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# Product Governance and Value Assessment Group Personal Pension (TargetPlan) – 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 Group Personal Pensions.

Product information	Detail
<b>What is the Product?</b>	The Group Personal Pension (GPP) is a contract-based workplace pension scheme providing access to a range of investment funds within a tax-efficient pension wrapper. The GPP allows employers to provide their employees with a vehicle to save for their retirement. In some cases, these schemes are used to meet employers' 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.</li><li>▪ Want to provide a qualifying scheme to satisfy auto-enrolment provision.</li><li>▪ Want their employees to have access to a range of insured funds across all major asset classes.</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 access to a wider range of insured funds across all major asset classes.</li><li>▪ Want a product that they can join in the accumulation stage whilst still employed and building their retirement benefits.</li><li>▪ Want 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></ul>

Product information	Detail
<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 small employers and/or with small existing scheme AUM and relatively low ongoing contributions.</li> <li>▪ Want to offer access to non-insured investment options.</li> <li>▪ Are looking for a Master Trust arrangement or trust-based solution.</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>▪ Want access to non-insured or insured funds not provided by Aegon.</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 directly available to employees, new joiners can only be added by employers who have a scheme.</li> </ul>
<b>What are the main features, benefits and characteristics?</b>	<ul style="list-style-type: none"> <li>▪ To allow employers 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 employers and their representatives to choose a core range of funds to be offered within the scheme. Schemes 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 their employer or make their own investment choices.</li> <li>▪ Access a range of insured funds across all major asset classes.</li> <li>▪ To allow you and 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> </ul>

Product information	Detail
<b>What are the main features, benefits and characteristics?</b>	<ul style="list-style-type: none"> <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). 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 Group Personal Pension key features are available to employees through their online document store.</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> <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>
<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>

Product information	Detail
<b>What are the associated costs?</b>	Each workplace savings scheme is individually priced, and you'll find details of each employee's charges on the TargetPlan portal.
<b>Are there any circumstances which may cause a conflict of interest to the detriment of your clients?</b>	Aegon has a policy in place to identify and manage any conflicts that arise to ensure no detriment to customers

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>	<p>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.</p> <p>In addition, the IGC believes that Aegon is working on the right areas to further improve value for money and customer outcomes.</p> <p>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.</p>
<b>When was the value assessment carried out?</b>	<ul style="list-style-type: none"><li>▪ This value assessment was carried out in March 2023.</li><li>▪ 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.</li></ul>
<b>What did the fair value assessment consider?</b>	<p>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.</p> <p>The IGC summarised its view for the key Value for Money principles across all Aegon workplace customers as follows:</p> <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>

Value assessment	Detail
<b>What did the fair value assessment consider?</b>	<p>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.</p> <p>The IGC judges the value for money delivered to customers by workplace pension providers in the context of:</p> <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> <p>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.</p>

For more information speak to your usual Aegon representative.