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# Product Governance and Value Assessment Defined Contribution Integrated Service (Bundled / Own Trust) – April 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 the Defined Contribution Integrated Service (Bundled / Own Trust) product.

Product information	Detail
What is the Product?	<ul style="list-style-type: none"><li>• The DC Integrated Service product allows trustees of employer-sponsored defined contribution and AVC pension schemes to invest part, or all, of the scheme assets into insured funds.</li><li>• The policy provides the trustees with investment and administration services for the underlying membership (known as bundled servicing).</li></ul>
Who is the target market?	<p><b>Designed for trustees and employers who:</b></p> <ul style="list-style-type: none"><li>• Want to provide their employees with a Defined Contribution occupational pension scheme and/or an Additional Voluntary Contribution (AVC) scheme.</li><li>• Want to retain control of the scheme (eligibility, investment, rules, administration, etc) through its establishment under trust.</li><li>• Want to provide a qualifying scheme to satisfy auto-enrolment provision.</li><li>• Want to enrol employees whose employment relationship is governed by the laws of the United Kingdom.</li><li>• Want to provide their employees with digital access to their pension with integrated tools.</li></ul> <p><b>Suitable for employees who:</b></p> <ul style="list-style-type: none"><li>• Want access to a range of insured funds across all major asset classes, including a default fund should they not wish to make their own selection.</li><li>• Want to have access to a range of options at retirement or on death, including flexibility on taking benefits.</li><li>• May want to consolidate existing pensions held elsewhere.</li><li>• Usually reside in the UK, although may live overseas on temporary secondment.</li></ul>

Product information	Detail
Who isn't the product suitable for?	<p><b>Not designed for employers and trustees who:</b></p> <ul style="list-style-type: none"> <li>• Want to offer their employees a contract-based solution.</li> <li>• Want to offer guaranteed or complex pension benefits.</li> <li>• Want to offer access to non-insured investment options.</li> <li>• Want to enrol employees whose employment relationship is governed by the law of a country outside the United Kingdom.</li> </ul> <p><b>Not suitable for employees who:</b></p> <ul style="list-style-type: none"> <li>• Do not accept a degree of risk to their capital.</li> <li>• Want access to non-insured funds, or insured funds not provided by Aegon.</li> <li>• Are residents of the USA.</li> </ul>
What's the suggested distribution strategy?	<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 directly available to employees, new joiners can only be added by employers who have a DC Integrated Service scheme with Aegon.</li> </ul>
What are the main features, benefits and characteristics?	<ul style="list-style-type: none"> <li>• To allow employers and trustees to support 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 trustees and their representatives to choose a core range of funds to be offered within the scheme. Trustees can select a default fund from a range of default fund options depending on suitability of the pension scheme clients' membership.</li> <li>• To allow employees to choose to use the default fund selected by the trustees or make their own investment choices.</li> <li>• Access a range of insured funds across all major asset classes.</li> <li>• To allow 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.</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>• To provide retirement options such a Small Pots or Uncrystallised Funds Pension Lump Sum (UFPLS), subject to the rules of the scheme. Drawdown or Annuity would require a transfer to a separate product. Annuities are available through the open market, and Drawdown is available by transferring to the TargetPlan Retirement Income Account.</li> <li>• The Plan Summary sets out further detail and is available to employees through their online document store.</li> </ul>

Product information	Detail
What are the risks?	<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> <li>• Employers who are no longer in a relationship with their adviser could lead to employees suffering poor outcomes where they are reliant on services that are underpinned by ongoing advice.</li> </ul>
How are customers in the target market with characteristics of vulnerability supported?	<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>
What are the associated costs?	<ul style="list-style-type: none"> <li>• Each workplace savings scheme is individually priced, and members can access <a href="http://aegon.co.uk/TargetPlan">aegon.co.uk/TargetPlan</a> to find details of their charges.</li> <li>• The Annual Management Charge (AMC) includes service and investment charges, so the cost will also depend on which fund is chosen.</li> </ul>
Are there any circumstances which may cause a conflict of interest to the detriment of your clients?	<ul style="list-style-type: none"> <li>• Aegon has a policy in place to identify and manage any conflicts that may arise to ensure no detriment to customers.</li> </ul>

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 – April 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.

Value assessment	Detail
Outcome of value assessment	<ul style="list-style-type: none"><li>• Considering the various factors as required by FCA rules and guidance, this product doesn't raise material fair value concerns.</li><li>• Aegon considers 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>
When was the value assessment carried out?	We carried out our value assessment in April 2023
What did the fair value assessment consider?	<p>Our assessment covers the Consumer Duty four outcomes of products &amp; services, price &amp; value, consumer understanding and consumer support, and applies for a reasonably foreseeable period. It includes the following:</p> <ul style="list-style-type: none"><li>• The nature of the product including the benefits provided or which would be reasonably expected and its quality, including any limitations.</li><li>• The charges to be paid by the customer to Aegon and a range of anticipated levels of distributor charges.</li><li>• Customer insight – Net Promoter Score (an index used to measure the willingness of customers to recommend our products or services to others), customer complaints, treatment of vulnerable customers, feedback from other firms in the distribution chain.</li><li>• Proposition design, features and benefits – any barriers to exit, current and future events impacting the product.</li><li>• Customer communications – review of key customer communications.</li><li>• Processes and platforms – service performance, platform functionality, support for customers including vulnerable customers, incident management, complaints.</li><li>• Distribution strategy – how the product is sold, whether appropriate and in line with the needs and objectives of the defined target market.</li></ul>

For more information speak to your usual Aegon representative.