



For customers | Aegon Retirement Choices

# Changes to Aegon Retirement Choices (ARC) Terms and conditions

Effective as at 20 March 2018

We've made changes to the ARC terms and conditions and we've detailed these in the table below.

We've made some alterations to reflect process changes we've made to ARC and to make some areas clearer to you.

If you are unhappy with the proposed changes to these terms and conditions you should notify us of this. You have the right to terminate your use of the ARC service and request that we close all your products and pay the proceeds to your UK bank account or transfer investments, or the proceeds of their sale to another provider, where applicable, at no additional cost to you.

The table below sets out all the changes made, however the following list details some of the most significant changes you should be aware of:

- We have made changes to the sections of the terms and conditions which deal with how investments held in your single life General Investment Account ('GIA') are treated on notification of your death. Currently where we are notified of your death we sell the investments and place the proceeds of their sale into the cash facility of your GIA. The proceeds are then held until we receive instructions from your legal personal representatives.

**Following the changes, on notification of your death we will no longer sell the investments in your GIA and these will continue to be held in the GIA until we receive instructions from your legal personal representatives.** This means that your investments remain subject to market conditions and so could make losses or gains between the date we are notified of your death and when your legal personal representatives provide us with instructions.

- We have made changes to the sections of the terms and conditions which deal with how investments held in your Individual Savings Account ('ISA') are treated on notification of your death. Currently where we are notified of your death we sell the investments and place the proceeds of their sale into the cash facility of a GIA which we open to hold the proceeds. The proceeds are then held until we receive instructions from your legal personal representatives.

**Following the changes, on notification of your death we will no longer sell your investments and these will continue to be held in your ISA until we receive instructions from your legal personal representatives.** This means that your investments remain subject to market conditions and so could make losses or gains between the date we are notified of your death and when your legal personal representatives provide us with instructions.

We have also made a further amendment following a legislative change which outlines that the tax status of your ISA on your death will depend on the date of your death. If you die on or before 5 April 2018 your ISA will lose its tax exempt status, whereas if you die on or after 6 April 2018 your ISA will retain its tax exempt status subject to certain time limits and conditions set out in the ISA Regulations.

- We have clarified the circumstances in which we can amend your terms and conditions, including making changes to our charges to give you certainty around the reasons why we may change your terms and conditions or increase our charges and your options should you be unhappy with a proposed change.
- We have introduced a new power which will allow us to pass on the cost of holding your cash with HSBC should HSBC start charging us for holding cash on deposit with them. This could happen where negative interest rates apply.
- Accidental death benefit (ADB) will no longer be available in respect of SIPPs with a start date of 20 March 2018 or later, however existing SIPP customers on 19 March 2018 with this feature will be unaffected and ADB will continue to apply in line with the terms and conditions.
- We have made changes to the sections of the terms and conditions which deal with how your investments are managed and traded, and other consequential amendments to account for changes in regulation which apply from 3 January 2018.
- We have introduced new options for the treatment of income received from your investments. You can now choose to have any income automatically paid to your bank account or to be reinvested in the investments from which the income was paid, subject to some restrictions.
- We have introduced 'pre-funding' of switches capability (including switches carried out as part of rebalancing instructions) subject to some restrictions. Currently where you request a switch (which is the selling of one investment in order to purchase another investment) we wait until the proceeds of the sale are received as cleared funds before instructing the purchase. Pre-funding of switches means that we will instruct the purchase when we receive confirmation of the sale price(s) for all of the sale transactions.

Where a clause has been added or deleted, all other clauses have been renumbered accordingly. Any reference to a clause is to the old clause number, unless otherwise stated. These changes take effect on 20 March 2018.

Please note that the page number references are to the April 2016 version of the ARC terms and conditions.

