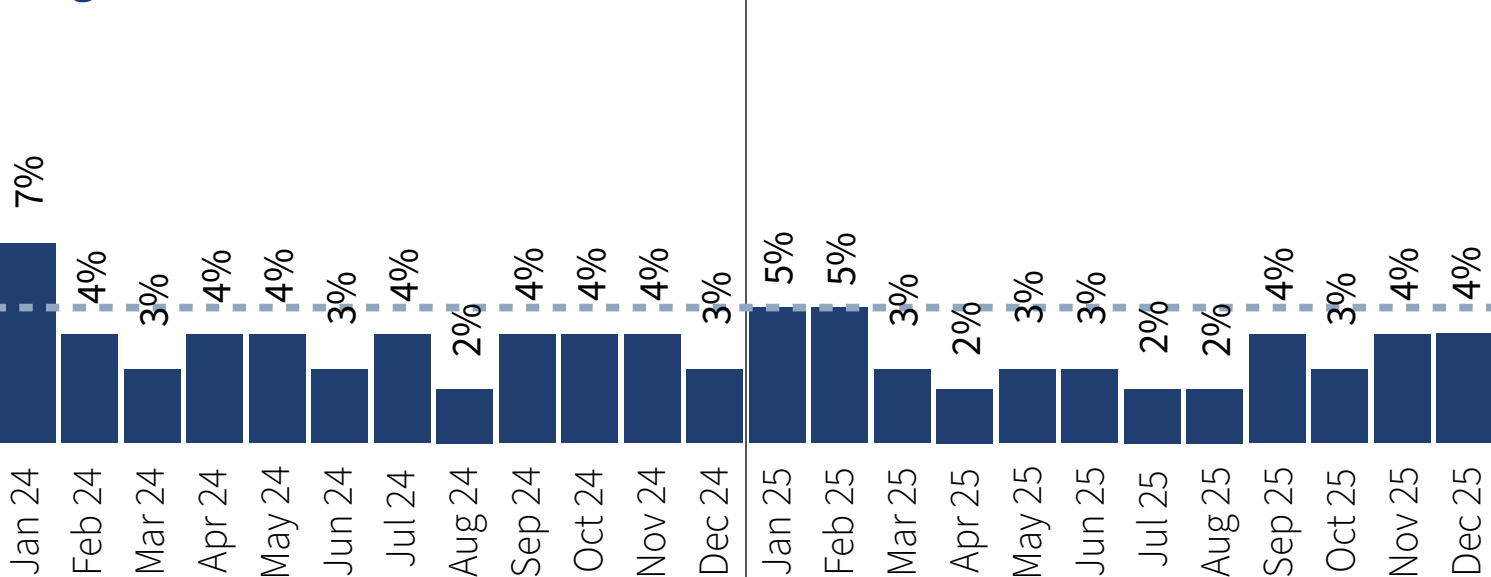
ARC

Customer service levels in 2025 improved once again. 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 every month of 2025.

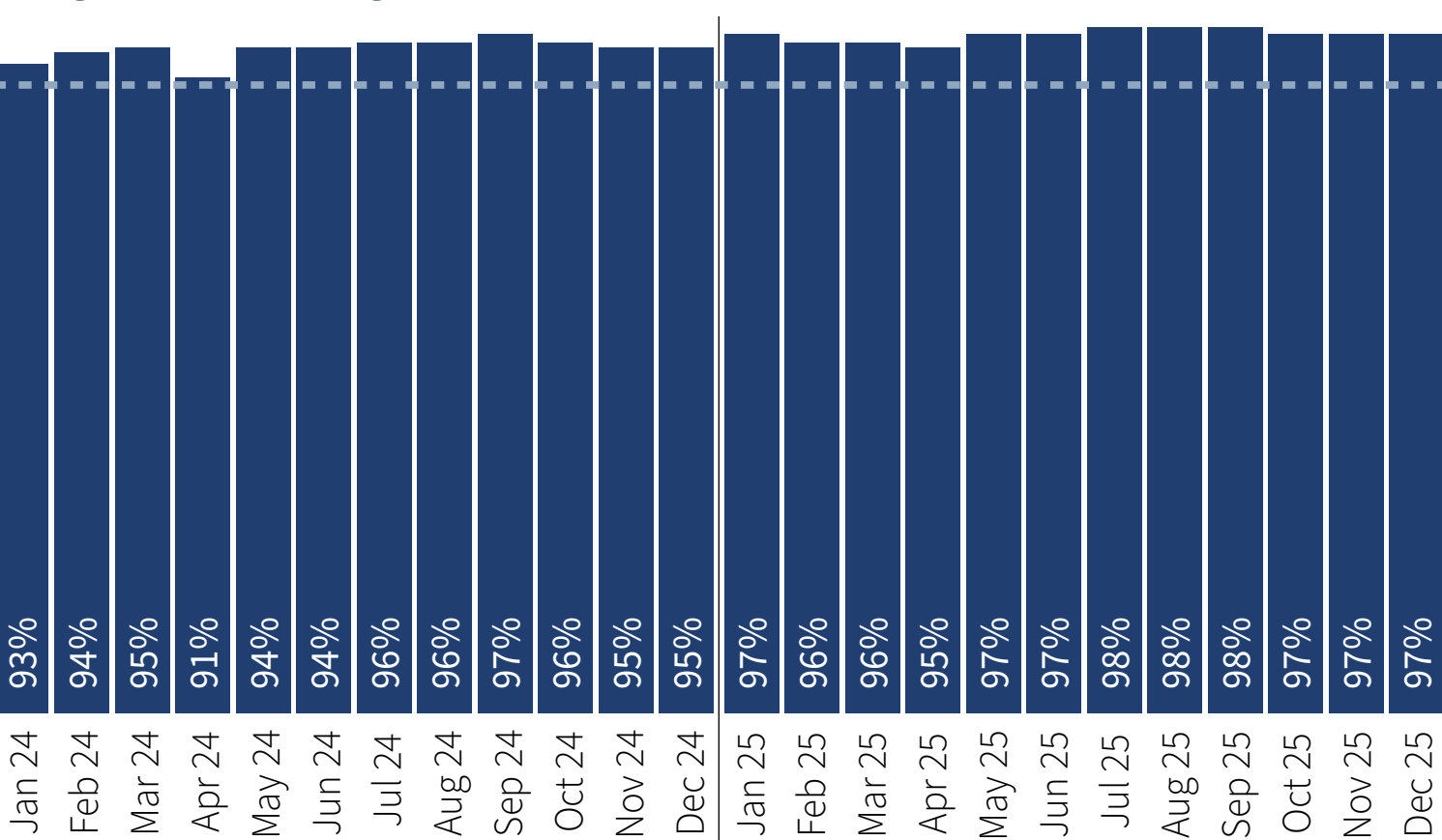
The abandonment rate shows the percentage of phone calls where the member hangs up before the call is answered. Clearly, this should be as low as possible. The rate was 5% or lower for all months in 2025.

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 the Aegon target of 90% in all months of 2025.

ARC abandonment rate
Target: 5% or lower



ARC administration SLA
Target: 90% or higher

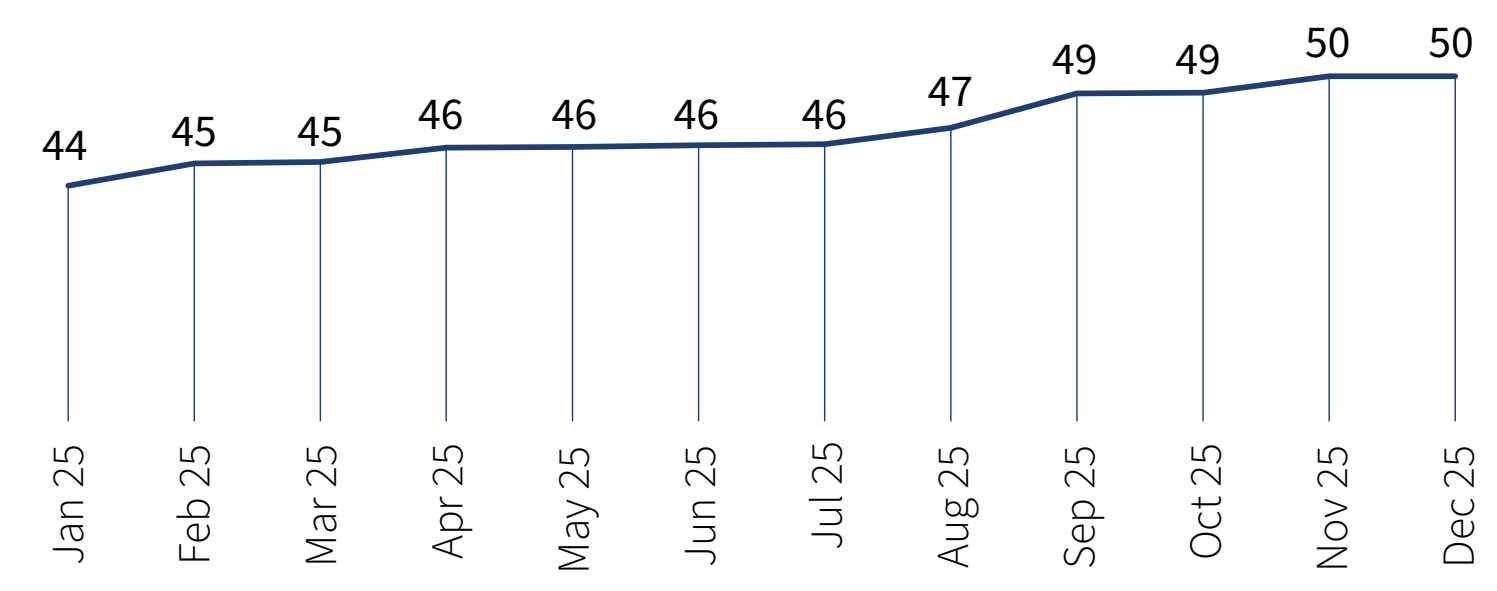


5. Workplace Pensions Service: Customer Service

We also look specifically at six key customer request types and how long it takes Aegon to process them, on average, from the point the requests are received to the point they’re completed. We compare these averages with those of the other providers in the Gallagher survey. The 2025 ARC figures show that the average time taken to process transfers to other providers and to make retirement payments to members was better than the Gallagher average. The other four request types took longer than the Gallagher average. We would like to see this comparative position improve in future years.

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. For the first time, Aegon has been able to provide us with Net Promoter Scores (NPS) specific to ARC (instead of being combined with TargetPlan as it has in the past), but with the caveat that there will be some non-workplace pension customers included within these scores. This is still a step forward on previous years, and more closely represents the experience of ARC members. We have seen the score, which is based on survey responses members provide following an interaction with Aegon, improve during the year. Aegon sets itself a target to reach for its overall NPS score, but doesn’t at a proposition level. These scores are however above Aegon’s overall 2025 target of 42.

ARC NPS



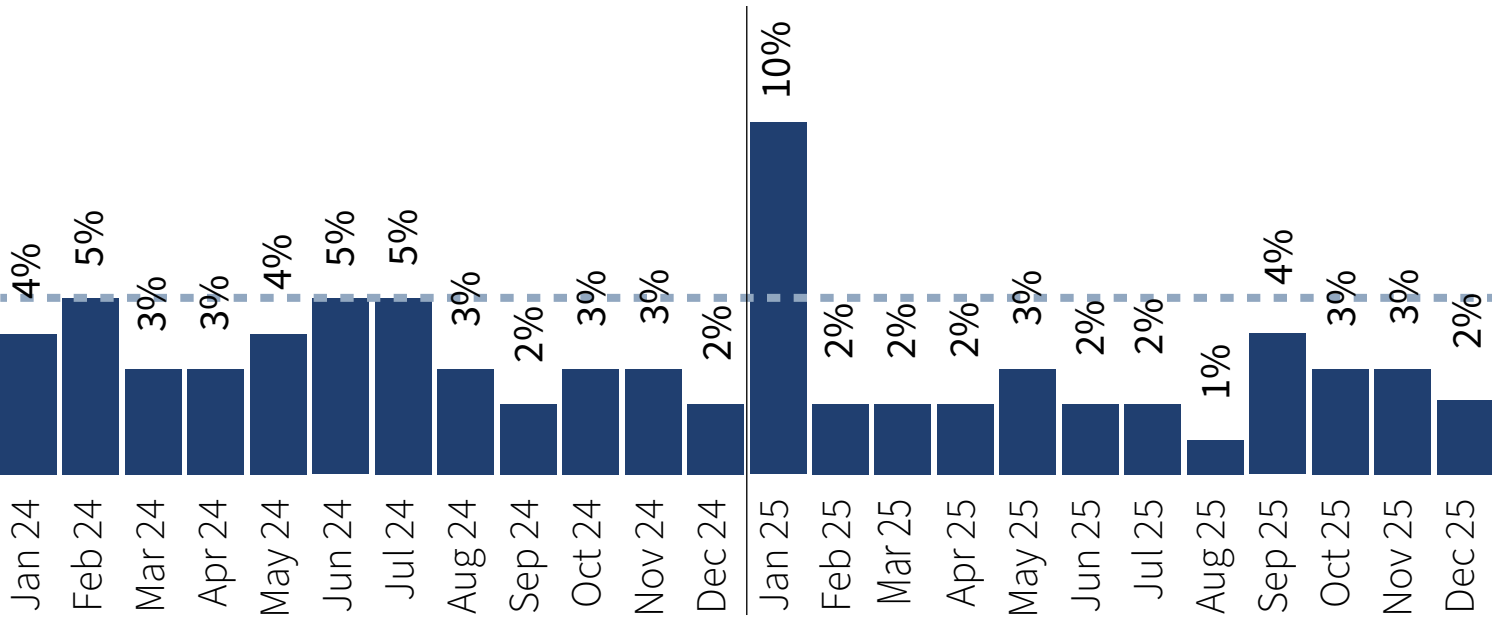
5. Workplace Pensions Service: Customer Service

TargetPlan

2025 was another strong year for customer service in TargetPlan. The charts 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 2025. The only exception was in the contact centre in January 2025, which was under resourced to meet demand. Management took action and the abandonment rates remained well within target for the remainder of the year. Administration SLA levels were above the 90% target throughout the year, and consistently higher than 2024.

