

Introduction to Aegon's IGC (Independent Governance Committee)

Video speakers

Ian Pittaway, Chairman of IGC

Helen Parker, Member of IGC

Helen [00:09] Ian, Could you explain what an Independent Governance Committee does?

Ian [00:10] So it's an independent body, which is set up with the role to assess whether Aegon is providing value for money for its workplace pensions. And majority of its members are independent and they're drawn from the pensions, the business world. And we assess whether Aegon are delivering value for money. And its job is to hold Aegon to account and to challenge it when necessary.

Helen [00:39] And what does value for money mean if I've considered an Aegon pension?

Ian [00:44] Well, value for money fairly enough isn't defined in statute or regulation. It's free to IGC to decide what it regards as value for money for members. So when we started, we talked to employers, we talked to members to find out what they regarded as value for money. And that led to us developing five principles, one to do with a fair fee for the service, one to do with administration, good investment solutions, and importantly that Aegon are providing the right support and information for members to take decisions. And the final principle is about security of your information to make sure that it wasn't misused, and also to ensure that the benefits are secure themselves.

Helen [01:30] And how do you assess value for money?

Ian [01:32] Okay, we take that very seriously. We have a traffic light system. So we require Aegon to provide management information during the course of the year. And we scrutinize that very carefully, and we rate each of the aspects in a traffic light system, with either red, amber or green. And if something's red or amber, we'll really drill down into detail and scrutinize it and challenge Aegon to improve that, to get it to a green level.

Helen [02:00] And how do I know that my money is well invested?

Ian [02:03] Well, that's a really good question. And obviously very important for you. Aegon in appointing managers to manage your money, so there are quite a lot of them, have really clear and defined criteria before they'll actually appoint a manager. And then when they're appointed, Aegon will be monitoring them in a very robust way regularly to make sure that they're continuing to deliver good investment performance over time. And if a manager stops delivering, stops being acceptable, then they will be taken out of the portfolio and removed. So it's a very dynamic and active process.

Helen [02:41] Many members are increasingly concerned about climate change in the environment. Is that something you look at?

Ian [02:48] So climate change is very important to us. It's become increasingly important for the last two years or so to make sure that when investments are made, climate change is considered as a financial risk. In the last year, the Independent Governance Committee has been given the responsibility by the Financial Conduct Authority to make sure that Aegon has a robust and effective ESG, environmental social governance policy and to ensure that that's implemented effectively. So that's going to be high on our agenda in future years, and we'll expect to report in more detail on that in future annual reports.

Helen [03:31] And how do you ensure members are paying a fair price?

Ian [03:35] It's obviously right that you pay the right fee for the service. So every year the IGC carries out, with Aegon, a very detailed review of the charges which members are being expected to pay for the various products they receive from Aegon. If you'd like to look in more detail, members can go to the annual report, it's all set out there. But in short, we're satisfied that members are paying fair fees for the service they receive from Aegon.

Helen [04:06] And pensions can be complicated. How does Aegon help members make the right choice?

Ian [04:10] You're right, Helen, pensions are complicated. And people have some difficult and fundamental decisions to take. So how much do I contribute? Where should my funds be invested? And importantly, what do I do when I get to retirement? What options should I pursue? So an important part of our value for money assessment is to make sure that Aegon are delivering the right support network for members, so that the right information is delivered at the right time to members and in the world we live in now that it's delivered in the right way using social media, digital access in a way that helps people make those decisions in a timely way. We're always keen for Aegon to innovate and this year, Aegon are rolling out, they're launching personal video summary, so there'd be a video summary for every member, explaining what their benefits are and the options available to them. And we're hopeful they'll be successful, and will actually help members reach the right decisions. But we very much look forward to feedback from members to see whether they're working and whether are any ways in which they could be improved.

Helen [05:21] And what's on the agenda for next year?

Ian [05:24] The agenda for next year is busy and full. Particular highlights will be climate change, environmental social governance issues, which we will be looking at in even more detail. We'll be looking at transaction costs. So they're the costs which members pay when their investments are sold and purchased to make sure they're not excessive and they're appropriate. And we'll also be looking at that support, the information that Aegon gives to members to make sure they make the right decisions at the right time, really important to us. And I'd very much invite members to read the report, it's a good read, I think it's a good read. And it's available on the Aegon website for those people who are interested. Thank you, Helen.