Page(s)	Change
<b>Part 1 ARC terms and conditions</b>	
1	The effective date of the document has been changed from 'April 2016' to 'March 2018'.
6	The definition of 'Accidental death benefit' has been amended because SIPPs with a start date of 20 March 2018 or later will no longer have the accidental death benefit feature.
7	The definition of 'Aegon initial charge' has been deleted as this charge has been removed.
7	A new definition of 'Aegon UK Retail Order Execution Policy' has been added due to regulatory changes applying from 3 January 2018.
7	A new definition of 'Consolidated natural income' has been added which is linked to the new options introduced in clause 8.3.
7	A new definition of 'Dealing point' has been added. This replaces the existing definition of 'Valuation point' which has been deleted.
8	The definition of 'Equity' has been amended to clarify what an equity is.
9	The definition of 'Hedge fund' has been deleted as a hedge fund is not available as a new investment option.
9	A new definition of 'Income' has been added which is linked to the new options introduced in clause 8.3.
9	A new, separate, definition of 'Investment trust' has been added. Investment trusts were previously included in the definition of 'Equity'.
9	A new definition of 'Investment trust trading' has been added.
9	A new definition of 'Legal Entity Identifier' has been added as a result of regulatory changes applying from 3 January 2018.
9	A new definition of 'Natural Person's Unique Identifier' has been added as a result of regulatory changes applying from 3 January 2018.
11	The definition of 'Structured product' has been amended because structured products are not available as a new investment option from 3 January 2018.
11	A new definition of 'UK UCITS' has been added and is referred to in Part 1 Section B – the ISA.
11	Clause 3.1 has been amended to clarify that while we treat all customers as retail customers, other bodies may regard you as a professional client or eligible counterparty and therefore some options such as access to the Financial Services Compensation Scheme and the Financial Ombudsman Service would not be available to you. Clause 3.1 has also been amended to clarify that we do not offer customers the option to select a different client classification.
15	A new clause 5.3.7 vi has been added. This clause introduces our ability to pass on the cost of depositing your money with HSBC (the bank which currently provides our banking facilities) should HSBC start to charge us for depositing your money with them.
15	Clause 5.3.8 has been updated to set out the circumstances in which HSBC might charge us to deposit your money with them. This would only happen if interest rates fell to a negative rate. We would always tell you if we were going to pass this cost onto you.
17	Clause 6.2.4 has been updated to confirm that we will collect regular contributions by direct debit on the 2 <sup>nd</sup> business day of the month, unless we agree a different date with you.

18	A new clause 6.2.5 has been added which explains that we can refuse to accept contributions and transfer payments into your product wrapper or withdrawal requests where you, a third party paying contributions on your behalf or your employer is listed on a sanctions list.
19	Clause 7.1.8 has been amended to reflect changes set out in clause 3.1.
20	Clause 7.2.9 is deleted as we will no longer seek to nominate an alternative investment where an investment is removed from the service, is closed or is suspended. Clauses 7.2.6, 7.2.7 and 7.2.8 are amended too as we will no longer nominate such an alternative investment.
21	Clause 7.3 has been amended to reflect the change to the definition of 'Equity' and to reflect changes to the gating system as a result of regulatory changes applying from 3 January 2018. Details of the gating system can now be found on the service or through your adviser (if you have one).
23	A new clause 7.5.6 has been added which explains that as a result of regulatory changes applying from 3 January 2018 where you request to sell and/or purchase equities, investment trusts or exchange traded funds we may have to request additional information from you before processing your instructions.
23	Clause 7.7 has been amended to reflect changes in the way investment trusts are traded. Investment trusts will be traded on a real time basis unless we advise otherwise, in which case they will be traded on an aggregated basis and the terms of clause 7.8 will apply.
24	Clause 7.9 has been updated to include reference to dealing minimums we may set. If we set such a minimum this will be based on the relevant investment provider's/fund manager's dealing minimum and may be higher than the investment provider's/fund manager's dealing minimum. We may set a higher dealing minimum in order to protect against market movement – if we operate against the investment provider's/fund manager's dealing minimum then a market movement between you submitting your instruction and it being processed could result in you not meeting the investment provider's/fund manager's minimum and you having to resubmit your instruction. If we set a slightly higher dealing minimum then this should protect against a market movement.
24	Clause 7.10 is amended to clarify that settlement proceeds from any investment sales may be delayed where an investment is experiencing liquidity issues.
24	Clause 7.11 has been amended to reflect the introduction of 'pre-funding' and to clarify the process of switching.
24	Clause 7.12 has been amended to reflect the introduction of 'pre-funding' of switches. The amended clause 7.12 details the process of pre-funding linked switches and sets out where we would not make pre-funding of switches available to you. Clause 7.12 has also been amended to cover that due to regulatory changes applying from 3 January 2018, we will be unable to process a switch instruction where we do not hold certain information.
24	Clause 7.13.1 has been amended to clarify that only your adviser can set up automatic rebalancing whereas your adviser or your discretionary fund manager can carry out a one-off rebalance.
24	Clause 7.13.2 has been amended to clarify that rebalancing will be set from the 19 <sup>th</sup> day of the month following the establishment of your product wrapper, or from the 19 <sup>th</sup> day of the month following the setting up of the rebalancing instruction and not as currently described.
25	Clause 7.13.6 has been amended to clarify that if you change any investments which are subject to a rebalancing instruction then this rebalancing instruction will cease to apply and you would have to ask your adviser to reconfirm the rebalancing instruction if you want it to continue to apply. If your adviser changes your investments which are subject to a rebalancing instruction, the rebalancing instruction will continue to apply unless it is cancelled.

