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# Product Governance and Value Assessment Workplace Aegon Retirement Choices SIPP – March 2023

## Product governance

We have a detailed proposition development policy to provide a framework for the development, approval and lifecycle management of propositions manufactured by Aegon UK. We do this to ensure they are designed to meet the needs, characteristics, and objectives of a target group of customers and are distributed accordingly. The Financial Conduct Authority (FCA) expects firms to identify any aspects of the design of a product or service that could lead to foreseeable harm or prevent customers pursuing their financial objectives. Under the Consumer Duty, Aegon UK will need to continue to demonstrate how the design of a product or service meets the cross-cutting rules and take appropriate action to avoid harm.

## Product summary information

Here you can find the information about our Workplace Aegon Retirement Choices SIPP.

Product information	Detail
<b>What is the Product?</b>	A Self-Invested Personal Pension (SIPP) held on the Aegon Retirement Choices platform that provides access to a wide range of investment funds within a tax-efficient pension wrapper. The SIPP is held within a contract-based workplace pension scheme to allow employers to manage their automatic enrolment obligations.
<b>Who is the target market?</b>	<p><b>Designed for employers who:</b></p> <ul style="list-style-type: none"><li>▪ Want to provide a contract-based pension solution for their employees, which also allows access to integrated alternative savings products including ISA and GIA available on the platform.</li><li>▪ Want to provide a qualifying scheme to satisfy auto-enrolment provision.</li><li>▪ Want their employees to have access to an open architecture fund range, and a wide range of asset types other than insured funds only.</li><li>▪ Want a scheme which will facilitate consolidation of existing pensions held elsewhere and be available for their employees.</li><li>▪ Want to provide their employees with digital access to their pension with integrated tools.</li></ul> <p><b>Designed for employees who:</b></p> <ul style="list-style-type: none"><li>▪ Are employees of a firm who has arranged to have Aegon provide their workplace pension scheme.</li><li>▪ Want an open architecture fund range and to have access to a wide range of asset types other than insured funds only.</li></ul>

Product information	Detail
<b>Who is the target market?</b>	<ul style="list-style-type: none"> <li>▪ Want a product that they can join in the accumulation stage whilst still employed and building their retirement benefits, which can then be converted to allow income to be taken once the employee moves into the decumulation stage.</li> <li>▪ May want to consolidate existing pensions held elsewhere.</li> </ul>
<b>Who isn't the product suitable for?</b>	<p><b>Not designed for employers who:</b></p> <ul style="list-style-type: none"> <li>▪ Are looking for a trust-based solution.</li> <li>▪ Have bespoke communications requirements.</li> </ul> <p><b>Not designed for employees who:</b></p> <ul style="list-style-type: none"> <li>▪ Do not accept a degree of risk to their capital.</li> <li>▪ Are not habitually resident in the UK.</li> <li>▪ Are residents of the USA.</li> </ul>
<b>What's the suggested distribution strategy?</b>	<ul style="list-style-type: none"> <li>▪ Distributed through FCA authorised and regulated Employee Benefit Consultants (EBCs) and advisers on an advised and non-advised basis. These firms may provide scheme level advice to the employer only or may also provide personal financial planning for scheme members.</li> <li>▪ The product is not sold directly to end customers whose employer does not have a Workplace ARC pension scheme with Aegon.</li> </ul>
<b>What are the main features, benefits and characteristics?</b>	<ul style="list-style-type: none"> <li>▪ To allow employees to save for their retirement needs in line with their retirement objectives in a tax-efficient manner.</li> <li>▪ To allow employees to build up a pension fund to be used to provide a tax-free cash lump sum and an income when they retire.</li> <li>▪ To allow employers and their representatives to choose from a range of default funds, including the in-house default, the Aegon Workplace Default fund - depending on suitability of the pension scheme clients' membership.</li> <li>▪ To allow employees to choose to use the default fund selected by their employer or make their own investment choices.</li> <li>▪ To provide a diverse and flexible range of investments to choose from. The types of assets employees can invest in include: <ul style="list-style-type: none"> <li>▪ Insured funds</li> <li>▪ Collectives</li> <li>▪ Equities</li> </ul> </li> </ul>

Product information	Detail
<b>What are the main features, benefits and characteristics?</b>	<ul style="list-style-type: none"> <li>▪ Investment trusts</li> <li>▪ Exchange traded funds.</li> <li>▪ To allow employees access to discretionary fund managers (DFMs) when recommended by you.</li> <li>▪ To allow employees to benefit from automatic rebalancing and automatic reinvestment of income.</li> <li>▪ To allow employees the flexibility to take benefits from their pension in stages, i.e. when choosing to draw an income (on an advised basis) and/or buy an annuity.</li> <li>▪ To allow you and your employees to view and monitor accounts using a secure online service, including use of tools to help in areas such as asset selection and financial wellbeing. Customers can access Retiready, a free digital planning service.</li> <li>▪ To provide employees with a platform pension to sit alongside their other products on an Aegon platform.</li> <li>▪ To provide you with the option to give clients the ability to submit applications for their own transactions.</li> <li>▪ To allow employees to nominate beneficiaries giving flexibility to provide for their dependants with lump sum and income options, at the discretion of the scheme administrator.</li> <li>▪ To allow employees to consolidate other pensions with Aegon to potentially benefit from economies of scale and easier administration.</li> <li>▪ The following link provides the Aegon Platform key information document which contains the product key features: <b><u><a href="#">Aegon Retirement Choices key information document</a></u></b></li> </ul>
<b>What are the risks?</b>	<ul style="list-style-type: none"> <li>▪ The value of an employee's investment can fall as well as rise, isn't guaranteed, and the final value of their pension fund when they come to take their benefits could be less than has been invested.</li> <li>▪ The value of an employee's pension fund could also be lower than expected if: <ul style="list-style-type: none"> <li>▪ The level of charges, including any advice fees paid from the plan go up.</li> <li>▪ They stop or make lower contributions than anticipated to the plan.</li> <li>▪ They take benefits from the plan at an earlier age than expected.</li> </ul> </li> <li>▪ The law and tax-efficient treatment of registered pension schemes may change in the future.</li> </ul>