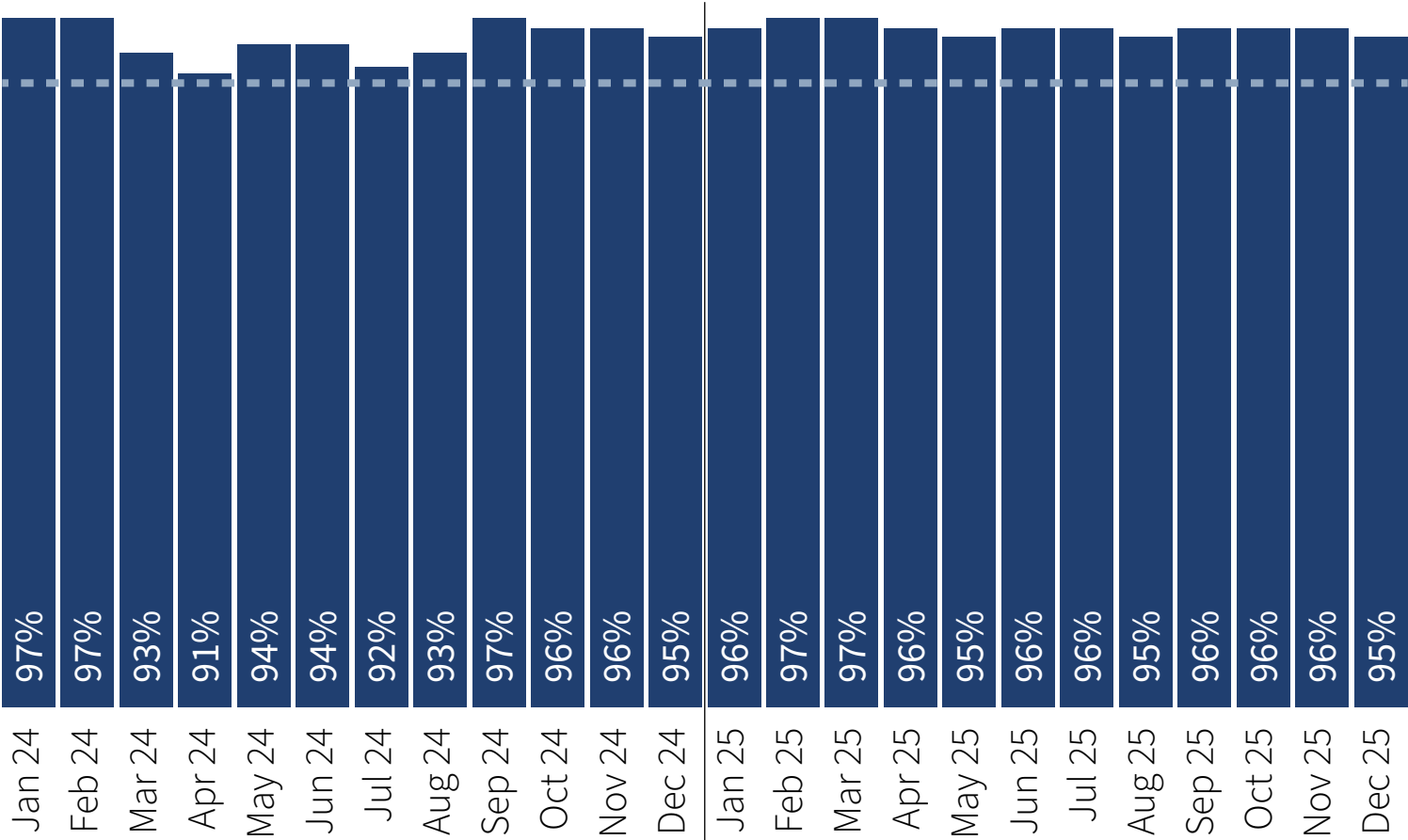
TargetPlan abandonment rate

Target: 5% or lower



TargetPlan administration SLA

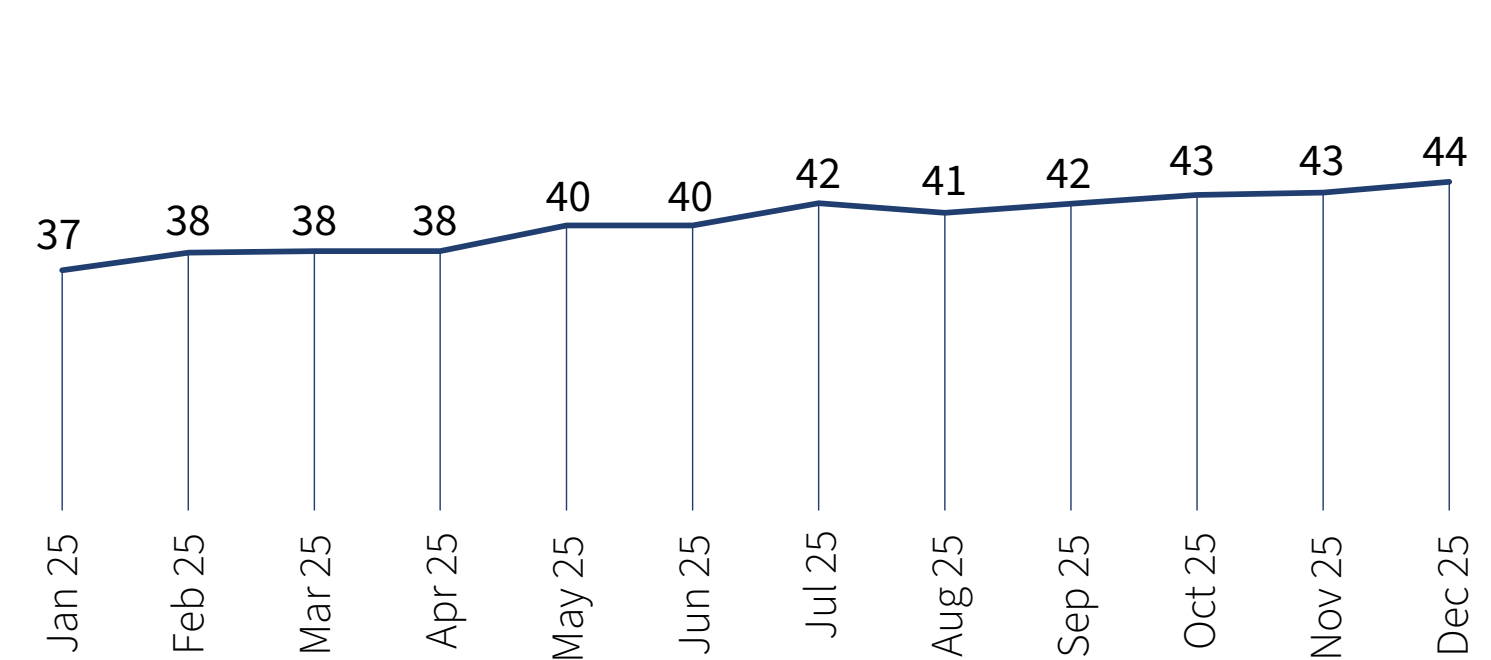
Target: 90% or higher



In terms of the six key customer request types we look at, the 2025 TargetPlan figures show that four of the six were completed quicker than the Gallagher average. Transfers to other providers and making retirement payments to members took longer than the Gallagher average, with transfers comparing particularly poorly. We have challenged Aegon to improve this figure – especially given it is handling these requests faster than most for ARC members.

As detailed in the ARC commentary on the previous page, Aegon has provided us with TargetPlan specific NPS scores for the first time. While not as high as the ARC scores, by the final four months of 2025 they were higher than the overall Aegon NPS target of 42.

TargetPlan NPS



5. Workplace Pensions Service: Customer Service

Traditional Products

We detailed in our report last year that Aegon had begun a programme of modernisation work in Traditional Products. This would involve the upgrade of two administration systems to a single more modern system that would enable future enhancements to be made to improve the customer experience going forward. It would also involve the introduction of a new online portal for Traditional Products members to view and manage their pension online, replacing the existing portal. Aegon upgraded the first of the two administration systems in August 2024, which involved migrating the records of around one million members from the old system to the new. The migration resulted in a number of issues, largely as a result of how the new system communicated with other systems within Aegon.

We challenged Aegon in our report last year to resolve the post-migration issues as quickly as possible, and ensure service levels returned to pre-migration levels as soon as possible.

The charts show that, while the issues in the contact centre peaked in late 2024, abandonment rates were still too high and failing to meet the improvement targets set in the first four months of 2025. Targets were met in the remaining eight months of the year, with the contact centre largely recovered.

The peak of the administration issues was also in late 2024, and while administration SLA levels gradually improved throughout 2025, they did not reach the Aegon target of 90%.

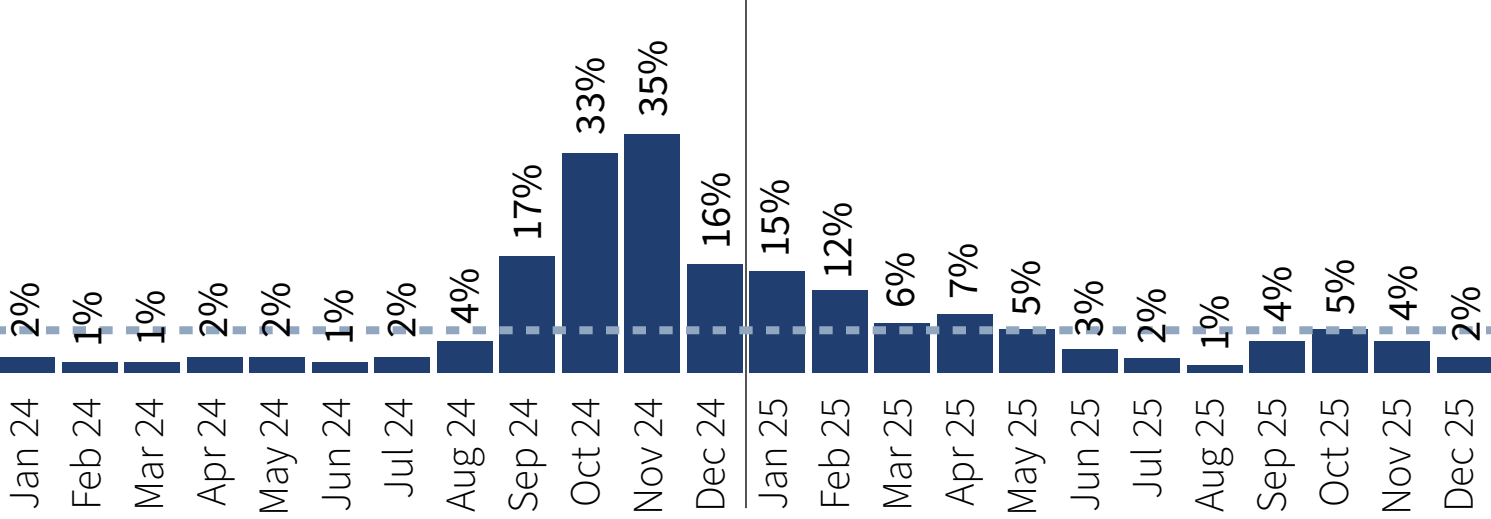
Many of the issues related to applying new pension contributions to members’ plans, and by the end of 2025 the majority of outstanding work items within the administration backlog were related to this. There had been knock on effects on other types of request too, as without contributions being applied when they should have been,

valuations had the potential to be incorrect, which caused delays to other types of requests, such as retirement payments or transfers to other providers. This resulted in some members waiting too long for their requests to be carried out. This was evident in the Gallagher survey results, where the Traditional Products average processing times for all six key customer request types were higher than the survey averages. Applying new pension contributions to members’ plans and transferring other pensions to Traditional Products pensions in particular compared poorly.

Aegon committed to a remediation programme that will see all members impacted by the issues over the past 18 months put back in the position they should have been, had these issues not occurred. Aegon is working through the list of employer schemes that have been impacted. By the end of 2025, Aegon had completed the remediation work for around two-thirds of the c.5,300 impacted schemes. At the time of writing, this work is not yet complete.

