Value for money

Delivering what matters most for you

Independent Governance Committee of Aegon

Annual Report for the year 2022

Contents

Chairman's statement

I am pleased to share with you the annual report from Aegon' s Independent Governance Committee (IGC) for the year 2022.

At the outset of this report I must look to the impact of the cost of living crisis. The period of this report (the 2022 calendar year) has been marked by a further significant increase in inflation. At the time of writing this report there are signs this may be trending slowly back down. Nevertheless, the impact on everyone has been considerable.

Inflation was already a concern in early 2022, but this was exacerbated by Russia's invasion of Ukraine that began on 24 February 2022. All UK pension funds have seen the impact of this, and none has been immune from the economic consequences. Those members who don't plan to draw on their savings in the next few years should hope to see recovery in value over the future years. But those who are retiring now or in the near future are likely to have been impacted by a fall in value of their pension savings and may need to think through how such falls impact their retirement plans.

I understand times are tough, and many will be looking at ways to cut back on outgoings – some will doubtless look at their pension contributions as one possible source of savings. Saving into a pension is key to help secure the retirement that you plan for, and we've therefore scrutinised the work Aegon has carried out throughout the year to inform and support members on this very important issue. One particularly useful resource Aegon has created is its **Cost of Living Hub**, with a library of materials to help members understand how they can manage their money during difficult times.

We, as the IGC, have also continued to scrutinise investment performance. While market downturns have delivered results that are challenging for all investors, we are looking for any indicators that Aegon's funds have performed significantly worse than their peer group, or in a way that is not in line with the stated objective of the fund.

In last year's statement, I detailed the new customer outcomes framework we had implemented which built on the core pillars of value for money set out by the Financial Conduct Authority (FCA). We have gone a step further this year, and structured our report around these customer outcomes, detailing what we as the IGC have investigated, what we concluded, and where we have challenged Aegon to do more. We are also increasingly focussed on the experiences of members across the different Aegon propositions
We plan to scrutinise evidence and consider value for money wherever possible in a more segmented way in the future, and will report in this way next year. We have already taken the step to report on customer service in this way in this year's report.

On the pages that follow, you will find our overall assessments of both Workplace (for those building up their savings) and Investment Pathways (those at or nearing the point of using their savings to take an income in retirement). The detail behind those assessments is broken down throughout the remainder of the report, with the Workplace sections first, followed by the Investment Pathways sections. As we reported in respect of 2020, customer service is an area where we felt Aegon fell below expectations. The Covid pandemic had a significant impact, with staff shortages, the complexities of working away from the office, and recruitment challenges across the industry all impacting the levels of customer service Aegon was able to provide. We had expected to see improvements in 2021 that didn't materialise, and as part of our ongoing monitoring, we witnessed some of these issues continue into the early parts of 2022. However, we did see Aegon make significant progress in the second half of the year, with many of the key customer service measures reporting ahead of target by the end of 2022. We also know that at the time of writing, these improved levels of customer service have continued into 2023 for the majority of members. We cover this in greater detail in section 6 of this report.

I would like to express my continued thanks to my fellow IGC members and to the Aegon team who support our work and who continue to respond constructively to our challenges.

As always, we are keen to hear from Aegon's customers to understand your needs and experiences, and to use these to drive a better outcome for you. We are also interested in meeting workplace customers or employers to improve our understanding, and have an ongoing programme of face-to-face and virtual meetings. If you would like to join us, details can be found in section 13 of this report. You can share your thoughts and find out more about our discussion groups by emailing us at igc@aegon.co.uk.

Ian Pittaway

1. Workplace Value for Money assessment

To help set the context of our report, we start by confirming the workplace population the IGC is responsible for.

Aegon's business is split in to two distinct business areas, Platform Solutions (TargetPlan and ARC customers) and Traditional Products, each with its own IT system and dedicated customer service teams.

The IGC have a duty to scrutinise the value for money for over two million workplace customers across Aegon's workplace pension schemes. As at the end of 2022 there were 887,000 customers in Traditional Products and 1.28 million customers in Platform Solutions.

