



# Aegon IGC annual summary report

for the year 2023, published in 2024



I am pleased to share with you the annual report from Aegon's Independent Governance Committee (IGC) for the year 2023, and the first since I was appointed Chair on 1 February 2024 (full details of changes to IGC membership can be found [here](#)).

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 paid particular attention to the experiences of members across the different Aegon propositions.

We are also required by the FCA to compare the Value for Money received by Aegon members, with that received by people in other providers' comparable pension arrangements. As in recent years, Aegon took part in an exercise organised by Redington, which enabled 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.

For the first time, Aegon also took part in the comparative exercise Redington organised for Investment Pathways. Investment Pathways are 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. We are required to carry out a similar Value for Money assessment of Aegon's Investment Pathway funds, and taking part in the Redington exercise enhanced the level of information we had available to us to make a comparison with the Value for Money available elsewhere.

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 sections that follow, with workplace pensions first, followed by Investment Pathways.





## Summary of our workplace pensions findings

### Costs and Charges

The average charge across the policies we are responsible for was 0.52% in 2023, a small reduction from the previous year's average of 0.54%. This compares well with average charges across other providers offering similar schemes. As a result, much of our focus during 2023 has been on the members paying the highest charges, particularly those paying a charge greater than 1%. In last year's report we highlighted that Aegon had committed to capping charges for most workplace pension members at 1%, but not all. Aegon has now extended this 1% charge cap commitment to all workplace pension members, which is positive news for the members impacted. We will continue to press Aegon on its timeline for implementing the cap, and to make any refunds due as soon as possible.

### Investments

The vast majority of Aegon funds have performed in line with their objectives and, on average, funds have performed above benchmarks with an improvement in absolute returns. However, a high proportion of Aegon's default funds continue to target annuity purchase, at a time when only a small percentage of members are actually purchasing annuities at retirement. This has resulted in around 68% of Aegon's workplace pension members being invested in a fund that, as they approach retirement age, will begin to target a retirement option they are unlikely to take. All of these members hold either an Aegon Retirement Choices (ARC) or Traditional Products pension. Additionally, most of these funds are using the Aegon Long Gilt Pension fund for members approaching retirement, which has continued to underperform. Aegon has taken action to improve outcomes for members in this fund, with changes agreed in late 2023, that will be implemented during 2024. Further details of these changes can be found in the Investment section of the report.

However, those members close to retirement will have experienced poorer investment performance in 2023 than members at a similar stage in the other providers' funds that we reviewed.

### Customer Service

Seeing most call centre and back office administration measures above target in 2023 is a notable turnaround compared to 2022 which will have had a positive impact for many of Aegon's members. We do however note that Aegon has received relatively high volumes of complaints this year and taken too long to deal with them. This means members aren't always happy with their experience with Aegon, especially when it comes to taking money out of their pension.

### Communication and Member Engagement

Aegon continues to encourage and support ARC and TargetPlan members to engage with their pension through a wide variety of materials, tools and services. An increasing number of members have activated their online accounts and downloaded the app as a result. But there is still much more to do to ensure that the majority of members take these important first steps. Traditional Products members have access to many similar materials, tools and services, however there are some notable omissions, such as the lack of a mobile app.

## Summary of our Investment Pathway findings

The charges paid by Aegon's Investment Pathways customers are competitive, with most customers paying less than would be available elsewhere. However, some customers (depending on which of Aegon's propositions they are in) pay a £75 fee for each year in which they take a regular income. Aegon is the only provider in the Redington exercise to charge in this way.

Even taking this fee into account, most customers will still be paying less than they possibly would elsewhere, but those with relatively small pots will feel the impact of the £75 fee more than others. Investment returns have been positive for all four Investment Pathway funds, but in some cases, behind the average of other providers taking part in the Redington survey. The ARC Annuity Pathway in particular makes use of the Aegon Long Gilt Pension fund detailed in the Investment summary above, and therefore provided lower investment performance than comparators.

### To conclude




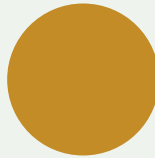




I would like to express my thanks to my fellow IGC members and to the Aegon employees for their ongoing support of our IGC activities and their cooperation in responding constructively to our challenges.