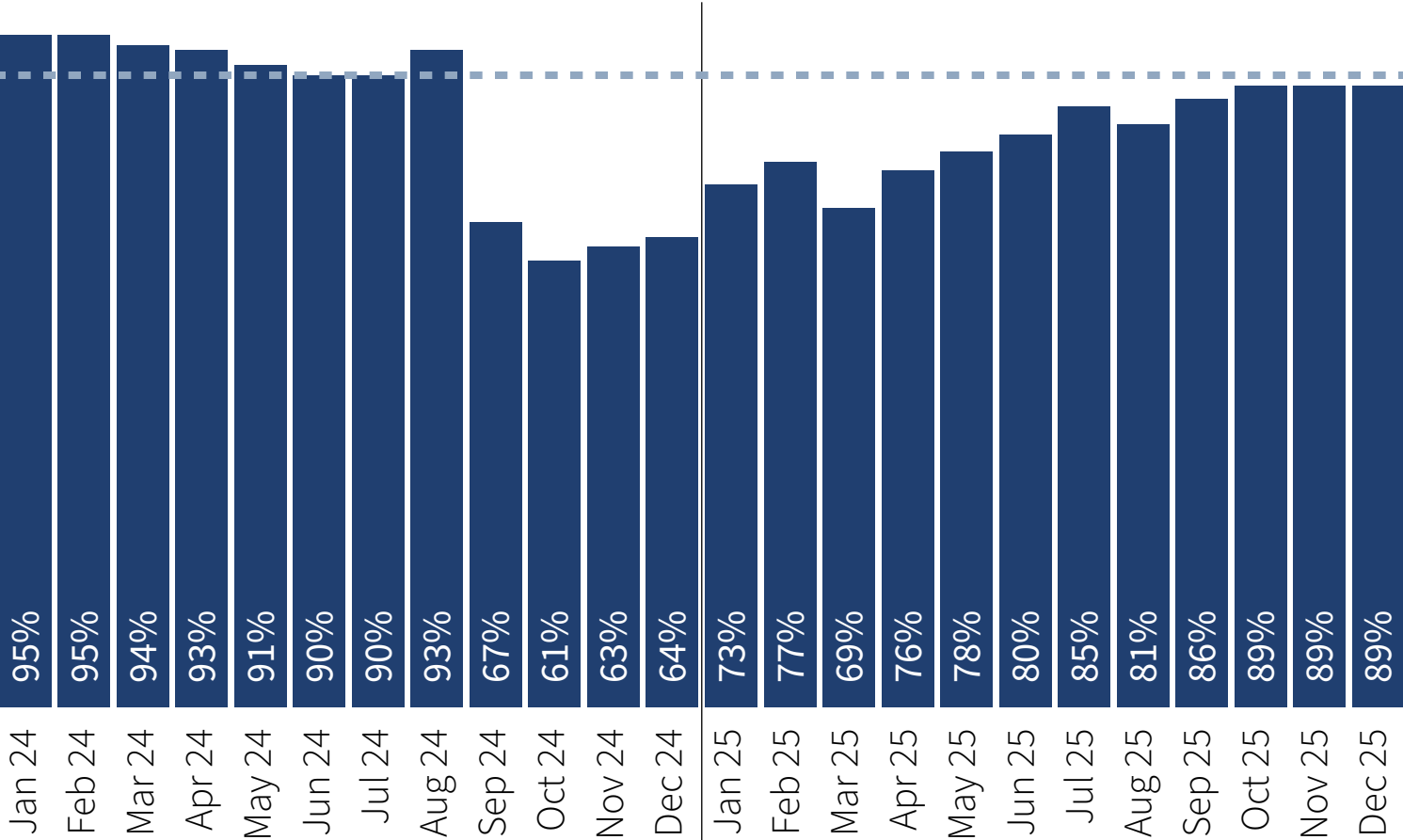
Traditional Products abandonment rate

Target: 5% or lower



Traditional Products administration SLA

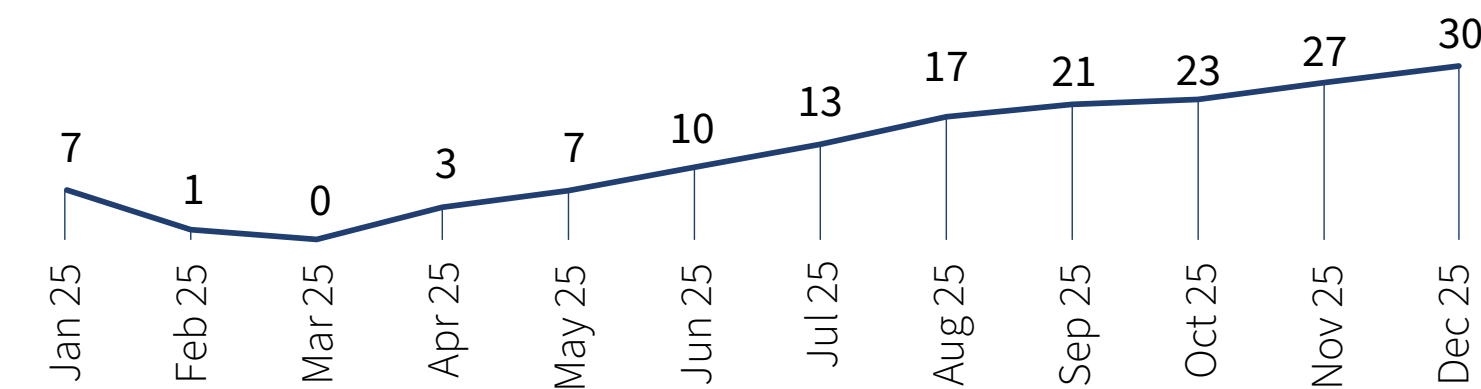
Target: 90% or higher



5. Workplace Pensions Service: Customer Service

Unsurprisingly, the issues impacted the Traditional Products NPS results too. Having been as high as 42 before the migration, the scores deteriorated throughout the second half of 2024 and didn’t start to recover until April 2025. By the end of 2025 the score had reached 30, and while this clearly reflects an improvement, it remains far short of the pre-migration score, and of the level of satisfaction expressed by Aegon’s ARC and Target Plan members.

Traditional Products NPS



From an overall customer service perspective, the levels of service delivered by the end of 2025 were starting to approach what Aegon would have deemed as ‘good’ before the migration took place. The contact centre was recovered with very few calls not being answered, and almost 90% of administration processes were being completed within service levels. This recovery has taken longer than either Aegon or the IGC expected however, and we know there will be members who are still experiencing issues with their plan. Aegon has presented us with the outcome of its ‘lessons learned’ exercise, as well as audits that have been carried out into the migration process.

Our conclusions

Customer service levels in both ARC and TargetPlan were strong once again. In Traditional Products, the impacts from the 2024 migration were felt well into 2025, and while the second half of 2025 saw an improvement in service levels there are still members whose plans have not been returned to the position they should be in. It is absolutely vital that Aegon restores both service, and individual members’ plans, back to where they should be as soon as possible.

Our challenges to Aegon

Maintain the strong levels of service seen in ARC and TargetPlan, while improving the average time taken to process transfers to other providers in TargetPlan. Resolve the remaining post-migration issues in Traditional Products as soon as possible, ensuring no member is financially worse off as a result of any of the issues faced. Once these service levels have been restored to an acceptable level, identify what further improvements are needed to lift service to the levels routinely experienced by ARC and TargetPlan members.



5. Workplace Pensions Service: Customer Service

What is a good outcome for members?

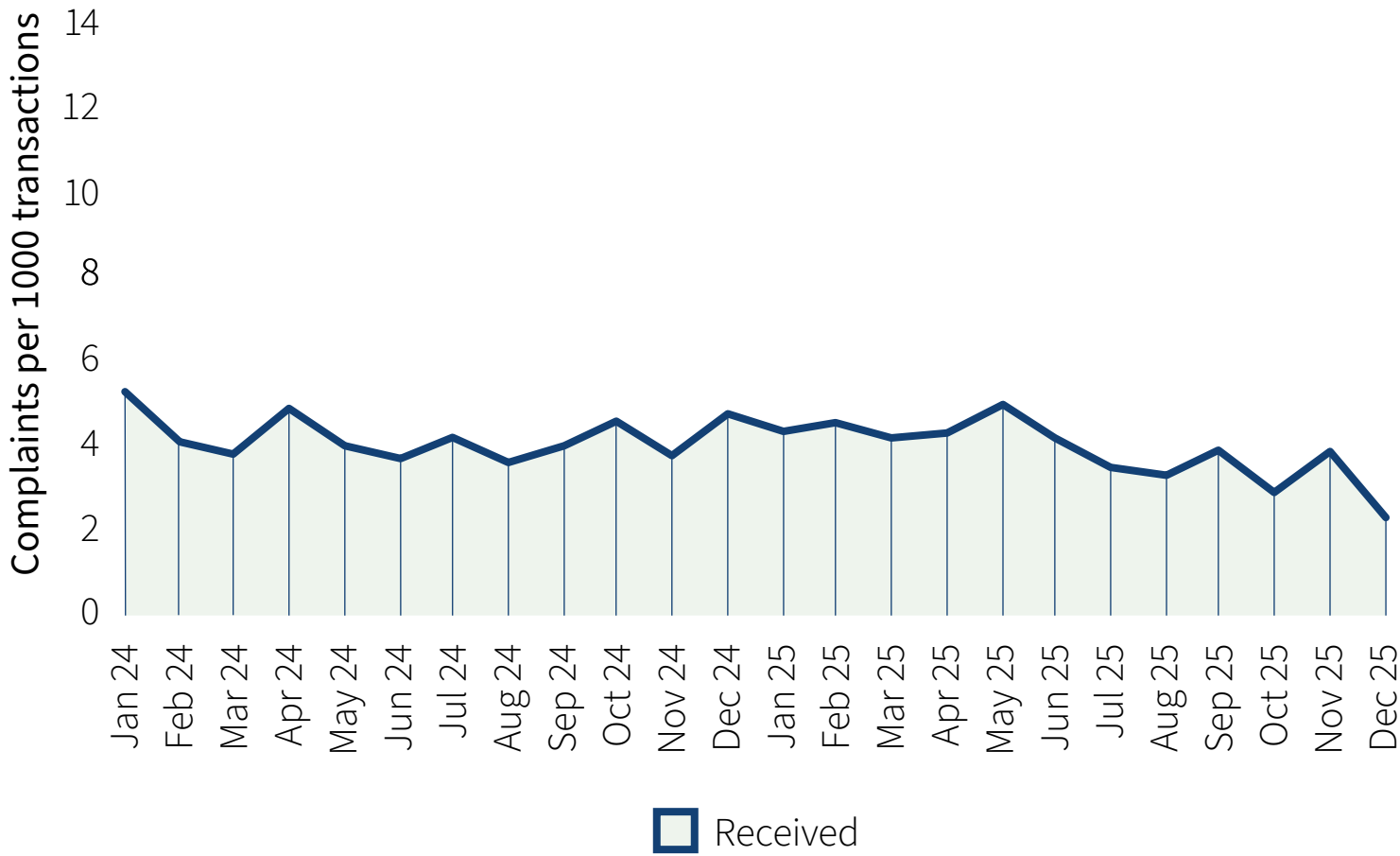
‘Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members’

What did we investigate and what did we find?

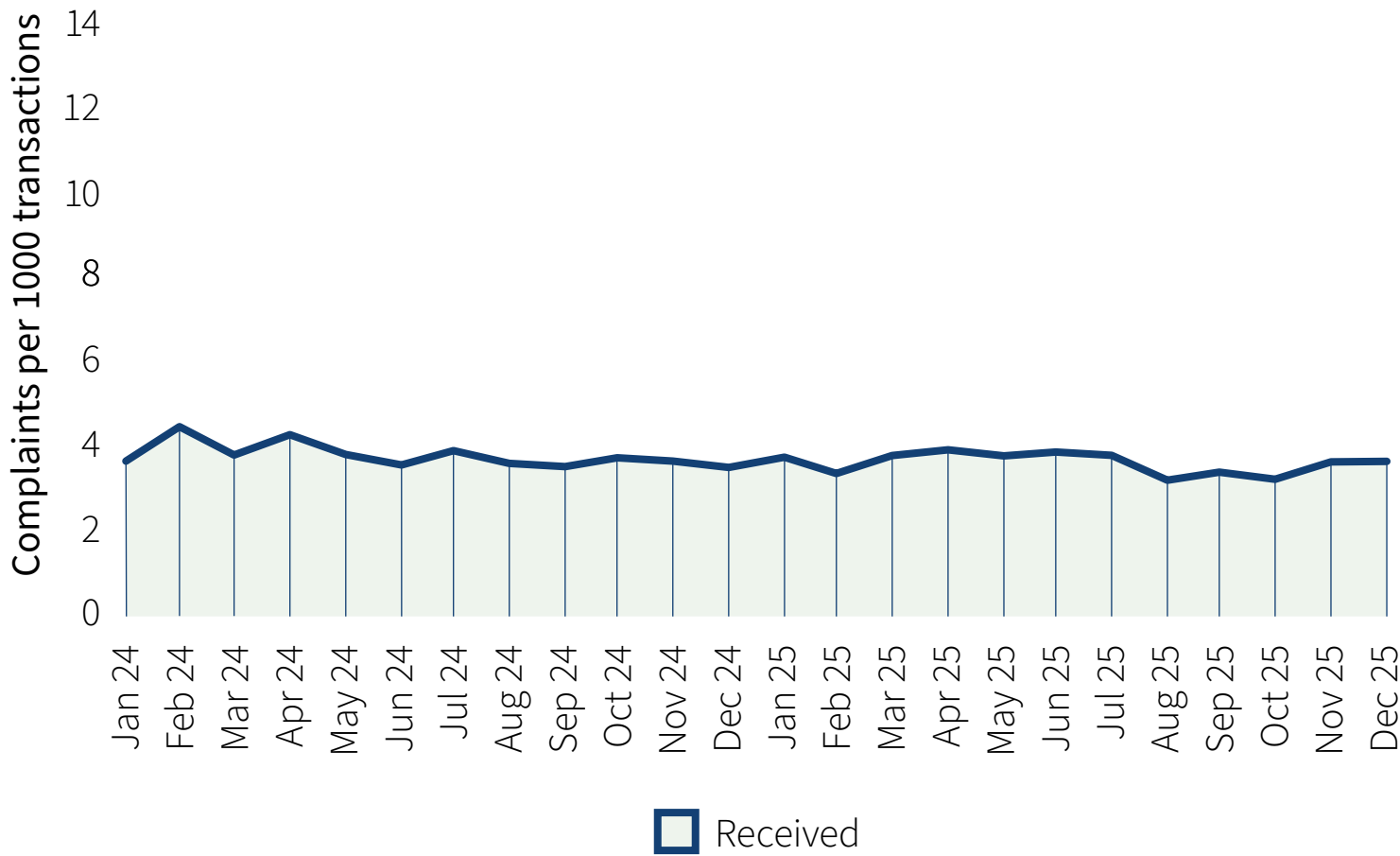
ARC & TargetPlan (both groups of members handled by the same team)

The numbers of complaints received by Aegon continued to trend down slightly, as has been the case over the past two years. The numbers are still higher than Aegon’s target and what the IGC would like to see.

ARC



TargetPlan



Aegon continued to assess the root cause of member complaints, and took action where there were recurring themes. The most common cause of member complaints related to the process of taking money out of their pension. Aegon made a number of changes throughout 2025 to address these complaints, along with other improvements to the process. These include:

- Enhancements made to the online drawdown journey, meaning members could complete the journey without having to sign and return a paper application pack. This included:
 - Introduction of new online declaration screens which removed the need for paper copies to be sent, completed and returned, including the ability for members to view their personal drawdown illustrations within the online journey.
 - Clearer setting of expectations, giving members a better idea of requirements, next steps, timeframes, and identity verification checks - supporting members to self-serve and complete the journey straight through online.

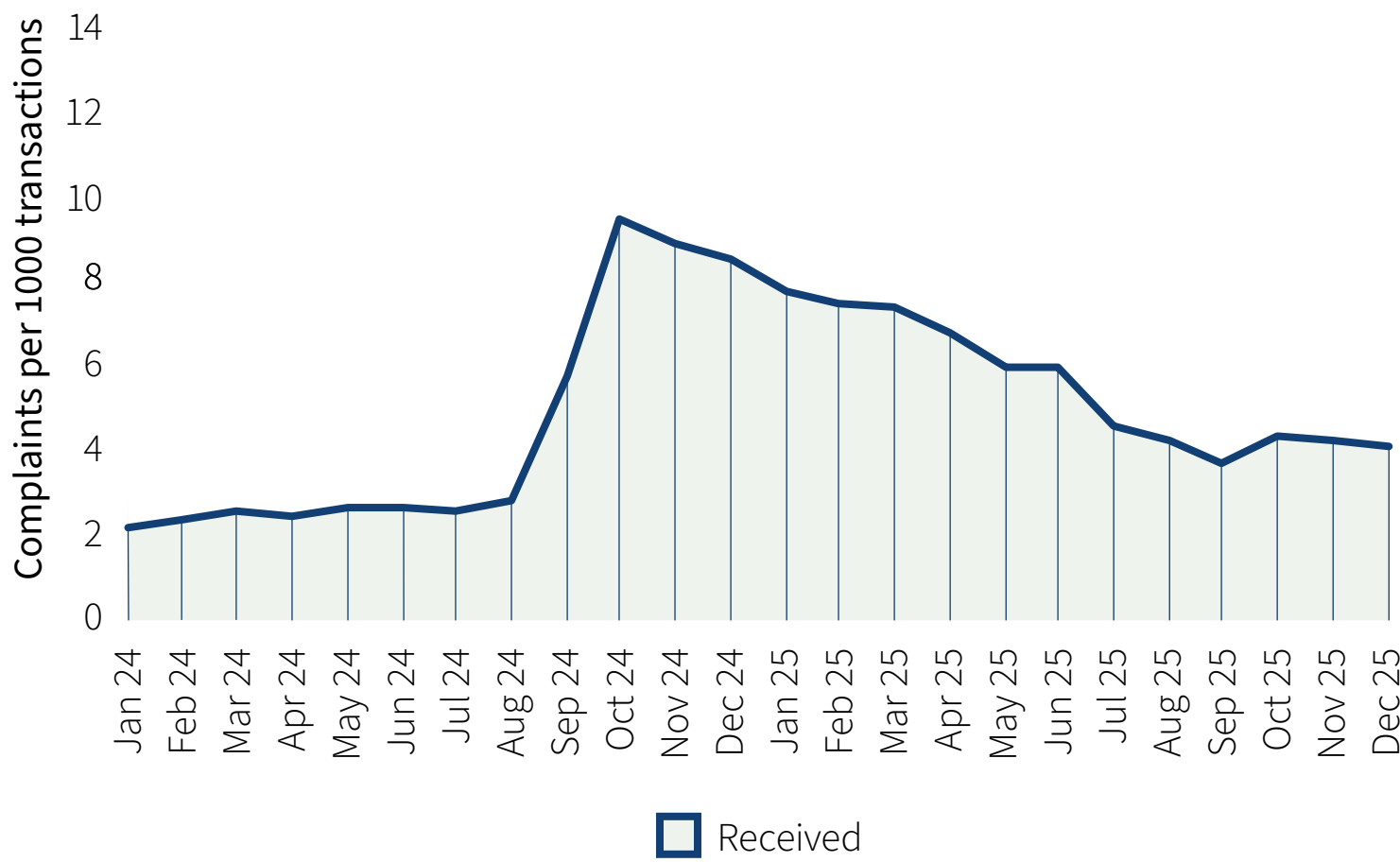
- Ability to pause, reflect and proceed with the application and where applicable members can waive the period of reflection.
- Multi-factor Authentication (MFA) introduced to the online journey, providing additional security.
- Details of completed online applications now stored within members’ document store for future reference.
- Customer verification changes went live in March 2025 with the introduction of a digital biometric check. Between Q1 25 and Q3 25, there were material improvements in anti-money laundering (AML) and bank verification pass rates, reducing the need for paper evidence and shortening overall journey times.
- All one-off retirement payments are now made as same-day payments, previously these were made via BACS which typically took three working days to reach members’ accounts.
- A ‘phone first’ member engagement approach has been launched, upskilling back-office colleagues in making outbound calls.

