



# Aegon IGC annual summary report

For the year 2024, published in 2025



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

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

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

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

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





# Summary of our workplace pensions findings

## Costs and Charges

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

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

## Investments

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

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

## Customer Service

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

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

## Communication and Member Engagement

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

being unavailable for some members following the system migration, statements being paused and the call centre being unable to answer all calls for a period has resulted in us downgrading our assessment to amber.

## Summary of our Investment Pathway findings

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

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

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

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



### To conclude

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

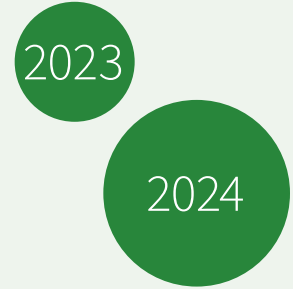
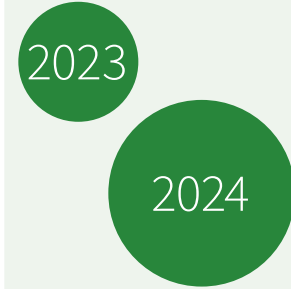
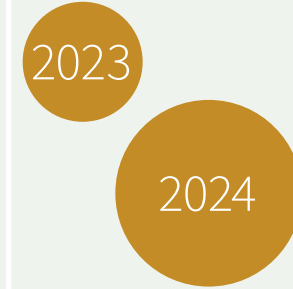
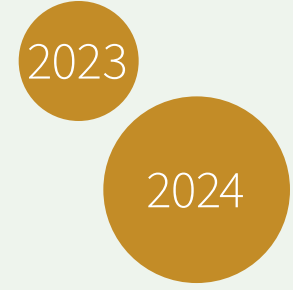
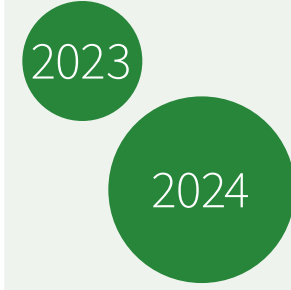
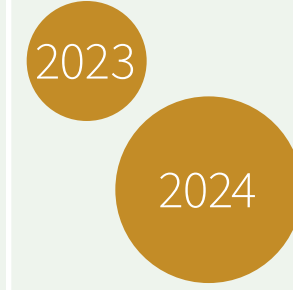
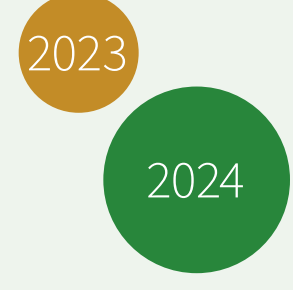
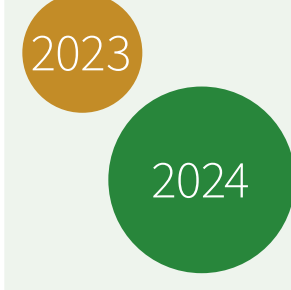
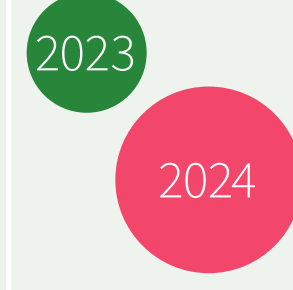
As always, we are keen to hear from Aegon’s customers to understand your needs and experiences, and to use these to drive a better outcome for you. We are also interested in meeting workplace pension members or employers to improve our understanding and have an ongoing programme of face-to face and virtual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

Alison Bostock

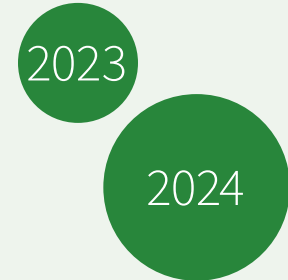
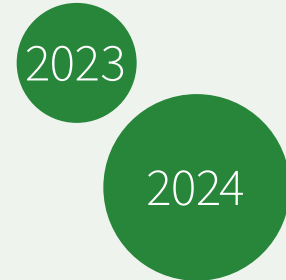
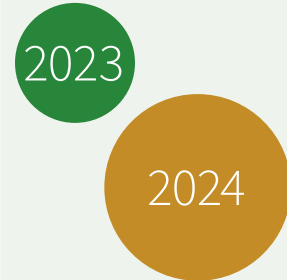




# 1. Workplace Pensions Value for Money assessment

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

1. Workplace Pensions Value for Money assessment

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

Overall Value for Money conclusions

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

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

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

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



# Investment Pathways Value for Money assessment

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

## Overall Value for Money conclusions

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

