



For financial advisers only

Product governance and fair value – Relevant Life

At Aegon we have a policy governing product approval, lifecycle review and fair value assessment. Here we provide the information you need about our Relevant Life policy.

Product governance

We have a detailed proposition development policy for creating and designing new products. We also have a rolling programme of product lifecycle management where we regularly review our products. These product governance arrangements make sure our products meet the identified needs and objectives of the target market over the lifetime of the product and the distribution strategy remains appropriate.

We have enhanced our policies and product oversight to capture the rules and outcome areas under Consumer Duty. Our regular product reviews and value assessments test the proposition design to deliver fair customer outcomes, and to check for potential foreseeable harm, taking into account the complexity of the product and the identified target market.

Fair value assessment

Fair value assessment	Detail
When was the last fair value assessment?	We carried out our last fair value assessment in September 2023.
What did the fair value assessment consider?	<ul style="list-style-type: none"> • Customer insight – target market, Net Promoter Score (customer and adviser), complaints, gone aways, vulnerable customers. • Proposition design and features – design, any barriers to exit, current and future events impacting, current risks and issues. • Customer communications – review of key communications material. • Proposition performance, customer outcomes and value for money – pricing and charging levels. • Processes and platforms – service level agreement performance, assessment of operational processes, audits, incidents, complaints, fraud prevention. • Distribution – our distribution strategy, the role of intermediaries and the total cost paid by the customer across the distribution chain.
What was the outcome of the fair value assessment?	<ul style="list-style-type: none"> • The fair value assessment concluded that the product and associated service at this time offers fair value and that the price paid is reasonable compared to the benefits. • No specific actions were raised as an outcome of the fair value assessment.

Product information

This information is based on our understanding of current taxation law and HMRC practice, which may change.

Product information	Detail
Who is the target market?	<p>Designed for your clients who:</p> <ul style="list-style-type: none"> • Want to provide death-in-service benefits for employees, but don't have enough employees to qualify for a group risk scheme. • Have employees with substantial pension funds who don't want their death-in-service benefits to form part of the lifetime allowance under their pension. • Want to provide their employees with death-in-service benefits that exceed the amounts provided by their main company scheme.
Who isn't the product suitable for?	<p>Not designed for your clients who:</p> <ul style="list-style-type: none"> • Want to make sure their business can continue, by replacing loss of income, profits or resource, if a key person is unable to work due to illness, accident or death. • Want to make sure the business owners can maintain control by having the funds available to buyout a shareholder or their estate if they become critically ill or die. • Want to protect a business loan.
What's the suggested distribution strategy?	<p>This product was distributed on an FCA regulated advised or non-advised basis. It was closed to new business on 4 April 2023 and is no longer distributed.</p>
What are the main features and characteristics?	<ul style="list-style-type: none"> • Tax-efficient life insurance available for employers to provide an individual death-in-service benefit for an employee. • It only provides a lump sum death benefit, which is payable before the insured person reaches age 75. • We'll pay the benefit when the insured person dies or is diagnosed with a terminal illness and has a life expectancy of 12 months or less. • We can only pay the terminal illness benefit while the employee is in the employment of the employer who's paying the premiums. The terminal illness should also lead to the employee's retirement. • The policy must be written in trust for the benefit of the employee's family, which can help mitigate IHT risk. We have a Declaration of trust for a Relevant Life policy which can be used with paper applications and our online signature-free Relevant Life trust with online applications. Trusts establish legal rights and entitlements and might have material financial and tax implications for the settlor, trustees and beneficiaries. Aegon UK isn't authorised to provide legal advice, so you should take your own legal advice before setting up a trust, to make sure that it meets your clients' requirements. Our trusts have been drafted for use by UK domiciled individuals. • We offer employers the choice of being a corporate trustee or not. • Our immediate cover facility is available¹, providing cover for the first 60 days while we request any necessary medical information.

Product information	Detail
<p>What are the main features and characteristics? – continued</p>	<ul style="list-style-type: none"> • We can only pay the benefits to an individual or charity, although we can pay them to a trustee(s) for them to pay the funds to an individual or charity. • The claim proceeds must be capital in nature and shouldn't constitute income. • The policy doesn't have a surrender value. <p>¹Terms and conditions apply</p>
<p>How can your clients manage their policy?</p>	<p>We've designed our Relevant Life policy to be flexible, so it can meet your clients' changing needs.</p> <ul style="list-style-type: none"> • We offer a range of guaranteed insurability options that may be available to your clients to extend their cover, without needing to provide further medical information about the insured person. • Our Relevant Life policy is portable when held within our signature-free Relevant Life trust or Declaration of trust for a Relevant Life policy, letting the insured person take their cover with them if they move jobs. They'll then have the option to either: <ul style="list-style-type: none"> – Continue making the policy payments themselves. – Ask their new employer to take over this payment as part of their employee benefits package as the employer may be eligible for corporation tax relief on the benefits. <p>If your clients have chosen our renewal option, we'll write to them before the end of each five-year term to let them know their options.</p> <p>If your clients have chosen our indexation option, we'll write to them every year before their anniversary to let them know what their new benefit amount and premium will be.</p> <p>Your clients can get in touch with us by phone, email or using our secure online form. Full contact details are available at aegon.co.uk/support by selecting Protection (Insurance).</p>
<p>What additional services are available to your clients?</p>	<p>We provide more than just financial support. At no additional cost, your clients have access to Policy Plus - our range of support and guidance services. These are available for your clients to use throughout the life of their policy - they don't need to claim to start using them.</p> <ul style="list-style-type: none"> • A 24/7 health and wellbeing service • A second medical opinion service • A key person replacement service • A funeral payment pledge <p>The FCA doesn't regulate the third party organisations that provide our Policy Plus services. They aren't part of our terms and conditions and can be withdrawn at any time.</p>

Product information	Detail
What are the risks?	<ul style="list-style-type: none"> • If your clients stop paying their premiums, the protection cover will stop immediately and the insured person will no longer be protected. • Where the premiums are not associated with a flexible benefits or salary sacrifice arrangement, a Relevant Life policy can attract beneficial tax treatment when compared to an ordinary life policy, as long as it meets certain legislative criteria and is written under trust. If this doesn't happen, the policy would fall outside the relevant life rules and the tax treatment could be harsh. The tax treatment depends on the individual circumstances of each employee and may be subject to change in the future. • There's no guarantee that a favourable tax position will apply in all cases. A tax adviser or HM Revenue & Customs (HMRC) should be able to provide clarification on the tax treatment of the policy for both the business and the employee. • Some exclusions apply, as detailed in our Relevant Life policy conditions.
What are the associated costs?	<p>Your client's personal illustration will detail the cost of each benefit chosen and the overall cost over the life of the policy.</p> <p>We take the following into account when deciding how much your clients' policy premiums will be for their chosen benefits:</p> <ul style="list-style-type: none"> • The number of claims we expect to pay • The number of benefits we expect to stop before the end of their benefit term • The level of inflation • The amount of tax we expect to pay and how HM Revenue & Customs would ask us to calculate this • The level of interest rates • The amount of investment income we expect to receive on premiums we receive • The amount of money we have to set aside to meet claims as they fall due • The cost of setting up and servicing their chosen benefits <p>Your clients' policy premiums will also include the cost of commission we pay.</p>
Are there any circumstances which may cause a conflict of interest to the detriment of your clients?	There are no expected conflicts of interest.

The policy doesn't have any cash-in value at any time. Your clients' protection will stop if they stop paying their premiums.

For more information, speak to your usual Aegon representative.