5. Workplace Pensions Service: Customer Service

Traditional Products

Complaint numbers in Traditional Products rose significantly following the migration in 2024. Whilst they’ve been declining since November 2024, they still haven’t reached pre-migration levels.

Traditional Products



As detailed under the previous outcome, by the end of 2025 many of the Traditional Products customer service measures were starting to return to what Aegon would deem an acceptable level. That was not the case for complaints however. The incoming volumes remained high, and Aegon was unable to resolve them in a reasonable timeframe. By the end of 2025, Aegon still had a considerable number of outstanding complaints to resolve, significantly higher than pre-migration levels, and of those, many were classed as ‘aged’ – outstanding for longer than 8 weeks.

The vast majority of these complaints were in relation to problems with adding money to, or withdrawing money from pensions as a result of the migration. As not all impacted plans had been through the remediation process, any complaints relating to those particular plans could not be resolved until the remediation had taken place. Aegon has shared with us the efforts that have been made over the year to progress these issues, but it ultimately hasn’t been enough to return complaints to pre-migration levels. As noted above, the remediation work is still ongoing.

Our conclusions

ARC and TargetPlan complaints have generally been managed well over 2025. We recognise the effort Aegon has put into addressing the most common concerns, but believe there is further progress to be made in reducing incoming volumes of complaints.

Complaints in relation to Traditional Products have remained high in 2025, and while we recognise the progress made, the backlog of complaints was yet to be fully cleared by the end of the year.

Our challenges to Aegon

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

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

Relative to others, the time taken to resolve member requests was higher than the average, except for transfers in.

Average call wait times and call abandonment rates improved in 2025, both measures were around the median.

Average number of days to close a complaint was the highest in the survey, as was the number of complaints received per 1,000 accounts. The proportion of complaints that Aegon upheld was around the median.

Note: The figures Gallagher 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. The ARC end-to-end processing times were generally consistent with peers, the contact measures were better than the median, and most complaints measures were too (only complaints per 1,000 accounts higher than the median). TargetPlan end-to-end processing times were in line with or better than the median for most processes analysed, contact measures were aligned to the best in the survey, and the complaints measures were generally in line with peers. Traditional Products end-to-end processing times were above the median for all processes analysed, with contact measures slightly above the median, and most complaints measures comparing poorly.



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 address or email.

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

At end of 2025	Valid postal address	Valid email address
Workplace ARC	93%	92%
TargetPlan	91%	66%
Traditional Products	93%	43%

ARC has strong coverage for both postal and email addresses. TargetPlan and Traditional Products have significantly lower coverage 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 Gallagher exercise showed Aegon compares well for email addresses. However, it also showed Aegon has fewer valid postal addresses than other providers.

As we reported last year, Aegon ran a pilot in 2024 with a new supplier to trace missing contact details for almost 16,000 members, who Aegon had been unable to trace previously. The pilot went well, and as a result Aegon switched to this new supplier for ARC in early 2025. TargetPlan will also change to this new supplier in 2026, with the intention that Traditional Products will follow once the post-migration recovery is complete.

As part of that switch, Aegon is now starting to re-trace historic cases, starting with the highest value pensions and working through the population on that basis.

Our conclusions

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

Our challenges to Aegon

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

6. Workplace Pensions Service: Communication and Member Engagement

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

Around half of Aegon members have now activated their online accounts – this is in line with the median in the Gallagher study. At a proposition level, 63% of ARC members have activated their accounts. For TargetPlan and Traditional Products, the figures are lower at 44% and 32% respectively.

Aegon has been running a ‘digital engagement’ campaign, in an attempt to drive up the number of members with email addresses on file, and registrations for online services. This has had a positive impact so far with ARC registrations at the end of 2025 up 4% compared with the end of 2024, and TargetPlan up 7%.

Traditional Products has not been in scope of this campaign, however Aegon still intends to launch a new online portal for these members as part of its modernisation efforts, once the post-migration recovery is fully complete.

Mobile app usage

Aegon launched a new mobile app in 2025 as part of a new digital engagement layer, called ‘Mylo’. Aegon has designed the Mylo app to provide a user-friendly experience, that provides timely, behaviour-based nudges to members to help them manage their money and stay on track with their savings.

By the end of 2025, Mylo was available to almost all ARC members, with 8.5% of them having registered – equating to about 82,000 users. Of those 82,000, more than 14,000 had updated their beneficiary details through the app, and almost 5,000 had made use of the Mylo ‘find and combine’ functionality. Find and combine searches for other pensions the member may have, not necessarily with Aegon (and potentially lost track of), and facilitates the consolidation of those pensions into one. This is a particularly good outcome for those with ‘lost’ pensions, who have now been able to track them down and combine them with their Aegon pension.

Mylo has made a strong start, with Aegon continuing to add new features and functionality. Aegon has plans to make Mylo available to other groups of customers in 2026.

The existing Aegon app remains available to ARC and TargetPlan members, and combined with Mylo, there were 131,000 members registered on an Aegon app at the end of 2025. This figure would have been higher, however an IT incident in 2025 resulted in some TargetPlan users losing their access to the app. Not all users reregistered following this incident.

Traditional Products members don’t currently have access to an app.

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 either 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, once the post-migration recovery is complete.

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.

6. Workplace Pensions Service: Communication and Member Engagement

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?

Aegon presented us with updates throughout the year on the work it’s done to help improve member understanding. It does this through a number of methods, including:

- Net Promoter Scores (NPS - asking members to score Aegon against a variety of questions, with the option for members to provide feedback)
- Its Customer Panel, which is a collection of members who have volunteered to test and provide feedback on Aegon communications
- User experience research, studying user behaviour to guide design decisions, and
- Complaints root cause analysis, to gain an understanding of what is causing members to complain, and whether Aegon could take action to avoid the circumstances that led to the complaints from reoccurring.

Aegon also introduced a new digital process that facilitates how and when new communication items are tested, and embedded a governance framework within its Customer Service area to prompt regular reviews and ongoing improvements to servicing communications.

NPS

Aegon includes three questions in its NPS survey that are focused on its communications:

- ‘How would you rate the communication you receive from Aegon’, with around 68% of respondents answering ‘good’ or ‘very good’ (up 2% from the end of 2024).
- I receive the information and guidance I need at the right time’, with around 51% of respondents agreeing or strongly agreeing with that statement (up 5% from the end of 2024).
- Communication / information I receive from Aegon is easy to understand’, with 66% of respondents agreeing or strongly agreeing (up 3% from the end of 2024).

Customer Panel

Over the year, Aegon completed key communication deep dives with the customer panel. The deep dives focused on welcome emails and how they explain the default fund a member is invested in, the communications that were going to go out to LifePath members to explain the changes being made to the fund, and Aegon’s key features documents. Aegon gained key insights from this testing with the panel, and was able to incorporate the feedback into the final communication. Improvements made as a result of this feedback included the creation of webpages that the communications linked to for those who desired more detail, prioritising member impact by adding clear sections explaining the relevance and consequences of the actions described in the communication, and simplified language and explanation of technical terms.

Mylo

We have been encouraging Aegon over recent years to provide more personalised and proactive communications to members, and through the introduction of Mylo, Aegon is now making progress. A number of campaigns have been run through Mylo since its launch encouraging members to engage with their pension, including a ‘postcards from tomorrow’ campaign, which was a light-hearted way for members to visualise their future, resulting in an AI-generated image of themselves in the future, in a variety of locations from around the world, enjoying their retirement.

Our conclusions

Aegon’s core communications are clear and generally well understood by members, with Aegon continuing to find new ways to test its communications with members.

We’re also encouraged by the impact Mylo has had so far on making communications more personalised and proactive.

However, much of the progress Aegon has made hasn’t benefitted Traditional Products members.

Our challenge to Aegon

Show us how Mylo is aiding member understanding as the user base grows, and continue to provide evidence that members are increasingly finding communications clearer, more personalised, and more helpful.

6. Workplace Pensions Service: Communication and Member Engagement

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.

Pension Geeks is a live event presented from a studio, with the ‘geeks’ answering questions from members. It takes place once every quarter, with around 3,000 members watching the event either live or on catch-up. Members are also presented with the opportunity to interact ‘in person’ with Pension Geeks, Aegon Assist (Aegon’s free guidance service) and Aegon Scheme Communication Managers. Aegon gathers post-event insights, and generally sees an increase in member understanding after the session, compared with responses gathered before it.

Member Insights delivers targeted employer driven email campaigns to members. Nearly 300,000 emails were issued in 2025, driving member engagement through a number of topics such as Online Account Activation, Pension Transfers, Financial Wellbeing, and Death Benefit Nominations. The average open rate for these campaigns was 46%, which compares well with financial services averages.

Mylo, as covered under previous outcomes, is delivering personalised engagement journeys, and seeing strong member response rates.

Money:Mindshift is a content led financial wellbeing proposition, designed to help members engage with money in a practical, relatable way. There is a hub on Aegon’s website that holds all of the content, while Aegon produces regular podcasts where experts share their tips on how to be ‘good with money’, with around 9,000 downloads by the end of 2025.

Aegon provides all members with an annual statement, that can be delivered online. As we reported on last year, in September 2024 Aegon paused the issuing of annual statements to Traditional Products members affected by the migration issues (as detailed in the Customer Service section of this report). This was done to ensure members weren’t receiving statements that contained incorrect information. Once the issues were resolved, Aegon recommenced the issuing of statements towards the end of 2025. Throughout this pause, members could still get information about their pension via their online portal, or by requesting an ‘ad hoc’ statement from Aegon.

Aegon can also facilitate guidance through Aegon Assist, a free service which helped more than 10,000 members access their pension pot in 2025. Finally, Aegon can also refer members to Origen Financial Services, a subsidiary of Aegon UK, that can offer a free initial advice session, with members having the option to pay for further advice.

Our conclusions

Aegon offers a wide range of tools, education, and support to help members make informed decisions. We would like to see further evidence of how these initiatives are helping build members’ awareness of the key pension choices they may have to make, and their confidence in making them.

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. Some Traditional Products members won’t have received their annual statement during the period statements were paused. We understand Aegon’s decision to pause them, to remove the risk of incorrect information being received by members, but it’s clearly regrettable that the pause was required in the first place – statements can often be the only trigger a member has over the course of a year to engage with their pension.

Our challenges to Aegon

As per our challenge last year - 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.

6. Workplace Pensions Service: Communication and Member Engagement



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.

Aegon’s 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. In 2025, Aegon upgraded and refreshed the retirement modeller tool on TargetPlan, and since launch Aegon has seen a steady increase in members accessing the tool.

Members in TargetPlan and ARC also receive personalised video summaries. These short videos give members an overview of their pension savings and what they might mean for retirement. They were also updated to a refreshed look and feel in 2025, with additional data points added. These videos are not yet available to members with Traditional Products.

Through Mylo, Aegon has also begun issuing warm up retirement communications from age 45, such as nudging members to review their nominated retirement date, learn more about retirement options, and highlighting guidance and advice options.

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 encourage Aegon to consider extending innovations such as this 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.

6. Workplace Pensions Service: Communication and Member Engagement



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?

It’s important members let Aegon know who should receive their pension if they die, by completing a death benefit nomination (DBN). This helps make sure their savings go to the right person, quickly and without complications.

Aegon encourages members to do this in a number of ways:

- Aegon offers a ‘death benefit’ campaign within Member Insights, which continues to be one of the most popular drivers of engagement.
- Functionality allowing members to update their DBN was added to Mylo in October 2025, which resulted in more than 14,000 members updating theirs within the next three months.
- Aegon produced a Money:Mindshift episode titled ‘How to prepare for death’, featuring both a grief counsellor and a Swedish Death Cleaner (look it up!)

Collectively, these methods have resulted in an increase in DBN updates over 2025, with 31% of ARC members now having a DBN on file (2024: 22%), and 29% of TargetPlan members (2024: 24%). Both of these results are higher than any other provider who took part in the Gallagher study. Aegon can’t report the percentage of Traditional Products members with a DBN on file as a result of system limitations.

Our conclusions

It’s encouraging to see more Aegon members updating their DBN. Despite being highest in the Gallagher study, the figures still show that fewer than one in three members have updated their DBN, so the focus must continue. We will continue to press Aegon on the lack of DBN data for Traditional Products, as this is such an important step for members to take.

Our challenges to Aegon

Keep working to increase the number of members who complete a death benefit nomination, and present us with DBN figures for Traditional Products.

What did the Gallagher study say about Aegon’s approach to member engagement?

Aegon had the highest proportion of ‘gone away’ policyholders in the Study. Whilst this was the same relative position as last year’s Study, Aegon’s figure for this data point has improved vs 2024.

This year Aegon had the highest proportion of customers with a completed death benefit nomination at 30%, up from 23% in 2024, a particularly strong result relative to others.

6. Workplace Pensions Service: Communication and Member Engagement

What is a good outcome for members?

‘The service I receive meets my needs as Aegon takes 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 vulnerability policy every year, including with the IGC, to make sure it’s doing the right things for members who need additional support.