Product information	Detail
<b>What are the risks?</b>	<ul style="list-style-type: none"> <li>Employees who are no longer in a relationship with their adviser could suffer poor outcomes where they are reliant on services that are underpinned by ongoing advice. Aegon will continue to offer services but will not provide financial advice.</li> </ul>
<b>How are customers in the target market with characteristics of vulnerability supported?</b>	<p>Aegon follows a Vulnerable Customers framework, which includes:</p> <ul style="list-style-type: none"> <li>Frontline staff are trained to identify and record signs of potential vulnerability and take appropriate steps to support vulnerable customers.</li> <li>Staff are also supported by Vulnerable Customer Champions who supply 1-2-1 case guidance as and when required.</li> <li>We aim to simplify our processes and client communications to give clients what they need whilst reducing unnecessary complexity.</li> <li>Upon consent, vulnerabilities can be recorded capturing the support service required to help vulnerable customers with their needs.</li> </ul>
<b>What are the associated costs?</b>	<ul style="list-style-type: none"> <li>Each workplace savings scheme is individually priced, and you'll find details of each employee's charges in their illustration, which will also include any adviser charges and DFM charges that Aegon is facilitating.</li> </ul>
<b>Are there any circumstances which may cause a conflict of interest to the detriment of your clients?</b>	<p>Aegon has a policy in place to identify and manage any conflicts that arise to ensure no detriment to customers.</p>

The information in this summary is based on our understanding of current taxation law and HM Revenue & Customs (HMRC) practice, which may change.

## Outcome of value assessment - March 2023

The purpose of the value assessment is so distributors can understand the products or services they distribute, enabling them to carry out their own value assessment. The FCA requires firms that operate contract-based workplace pension schemes to use the Independent Governance Committee (IGC) Value for Money assessment, when doing their own value assessment. The latest IGC report was for the year 2021, published in 2022, and this was refreshed for this value assessment with the most up-to-date value for money reporting to the IGC.

You can see the IGC report here: [IGC Full Report 2022](#)

Value assessment	Detail
<b>Outcome of value assessment</b>	<ul style="list-style-type: none"><li>▪ The IGC believes that Aegon continues to deliver value for money overall to its workplace customers and is making changes that should maintain or improve this in the future. That said, IGC noted the servicing challenges that Aegon has experienced.</li><li>▪ In addition, the IGC believes that Aegon is working on the right areas to further improve value for money and customer outcomes.</li><li>▪ After reviewing the IGC Value for Money assessment, Aegon agrees that the product and associated service offers fair value on a forward-looking basis and that the costs and charges associated with the product are reasonable compared to the benefits.</li></ul>
<b>When was the value assessment carried out?</b>	This value assessment was carried out in March 2023. The latest IGC report was for the year 2021, published in 2022, and this was refreshed with the most up-to-date value for money reporting to the IGC.
<b>What did the fair value assessment consider?</b>	<ul style="list-style-type: none"><li>▪ Pension providers offering a workplace pension scheme must establish an IGC to oversee the scheme governance and produce an annual Value for Money report. The Consumer Duty rules require pension providers to use the IGC's report when carrying out their value assessment for a contract-based workplace scheme.</li><li>▪ The IGC summarised its view for the key Value for Money principles across all Aegon workplace customers as follows:<ul style="list-style-type: none"><li>▪ Charges</li><li>▪ Investment Solutions</li><li>▪ Customer Service</li><li>▪ Communication and Engagement with customers</li><li>▪ Security of customer information and money.</li></ul></li></ul>

Value assessment	Detail
<b>What did the fair value assessment consider?</b>	<ul style="list-style-type: none"><li>▪ Alongside the IGCs conclusions, we have reviewed any recent developments since the report was written, particularly in the areas highlighted in the IGC report and any potential concerns identified under the Consumer Duty four outcomes of products &amp; services, price &amp; value, consumer understanding and consumer support.</li><li>▪ The IGC judges the value for money delivered to customers by workplace pension providers in the context of:<ul style="list-style-type: none"><li>▪ The level of charges and costs</li><li>▪ Investment performance</li><li>▪ The quality of services.</li></ul></li><li>▪ Aegon, along with all the main providers of workplace pension schemes, took part in a benchmarking exercise in 2022 run by the independent investment consultancy Redington. This allowed the IGC to see how Aegon is performing against its peers in key areas of value for money. The IGC considered the findings of the Redington report when coming to its final value for money conclusions.</li></ul>

For more information speak to your usual Aegon representative.