

Changes to Aegon Retirement Choices (ARC) terms and conditions

Effective as at November 2021

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 product wrappers. All charges and payments due before closing your product wrappers would still be due to be paid in the event of closure. The options you have on closing your product wrapper will depend on the type of product and investments you hold. For example, if you hold a pension product we will be unable to pay the proceeds of any sale to your UK bank or building society account and you will have to request to transfer to another registered pension scheme. You should also speak to your adviser if you have one about your options before making any decisions.

The table below sets out all the changes made, however the following provides a summary of the significant changes to be aware of:-

- The way in which the 'forced disinvestment' process, also known as cash top-up, is changing. If your cash facility does not hold enough cash to meet any payments that are due to be made from the cash facility of your product wrapper, or the balance of the cash facility has fallen below the required minimum balance and you have not taken any steps to remedy this, we can sell your investments in order to generate enough cash to meet the payments that are due and/or to bring the cash balance up to the minimum amount. Currently if we have to sell investments as part of the cash top-up process, and if you hold more than one investment, we sell holdings in your largest realisable investment in the first instance. If the sale from the largest realisable investment does not generate enough cash to meet the payments due we will then sell holdings in the next largest realisable investment, and so on.

We are changing the cash top-up process and this will now depend on the amount of cash required to meet any payments. If the amount required is:

- Less than 0.25% of the current value of the wrapper we'll sell enough from the largest realisable investment to meet the payment out, or

- 0.25% or more of the current value of the product wrapper we'll sell proportionately from the product wrapper to meet the payment out, which means that your investment allocation will remain the same.

Example:

If you have a product wrapper worth £40,000 and the split is Fund A – £10,100, Fund B - £9,950, Fund C - £9,950, and Fund D - £9,900, and cash facility £100.

- Largest realisable investment sale - you are due a regular income payment of £90, which is less than 0.25% of the total value of your product wrapper. We'll automatically sell £90 from the largest realisable investment, Fund A.
- Proportionate sale - you are due a regular income payment of £190, which is more than 0.25% of the total value of your product wrapper. We'll sell proportionately across your product wrapper: £48.10 from Fund A, £47.38 from Fund B, £47.38 from Fund C and £47.14 from Fund D.

If you only hold one investment in your product wrapper and we are required to sell holdings, the cash top-up process will continue to operate as it currently does.

- We have updated how we deal with re-registration of your investments both for transfers in and transfers out. If we are receiving investments from another platform we will check to see if there is a different fund class in the same investment with a lower charge and if so once the transfer to us is complete we will ask the fund manager to convert to the fund class with the lower charge. If you are transferring your investments with us to another provider we have added a clause to specify that if the receiving provider holds a different fund class to the one that we hold then we may need to convert to that fund class before we make the transfer.
- Our contact details have been updated throughout the terms and conditions.
- We have updated our complaints clauses to include more details on how you can refer complaints to the Financial Ombudsman Service and the Pensions Ombudsman. Reference to the European Union (EU) online dispute resolution platform has been removed following the UK's departure from the EU.
- We have made updates to our clauses in relation to verifying your identity and the source of any money you invest with us to make it clear the need to verify both your identity and the source of money throughout the time that you hold your product wrapper not just when it is first opened.
- In the ISA specific conditions we have inserted a new clause regarding partial ISA transfers. If you instruct us to transfer part of your ISA to another ISA manager current year subscriptions must be transferred in full. If you instruct a cash transfer there may be fluctuations in the value of your investments while the sale of your investments is in progress. We will sell an additional 5% of your investments if you or your adviser consent to the oversell to account for fluctuations in value. Any cash which is not transferred to the new ISA manager will remain in your cash facility. If we do not oversell there may be a delay in making the transfer if further sales are required due to fluctuations in value.

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.

Please note that the page number references are to the July 2020 version of the ARC terms and conditions.

Page(s)	Change
Part 1 ARC terms and conditions	
6	The website reference in Clause 1.2 has been updated to https://maps.org.uk/moneyhelper/ .
10	Definitions for 'Money Laundering Regulations' and 'Nominated Bank Account' have been added. These terms are referred to throughout the terms and conditions.
13	Reference to the Pensions Ombudsman has been added to Clause 3.3.1.
14	Clause 3.3.2 has been updated to note that if you no longer have an adviser this may impact the annual charge that you pay.
17	Clause 5.4.1 has been amended to describe the new forced disinvestment process. The amended Clause 5.4.1 explains the scenarios in which we will sell holdings either from the largest value investment or proportionately across all of your investments which are included in the forced disinvestment process. References to 'cash top up' have been replaced by the term 'forced disinvestment' as this is an existing defined term in the terms and conditions and ensures consistency of terminology throughout the terms and conditions.