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 2025, Aegon started taking regular samples of requests received from those with additional support needs to analyse how well they’d been handled, to strengthen oversight and improve the depth of insight around its handling of vulnerability. Findings to the end of 2025 were positive, with no concerns raised around member detriment. There were some isolated instances where Aegon identified it did not fully meet the member’s support needs, with referrals to the relevant team managers to address the findings.

Aegon recognises it has a challenge in understanding the support needs of its entire member population, given only a small proportion of the member base will be in touch with Aegon in any given year – members interacting with Aegon is predominantly the way that it would find out about additional needs. As a result, Aegon introduced its Inclusive Experience Principles in 2025. These set out clear standards of what is expected when colleagues are developing customer solutions, to ensure they are developed in a way that better meets everyone’s needs from the start. This means that Aegon knowing which of its members have additional support needs becomes less relevant, if all of the services Aegon is working on are designed to be inclusive from implementation.

Aegon has developed a monitoring plan to ensure that these new principles are being embedded as intended.

Our conclusions

Aegon is taking meaningful steps to support members with different needs. By designing services with inclusivity in mind, Aegon should be able to develop customer solutions that work for members with additional support needs, regardless of whether or not they have chosen or been encouraged to disclose them.

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?

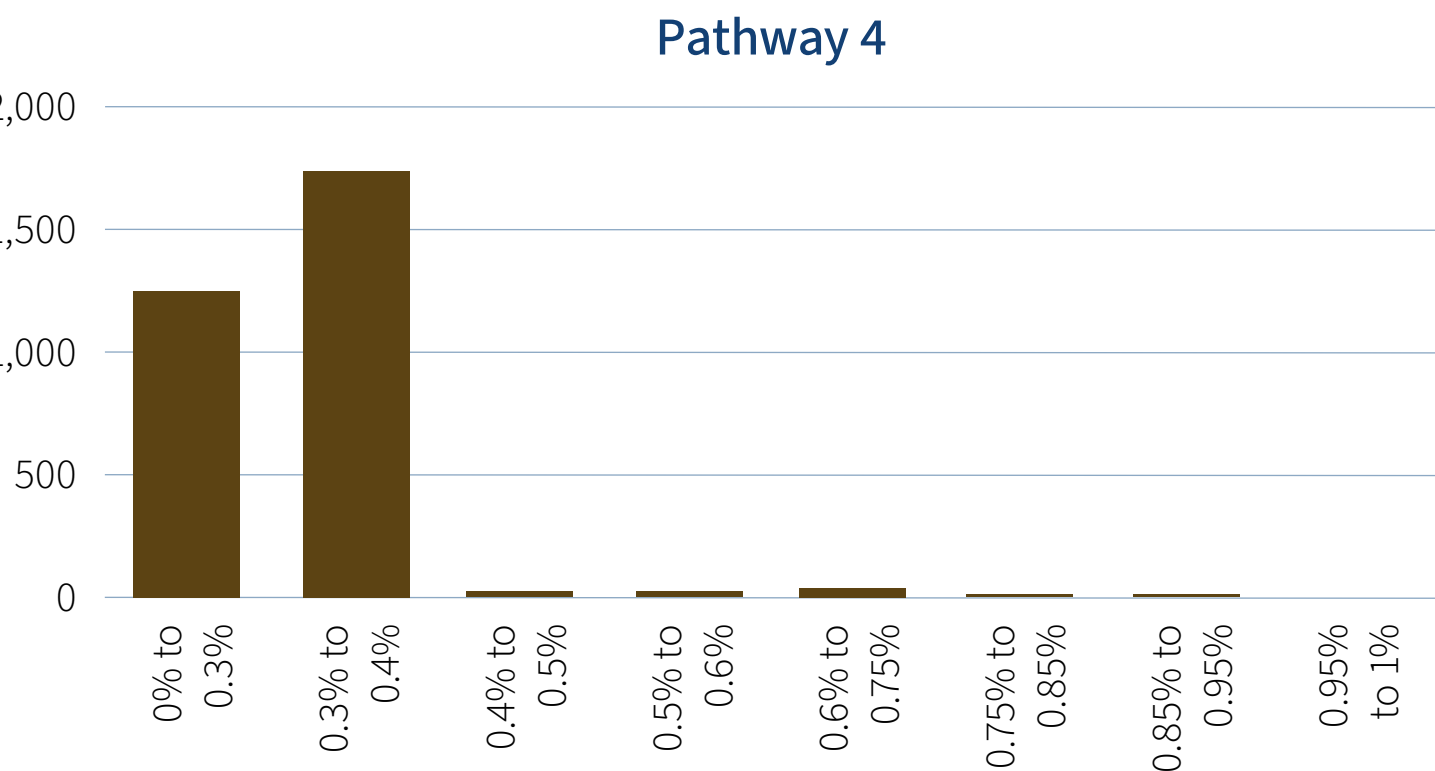
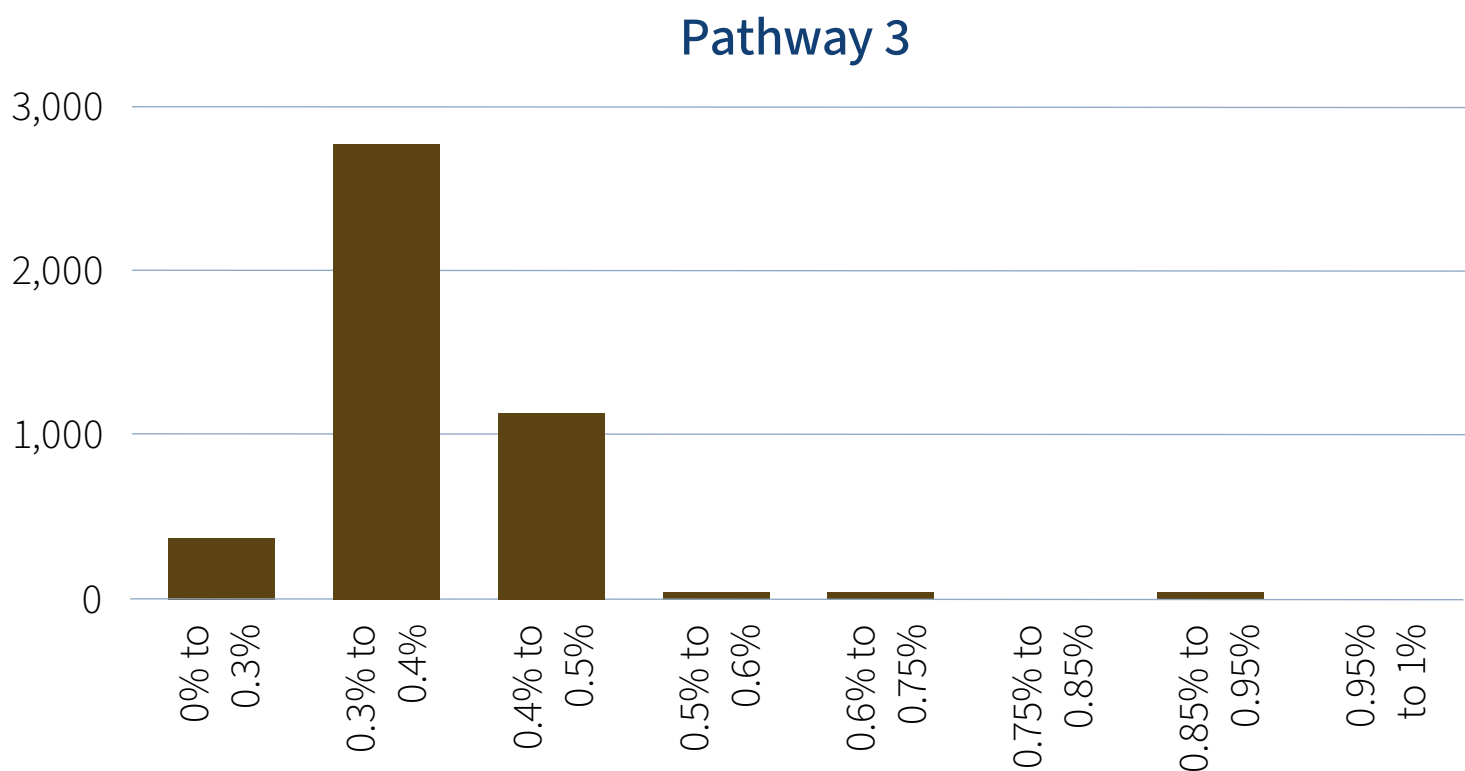
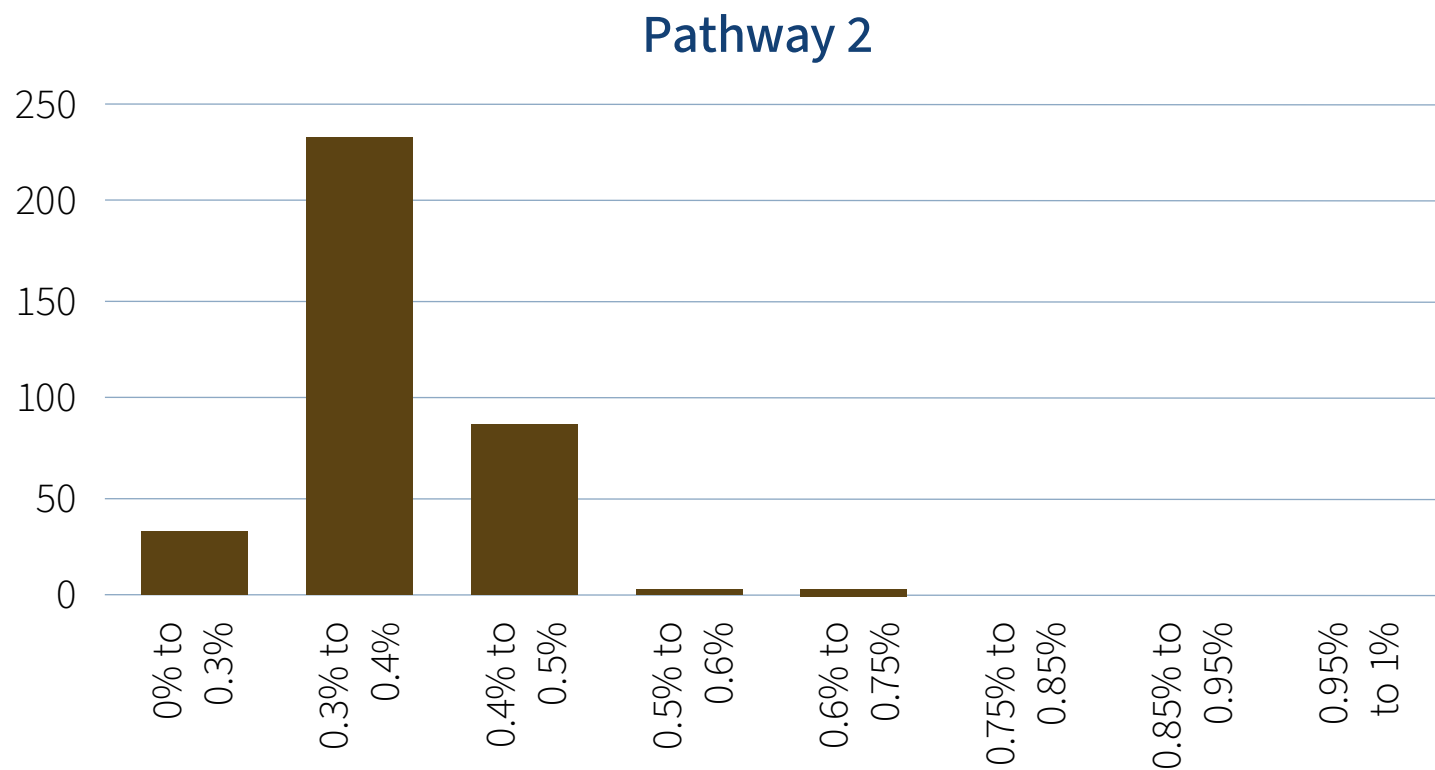
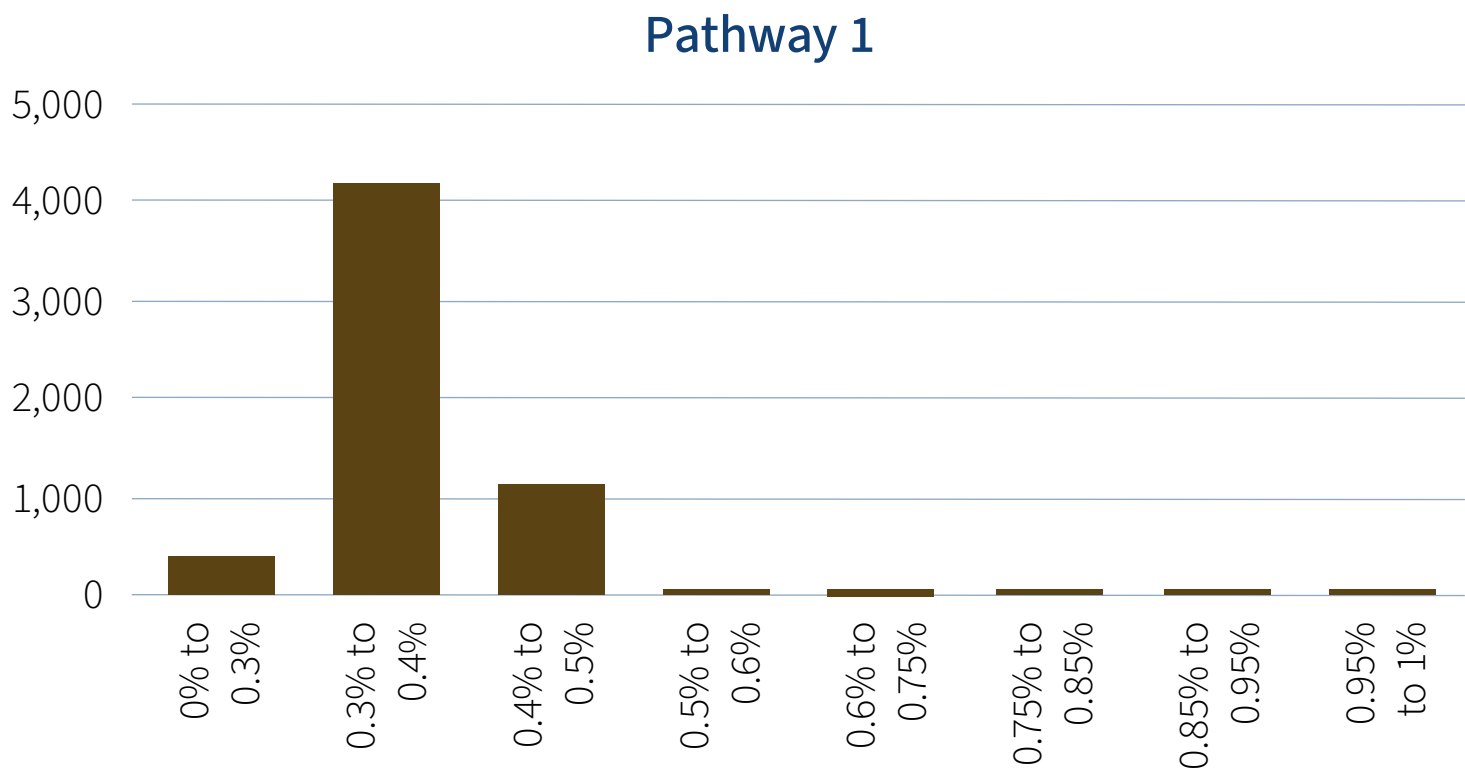
‘The price I pay to invest and draw on my savings during retirement is competitive and reflects the value of the services I receive’

What did we investigate and what did we find?