25	Clause 7.13.11 has been amended to clarify that valuation calculations will be carried out on the 19 <sup>th</sup> day of the month in which we carry out the rebalancing and not as currently described.
25	Clause 7.13.12 has been amended to reflect the introduction of the pre-funding of switches feature.
25	A new clause 7.13.13 has been added to cover that due to regulatory changes applying from 3 January 2018, we will not be able to process a rebalancing instruction where we do not hold certain information.
26	Clause 7.15 has been amended to reflect the change in definition of 'Equity'.
27	<p>Clause 8.3 has been updated to include additional options available to you in respect of income received from your investments. We have introduced the option for you to choose to have income received from your investments paid to your bank account (described as consolidated natural income) or to reinvest the income in your investments. Alternatively you can request that any income received is directed to your product wrapper cash facility. If we receive no instructions from you the default will be to add the income into your cash facility.</p> <ul style="list-style-type: none"> <li>• A new clause 8.3.1 has been introduced which sets out general information about the options available to you and the restrictions which apply.</li> </ul> <p>There are some investment types which we cannot accept instructions in respect of and so any income received will be credited to your cash facility as would have previously happened.</p> <p>If you wish to provide us with instructions to pay out the income to you or reinvest the income your adviser can do this online.</p> <p>The clause also explains that during the period between the income being credited to your cash facility and the date on which we pay the income out to you or we reinvest your income as appropriate, the income in your cash facility is ring-fenced for this purpose and will not be used for any other purpose. For example, the income will not be used to pay another withdrawal which is due to be deducted from your cash facility.</p> <ul style="list-style-type: none"> <li>• A new clause 8.3.2 has been introduced which provides information where you select to have the income paid out to your nominated bank account as consolidated natural income.</li> </ul> <p>There will be one payment a month of consolidated natural income and all income payments will be consolidated and paid to your bank account on or around the 12<sup>th</sup> day of the month.</p> <p>There is a minimum amount of £2.50 below which we will not pay the consolidated natural income out to you and it will remain ring-fenced in your cash facility until the minimum amount is reached.</p> <p>We cannot accept an instruction to pay out consolidated natural income to you in respect of your SIPP.</p> <p>You cannot select consolidated natural income where you are already in receipt of regular withdrawals.</p> <ul style="list-style-type: none"> <li>• A new clause 8.3.3 has been introduced which provides information where you select to reinvest the income.</li> </ul> <p>We will typically reinvest your income within the next two Aegon dealing points, however where the amount of income is below the minimum amount set by us for reinvestment, we will not reinvest the income and it will remain in your cash facility and the income is ring-fenced for the purpose of reinvestment.</p>
28	Clause 9.2 iii has been amended to reflect that you no longer have to submit a written instruction to us to set up or amend any ongoing adviser charge as your adviser can now do this using the online service as described in clause 10.4.7.
28	Clause 9.2 v is amended to clarify that your nominated bank account must be a UK bank account unless we agree otherwise with you.
28	Clause 9.3 has been amended to reflect regulatory changes effective from 3 January 2018. As a result of these changes the frequency of certain statements will change to 3 monthly as described in clause 9.3.1 ii

