

For intermediaries only

Updated on 14 May 2019

MiFID II - ex-post costs and charges disclosure FAQs

Following the introduction of the Markets in Financial Instruments Directive (MiFID) II, we're now providing an annual ex-post costs and charges statement to customers.

Here are some FAQs on our approach to delivering the statement.

Question	Answer
Who will receive the ex-post costs and charges statement?	We're sending the ex-post cost and charges statement to all platform clients (Aegon Retirement Choices/One Retirement/Aegon Platform) invested in an ISA, GIA or have non-insured assets in our SIPP.
Are you going to disclose, where possible, all product and service costs incurred by the client during that reporting period?	Yes. It's a total breakdown at client level. Take a look at our sample annual costs and charges statement
When will the first disclosure be sent?	This year we're sending your qualifying clients a stand-alone annual costs and charges statement. We're sending the statements over a four-week period, starting from the end of April 2019. Your clients' 2019 costs and charges statement will be sent with their first quarterly statement of 2020.
Will my clients receive this information each year?	A breakdown of the cost and charges will be included with the quarterly statement issued in quarter 1 each year going forward. We'll continue to include the breakdown for as long as we're required to.
Will it be issued directly and also stored online?	Yes. We'll be issuing them directly to your clients. You and your clients can also download the stand-alone costs and charges statement from the online document library once they receive their statement.

Question	Answer
<p>Why am I receiving this disclosure?</p>	<p>We already make the charges your client might pay clear before they invest. For example in the illustration(s) they receive. Those charges are indicative of what your client will pay once they've invested.</p> <p>New regulations from the Financial Conduct Authority (FCA) require us to send information on the actual charges your clients paid for the services received over a 12 month period.</p> <p>The charges shown in the information they've received will reflect their illustration(s) but are calculated using more accurate data relating to the account over the period.</p>
<p>What reporting period will the disclosure cover?</p>	<p>The annual costs and charges statement will cover the previous calendar year. The first one will include details from 1 January 2018 to 31 December 2018.</p>
<p>How will the charges be displayed?</p>	<p>We show the following charges:</p> <ul style="list-style-type: none"> • Our annual charge • Adviser charges (including ongoing charges) • Discretionary investment manager and/or discretionary fund manager charges • Investment charges • Third-party product charges <p>Your clients will see a breakdown of the total charges on their account during the reporting period. We originally included a product breakdown as part of our disclosure. Following feedback from advisers and clients we have removed the product breakdown. It isn't required by the rules and some of the figures caused confusion.</p>

Question	Answer
What other information is in the disclosure?	<p>As well as showing the charges that have been deducted, the disclosure also shows the impact on the growth of the product(s).</p> <p>Please note that the reduction of growth figure we show is the difference between the potential total growth if no charges were taken and the growth with charges taken. It isn't the reduction of the growth itself.</p> <p>The effect of cost and charges figure may be different than the total charges paid. This is because the effect of cost and charges figure illustrates the impact on any investment growth or loss by the charges taken.</p>
How are the costs and charges calculated?	<p>We use the internal rate of return (IRR) to calculate the charges. The charge percentages we show are based on the average daily balance over the period covered across your products, and we use the most accurate data available to us in our calculations.</p>
What are the investment charges?	<p>This is the total amount your client paid the fund managers of all the funds they hold in their account. These charges are reflected in the price of a fund and are not taken from your client's account.</p>
How are the total investment charges calculated?	<p>We calculate the investment charges daily using the ex-post charges data for each fund.</p> <p>The calculation is based on the value of fund that day and then the amount is the total of all of those daily charges. This total amount is then shown as a percentage of the average daily balance.</p>
How is the total charge percentage calculated versus the reduction in growth?	<ul style="list-style-type: none"> • The total charge percentage – this is the sum of the monetary total charges represented as a percentage of the average daily balance of your clients' account. • Reduction in growth – this is the impact the total charges has had on your clients' investment growth. For example: <ul style="list-style-type: none"> - If, without charges, investment value grew from £20,000 to £20,500 = growth of 2.5%. - If total charges were £100 the end value is reduced from £20,500 to £20,400 = growth of 2.0%. - We show the effect of charges as a reduction in growth of 0.5%. 2.5% pre charges minus 2.0% post charges = 0.5%

Question	Answer
Why is the annual adviser charge shown different from the one shown on the new business illustration?	<p>The new business illustration disclosed both our and the adviser charge that would be taken in the first year of the account. As the charge is calculated monthly in arrears, it uses a figure representing 11 months' worth of deductions in the first year. The disclosure looks back over a 12 month period and will show the actual charge deducted over the full 12 months. Also, the charges in the illustration are based upon specific projected growth rates that we have to assume.</p> <p>The disclosure shows the actual charges that have been deducted based upon the average value of your clients' product(s) over the 12 month period.</p>
When will the disclosure be sent in future years?	The 2019 costs and charges statement will be sent with the first quarterly statement of 2020.

If you have any questions please speak to your usual Aegon contact. Please remember to visit our [MiFID II page](#) for updates.