We found that 81% 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 identified a set of circumstances that resulted in some former Traditional Products customers 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 has not yet made these changes but assures us it still intends to do so.

number of customers in each charge band, by Pathway



7. Investment Pathways: Costs and Charges

Aegon continues to be the only provider to take part in the Gallagher survey that charges customers a fee (£75) in each year that they take an income from their plan (this applies to those on ARC only – it doesn’t apply to TargetPlan customers). Aegon’s analysis has shown that more than 60% of ARC customers have never taken an income and therefore never incurred the fee. Aegon has also provided us with analysis that shows that, even in years where members do incur the fee, Aegon would still be one of the lowest cost providers for pot sizes of more than £25k. Aegon would be one the most expensive for pot sizes less than £15k under these same circumstances.

Our conclusions

Aegon’s charges are typically lower than the average, and it 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 less than £15k and paying the £75 income fee.

We previously identified a cohort of former Traditional Products customers who were being charged more than others when they moved into drawdown, and Aegon agreed to take action. Aegon hadn’t taken this action by the end of 2025.

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

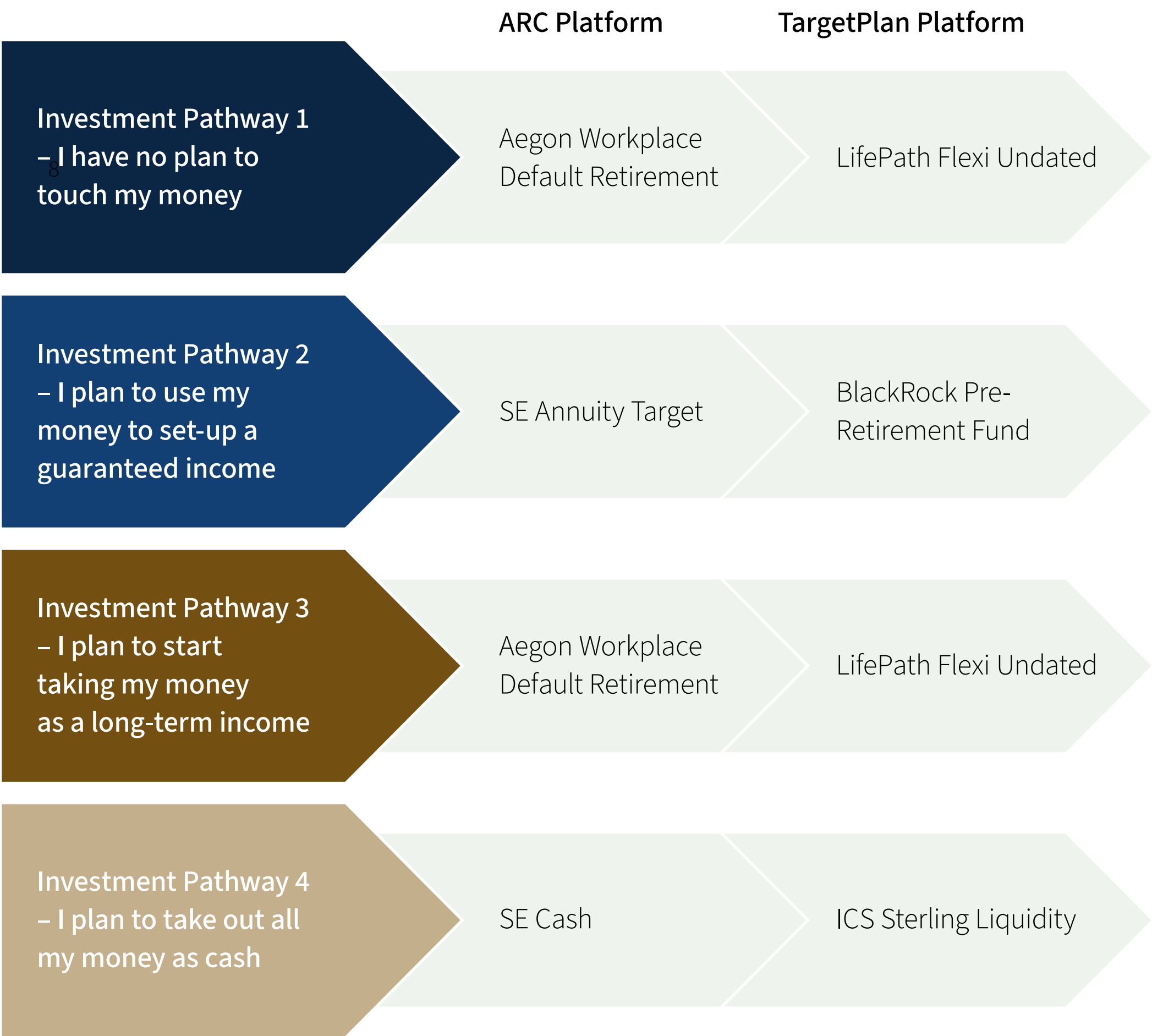
What is a good outcome for members?

‘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 2025, the Investment Pathway funds had been available for four full years, with a five-year track record available in early 2026. The Investment Pathway funds are designed to provide a simple way for 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:



8. Investment Pathways: Investments

By the end of 2025, 13,200 investors were using one of Aegon’s Pathways. That is around 3,600 more than in 2024. The table below shows the number of investors in each Investment Pathway.

Investment Pathway	Total	% of investors	Average pot size (£)
Investment Pathway 1: Aegon Growth Pathway	5,735	43%	£79,364
Investment Pathway 2: Aegon Annuity Pathway	361	3%	£61,503
Investment Pathway 3: Aegon Flexible Income Pathway	4,064	31%	£85,686
Investment Pathway 4: Aegon Cash Pathway	3,088	23%	£55,071

Investment Pathway 1 continues to be the most selected option and Pathway 2 remains the least selected. 76% of all Pathway investors have less than £100,000 in their pot (compared to 79% in 2024) and 27% of investors have less than £25,000 (compared to 29% in 2023).

A summary of performance returns (%) 1 Year:

The following summarises annual performance after investment charges as at 31 December 2025 across all Investment Pathway options offered across each Aegon proposition. The underlying solutions for ARC and Traditional Products Investment Pathways are the same.

Investment Pathways 1 & 3: Aegon Growth Pathway & Aegon Flexible Income Pathway (both use the same underlying fund)

ARC and Traditional Products: 9.44%

TargetPlan: 9.06%

Whilst performance has been positive in absolute terms at over 9%, driven by strong equity markets, Aegon recognise the Committee’s ongoing concerns that these funds continue to underperform peers.

ARC and Traditional Products – The Gallagher study showed that, over a three-year period, the performance for Aegon’s Pathway 1 was the lowest of all participants and that over one year it was only above the Aegon TargetPlan fund. The fund had a lower equity allocation than peers and a higher allocation to government bonds, reflecting Aegon’s approach to risk.

Aegon has been reporting since the latter half of 2024 that the fund has been underperforming peers. In March 2026, Aegon committed to developing and implementing an action plan which will include a review of its approach to risk.

TargetPlan – Three-year performance numbers are more competitive but remain toward the lower end of the market. Similarly to the ARC and Traditional Product fund, this is due to a lower equity allocation than peers. Over one year the fund has delivered the lowest returns of the competitor set.

Aegon reported that while performance and risk outcomes are in line with the fund objectives, it acknowledges that changes to the fund’s asset allocation, including an increase in equities, could be made to improve performance. Aegon has committed to developing a plan and presenting it to the IGC.

Investment Pathway 2: Aegon Annuity Pathway

ARC and Traditional Products: 4.65%

TargetPlan: 5.50%

Investment Pathway 2 delivered solid returns in an absolute sense during 2025 as bonds performed well compared to previous years and the fund was less exposed to UK government bonds than previously.

For ARC and Traditional Products – performance turned positive following a negative year in 2024. Primarily helped by improved performance across fixed income markets, this was enhanced due to the asset allocation changes implemented in 2024. However, performance remained the lowest in the competitor set over one and three years.

Despite the 2024 allocation changes the Aegon fund continues to have amongst the highest exposure to UK government bonds in the peer group.

Aegon acknowledged the performance issues with the fund used for Pathway 2 and strategic asset allocation changes were made in late 2024 to improve diversification. These changes have delivered improved performance and increased diversification, but in both factors not sufficiently to keep up with the market. Aegon has committed to developing a plan and presenting it to the Committee.

For TargetPlan – The TargetPlan Pathway has a more diversified asset allocation than the ARC and Traditional Products equivalent. This has led to returns more aligned to the market, although slightly below median over one and three years.

8. Investment Pathways: Investments



**Investment Pathway 4:
Aegon Cash Pathway**

ARC and Traditional Products: 4.44%

TargetPlan: 4.34%

For ARC and Traditional Products – Pathway 4 had the second lowest return in the Gallagher study.

For TargetPlan – returns were slightly lower and would also have been the second lowest in the Study.

Both Pathways’ returns over 3 years were slightly lower than median in the Gallagher study.

Both Pathway funds had lower asset class diversification than competitors and took a position of lower investment risk. In a year where fixed income assets have performed well, the Aegon funds have fallen behind by solely holding cash, and cash like instruments.

Our conclusions

Across 1 and 3-year time periods, Aegon Investment Pathways’ returns were commonly at the bottom of the range in the Gallagher study. Aegon has stated this is a result of its Pathway funds taking less risk than competitors, during a period when equity markets performed strongly. Aegon says that, although it is comfortable that the funds have performed in line with their originally designed objectives, it acknowledges that it should actively consider improvements based on customer insight and enhancements made to other Aegon strategies that have proven beneficial.

Our challenges to Aegon

We expect Aegon to update the Committee on all plans to improve Pathways performance, specifically by utilising its experience improving other strategies, and based on the recently available 5-year performance data to inform investment decisions.

8. Investment Pathways: Investments

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?

We asked Aegon to present to us its analysis of the actions its Pathway customers were taking vs the expected action, based on their choice of Pathway. Investment Pathways have a 5-year time horizon, and by the end of 2025 Aegon’s Pathway funds were approaching the 5-year anniversary of their launch. The earliest investors in these funds would be approaching five years invested in them, and it would be an appropriate point at which to assess whether investor actions were consistent with the Pathway in which they were invested.

While Aegon’s analysis included all Pathway customers, it also broke down the data into five different cohorts, based on the year the customers first invested in the fund. We spent most time looking at the cohort who have been invested for almost five years.

Encouragingly, the most common customer action across Pathways 1, 3 and 4 was the expected action (Pathway 1 = no withdrawal, Pathway 3 = regular income, and Pathway 4 = full withdrawal). The most common actions for Pathway 2 customers were not in line with the expected action (acknowledging that this was a small sample size and that this is the least selected Pathway).

Pathway 2 is designed to maintain annuity purchasing power for customers invested in it, as this is the Pathway chosen by customers who suggested they were looking for a guaranteed income (annuity) from their pension savings, at the point of investment. Therefore, customers taking a regular income directly from the fund, or who had

made a full withdrawal, may not have experienced a good outcome, depending on the timing of their withdrawals.

Aegon’s Communications team is working on improvements to existing communications, and new communications, to help customers in Pathway 2 with their choices.

The Gallagher study also included this analysis, with similar findings across all participants.

Our conclusions

It is encouraging to see a correlation between customer behaviour and their choice of Pathway, for three of the four Pathways. We agree with Aegon’s decision to consider new communication approaches for those in Pathway 2, where it does not appear that customers are taking the expected action.

Our challenges to Aegon

Demonstrate how members are prompted to keep their original choices under review and any actions that have followed these prompts.



8. Investment Pathways: Investments

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 Investment Pathways and outlines Aegon’s approach to ESG factors, both financial and non-financial (e.g. Climate change).

In 2025, there have been no major ESG developments in Investment 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.

Aegon is still considering a change to the underlying fund for TargetPlan Pathway 4, with the Aegon BlackRock Liquid Environmentally Aware Fund (LEAF) a possibility.

Our conclusions

The Committee have reviewed and are 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 have no specific challenges to Aegon at this time.

What did the Gallagher study say about Investment Pathway solutions?

Aegon’s Pathway performance was generally towards the bottom of the range across 1 and 3-year time period. However, it is worth noting that these time periods are short, relative to the typical periods that retirement savings are built over.





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 2025 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 it had received from Pathways investors. The number of complaints received from Pathway investors had decreased in 2025 compared to 2024 - 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 2024.

Our conclusions

Our analysis suggests that members using Aegon’s Investment Pathways received an acceptable level of service in 2025.

Our challenge to Aegon

Maintain the levels of service seen throughout 2025.



9. Investment Pathways Service: Customer Service

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.

There was a sizeable decrease in the number of complaints received per 1,000 accounts in 2025 compared to 2024, suggesting Aegon’s Pathway customers were coming across fewer issues in their dealings with Aegon.

That being said, we asked Aegon to present us with a breakdown of what customers were complaining about, and found that despite only c.20% of Aegon’s Pathway customers being on TargetPlan, around 88% of complaints came from those on TargetPlan. A large majority of these complaints were in relation to ‘making a withdrawal’, and more specifically taking ad hoc income, taking tax-free cash, or setting up regular income.

While the concerns raised were spread across a number of categories, payments not being received when expected and general issues with the process of making a withdrawal, including the paper form requirements, were the most common.

Aegon presented to us the steps it had already taken in 2025 to address these concerns.

In Q1 2025 enhancements were made to the online drawdown journey, meaning investors could complete the journey without having to sign and return a paper application pack. There were additional benefits to

this change, but of note was the average turnaround time to complete requests received via the online journey being materially lower than for the non-online journey.

Late in Q1 2025, customer verification changes went live with the introduction of a digital biometric check. Between Q1 2025 and Q3 2025, there were material improvements in anti-money laundering (AML) and bank verification pass rates.

Late in Q2 2025, an extra payment date was added on TargetPlan. This reduced the length of time members wait to receive their income drawdown payment.

In addition, all non-payroll retirement payments are now made as same-day payments (previously these were made via BACS taking three working days), and a ‘phone first’ member engagement approach has been launched, training back-office colleagues in making outbound calls to enhance the member experience.

By July 2025, online journey volumes were ramping up, and combined with the introduction of an extra payment date the month prior, these two developments and all others listed above began to make a material difference to complaint volumes – there was a 40% reduction in complaints received in relation to those issues in the second half of 2025 compared to the first half.