31	Clause 10.1.3 is amended to clarify that any payment we make to your nominated bank account will be made in Pound Sterling only, even where we have agreed to make payment to a bank account outside the UK.
31	Clause 10.3.1 is deleted in its entirety as we currently do not take an initial charge from you. The clauses following the existing 10.3.1 have been renumbered accordingly.
33	Clause 10.3.3.3 has been amended to clarify that where a customer fee applies to your policy this will not increase each year in line with the Average Weekly Earnings index and will only increase if a new scheme price is arranged with your employer.
35	Clause 10.3.8 has been amended to reflect the change in definition of 'Equity' and introduction of new definition 'Investment Trust'.
35	Clause 10.3.9 has been amended to reflect the change in definition of 'Equity' and introduction of new definition 'Investment Trust'.
36	Clause 10.3.11 (which will be renumbered 10.3.10 in the updated terms and conditions) has been amended to make the scenarios in which we may vary the charges we take (including increasing charges or introducing a new charge) fairer and clearer to you. The clause sets out that we will only change charges where we have a valid reason to do so and will only ever set charges to a level we believe is not excessive. If you are unhappy with a proposed change to the charges you can terminate your use of the ARC service and request a withdrawal or transfer as applicable at no cost to you. Any charges which are due to be paid prior to us notifying you of a proposed change to charges would still be due to be paid.
36	Clause 10.4.2 has been amended to clarify that once any adviser charge has left your cash facility you have no further liability in respect of that particular payment. Once it has left your cash facility it cannot be altered or returned to you by us.
37	Clause 10.4.7.1 is updated to allow for ongoing adviser charge to be paid monthly or quarterly.
38	A new clause 10.4.7.2 has been included which sets out how the ongoing adviser charge will be calculated where it is paid on a quarterly basis.
38	The existing clause 10.4.7.2 has been renumbered 10.4.7.3 and is updated to clarify that your adviser can set up or change the amount of the ongoing adviser charge using the online service without your written instruction. If your adviser were to make any changes using the online service to the ongoing adviser charge we would notify you of these changes. You can continue to provide written instructions to set up or amend the ongoing adviser charge if you prefer.
40	Clause 11 has been amended to clarify how you or we can terminate your use of the ARC service and close your product wrappers. Currently we'll give you at least 28 days' written notice if we are going to stop offering products to you. After the changes, we'll give you at least three months' written notice if we decide to stop offering products to you. We are introducing a new term (see also new clause 6.2.5) that explains that where you or a third party who is paying contributions on your behalf are named on a sanctions list or you are no longer resident in the UK or you become a citizen of another country we reserve the right to stop providing products to you immediately.
40	Clause 13.2 has been amended as a result of regulatory change applying from 3 January 2018. We maintain the Aegon UK Retail Order Execution Policy which is available on request or through the ARC Service. You must read this policy before instructing us to buy or sell investments on your behalf.
42	A new clause 13.5.1 is introduced to clarify that where you receive correspondence from us which contains incorrect information you must notify us of any such errors as soon as possible.
42	A new clause 13.5.6 is introduced to cover that we will record and monitor telephone calls with you and we will keep these records for as long as is required under applicable law and regulation.

42	Clause 13.6 has been amended to make the scenarios in which we may change our terms and conditions fairer and clearer to you. The clause sets out that we will only amend our terms and conditions where we have a valid reason to do so and will only ever exercise these amendment powers in a reasonable and proportionate manner. If you are unhappy with a proposed change to the terms and conditions you can terminate your use of the ARC service and request a withdrawal or transfer as applicable at no cost to you. Any charges which are due to be paid prior to us notifying you of a proposed change to our terms and conditions would still be due to be paid.
44	A new clause 13.9.10 has been introduced which sets out that electronic communications between us will be monitored and we will keep these records for as long as is required under applicable law and regulation.

### Part 1 Section A – the GIA

46	Clause 3.3 is amended to reflect changes in tax legislation and the tax treatment within the GIA.
47	Clause 6.1 is amended to reflect a change in process in respect of your death. On notification of your death we currently sell all your investments in your GIA and place the proceeds of sale in your GIA cash facility. From 20 March 2018 we will no longer sell your investments but rather they will continue to be held until we receive instructions from your legal personal representatives.

