For trustees only

Policyholder protection through TargetPlan

This guide explains the protections that apply to trustees who hold a 'defined contribution investment only policy' or a 'defined contribution (DC) integrated service policy'. It also sets out the levels of cover that are generally available through the Financial Services Compensation Scheme (FSCS).

Please note that the information in this document isn't intended as advice and you should seek your own tax, accounting, or legal advice. Neither Aegon nor any member of the Aegon group of companies shall be liable to you or any third party should you rely on this information.

In line with the policy conditions, the policyholder bears all risks of investment into external insurance funds, in-house funds and other collective investment schemes or assets.

If your personal circumstances mean you need any additional support, or if you'd like a large print, Braille or audio CD version of this document, please call 0345 601 7721 (call charges may vary).

Protection available under FSCS

Scottish Equitable plc (part of the Aegon group) is the provider of your DC investment only or DC integrated services policy. This policy is classed as a long-term insurance contract. The investment funds available under the policy are insured funds and Scottish Equitable plc manages investments in line with the Financial Conduct Authority (FCA) rules that apply to unit-linked insurance policies. Therefore, if Scottish Equitable plc were to default, eligible claimants would be entitled to FSCS compensation of 100% of the value of their claim without limit.

What is the FSCS?

The FSCS is an independent organisation set up under the Financial Services and Markets Act 2000. It's funded by levies it receives from the authorised firms that it covers.

It's a protection scheme that pays compensation to eligible claimants where a UK authorised firm is unable, or likely to be unable to pay claims against it.

Eligible claimants are determined by the FCA within its Handbook in COMP 4.2. The level of FSCS protection depends on the underlying investments – see the 'Protections applicable to different types of insured funds'

Former BlackRock policies

BlackRock Life Limited (BLL) transferred its pension administration business to Scottish Equitable plc on 1 July 2018 (the transfer date) under Part VII of the Financial Services and Markets Act 2000. From this date, Scottish Equitable plc is the provider of your policy and any FSCS protection applies to transferred policies in the event of Scottish Equitable plc's insolvency.

section for details.

The trustee of an occupational pension scheme is an eligible claimant insofar as members' benefits are money purchase benefits.

You can find out more information about the compensation scheme on the FSCS website.

Protections applicable to different types of insured funds

We offer different types of insured funds through the DC investment only policy and DC integrated services policy. Scottish Equitable plc may invest and reinvest these insured funds into a fund offered by an external fund manager.

The first category is life funds from another provider. The second category invests into collectives such as authorised contractual schemes, unit trusts or OEIC's. We look at each category separately below.

- **Category 1 – investment into another provider's life funds**: If Scottish Equitable plc defaults, then the FSCS will cover the contract of long-term insurance for 100% of the value without limit. This includes the value of any external fund links (EFLs). If the other provider defaults, there can be no claim under FSCS rules. This is because the FSCS rules don't allow claims in these circumstances.

- **Category 2 - investment into another provider's collectives**: If Scottish Equitable plc defaults, then the FSCS will cover the contract of long-term insurance for 100% of the value without limit. If the provider of the collective investment defaults, there can be no claim under FSCS rules.

  Instead, collective investments benefit from a different form of protection if the provider defaults. FCA rules require collectives to ring-fence assets and have controls in place to make sure that the interests of investors are protected. These rules also require that assets are held separately from the fund manager's own assets by an appointed custodian.

Part VII transfer protections

This section lays out the additional protection that applies to policies which were transferred to Scottish Equitable plc under the Part VII transfer.

A number of the funds made available to your policy invest in underlying funds provided by the BlackRock Group of Companies. The underlying funds provided by BlackRock are either life funds provided by BLL or collectives (non-life) provided by one of the BlackRock Group of Companies. Following the Part VII transfer of your policy to Scottish Equitable plc, BlackRock became an external fund manager. The type of additional protection depends on the category of fund held.

Life funds

Insured life funds provided by BLL were protected against BLL failure prior to Part VII by the FSCS. As part of the Part VII, Scottish Equitable plc agreed to protect the policyholder from the failure of BLL where the fund was available prior to Part VII. Policyholders are protected from the failure of Scottish Equitable plc by the FSCS up to 100% of the claim without limit.

Collectives

Collectives provided by the BlackRock Group of Companies prior to the Part VII transfer were protected by their legal and regulatory structure and ring-fenced assets. In the event of a failure of a collective, BlackRock would have sought to recover amounts owed from the fund manager or trustee/depositary but would not have been liable to cover the shortfall between any money recovered from the fund and the overall loss. Since the Part VII transfer, Scottish Equitable plc will seek to recover amounts owed from the fund manager or trustee/depositary instead but will not be liable to cover any shortfall between money recovered from the fund and the overall loss.

Policyholders are protected from the failure of Scottish Equitable plc by the FSCS up to 100% of the claim without limit.

Restructured funds

At or around the time of the Part VII transfer, some of the BLL life funds were restructured to become collectives. Following the Part VII transfer, Scottish Equitable plc will make good any losses that transferred policies invested in these restructured funds suffer, as a direct result of the insolvency of the underlying external fund manager, depositary or trustee of the underlying fund. This protection applies to transferred policies that would have been entitled to protection from the FSCS in relation to BLL’s insolvency before the transfer took place. This protection endures as long as the transferring policy is invested in the restructured fund.

New funds

Any new funds offered by Scottish Equitable plc since 1 July 2018 aren’t covered by these additional protections. In the event of insolvency of Scottish Equitable plc, under the Insurers (Winding-Up) Regulations 2004, policyholders will have the same priority access to the assets of Scottish Equitable plc as other, unsecured creditors, but behind preferred creditors.

Blended funds

There are a number of funds that are a mix of two or more underlying funds, which fall into different categories. This means the protections that apply depend on the categories these underlying funds fall into.

About Scottish Equitable

Our story started over 190 years ago, when we were founded as Scottish Equitable here in the UK. Today we're part of the Aegon group, an international provider of life insurance, pensions and asset management.

Our UK team are focused on providing retirement, investment and workplace savings solutions to over 4 million customers (as at 31 December 2022). To do that we work with financial advisers and employers, to help improve peoples' financial wellbeing.

The value of investments can go down as well as up, isn't guaranteed and you could end up with less than you invest.

The information in this document is based on our understanding of current legislation, which may change.

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