Whilst it was encouraging to see Aegon act so proactively to address these concerns, making some fairly sizable changes to processes and journeys, we believe that the focus must continue on these issues to drive down complaint volumes on TargetPlan.

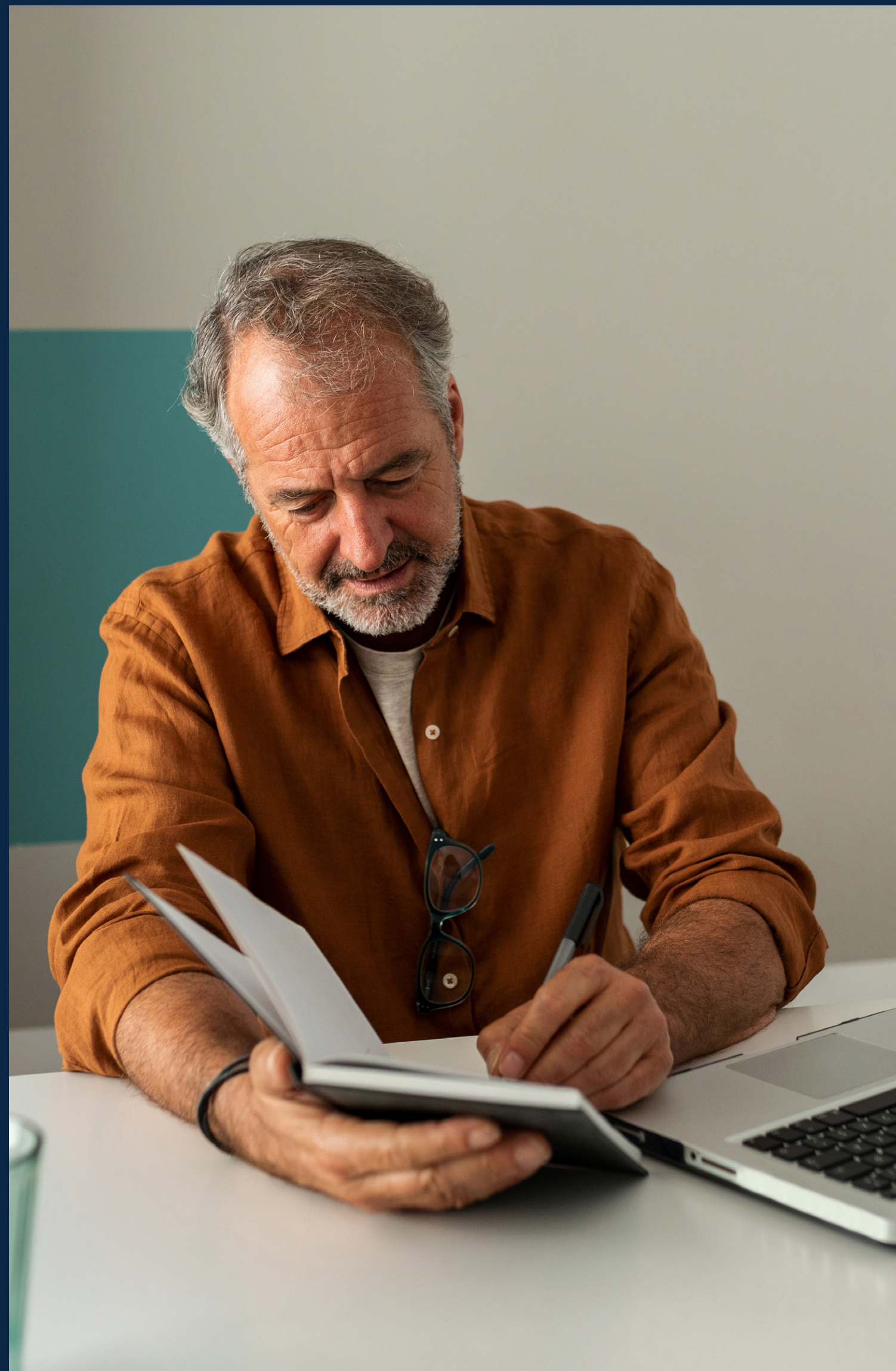
Aegon also presented us with analysis of its complaint handling processes, with many more complaints resolved within an 8-week timescale in 2025 compared with 2024, and the average time taken to resolve a complaint lower too.

Our conclusions

We’re encouraged by the actions Aegon has taken to address the issues raised and the impacts of them, but believe there is still work to do to reduce complaints from TargetPlan members in particular.

Our challenge to Aegon

Continue to reduce the number of complaints being received by Pathways customers, especially in relation to money out requests on TargetPlan.



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 members who are not receiving financial advice on moving into drawdown.

Aegon Assist provides guidance, handling around 3,000 calls a month, including around 1,000 guided conversations – around 900 of which support members in 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.

As detailed under a previous outcome, Aegon made enhancements to the TargetPlan online drawdown journey in 2025, meaning investors could complete the journey without having to sign and return a paper application pack.

This involved:

- The introduction of new online declaration screens, including the ability for members to view their personal drawdown illustrations within the online journey - removing the need for paper copies to be sent, completed and returned.
- Clearer setting of expectations, covering requirements, next steps, timeframes, and verification checks - supporting members to self-serve and complete the journey straight through online.
- Ability to pause, reflect and proceed with the application and where applicable members can waive the period of reflection.
- Multi-factor Authentication (MFA) has been introduced to the online journey - providing additional security.
- Details of completed online applications will now be stored within members document store for future reference.

Our conclusions

Aegon Assist is well used by ARC and Traditional Products members, and the NPS scores received from customers who have been in touch with Aegon Assist continue to be high, suggesting the support Aegon has in place for prospective Pathway customers is proving to add value.

Our challenge to Aegon

Continue with developments that will further enhance the experience of members moving into drawdown.

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?

While Aegon doesn’t have knowledge of customers full financial circumstances (making it difficult to assess whether or not income levels are sustainable), it does review income levels. One such review took place in 2025, of the TargetPlan Retirement Income Account, which is the product many TargetPlan Pathway customers hold.

Aegon took an action on the back of this review to communicate with customers whose income levels were greater than 4% of their savings per annum. Those letters have subsequently been issued, and we will look to understand from Aegon if these letters triggered any action from the customers who were written to. Without knowing the full financial circumstances of a customer, providers like Aegon can’t know whether or not high-income levels are likely to be detrimental – this ‘pot’ may be just one of many held by the customer.

Our conclusions

Aegon hasn’t reported any concerns over the levels of income being taken. Aegon writing to customers taking a potentially unsustainable level of income is a positive step.

Our challenge to Aegon

Update the IGC on what action customers took on the back of the income sustainability letter that was issued, and continue to update us on any other reviews that assess income sustainability.





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.

In early 2026, we had the opportunity to meet with an employer whose pension scheme is on Aegon’s ARC platform, to hear about their experience over 2025. Conversations like these are invaluable as they give us direct and unfiltered feedback from those who use the services Aegon provides. The employer was generally satisfied with its pension arrangement but provided some specific points of feedback.

Members of this employer scheme, who haven’t actively chosen a fund to invest their savings in, are invested in Aegon’s Growth Tracker strategy by default. This is one of the strategies that mirrors the Aegon Workplace Default fund (full detail can be found in Section 4: Investments). The employer observed that the equity allocation within this strategy wasn’t as high as some of the other default strategies on offer from Aegon, or its competitors. This is an observation we had also shared with Aegon throughout the year, and have challenged Aegon on its approach, as reported in Section 4.

The other point of feedback related to members’ online experience, where they are currently directed to Aegon’s Retiready platform when they login online. The feedback was that this experience felt ‘tired’ compared with other digital experiences and would benefit from some additional functionality. We were able to discuss with the employer that Aegon already had plans to transition workplace pension schemes from Retiready to its new online portal, which is already

in use by non-workplace pension customers on ARC. Aegon hasn’t confirmed when this will take place, but we understand this is under consideration for 2027. We will track progress of these plans in future meetings.

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.

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 outcome statements. These statements help us to consider these requirements from an individual member'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 members 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, Gallagher. With over 2.5 million Aegon members 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 Gallagher 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.’ [Workplace] ‘I am using the right approach/product to draw on my pension savings, in line with my needs and plans’. [Investment Pathways] ‘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’.
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.’

Appendix 1: Our approach

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 takes steps to make sure people who have different needs, or need additional support receive an appropriate service. Any developments Aegon makes to its services of communications are designed with inclusivity in mind’ [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, and assess the evidence we’ve seen as contributing positively to the overall 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 brings expertise in communications and engagement and her 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 was also a member of Pay.UK's End User Advisory Council, and the national Committee of Healthwatch England. Helen is also 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.

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.

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 30 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 expertise, 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)	16.77	12.40	15.71	12.40	13.68	9.42	12.66	9.42	8.20	5.40	7.23	5.40
Balanced Lifestyle (ARC & Trad Prods)	14.74	12.40	13.83	12.40	10.35	9.42	9.47	9.42	6.05	5.40	5.21	5.40
Aegon Growth Tracker (Flexible Target) (ARC & Trad Prods)	14.08	13.31	12.99	13.31	11.21	12.21	10.14	12.21	7.55	7.71	6.52	7.71
Aegon Default Equity & Bond Lifestyle (ARC)	14.08	N/A	N/A	N/A	11.21	N/A	N/A	N/A	7.55	N/A	N/A	N/A
Aegon Workplace Default (ARC)	13.87	N/A	12.88	N/A	11.18	N/A	10.53	N/A	7.53	N/A	6.11	N/A
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) (TargetPlan)	15.15	12.98	N/A	N/A	16.91	16.01	N/A	N/A	11.12	10.29	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)	22.35	22.06	N/A	N/A	14.29	14.27	N/A	N/A	11.10	11.01	N/A	N/A
Universal Balanced Collection (annuity target) (ARC & Trad Prods)	16.77	12.40	15.71	12.40	13.69	9.42	12.66	9.42	8.21	5.40	7.23	5.40
Universal Balanced Collection (flexible target) (ARC & Trad Prods)	16.77	12.40	15.71	12.40	13.69	9.42	12.66	9.42	8.21	5.40	7.23	5.40
Ethical Managed Lifestyle (ARC & Trad Prods)	N/A	N/A	3.18	17.02	N/A	N/A	7.29	10.42	N/A	N/A	1.56	7.45
Ethical Managed (flexible target) (ARC & Trad Prods)	3.83	17.02	3.18	17.02	7.96	10.42	7.29	10.42	2.20	7.45	1.56	7.45
Ethical Lifestyle (ARC & Trad Prods)	N/A	N/A	3.18	17.02	N/A	N/A	7.29	10.42	N/A	N/A	1.56	7.45
Aegon BlackRock Consensus Lifestyle (ARC & Trad Prods)	14.22	12.40	13.13	12.40	10.85	9.42	9.79	9.42	7.43	5.40	6.41	5.40

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	13.00	12.40	N/A	N/A	10.16	9.42	N/A	N/A	6.54	5.40
GPP Default (Trad Prods)	N/A	N/A	12.99	12.40	N/A	N/A	10.14	9.42	N/A	N/A	6.52	5.40
Growth Tracker (cash target) (ARC & Trad Prods)	14.13	13.31	13.04	13.31	11.22	12.21	10.16	12.21	7.56	7.71	6.53	7.71
Growth Tracker (annuity target) (ARC & Trad Prods)	13.77	13.31	12.68	13.31	11.13	12.21	10.07	12.21	7.51	7.71	6.48	7.71
Balanced Tracker (flexible target) (ARC & Trad Prods)	12.02	12.35	10.94	12.35	9.50	9.37	8.44	9.37	4.28	4.16	3.27	4.16
Balanced Tracker (annuity target) (ARC & Trad Prods)	11.97	12.35	10.89	12.35	9.51	9.37	8.45	9.37	4.27	4.16	3.27	4.16
Adventurous Tracker (annuity target) (ARC & Trad Prods)	17.10	19.32	15.96	19.32	15.11	15.65	14.02	15.65	11.90	12.40	10.87	12.40

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)	17.12	19.32	15.99	19.32	15.11	15.65	14.00	15.65	11.90	12.40	10.82	12.40
Global Equity Tracker Lifestyle (ARC & Trad Prods)	18.80	19.32	17.72	19.32	15.41	15.65	14.36	15.65	12.15	12.40	11.13	12.40
Aegon Blackrock 50/50 Global Equity Tracker Lifestyle (ARC & Trad Prods)	13.62	13.31	12.54	13.31	7.55	7.43	6.52	7.43	0.57	0.33	-0.39	0.33
Aegon Blackrock 40/60 Global Equity Tracker Lifestyle (ARC & Trad Prods)	16.79	16.72	15.67	16.72	15.49	15.48	14.39	15.48	11.98	11.97	10.91	11.97
Aegon BlackRock 50/50 Equity and Bond Tracker Lifestyle (ARC & Trad Prods)	13.62	13.31	12.54	13.31	7.55	7.43	6.52	7.43	0.57	0.33	-0.39	0.33
Aegon BlackRock 75/25 Equity and Bond Tracker Lifestyle (ARC & Trad Prods)	16.18	15.92	15.08	15.92	8.93	8.86	7.89	8.86	5.03	4.80	4.03	4.80

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)	12.25	12.58	11.35	12.58	9.51	9.59	8.64	9.59	4.42	4.35	3.59	4.35
Dynamic Lifestyle (ARC & Trad Prods)	15.20	13.53	14.34	13.53	15.31	13.57	14.45	13.57	9.12	9.47	8.30	9.47
Cautious Lifestyle (ARC & Trad Prods)	10.95	10.34	10.07	10.34	8.21	7.26	7.35	7.26	4.91	3.26	4.08	3.26
Balanced Passive Lifestyle (ARC & Trad Prods)	15.25	12.40	14.20	12.40	12.03	9.42	11.01	9.42	7.94	5.40	6.96	5.40
Balanced Plus Core Lifestyle Portfolio (ARC & Trad Prods)	13.30	N/A	12.44	N/A	10.22	N/A	9.38	N/A	6.14	N/A	5.34	N/A
Balanced Core Lifestyle Portfolio (ARC & Trad Prods)	11.45	N/A	10.61	N/A	8.37	N/A	7.55	N/A	4.23	N/A	3.44	N/A
Adventurous Core Lifestyle Portfolio (ARC & Trad Prods)	17.61	N/A	16.65	N/A	15.33	N/A	14.39	N/A	10.97	N/A	10.07	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 Core Lifestyle Portfolio (ARC & Trad Prods)	N/A	N/A	14.11	N/A	N/A	N/A	11.38	N/A	N/A	N/A	7.35	N/A
Growth Plus Core Lifestyle Portfolio (ARC & Trad Prods)	N/A	N/A	15.33	N/A	N/A	N/A	12.86	N/A	0.65	N/A	8.72	N/A
Cautious Core Lifestyle Portfolio (ARC & Trad Prods)	9.38	N/A	8.55	N/A	6.54	N/A	5.74	N/A	2.37	N/A	1.59	N/A
Conservative Core Lifestyle Portfolio (ARC & Trad Prods)	N/A	N/A	6.55	N/A	N/A	N/A	3.95	N/A	N/A	N/A	-0.32	N/A
Aegon BlackRock LifePath Capital 2058-2060 (BLK) (TargetPlan)	15.13	12.98	N/A	N/A	16.90	16.01	N/A	N/A	11.12	10.29	N/A	N/A
Aegon LifePath Retirement 2058-2060 (TargetPlan)	15.13	12.98	N/A	N/A	16.90	16.01	N/A	N/A	11.12	10.29	N/A	N/A
Growth Tracker (annuity target) ex-MI Workplace Savings (H) (ARC & Trad Prods)	13.73	N/A	12.76		13.24	N/A	12.27	N/A	8.31	N/A	7.38	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 (L) (ARC & Trad Prods)	13.77	N/A	12.68		10.76	N/A	9.69	N/A	5.41	N/A	4.41	N/A
Growth Tracker (annuity target) ex-MI Workplace Savings (M) (ARC & Trad Prods)	13.77	N/A	12.78		11.70	N/A	10.82	N/A	6.59	N/A	5.72	N/A