Principle	Overall RAG status	IGC conclusion
Costs and Charges	2022 2021	We carried out a review of the product charges paid by the 2.17m workplace customers Aegon has, testing them against the charges disclosed in other IGC reports and the analysis from the Redington survey (see section 3 for an explanation of what this is). Aegon's charges decreased marginally this year, and charges for schemes that are still taking new members and contributions are in line with what we observe from other providers. We continue to challenge Aegon to demonstrate the value that members at the higher end of the charge scale (especially the c58,000 or 2.7% of members who pay more than 1%) are receiving and to accelerate the implementation of its existing commitment to put in place a 1% charge cap for the majority of these members. In 2023, we shall also maintain our focus on those that aren't in scope of this cap, the rationale for this and what plans Aegon has to review its approach.

Principle	Overall RAG status	IGC conclusion
Investments	2022 2021	We have seen many positives in relation to investment management within your Aegon pension, such as the continued development of Environmental, Social, Governance (ESG) provisions and in the continued strengthening of the fund governance approach. Our monitoring of the funds shows that, despite the losses across the range, the funds have generally performed in line with their objectives and other comparable funds in the market. There is one default fund (the BlackRock LifePath Flexi (Retirement Stage) fund) we are concerned isn't delivering returns commensurate with the risk level associated with it, and will continue to monitor Aegon's actions in relation to this fund. We continue to monitor transaction costs, which don't present any concerns at present. We also agree with Aegon's conclusion that the range of default funds needs rationalising, as well as modernising to better reflect members' choices at retirement.
Service: Customer Service	Platform solutions 2022 Traditional products 2022 Overall 2021	We have closely monitored the level of service provided by Aegon throughout 2022 following a disappointing year in 2021, when we were clear on the areas we expected Aegon to improve. **Platform Solutions** Aegon made progress throughout the second half of 2022, with some of the key customer service measures reporting ahead of target by the end of the year. We recognise however that many of you who were in touch with Aegon throughout the year won't have received the level of service you should expect, and for that reason have scored Platform Solutions as red. **Traditional Products** Customer service levels in Traditional Products faced similar challenges, but fared slightly better. Most customer service measures reported ahead of target for at least half the year. However, those who made contact with Aegon over the phone in the first half of the year may not have received an acceptable level of service. This is reflected in our amber rating.
Service: Communi-cation and Member Engagement	2022 2021	Aegon continue to encourage and support members to engage with their pension with a wide variety of materials, tools and services. The Q&A-style educational sessions – face to face and online – have particular potential. This year, we've seen Aegon make progress with evidencing the impact of their communications, and showing how they use insight to target further improvements. However, given the relatively low levels of member engagement in some important areas, we shall continue to challenge Aegon to find new and effective ways to ensure that members are aware of, and using, the content and services on offer. Communications is an area where members' experience will differ considerably depending on the particular type of Aegon pension they have. We will investigate this in the context of value for money more fully in 2023.

Principle	Overall RAG status	IGC conclusion
Service: Security	2022 2021	We are satisfied that Aegon continues to take the steps required to keep your information and money secure. We reviewed the outcome of an independent benchmarking exercise on cybersecurity in which Aegon scored well, and the continued proactive approach Aegon takes to training colleagues and collaborating across the industry.

The IGC believes that Aegon continues to deliver value for money overall to its workplace customers, and has the right focus to further improve your experience as a customer.
The customer service many of you received when getting in touch with Aegon wasn't good enough, although we are encouraged to see the improvements made by the end of the year. We will be monitoring this closely, and expect this to be sustained into 2023.

We explore each of these findings in more detail throughout the report.

2. Investment Pathways Value for Money assessment

Investment Pathways have been on offer since their introduction in February 2021. They are the result of an initiative introduced by the FCA requiring providers to create four clear investment solutions for those planning to make use of their pension pot, based on an individual' s plans for the next five years.

The initiative covers all pension customers, not just those from workplace schemes, and a key part of our role as the IGC is to assess whether the Investment Pathway solutions Aegon offer provide customers with value for money.

The investment solutions are designed to be suitable for the following four customer situations:

- **Option 1:** Aegon Growth Pathway - You have no plans to touch your money in the next five years.
- **Option 2:** Aegon Annuity Pathway - You plan to use your money to set up a guaranteed income (annuity) within the next five years.
- **Option 3:** Aegon Flexible Income Pathway - You plan to start taking your money as a long-term income within the next five years.
- **Option 4:** Aegon Cash Pathway - You plan to take out all your money within the next five years.

