



For financial advisers only

See more value with consolidation on Aegon Retirement Choices

Price cap case study

This communication is for financial advisers only. It must not be distributed to, or relied on by, customers.



Consolidate your client's assets on Aegon Retirement Choices (ARC)

Our ARC platform allows you to easily consolidate your client's assets together in one place. The benefit of doing this is that you could reduce your client's overall annual charge on their assets.

The annual charge is to pay for the administration of the ARC account. Please see your client's latest illustrations to confirm the charges applicable to their assets.

It's important your client makes the decision that's right for them as consolidating may mean they lose some features, protections, guarantees or other benefits.

As a transfer for consolidation purposes is from one capital at risk product to another, the value of your client's pensions or investments after any consolidation can fall as well as rise, and they may get back less than invested or paid in. Any new funds you move your client's money into will have their own set of risks that will be detailed in the fund information that will be available to you.

Our annual charges

The table below details our standard annual charge terms. We base the charge on the total value of your client's ARC account and how much of that value falls into the different charging bands. The more assets your client has on ARC, the lower the annual charge rate will be.

As you can see from the table below, we only take a charge on the first £250,000 of your client's ARC account value. Based on the charging bands in the table below, as long as your client has no Secure Retirement Income investments, your client won't pay a total annual charge of more than £1,215 a year. We may vary these charges in future.

Charging band	ARC account value	Annual percentage charge	Value of account falling into band	Calculated yearly charge
1	First £29,999.99	0.60%	£29,999.99	£180
2	Next £20,000 (£30,000 to £49,999.99)	0.55%	£20,000	£110
3	Next £50,000 (£50,000 to £99,999.99)	0.50%	£50,000	£250
4	Next £150,000 (£100,000 to £249,999.99)	0.45%	£150,000	£675
5	£250,000 and over	0.00%	£0	£0
Total			£250,000	£1,215

When we calculate your client's annual charge, we look at the total value of their assets with us.

Take a look at the following case study

Let's say your client, Bob, is nearing retirement:

Bob's current assets on ARC

Self-invested personal pension (SIPP) £225,000

General investment account (GIA) £25,000

Total assets = £250,000

Using the annual charge details from the previous table this means we'd apply an overall charge of 0.486% to Bob's ARC account:

Total annual charge = £1,215

(£1,215/£250,000 x 100 = 0.486% across his SIPP and GIA)

In a review meeting with Bob, he lets you know that he has another pension pot from a previous job which isn't on the ARC platform and, in addition, he has an ISA worth £20,000 with another provider.

You find out the details of his pension and discover that Bob has £45,000 in his old work pension scheme. Bob mentions that he finds it difficult to keep track of his investments. He's also worried that he's paying too much in charges.

After reviewing the pension scheme details you advise Bob to consolidate this pension pot onto ARC and also to transfer the ISA to keep all the assets in one place.

What impact does this have?

By transferring the pension and ISA onto ARC, it helps to provide a clear and simple view of all Bob's assets, and may help to reduce the overall annual charge across his products. After transferring the pension pot of £45,000 and the ISA worth £20,000:

Bob's new total assets on ARC

SIPP
£225,000 + £45,000 pension transfer
= £270,000

GIA £25,000

ISA £20,000

Total assets = £315,000

Using the annual charge details from the previous table this means:

the overall annual charge percentage falls to 0.3857% on Bob's ARC account ($\frac{£1,215}{£315,000} \times 100 = 0.3857\%$). This has reduced from 0.486%.

Total annual charge = £1,215
(0.3857% across his SIPP, GIA and ISA)

Even though the assets on ARC have increased from £250,000 to £315,000, the overall annual charge remains the same.