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

Alison Bostock












# 1. Workplace Pensions Value for Money assessment

Principle	2022 RAG status	2023 RAG status			IGC conclusion
		ARC	TargetPlan	Traditional Products	
Costs and Charges					<p>Aegon’s charges for ARC and TargetPlan members are in line with what we observe for other providers.</p> <p>Members at the higher end of Aegon’s charge scale are all in Traditional Products. In last year’s report we highlighted that Aegon had committed to capping charges for most workplace pension members at 1%. Aegon has now extended this 1% charge cap commitment to all workplace pension members, which is positive news for the members impacted. We will continue to press Aegon on its timeline for implementing the cap, and to make any refunds due as soon as possible.</p>
Investments					<p>The vast majority of Aegon funds have performed in line with their objectives and, on average, funds have performed above benchmarks with an improvement in absolute returns.</p> <p>A high proportion of Aegon’s default funds for ARC and Traditional Products members continue to target annuity purchase, at a time when only a small percentage of members are actually purchasing annuities at retirement. Additionally, most of these funds are using the Aegon Long Gilt Pension fund for members approaching retirement, which has continued to underperform. Aegon has taken action to improve outcomes for members in this fund, with changes agreed in late 2023, that will be implemented during 2024. However, those members close to retirement will have experienced poorer investment performance in 2023 than members at a similar stage in the other providers’ funds that were included in the Redington review.</p>







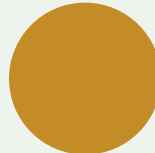

1. Workplace Pensions Value for Money assessment

Principle	2022 RAG status	2023 RAG status			IGC conclusion
		ARC	TargetPlan	Traditional Products	
Service: Customer Service	ARC and TargetPlan  Traditional Products 				Seeing most call centre and back office administration measures above target in 2023 is a notable turnaround compared to 2022, which will have had a positive impact for many of Aegon’s members.  However, Aegon has received relatively high volumes of complaints from ARC and TargetPlan members this year, and taken too long to deal with them. This means members aren’t always happy with their experience with Aegon, especially when it comes to taking money out of their pension.
Service: Communication and Member Engagement					Aegon continues to encourage and support ARC and TargetPlan members to engage with their pension through a wide variety of materials, tools and services. An increasing number of members have activated their online accounts and downloaded the app as a result. But there is still much more to do to ensure that the majority of members take these important first steps. Traditional Products members have access to many similar materials, tools and services, however there are some notable omissions, such as the lack of a mobile app.


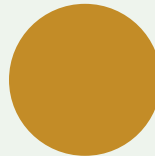
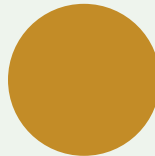



The IGC believes that Aegon continues to deliver Value for Money overall to its workplace pension members and has the right focus to further improve members’ experience. We have identified a number of issues that will have affected the value received by some pockets of members in 2023 – and our amber ratings reflect that. However, Aegon has provided evidence that it is now taking action that will address these issues in almost all cases, although some action plans will take time to take effect.

Core financial transactions were, in the main, processed promptly and accurately by Aegon’s customer service teams. However the volume of complaints received, particularly in ARC and TargetPlan, were relatively high. We have challenged Aegon to address this in 2024. We explore each of these findings in more detail throughout the report.

# Investment Pathways Value for Money assessment

Principle	2022 RAG status	2023 RAG status		IGC conclusion
		ARC	TargetPlan	
Costs and Charges				The charges paid by Aegon’s Investment Pathways customers are competitive, with most customers paying less than would be available elsewhere. ARC customers pay a £75 fee for each year in which they take a regular income. Aegon is the only provider in the Redington exercise to charge in this way. Even taking this fee into account, most customers will still be paying less than they possibly would elsewhere, but those with relatively small pots will feel the impact of the £75 fee more than others. There is a small cohort of former Traditional Products customers (now on ARC) who are being charged more for Investment Pathways than others, which we have challenged Aegon to address.
Investments				Investment returns have been positive for all of Aegon’s Investment Pathway funds. The ARC funds were however behind the average of other providers taking part in the Redington survey. The ARC Annuity Pathway, which had the lowest performance amongst the peer group, makes use of the Aegon Long Gilt Pension fund detailed in the workplace pensions investment summary on the previous pages.

2. Investment Pathways Value for Money assessment

Principle	2022 RAG status	2023 RAG status		IGC conclusion
		ARC	TargetPlan	
Service: Customer Service				Investment Pathway customers received an acceptable service in most areas, however the limited flexibility in income payment dates could be inconvenient for some customers.
Service: Communication and Member Engagement				Aegon has provided evidence of the assistance and guidance delivered to customers moving from saving into a pension to taking money out, where needed. Core communications for Pathways customers also scored well in the Redington survey.

The IGC believes that Aegon continues to deliver Value for Money overall to its Investment Pathway customers. Our amber ratings again highlight the key issues that we believe will have affected the value received by some groups of pathways customers in 2023. Aegon is taking action in these areas and we will continue to focus on the impact of those changes next year.

Core financial transactions were, in the main, processed promptly and accurately by Aegon’s customer service teams.

We explore each of these findings in more detail throughout the report.