Principle	Overall RAG status	IGC conclusion
Costs and Charges	2022	We carried out a review of the Investment Pathways charges Aegon has, testing them against competitors from publicly available information. In general, Aegon's charges compare well. However we would like Aegon to review the annual fee that it charges Workplace ARC customers in years when they withdraw income. We want to understand the impact of this fee on the overall charge paid by customers taking an income, especially those with smaller pots who draw down a relatively small amount over several years.
Investments	2022	Our reviews have shown the funds met their objectives and therefore performed as expected in difficult market conditions. However, in 2022 Investment Pathway 4 was the only one to deliver positive returns, and in real terms (after inflation) all four delivered negative returns. Investment Pathway 2 fell the most. In comparison to competitor funds, the Aegon funds in Pathways 1, 2, and 3 have performed the worst. Aegon's Pathway 4 was the best performer in the market comparison. For Pathways 1 and 3 on TargetPlan, Aegon has agreed changes with the asset manager, Blackrock UK, to use shorter duration bonds to seek to address the impact of a period of high interest rates.
Service: Customer Service	2022	Investment Pathways customers have been affected by the overall levels of service Aegon (Platform Solutions) has provided throughout 2022. Aegon made significant progress throughout the second half of 2022, with many of the key customer service measures reporting ahead of target by the end of the year. We recognise however that many of you who were in touch with Aegon throughout the first half of the year won't have received the level of service you should expect.
Service: Commun-ication and Member Engagement	2022	Aegon continue to provide a wide variety of creative content and useful tools designed to support informed choices. Aegon are the only provider in the Redington survey to offer virtual 1-2-1 guidance sessions to customers moving to drawdown, through their Aegon Assist service. As we have said elsewhere, we shall continue to challenge Aegon to drive up awareness and usage of these options including those specifically designed to support members as they choose and use Investment Pathway options. Instances of conflicting information given in the process of moving into drawdown that were detailed in last year's report have been investigated, with no issues specific to the drawdown process identified.

Service: Security	2022	We are satisfied that Aegon continues to take the steps required to keep your information and money secure. We were pleased to see the outcome of an independent benchmarking exercise on cybersecurity in which Aegon scored well, and the continued proactive approach Aegon takes to training colleagues and collaborating across the industry.

The IGC believes that Aegon has provided value for money overall to its Investment Pathways customers. We have some concerns with the investment performance of three of Aegon's four Investment Pathways, but also recognise all have met their fund objectives. We noted that in most cases the charges continue at the same level as customers paid before entering drawdown, although with some potential additional fixed charges for drawing money out. Aegon was the only provider in the Redington survey to charge this type of fee. These charges have a particular impact on members with smaller funds drawing an income over a prolonged period of time. The service many of you received in 2022 hasn't been good enough, although we are pleased to see the improvements made by the end of the year.

We explore each of these findings in more detail throughout the report.

3. Our Approach

The Financial Conduct Authority – the regulator which oversees our work - expects IGCs to judge the value for money delivered to customers by workplace pensions providers in the context of:

- the level of charges and costs paid by members;
- investment performance; and
- the quality of services.

The last of these is a broad category which includes judging the extent to which:

- communications are fit for purpose and take into account the characteristics, needs and objectives of customers;
- core transactions are processed promptly and accurately;
- default investment strategies are designed and executed in the interest of customers; and
- the provider regularly reviews the characteristics and net performance of investment strategies to ensure they are aligned with the interests of customers and take appropriate action as a result.

This is true for both those customers who are building up pensions savings with a provider, as well as those who are drawing down on them with that provider via one of the FCA's prescribed Investment Pathways.

We have taken all of these into account in the judgements and activities we set out on in our overall value for money assessment and throughout this report.

We have also built on these broad headings with a set of member outcomes statements. These statements help us to consider these requirements from an individual customer's point of view, and how they affect them throughout the time that they are building up, and then drawing down on their pension savings. We use the statements to help focus our agenda and to set out where we are looking for evidence from Aegon. Together, the categories set out by the FCA and our member outcome statements make up our Value for Money Framework. This year, we have also used this framework to structure our report.

