

Employer fee agreement

Terms shown in **bold** in this leaflet have the same meanings as set out in the:

- SmartEnrol acceptance terms (GPP/SIPP)
- SmartEnrol v2 acceptance terms (GPP)
- Auto-enrolment acceptance terms (GPP/SIPP – not using SmartEnrol)
- SmartEnrol acceptance terms (CIMP) or
- Auto-enrolment acceptance terms (CIMP – not using SmartEnrol).

These are called the 'Employer terms' in this Employer fee agreement.

Introduction

The Employer terms set out, among other things, **Aegon's** formal agreement allowing the **employer** to use the **GPP** or the **scheme** (both called 'the scheme' in this agreement) as an auto-enrolment scheme or a qualifying scheme as required by the **Pensions Act** under the 'auto-enrolment rules'.

This Employer fee agreement supplements the Employer terms and confirms the details of an additional condition (as allowed for in the Employer terms). The additional condition is that the **employer** agrees to pay the Employer fee subject to the Employer fee terms set out below.

Employer acceptance

The **employer** will be deemed to have agreed to the additional terms set out in this leaflet when the **employer** returns the completed Employer fee Direct Debit that Aegon will supply for this purpose.

Employer fee terms

1. **Aegon** confirms that, based on the potential membership data and contribution details available to **Aegon**, the scheme can be used, or can continue to be used, to meet the auto-enrolment rules as required by the **Pensions Act** provided that the **employer** agrees to pay a monthly fee (the Employer fee) to **Aegon**.

The amount of the Employer fee and the date from which it is payable (the Employer fee start date) is set out in the communications we send you.

2. This Employer fee is in addition to contributions payable to the scheme for investment in **members'** plans and applies for the scheme as a whole, not for individual plans.
3. If the actual membership and/or contribution levels are inconsistent with the details described in section 1 above, **Aegon** reserves the right to alter the level of the Employer fee to a figure which in **Aegon's** view is appropriate for the actual membership and contribution levels. In this event, **Aegon** will give the **employer** at least one month's notice of the revised Employer fee (if any) to apply.
4. The Employer fee will be subject to the following:
 - 4.1 The Employer fee is payable monthly in advance by Employer fee Direct Debit
 - 4.2 The payment date for the Employer fee Direct Debit will be the 6th of each month.
5. **Aegon** reserves the right to add interest to any payment made later than the 6th of the month to which the payment relates. Any such interest will be calculated on a daily basis using the rate set by **Aegon** which will be 2% above the then current bank base rate set by the Bank of England, except that any daily interest rate so charged will not be less than 2%.
6. Subject to section 7, the Employer fee will be automatically increased on a yearly basis, recalculated as described in this section 6.

On each 1 October following the Employer fee start date, **Aegon** will recalculate the Employer fee by applying an 'automatic increase'.

The automatic increase will equal the proportionate increase in the Index in the 12 months ending on the immediately preceding 1 June.

'Index', for this purpose, is the 'Average Weekly Earnings Index'. This is taken from the figures in the 'Actual' column under the heading 'Whole Economy' in the Average Weekly Earnings Index (the KA5Q table), published by the UK Government (the Office for National Statistics). If the UK Government stops publishing this Index, or **Aegon** decides that it is no longer suitable, **Aegon** will use another index. The replacement index will either be one published by the Government or calculated by **Aegon**.

For the avoidance of doubt, if the Index does not increase, or falls, an automatic increase will not be applied.

7. **Aegon** may decide (for example on cost grounds) not to implement an automatic increase in any year. If no automatic increase is applied, **Aegon** reserves the right to allow for any 'missed' increase(s) later. The increase after any 'missed' increase(s) will allow for:

- the increase in the Index since the 1 June immediately before the date of the last automatic increase to
- the 1 June before the 1 October increase date.

Alternatively, if **Aegon** has never increased the Employer fee, the first increase in the Employer fee will allow for the increase in the Index since the Employer fee start date.

8. **Aegon** can, at its discretion, change the charge by an amount greater (or less) than the automatic increase described in sections 6 and 7. In this event, **Aegon** will fix a level or amount that **Aegon** believes is not excessive, for example:

- to allow an improved, more efficient or lower-cost service to the **employer** or **members**

- to reflect market conditions, general industry practice and any changes to the costs **Aegon** faces in providing services to the **employer** or **members**
- because of changes in the way **Aegon** does business
- to take account of any changes to legislation, codes of practice or regulations and to take account of any decisions made by a court, ombudsman, regulator or similar body
- because of changes in technology.

Aegon will only use its discretion to vary the Employer fee in a reasonable manner and would normally only do so after giving the **employer** notice. Such notice period will be at least one month:

- unless this is not practical,
- would result in **Aegon** being unable to comply with legal or regulatory changes, or
- is not feasible,

in which case **Aegon** will give the employer as much notice as possible.

9. The **employer** has the right to terminate the agreement, as set out in the Employer terms. In the event of termination, the Employer fee will be payable for the whole of the month when the termination is to be effective – that is, no part-payment applies and there will be no refund for any part of a month after the termination date.

10. If the **employer** decides not to pay or stops paying the Employer fee, **Aegon** reserves the right to stop accepting contributions to the scheme (which means that the scheme will no longer meet the auto enrolment rules).

In the event that **Aegon** exercises its right to stop accepting contributions, the **employer** will then be required to arrange for another scheme to meet the auto-enrolment rules.