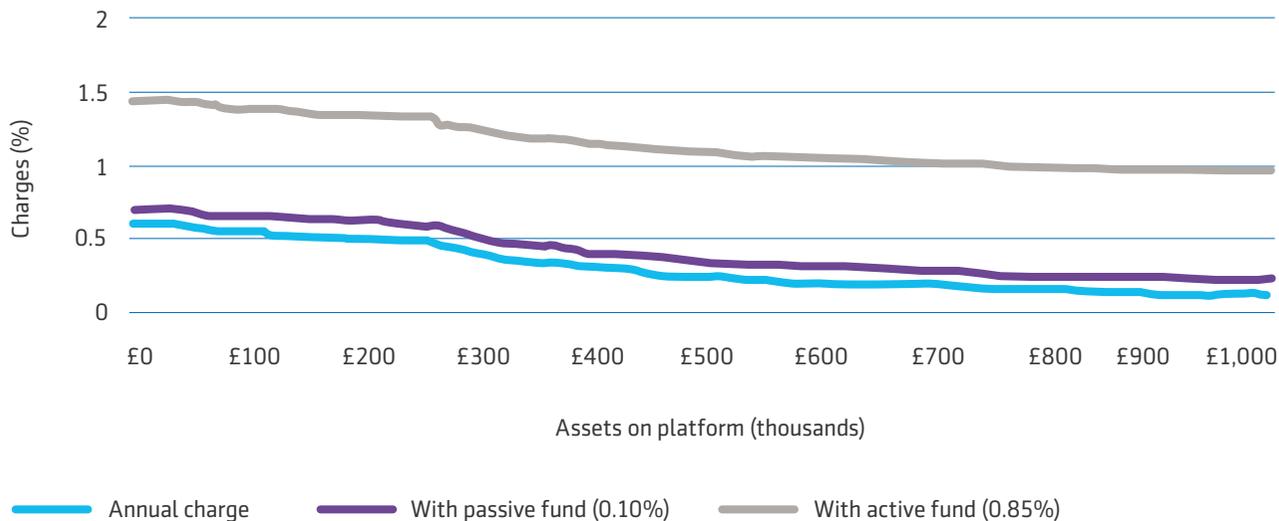


Overall charges

In addition to the annual charge, fund and adviser charges will apply. With our fund charges starting at just 0.05%, and with our tiered charging structure, ARC can help you keep client overall costs low.

As you can see in the graph, as you add assets onto the ARC platform the annual charge percentage reduces progressively. Once the assets on platform reach, and go over, the £250,000 price cap limit, the charges percentage reduces as you add more assets, but the monetary cost doesn't - so effectively no charge for the assets over the £250,000 price cap.

Annual charges reduce progressively – charges are a percentage of assets invested on the platform



Source: Aegon, as at October 2019. 0.10% passively managed investment charge based on investment in an average tracker fund. 0.85% actively managed investment charge based on ARC insured average. Charges include the annual charge and fund charge. Adviser charges are not included but will also apply.

Why ARC?

With ARC it's easy to manage your client's investments in one place.

- ✓ One view of your client's pensions and investments makes it easier to see what the total value is.
 - ✓ Easier administration to manage the client's investments and reduced complexity.
 - ✓ Our price cap means you could reduce your client's overall annual charge on their assets.
 - ✓ Access to their account 24/7.
 - ✓ Access to a wide selection of investment options.
 - ✓ It's easy to keep track of how the investments are performing.
- Consolidating your client's assets onto ARC is easy to do and we provide you with the support to do it.

How to do it

Once you've identified a client need, submit the transfer on ARC using the same process as the current new business process on ARC. The service level agreements are the same as you would receive for the new business process. All screens are pre-populated for ease and speed.

How easy is it

It's easy to do and if you need help with the process take a look at our 'How to guides', which you can find at aegon.co.uk/advisers/consolidation

Documents

Client documents are broadly the same as the new business process. Clients can consolidate themselves if they have access, again using the same screens as the adviser/new business process.

Aegon support

As you would expect our current sales support is available as required. As with all ARC processes, this is fully online and uses the common interface you know, so it's a very easy self-serve process.

Contact us

For more information about consolidating your client's assets onto ARC, please get in touch with your usual Aegon contact.

You can also take a look at our consolidation hub by visiting aegon.co.uk/advisers-consolidation

aegon.co.uk



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