In many cases, we need to be able to judge value by making comparisons. In other words, how do the costs you are paying, or the performance of your investments, compare with those from other pension companies? As a result, we are increasingly looking for comparable information about similar products from other companies. That is why, this year, we have again joined a number of other IGCs in participating in a comparative study conducted by the pensions consultancy, Redington. We have set out the key points from the Redington study throughout this report, and used the results to help inform our conclusions.

Our Value for Money Framework

Value for money category	What is a good outcome for members?
Costs and charges	'The overall price I pay to build up my pension savings is competitive. If I pay more, the value of the benefits I receive is significantly more than the cost.'
Investments	'My savings are invested in funds that deliver a competitive return, in line with or ahead of their objectives and other comparable funds' 'My savings are invested in line with: my attitude to risk; and my income plans and needs in retirement.' 'My savings are with a company that has a clear policy on ESG and stewardship issues which has taken members' concerns into account. It acts on its policies and has an impact.'
Service: communication and member engagement	'I understand how much I need to save to achieve my goals, the part that pension savings play in that and whether I'm on track.' 'I receive the information, advice and support that I need at the right time and in the right form to help me make the right choices for me.' 'I understand what protection my pension offers if I die, I have a nominated beneficiary and keep these details up to date.'
Service: customer service	'My requests and actions are acted on quickly and accurately.' 'Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members.'
Service: security	'My money and personal data are held safely and security.' 'I am alerted to scams and mis-selling techniques. As a result, I don't lose my money or move it into to inappropriately high-risk investments'

4. Workplace: Costs and Charges

Costs and Charges Customer Outcomes

‘The overall price I pay to build up my pension savings is competitive. If I pay more, the value of the benefits I receive is significantly more than the costs’

What is a good outcome for members?

‘The overall price I pay to build up my pension savings is competitive. If I pay more, the value of the benefits I receive is significantly more than the costs’.

What did we investigate and what did we find?

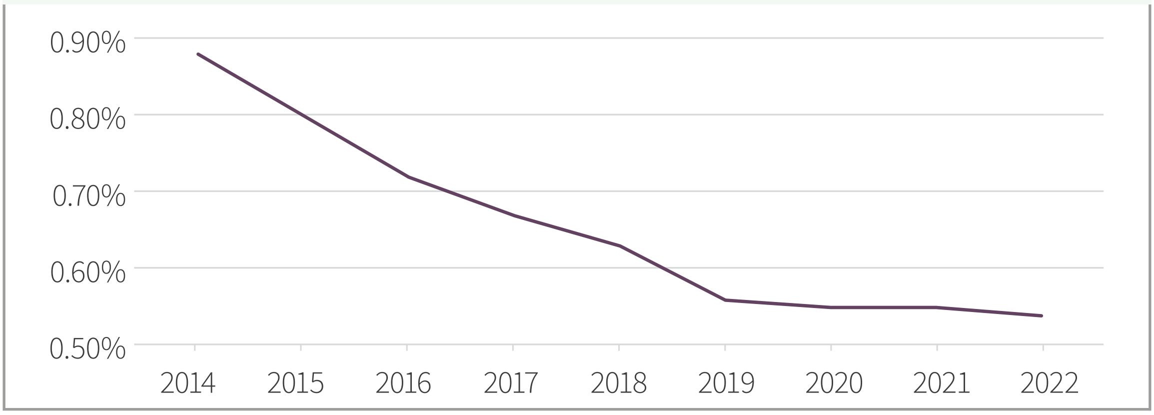
The level of charge set for your pension arrangement is very important as it directly impacts how your fund grows. Our review of the overall price you pay to build up your savings sets out to test how competitive your charge is, relative to those available in in the wider market.

As a reminder you can see the charge that applies to your pension plan by looking at the statement that Aegon sends you or the personal illustration you got when you took out your pension plan. Alternatively, you can contact Aegon and it will provide the required information.

Each year we carry out a full review of the charges across Aegon’s workplace pension schemes. We receive regular analysis of Aegon’s workplace charges, and do further deeper dives into areas of concern.