Source: Aegon as at 31/12/2025

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 below:

Fund	Return (%pa) – 3 years to 31/12/2025	Risk (%pa) 3 years to 31/12/2025
Growth stages		
Aegon Workplace Default	11.18	6.84
LifePath Flexi 2064-66	16.91	10.49
Retirement stages		
Aegon Workplace Default Retirement	6.62	5.09
LifePath Flexi	8.32	5.89
Inflation (UK RPI)	4.26	1.75

Sources: FE analytics and Aladdin, 3-year annualised returns to 31 December 2025. 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. 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 2025, Aegon conducted transaction cost assessments on 651 funds. Each fund was tested against a relevant peer group. The tests identified 153 funds which required further examination for higher-than-expected transaction costs, which was in line with expectations. 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. Managers have since confirmed that they have followed their best execution policy appropriately and that transaction costs can appear high for several reasons including portfolio turnover and market timing. The IGC will review the result of Aegon’s investigation to ensure that satisfactory information is provided. The IGC expect 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 addition 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	0.01	0.04	0.00	0.01	0.03	Not Recorded	0.00	Not Recorded	0.15	0.29
Balanced Lifestyle (ARC)	0.20	0.02	0.15	0.00	0.01	0.01	Not Recorded	0.00	Not Recorded	0.37	0.29
Aegon Growth Tracker (Flexible Target) (ARC)	0.04	0.02	0.05	0.04	0.01	0.04	Not Recorded	0.01	Not Recorded	0.11	0.29
Aegon Default Equity & Bond Lifestyle (ARC)	0.04	0.02	0.05	0.04	0.01	0.04	Not Recorded	0.01	Not Recorded	0.11	0.29
Aegon Workplace Default (ARC)	0.04	0.02	0.06	0.06	0.01	0.05	Not Recorded	0.01	Not Recorded	0.12	0.29
Aegon 50/50 Global Equity Index Lifestyle (ARC)	0.05	0.02	0.05	0.01	0.01	0.02	Not Recorded	0.01	Not Recorded	0.11	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	0.03	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.15	0.29
Cautious Lifestyle (ARC)	0.20	0.02	0.06	0.01	0.02	0.03	Not Recorded	0.00	Not Recorded	0.28	0.29
Aegon 75/25 Equity & Bond Index Lifestyle (ARC)	0.04	0.01	0.13	0.01	0.01	0.09	Not Recorded	0.01	Not Recorded	0.18	0.29
Universal Balanced Collection (Flexible Target) (ARC)	0.09	0.01	0.04	0.00	0.01	0.03	Not Recorded	0.00	Not Recorded	0.14	0.29
Aegon 50/50 Bond & Equity Index Lifestyle (ARC)	0.04	0.02	0.05	0.01	0.00	0.04	Not Recorded	0.02	Not Recorded	0.11	0.29
Aegon BlackRock Consensus Lifestyle (ARC)	0.04	0.02	0.06	0.01	0.01	0.04	Not Recorded	0.01	Not Recorded	0.12	0.29
Dynamic Lifestyle (ARC)	0.25	0.02	0.17	0.00	0.01	0.01	Not Recorded	0.00	Not Recorded	0.44	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						
Scottish Equitable UK Fixed Interest & Global Equity Tracker Lifestyle(ARC)	0.20	0.02	0.02	0.00	0.00	0.00	Not Recorded	0.00	Not Recorded	0.24	0.29
Aegon Balanced Tracker (Flexible Target) (ARC)	0.03	0.02	0.04	0.03	0.00	0.02	Not Recorded	0.01	Not Recorded	0.09	0.29
Balanced Plus Core Lifestyle Portfolio (ARC)	0.24	0.02	0.03	0.02	0.00	0.04	Not Recorded	0.01	Not Recorded	0.28	0.29
Aegon Global Equity Tracker Lifestyle (ARC)	0.09	0.03	0.02	0.00	0.00	0.00	Not Recorded	0.01	Not Recorded	0.13	0.29
Aegon Growth Tracker (Cash Target) (ARC)	0.04	0.02	0.05	0.04	0.01	0.04	Not Recorded	0.01	Not Recorded	0.11	0.29
Universal Balanced Collection (Annuity Target) (ARC)	0.09	0.01	0.04	0.00	0.01	0.03	Not Recorded	0.00	Not Recorded	0.14	0.29
Balanced Core Lifestyle Portfolio (ARC)	0.24	0.02	0.03	0.02	0.00	0.03	Not Recorded	0.02	Not Recorded	0.28	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 Ethical Lifestyle (ARC)	0.30	0.01	0.28	0.10	0.04	0.14	Not Recorded	0.00	Not Recorded	0.59	0.29
Aegon 40/60 Global Equity Index Lifestyle (ARC)	0.04	0.01	0.11	0.01	0.01	0.08	Not Recorded	0.01	Not Recorded	0.16	0.29
Adventurous Core Lifestyle Portfolio (ARC)	0.18	0.02	0.03	0.02	0.01	0.05	Not Recorded	0.01	Not Recorded	0.23	0.29
Aegon Adventurous Tracker (Flexible Target) (ARC)	0.03	0.02	0.09	0.08	0.01	0.03	Not Recorded	0.01	Not Recorded	0.14	0.29
Cautious Core Lifestyle Portfolio (ARC)	0.24	0.02	0.03	0.01	0.00	0.02	Not Recorded	0.02	Not Recorded	0.28	0.29
Ethical Managed (Flexible Target) (ARC)	0.37	0.02	0.14	0.05	0.02	0.07	Not Recorded	0.00	Not Recorded	0.53	0.29
Aegon Balanced Tracker (Annuity Target) (ARC)	0.03	0.02	0.04	0.04	0.00	0.02	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 (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrowing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon Growth Tracker (Annuity Target) (ARC)	0.04	0.02	0.07	0.07	0.01	0.05	Not Recorded	0.01	Not Recorded	0.13	0.29
Aegon Adventurous Tracker (Annuity Target) (ARC)	0.03	0.02	0.08	0.08	0.00	0.03	Not Recorded	0.01	Not Recorded	0.14	0.29

Source: Aegon as at 31/12/2025

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 **Fund Annual Management Costs + Annual Additional Expenses + Subtotal 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	0.17	0.02	0.01	0.11	0.03	0.01	0.00	0.52
Aegon BlackRock LifePath Capital 2058-2060 (BLK)	0.35	0.00	0.17	0.02	0.01	0.11	0.03	0.01	0.00	0.52
Aegon BlackRock LifePath Retirement 2058-2060 (BLK)	0.35	0.00	0.17	0.02	0.01	0.11	0.03	0.01	0.00	0.52

Source: Aegon as at 31/12/2025

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’.

Charge Band	Number of active schemes			
	Workplace ARC	Traditional Products	TargetPlan	Total
<0.25	495	8	17	520
0.25-0.5	2,126	750	55	2931
0.51-0.75	556	4,096	15	4,667
Total	3,177	4,854	87	8,118

Source: Aegon as at 31/12/2025

You can view the full range of administration charges [here](#).

Appendix 4: Disclosure of costs and charges

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	2.84%	2.94%	2.94%
Platform charge	0.29%	0.29%	0.29%
AMC*	0.04%	0.07%	0.99%
AAE*	0.02%	0.01%	0.05%
TC	0.06%	0.05%	0.02%

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 01/01/2025 to 31/12/2025.

*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 funds’ 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 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.

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	1610	1600	1610	1600	1600	1580
3	5040	5000	5040	5000	4970	4860
5	8770	8560	5780	8660	8570	8260
10	19500	19000	19600	19000	18600	17300
15	32700	31300	32800	31400	30500	27300
20	48600	45900	48900	46100	44200	38200
25	67700	63100	6833	63500	60200	50200
30	90700	83300	91600	83900	78700	63400
35	118000	106000	119000	107000	100000	77700
40	150000	134000	152000	135000	124000	93400
45	189000	166000	192000	168000	152000	110000
49	225000	195000	229000	197000	178000	125000

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 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	0.03%	0.02%	0.04%
TC	0.06%	0.05%	0.02%

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 01/01/2025 to 31/12/2025.

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 funds’ 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 Aegon Fundsmith Equity to show funds with lower and higher charges for comparison.

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	1600
3	5010	4990	5040	5030	5040	4960
5	8680	8640	8780	8760	8780	8550
10	19100	18900	19600	19400	16600	18500
15	31600	31200	32800	32500	32800	30200
20	46400	45700	48900	48200	48900	43700
25	64000	62800	68300	67200	48300	59400
30	84700	82700	91600	89800	91600	77400
35	109000	106000	119000	116000	119000	98000
40	137000	133000	152000	148000	152000	121000
45	170000	164000	192000	186000	192000	148000
49	201000	193000	229000	221000	229000	172000

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
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	0.03%	0.02%	0.01%
TC	0.06%	0.05%	0.09%

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 01/01/2025 to 31/12/2025.

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 funds’ 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	1600	1610	1600	1610	1600
3	5010	4990	5040	5030	5040	4990
5	8680	8640	8780	8760	8780	8620
10	19100	18900	19600	19400	19600	18900
15	31600	31200	32800	32500	32800	31000
20	46400	45700	48900	48200	48900	453000
25	64000	62800	68300	67200	68300	52100
30	84700	82700	19600	89800	91600	81700
35	109000	106000	119000	116000	119000	104000
40	137000	133000	152000	148000	152000	131000
45	170000	164000	192000	186000	192000	161000
49	201000	193000	229000	221000	229000	189000

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 Cash (BLK)	Aegon Schroders Global Emerging Markets (BLK)
Growth	2.80% – 3.00%	2.80%	3%
AMC	0.26%	0.20%	1.19%
AAE	0.00%	0.00%	0.00%
TC	0.17%	0.02%	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 01/01/25 to 31/12/25.

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 members invest in.
- We've also shown the Aegon Cash Fund (BLK) fund and the Aegon Schrodgers Global Emerging Markets (BLK) fund to show the funds with the lowest and highest charges.

Years	Aegon BlackRock Lifepath Flexi (Default)		Aegon BlackRock Cash (BLK)		Aegon Schrodgers Global Emerging Markets (BLK)	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1610	1607	1609	1607	1610	1598
3	5045	5011	5030	5012	5045	4931
5	8780	8684	8737	8687	8780	8456
10	19575	19147	19379	19162	19575	18161
15	32743	31668	32251	31705	32743	29252
20	48704	46566	47721	46641	48704	41882
25	67945	64207	66220	64337	67945	56217
30	91033	85006	88240	85214	91033	72440
35	118627	109438	114351	109752	118627	90752
40	151491	138044	145208	138500	151491	111373
45	190512	171439	181564	172081	190512	134544
49	226851	202072	215187	202900	226851	155094

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 50/50 Global Equity Index (BLK)	Aegon Property (BLK)
Growth	2.80% – 3.00%	2.99%	3.00%
AMC	0.51%	0.45%	1.01%
AAE	0.00%	0.00%	0.00%
TC	0.17%	0.05%	0.06%

*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 01/01/25 to 31/12/25.

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 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.

Years	Aegon BlackRock Lifepath Flexi (Default)		Aegon BlackRock 50/50 Global Equity Index (BLK)		Aegon Property (BLK)	
	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1610	1604	1610	1606	1610	1601
3	5045	4992	5045	5006	5045	4962
5	8780	8628	8780	8668	87870	8543
10	19575	18903	19575	19078	19575	18532
15	32743	31064	32743	31497	32743	30151
20	48704	45980	48704	46230	48704	43606
25	67945	62156	67945	63624	67945	59126
30	91033	81739	91033	84075	91033	76963
35	118627	104512	118627	108030	118627	97401
40	151491	130928	151491	136002	151491	120754
45	190512	161469	190512	168569	190512	147370
49	226851	189427	226851	198371	226851	171270

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

Absolute performance/returns: The total gain or loss that an investment fund achieves over a specific period, expressed as a percentage of the fund value at the beginning of the period.

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.

Asset allocation: The investment strategy of dividing a pension fund's portfolio among different broad asset classes—such as equities, fixed income (bonds), property, and cash—to balance risk and return in line with savers' long-term retirement objectives.

Asset class: A grouping of financial instruments that exhibit similar characteristics and behave similarly in the marketplace. Core asset classes include:

- **Equities:** Shares of ownership in public companies.
- **Fixed Income:** Government and corporate bonds paying fixed interest.
- **Cash:** Money market funds and bank deposits.
- **Property:** Commercial real estate, buildings, and land.

- **Other:** Infrastructure, private equity, and commodities (e.g. raw materials and agricultural products).

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

- 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.

Cohort: A specific sub-group of pension scheme members grouped together by shared characteristics or circumstances (i.e. those holding a product with a particular feature).

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.

Appendix 4: Glossary

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 (in relation to transaction 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

Expression of wish (in relation to ESG): The process by which we describe to key fund managers our voting preferences for key resolutions, including climate-related ones. The aim is for our fund managers to align with our positions and, consequently, we expect them to exercise their voting rights and responsibilities in line with our expressions.

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

Glidepath: The period before a member reaches their target retirement age, where the asset allocation strategy within a default lifestyle fund automatically shifts a member's investment from higher-risk growth assets (like equities) to lower-risk, capital-preserving assets (like bonds, cash, or absolute return funds).

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

In-scope members: Members of workplace personal pension schemes administered by Aegon UK.

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: Investment strategies used by workplace pension schemes that adjust a member's asset allocation based on their age and remaining years until their target retirement date.

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

Relative performance/returns: The gain or loss of an investment fund compared to a specific benchmark, index, or market average over a given period.

Securities Lending & Borrowing costs (in relation to transaction 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.

Transaction costs: The expense incurred when buying, selling, or rebalancing the underlying assets within an investment fund, such as broker commissions, taxes, and market impact costs.

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.