### Part 1 Section B – the ISA

49	Clause 4.2 has been amended to reflect the different ISA types which are now available (please note that we currently only offer a stocks and shares ISA).
49	Clause 5 has been amended to remove wording that is out of date as we no longer offer a cash ISA.
51	<p>Clause 12.1 has been amended to reflect a change in tax legislation. The tax treatment of your ISA on death will depend on the date of your death, as follows:</p> <ul style="list-style-type: none"> <li>• if you die on or before 5 April 2018, your ISA ceases to be tax exempt from the date of your death;</li> <li>• if you die on or after 6 April 2018, your ISA will remain tax exempt subject to the provisions of the ISA Regulations.</li> </ul>
51	Clause 12.2 is amended to reflect a change in process in respect of your death. On notification of your death we currently sell all your investments in your ISA and place the proceeds of sale in a GIA cash facility. From 20 March 2018 we will no longer sell your investments but rather they will continue to be held in your ISA until we receive instructions from your legal personal representatives.

### Part 1 Section C – the SIPP

57	Clause 13.1 is amended to clarify that you may need to have a minimum fund value before you can select the drawdown option. Details of this minimum can be found in the key features which are available on our website.
60	Clause 16.4.1 is amended to reflect that from 25 July 2016 we stopped accepting new binding nominations. We will continue to recognise binding nominations received before this date. The exception to this change is where you have a Secure Retirement Income account with a joint life as we will continue to recognise any binding nominations received after that date.
61	Clause 16.10 has been amended to reflect that accidental death benefit will no longer be available to SIPPs with a start date of 20 March 2018 or later.

## Part 2 ARC Insured funds policy

71	Condition 4.5 has been amended to include additional text to clarify that where you have selected lifestyle funds and you change your retirement age from the one you selected when you opened your SIPP or make any subsequent changes to your retirement age we may have to sell units in your existing lifestyle fund and purchase new units in a different lifestyle fund. In these circumstances we will follow the process for buying and selling units described in clause 7.12 of the ARC platform terms and conditions.
71	A new condition 4.8 has been added to the policy terms and conditions. This new condition provides that we do not accept any risk of investment whatsoever in respect of the ARC insured funds. This means for example if a third party we engage to manage the assets of the ARC insured funds were to default or become insolvent you would bear any losses arising from that and not us. This change only impacts new customers who open a SIPP wrapper on and after 20 March 2018 and so existing customers with a SIPP wrapper on 19 March 2018 are not affected by this change.
73	Condition 7.1 has been amended to reflect that the secure retirement income (SRI) conditions apply only to existing SRI customers as at 28 February 2018.
83	Condition 9.3 has been amended to make the scenarios in which we may vary the charges we take (including increasing charges or introducing a new charge) fairer and clearer to you. The clause sets out that we will only change charges where we have a valid reason to do so and will only ever set charges to a level we believe is not excessive. If you are unhappy with a proposed change to the charges you can terminate your policy and request a withdrawal or transfer as applicable at no cost to you. Any charges which are due to be paid prior to us notifying you of a proposed change to charges would still be due to be paid.
84	Condition 12.1 has been amended to make the scenarios in which we may change our policy terms and conditions fairer and clearer to you. The clause sets out that we will only amend policy terms and conditions where we have a valid reason to do so and will only ever exercise these amendment powers in a reasonable and proportionate manner. If you are unhappy with a proposed change to the policy terms and conditions you can terminate your policy and request a withdrawal or transfer as applicable at no cost to you. Any charges which are due to be paid prior to us notifying you of a proposed change to the policy terms and conditions would still be due to be paid.

## Part 3 Basic scheme information for the SIPP

89	Annual allowance figures have been updated to reflect current tax rules and references to previous tax years have been deleted. We have also explained the tapered annual allowance which was introduced by the government in April 2016.
90	Money purchase annual allowance figures have been updated to reflect current tax rules and references to previous tax years have been deleted.
91	Lifetime allowance figures have been updated to reflect current tax rules and references to previous tax years have been deleted.

