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Product Governance and Value Assessment

TargetPlan Section 32: Deferred Buy Out Plan & Trustee Transfer Plan – 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 our Section 32 pensions: TargetPlan Deferred Buy Out Plan & Trustee Transfer Plan.

Product information	Detail
What is the Product?	The Trustee Transfer Plan is for trustees who wish to wind up their occupational pension scheme and the TargetPlan Deferred Buy Out Plan enables trustees of a money purchase occupational pension scheme to transfer deferred members out of their scheme. Both the Trustee Transfer Plan and TargetPlan Deferred Buy Out Plan are contract-based pension schemes providing access to a range of investment funds within a tax-efficient pension wrapper.

Product information	Detail
Who is the target market?	<p>Designed for trustees and employers who:</p> <ul style="list-style-type: none"> Want to enable the trustees of a money purchase occupational pension scheme to either: <ul style="list-style-type: none"> Transfer the value of deferred members' pension rights into an individual contract based Buy Out pension solution (Deferred Buy Out Plan). Wind up the scheme by transferring the value of all remaining members' pension rights into an individual contract-based pension policy (Trustee Transfer Plan). Want to discharge all or part of the trustee's liability under the scheme. Want the pension to have access to an insured fund range. <p>Suitable for members who:</p> <ul style="list-style-type: none"> Want their deferred benefits to be held under a Buy Out plan in their own name. Would like access to a wide range of insured funds across all major asset classes. Are looking to access a range of options at retirement or on death, including flexibility on taking benefits.
Who isn't the product suitable for?	<p>Not designed for trustees and employers who:</p> <ul style="list-style-type: none"> Wish to continue to be involved in the governance (via trustees) of their deferred member pensions. Are looking for a trust-based solution. Want to offer access to non-insured investment options. <p>Not suitable for members who:</p> <ul style="list-style-type: none"> Do not accept a degree of risk to their capital. Want access to non-insured funds, or insured funds not provided by Aegon. Are not habitually resident in the UK. Are resident in the USA.
What's the suggested distribution strategy?	<ul style="list-style-type: none"> Distributed through FCA authorised and regulated Employee Benefit Consultants (EBCs) looking to find a solution to bulk transfer deferred members (ex/non-contributing employees).

Product information	Detail
What are the main features, benefits and characteristics?	<ul style="list-style-type: none"> ▪ Access a range of insured funds across all major asset classes. ▪ To allow members 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. ▪ To give employees the flexibility to nominate beneficiaries to provide for their dependants with a lump sum and income options, at the discretion of the scheme administrator. ▪ 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. ▪ The Deferred Buy Out Plan & Trustee Transfer Plan key features are available to employees through their online document store.
What are the risks?	<ul style="list-style-type: none"> ▪ 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. ▪ The value of an employee's pension fund could also be lower than expected if: <ul style="list-style-type: none"> - The level of charges, including any advice fees paid from the plan go up. - They take benefits from the plan at an earlier age than expected. ▪ The law and tax-efficient treatment of registered pension schemes may change in the future.
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"> ▪ Frontline staff are trained to identify and record signs of potential vulnerability and take appropriate steps to support vulnerable customers. ▪ Staff are also supported by Vulnerable Customer Champions who supply one to one case guidance as and when required. ▪ We aim to simplify our processes and client communications to give clients what they need whilst reducing unnecessary complexity. ▪ Upon consent, vulnerabilities can be recorded capturing the support service required to help vulnerable customers with their needs.

Product information	Detail
What are the associated costs?	<ul style="list-style-type: none"> Each scheme is individually priced and members can access aegon.co.uk/TargetPlan to find details of their charges. The Annual Management Charge (AMC) includes service and investment charges, so the cost will depend on which fund is chosen.
Are there any circumstances which may cause a conflict of interest to the detriment of your clients?	Aegon has a policy in place to identify and manage any conflicts that may 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 – 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"> Considering the various factors as required by FCA rules and guidance, this product doesn't raise material fair value concerns. 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.
When was the value assessment carried out?	We carried out our value assessment in April 2023.

Value assessment	Detail
What did the fair value assessment consider?	<p>Our assessment covers the Consumer Duty four outcomes of products & services, price & value, consumer understanding and consumer support, and applies for a reasonably foreseeable period. It includes the following:</p> <ul style="list-style-type: none"> ▪ The nature of the product including the benefits provided or which would be reasonably expected and its quality, including any limitations. ▪ The charges to be paid by the customer to Aegon and a range of anticipated levels of distributor charges. ▪ 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. ▪ Proposition design features and benefits - any barriers to exit, current and future events impacting the product. ▪ Customer communications - review of key customer communications. ▪ Processes and platforms - service performance, platform functionality, support for customers including vulnerable customers, incident management, complaints. ▪ Distribution strategy - how the product is sold, whether appropriate and in line with the needs and objectives of the defined target market.

For more information speak to your usual Aegon representative.