Investor protection through Aegon Retirement Choices and One Retirement

This guide explains how we protect your assets when you invest through Aegon Retirement Choices (ARC) and/or One Retirement. It reflects our current offering and may not cover products or assets that were previously available.

It also sets out the levels of cover that are generally available through the Financial Services Compensation Scheme (FSCS).

The protection you have

How do we protect your assets?

We manage your investments in line with the Financial Conduct Authority (FCA) rules that ban the misuse of clients' money and assets.

As with any FCA regulated investment in the UK, while it's highly unlikely that providers will become insolvent or stop trading and have insufficient funds to meet their claims, we can't provide a 100% guarantee that your money is fully protected.

What protection do the FSCS provide?

The FSCS is an independent organisation set up under the Financial Services and Markets Act 2000. It's funded by levies it receives from the authorised firms that it covers.

It's a protection scheme that pays compensation to eligible claimants where a UK authorised firm is unable, or likely to be unable to pay claims against it.

The FSCS doesn't cover overseas providers unless they're FCA authorised.

The level of compensation depends on what part of the scheme you're looking at.

Insurance

The FSCS provides cover for long-term policies such as life assurance and pension policies for 100% of the value of the claim without limit.

Investments

The FSCS will cover up to and including £85,000 for investments such as unit trusts and open-ended investment companies (OEICs).

Deposit

The FSCS will cover deposits at banks for up to £85,000 for each eligible claim for each banking group.

Read on to find out the cover each wrapper that's available on ARC and One Retirement has.

Wrapper protection

Here you can read about the cover available for the different wrappers we have.

The Aegon Self-invested Personal Pension (SIPP)

The Aegon SIPP wrapper is an insurance contract provided by Scottish Equitable plc. It's available through ARC and One Retirement.

Our SIPP is a trust-based personal pension scheme. Aegon Pension Trustees Limited (APT) are the trustees. The assets of the scheme are held by APT as trustees on behalf of each SIPP investor.

Scottish Equitable plc is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and FCA. The FSCS will, in general, protect private individuals who invest in the SIPP. The underlying investments held in the SIPP will determine the level of FSCS protection. For example:

Money held in the cash facility

If you have money in your cash facililty, this is held in our SIPP bank account that HSBC provide. The account is in the name of APT as trustees of the Aegon SIPP on behalf of SIPP investors.

If Scottish Equitable plc default, APT hold the money and this means that it's protected from Scottish Equitable plc's creditors.

If HSBC default, the money is protected under the deposit part of the FSCS. APT can claim up to £85,000 on behalf of each SIPP investor.

It's important to note that if you have other bank deposits with HSBC, the FSCS will combine these with the amount held in your cash facility. Only one FSCS deposit limit is available to offset against your combined holding with HSBC.

Insured funds

We offer different types of insured funds through our SIPP. Some insured funds offer investment into our Scottish Equitable plc, in-house insured funds. Others invest into a fund offered by an external fund manager. This is known as an insured fund with an external fund link (EFL).

In-house insured funds

If Scottish Equitable plc default, then APT as trustees of our SIPP can claim compensation on behalf of each SIPP investor under the insurance contract part of the FSCS scheme. This provides cover for 100% of the total value of the claim without limit.

Insured funds with EFL

There are two categories of insured funds with EFLs. The first category invests into another insurer's unit-linked funds. The second category invests into mutual funds. We look at each category separately below.

- Category 1 – investment into another provider's unit-linked funds:

  If Scottish Equitable plc default, then the insurance contract part of the FSCS will cover the claim for 100% of the value of the claim without limit. This includes the value of any EFLs.

  If the other provider defaults, there can be no claim under FSCS rules. This is because the FSCS rules don't allow claims in these circumstances.

- Category 2 – investment into mutual funds:

  As for category 1. However, mutual fund investments will be ring fenced and will benefit from a higher degree of protection if the other provider defaults. This is because the assets are held by an appointed custodian and held separately from the fund manager's own assets.

Collectives

Unit trusts or OEICs operate under well-defined FCA rules. These rules require OEICs and unit trusts to ring fence assets and have robust controls in place to make sure that the interests of investors are protected.

If Scottish Equitable plc default, the investment is safe as it's held with an external fund manager and the creditors of Scottish Equitable plc can't access it.

If external fund managers default, the investment is still safe. The appointed custodian will hold the assets separately from the fund manager's own assets. The only time that a claim under the FSCS will be relevant is in the event of the fund manager acting dishonestly, fraudulently or negligently. Any claim will be under the investment business category of the FSCS that currently has a limit of £85,000.

The Aegon ISA and General Investment Account (GIA)

The ISA and GIA wrappers are only available on ARC. Aegon Investment Solutions Limited (AISL) provide these products.

AISL is authorised by the FCA. The FSCS will, in general, protect private individuals who invest in the ISA and GIA wrappers. The underlying investments held in the ISA and/or GIA will determine the level of FSCS protection. For example:

Money held in the cash facility

If you have money in your cash facililty, this is held in our bank account that HSBC provide. The account is in the name of one of AISL's nominee companies on behalf of the investor (you).

If AISL default, under the client money rules, acknowledgement letters are put in place and these provide 100% protection.

This means that a claim can be made for up to £85,000 on behalf of each investor.

It's important to note that where you, as an ISA/GIA investor have other bank deposits with HSBC, the FSCS will combine these with the amount held in your cash facility. Only one FSCS deposit limit will be available to offset against your combined holding with HSBC.

Collectives

Unit trusts or OEICs operate under well-defined FCA rules. These rules require unit trusts and OEICs to ring fence assets and to have robust controls in place to ensure that the interests of investors are protected.

If AISL default, the investment is safe as it's held with an external fund manager and the creditors of AISL can't access it.

If external fund managers default, the investment is still safe. The appointed custodian holds the assets separately from the fund manager's own assets. The only time that a claim under the FSCS will be relevant is in the event of the fund manager acting dishonestly, fraudulently or negligently. Any claim will be under the investment business category of the FSCS that currently has a limit of £85,000.

The international bond

Canada Life provide the wrapper for the international bond and they'll be able to let you know what protections apply.

This is just an overview of the protection you have, if you'd like more information please contact your financial adviser or visit the FSCS website.

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