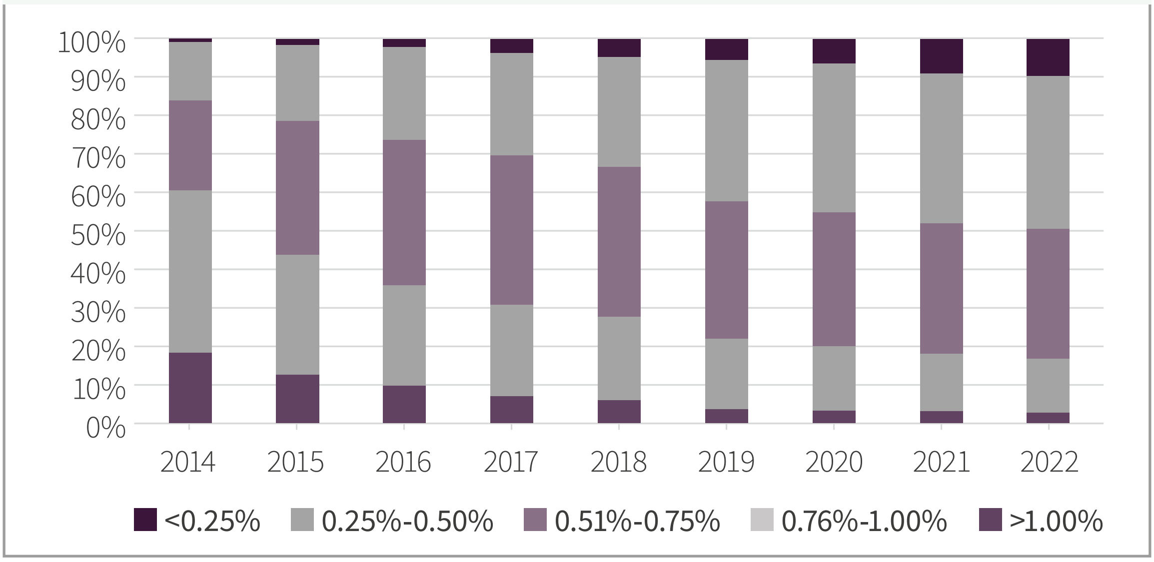
The average annual charge applied across all Workplace customers currently sits at 0.54%, a small decrease on last year but a significant reduction on many of the years prior.

Average annual % charge for Aegon workplace customers



There is a range of charges for active schemes, reflecting the costs of administering pension schemes for many different employers, all with a different make up of employees, up to the regulatory charge 'cap' of 0.75% for default funds used for auto-enrolment. The average charge across the policies we are responsible for has reduced over the years, which reflects the competitive market and the type of schemes being set up by Aegon.

Charges trend (by charge band)



Our conclusions

As noted in previous reports, there is a relatively small number of members who pay a charge of more than 1%. As you can see from the 'charges trend (by charge band)' chart, the number of customers paying more than 1% has been declining over recent years, but for those that remain we asked Aegon to carry out further analysis to demonstrate what these customers receive in return for the higher charge that they pay.

So far, this analysis has shown that around 3,000 of the 1.28 million Platform Solutions workplace customers have a charge above 1%, and that this is typically a result of the customer's choice of fund to invest their savings in. All funds are priced differently based on the cost of running them, and this particular cohort of customers have chosen to invest in a fund that charges more than 1%.

A larger number of Traditional Products workplace customers are paying more than 1%, at around 55,000 of the 887,000 members with this type of pension. Aegon have committed to implementing a 1% 'charge cap' for c. 32,000 of these customers as part of the modernisation work Aegon is undertaking with Atos. Unfortunately this work has been delayed, therefore we have asked Aegon to investigate alternative options to accelerate the implementation of this 'charge cap' and to confirm plans for customer refunds in the event that customers leave Aegon before it's in place. In addition, we have challenged Aegon to extend the 'charge cap' to cover all workplace customers with a charge above 1% (unless they have chosen to invest their savings in more expensive funds). As a result, we are unable to fully assess the value for money received by the group not in scope of the 'charge cap' and shall continue to challenge Aegon in this area in the coming year.

It is worth noting that, while some of these members are free to switch away from these products without penalty, some will be invested in funds and/or products which offer potentially valuable guarantees which could not be transferred to a new policy. As a result, it may not always be in the customer's best interest to move to a lower cost option. We recommend you check your annual statement to see if you have a policy like this, and then seek financial advice if you have concerns around whether or not any additional benefits your product offers justify the cost.