18	The reference to 'cash facility maintenance' in the existing Clause 5.4.5 has been replaced by the term 'forced disinvestment' as this is an existing defined term in the terms and conditions and ensures consistency of terminology throughout the terms and conditions.
18	A new Clause 6.1.6 has been added to state that we reserve the right to return a payment to us and return it to source.
19	A new Clause 6.3.2 has been added to specify that if we are receiving a transfer in by re-registration of your existing investments with another provider, once the transfer is complete we will check to see if there is a different fund class in the same investment with a lower charge and if so we will ask the fund manager to convert to that fund class but cannot guarantee that they will agree to do so.
24	Clause 7.8.3 has been updated to clarify that rounding of settlement proceeds includes both proceeds from purchases and sales.
25	Clause 7.10 has been updated to specify that we will only notify you of settlement delays if these are significant and it is possible to notify you before the settlement takes place.
26	A new Clause 7.12.7 has been added to clarify that a switch request cannot be completed if there is an outstanding switch from the same investment. The switch will be completed once the outstanding switch has been completed.
27	Clause 7.13.6 has been amended to clarify that if your adviser changes your default investment strategy any rebalancing of your investments will cease.
28	Clause 7.13.15 has been deleted and some wording in 7.15.3 has also been deleted. This was in relation to exchange traded funds and investment trusts and charges referred to in Clauses 10.3.8 and 10.3.9.
28	A new Clause 7.14.3 has been added to clarify that a model portfolio will be removed from your product wrapper if you change your investments. In this scenario your adviser or discretionary fund manager would have to set the model portfolio up again.
28	The reference to 'cash top up' in Clause 8.1 has been replaced by the term 'forced disinvestment' as this is an existing defined term in the terms and conditions and ensures consistency of terminology throughout the terms and conditions.
28	The heading of Clause 8.2 has been amended to delete reference to voting rights and accounts/ reports as these are dealt in in other clauses
30	Clause 8.3.1.1 has been updated to clarify that income will be credited to the cash facility 10 working days after it is received and the appropriate documentation is received.
30	A new clause has been added at 8.3.1.6 to clarify that from time to time fund managers will not pay income in cash but will instead reinvest the income in the investment it was generated from. If that is the case we will instruct sales to realise cash so that the income can be paid to you in cash if this is what you have selected. You will receive the same amount of income it will just mean that there is a delay while the sale is in progress.
31	Clause 8.3.3.1 has been updated to delete the reference to us reinvesting income in the absence of your instruction. We will only reinvest income if you instruct us to do so.
31	Clause 8.5 'Exercising voting rights for quoted companies' has been deleted.
32	The contact details in Clause 9.1 have been updated.
32	Clause 9.2 v has been deleted in its entirety as changes to bank accounts can be updated online, and the following sub-clauses renumbered.
32	Clause 9.2 iii has been deleted and the following sub-clauses renumbered as changes to any discretionary investment manager charge you pay may be updated online.

32	Clause 9.3.1 has been updated to set out that we may send some communications to you electronically if permitted by regulation and legislation. We will tell you in advance if there is a planned change in how we communicate with you. The final sentence at 9.3.1.i has also been deleted which had stated that model portfolio name would be included on contract notes for investments into model portfolios. The model portfolio name is not included in contract notes.
33	The contact details in Clause 9.4 have been updated.
33	The complaints information in Clause 9.4.3 has been updated.
33	The existing Clause 9.4.4 regarding EU online disputes resolution has been deleted.
33	A new Clause has been inserted at 9.4.4 detailing contact details for the Pensions Ombudsman in relation to SIPP complaints.
34	Clause 9.6 has been updated to include reference to the new defined term 'Money Laundering Regulations'
34	Clause 9.6 has been updated to clarify that we need to verify your identity when you open a product wrapper and throughout the period that you hold the product wrapper and that we need to verify the source of money you are investing at any time.
34	Clause 10.1.3 has been updated to include reference to the new defined term 'nominated bank account' and to state that if you have changed your nominated bank account we can only make payment to you once we have verified the account which may result in a delay.
35	Clause 10.2.1 has been updated to clarify that we need a valid instruction from you for re-registration of your investments to another provider
35	A new Clause 10.2.2 has been inserted, to specify that if the receiving provider of a re-registration holds a different fund class then we may need to instruct a conversion to that fund class before we transfer your investments to that new provider, and all subsequent Clauses have been renumbered.
35	Any references to 'in-specie transfer out' have been amended to state 'transfer out by re-registration'.
39	We have deleted Clauses 10.3.8 Aggregated stockbroker fee and 10.3.9. Sharesave rollover fee, renumbered all subsequent Clauses and amended or deleted reference to those Clauses elsewhere in the terms and conditions document.
40	The references to 'cash facility maintenance' in Clause 10.4.5 has been replaced by the term 'forced disinvestment' as this is an existing defined term in the terms and conditions and ensures consistency of terminology throughout the terms and conditions.
49	Clause 13.11 has been updated to clarify that a transfer of business to another person could include an internal transfer to one of our group companies.

Part 1 Section B – the Individual Savings Account (ISA)

52	We have inserted a new Clause 3.1.3 which sets out that if you instruct us to transfer part of your ISA to another ISA manager current year subscriptions must be transferred in full. If you instruct a cash transfer there could be fluctuations in the value of your investments while the sale of your investments is in progress. We will sell an additional 5% of your investments if you or your adviser consent to the oversell to account for fluctuations in value. Any cash which is not transferred to the new ISA manager will remain in your cash facility.
53	At Clause 7.2 we have amended 'make an in-specie transfer' to 're-register your investments'

Part 1 Section C – the SIPP

62	Clause 13.9 has been amended to clarify that if there is not enough cash in the cash facility of the SIPP to make a drawdown pension payment the forced disinvestment process as described in Clause 5.4 of the general section will apply.
62	The reference to 'cash facility maintenance' in Clause 13.10 has been replaced by the term 'forced disinvestment' as this is an existing defined term in the terms and conditions and ensures consistency of terminology through the terms and conditions.

Part 2 – ARC Insured Funds Policy

74	In Clause 4.4.5, the reference to 4.3.4b has been updated to 4.4.4b.
88	We have amended our contact details for written communications at Clause 13.

Part 3 – Basic scheme information for the SIPP

92	We have updated our contact details for enquiries.
92	The tax years listed for the annual allowance have been updated.
93	The tax years for the money purchase annual allowance have been updated.
94	The standard lifetime allowance for tax year 2020/21 has been added under 'Benefits and tax relief'.
96	Contact details of the Financial Ombudsman Service have been added.
96	The contact details of the Pensions Ombudsman have been updated.
96	The contact details of the Pensions Advisory Service (now Money Helper) have been updated.



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