We also recognise that customers who have left their employer no longer benefit from any negotiating power their former employer carries and are unlikely to have an active relationship with an adviser, so are not benefitting from regular reviews. The analysis of this group of customers shows that many remain invested in the key default funds of the time and have relatively low fund values, but won't have benefitted from any charge cap which applied to their employer's scheme after they left. We will continue to challenge Aegon to demonstrate the higher charge these customers pay is justified.

Our challenges to Aegon

- Provide more detail on the proposed price reduction, including: who is covered and the rationale for this; and how will these members be alerted to this change and the impact it will have for them.
- For Traditional Products members with a charge greater than 1%, who aren't in scope of the 1% cap, clarify the rationale for this and what plans it has for this group.
- Demonstrate the value that customers at the higher end of the charge scale are receiving and justify that the value of these benefits more than justifies the higher costs.

What did the Redington study say about the charges Aegon apply?

Key findings

- Aegon's charges for active schemes are generally competitive, with a profile similar to the average of all other providers in the exercise.
- Aegon's workplace customers, that are members of active schemes, are most commonly in schemes with between 100 and 499 members – Aegon's schemes of this size typically have lower charges than the average of other providers in the exercise.

5. Workplace: Investments

Investments Customer Outcomes

‘My savings are invested in funds that deliver a competitive return, in line with or ahead of their objectives and other comparable funds.’

‘My savings are invested in line with my attitude to risk; and my income plans and needs in retirement.’

‘My savings are with a company that has a clear policy on ESG and stewardship issues which has taken members’ concerns into account. It acts on its policies and has an impact.’

What is a good outcome for members?

‘My savings are invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds’.

What did we investigate and what did we find?

We monitor performance of all the funds in our remit quarterly, with analysis of each fund against its objectives and against the selected benchmark (there is an explanation of fund objectives in the call out box). The analysis allows the IGC to look at recent performance, and one-year, three-year and five-year performance. We put most weight on the longer-term performance (three-year and five-year), while we review any short-term under-performance to ensure it is not indicative of a wider issue.

Fund objectives explained:

Each fund has a set of fund objectives, a description of what the fund aims to invest in, the strategy it will follow and the style of investing – passive or active. The fund objective tells investors what to expect from the management of the fund.

The majority of the funds offered by Aegon are passive funds, meaning they seek to track an existing grouping of investments called an index, for instance the stocks of all companies in the FTSE 100. Active funds are where the manager chooses the assets they believe will perform best to match the fund objective; here the investor is relying on individual manager's skill and will typically pay more in annual management fees in the hope the skill leads to better performance.

When a fund is said to ‘meet its objectives’ then the way the fund is managed, and the investments held match those described in the fund objectives – it does not necessarily mean the fund has delivered positive absolute or relative performance.

The IGC monitors the performance of each fund and compares this to the fund objectives – we want to see that the manager does not increase risk by investing differently from those objectives.

The data we see includes a Red, Amber, Green (RAG) rating for each fund, including default funds, to help us focus attention on the areas where there may be issues. The RAG rating acts as an early warning of where we need to continue to focus from quarter to quarter. The RAG rating is based on the fund's return compared against a selected group of competitor funds over three years or its specific benchmark, as well as a quartile ranking position against similar funds. First quartile and second quartile rankings represent the funds that have performed better than average, while third quartile and fourth quartile are below average. We focus on the default funds as these hold the majority of members' savings. In the last quarter of the year, five default funds flagged red on their 3-year benchmark, this equated to less than 2% of the assets under management.

Over the longer term we expect to see Aegon funds being first or second quartile (flagged as green in the RAG rating); where we see funds are third or fourth quartile, we want to understand the rationale why and see evidence that this is a short-term issue and not a systemic problem with the fund. Funds which are consistently third or fourth quartile go onto a Fund Watchlist for action to be taken by Aegon. We meet regularly with senior members of the Aegon Investment Solutions team to discuss the trends in the data and to investigate progress in mitigating any issues identified.

The IGC regularly requests further analysis of any funds flagged as 'red'. In this way we can drill into underlying issues behind the data. Aegon then work with asset managers to understand and influence the manager's process and activity. We reviewed the escalation process in this reporting period to ensure it is effective, and we consider the process to be well established and appropriate.

Red flags are not necessarily a sign of an underlying issue. For instance, the Blackrock UK 50/50 Global Equity Tracker Lifestyle fund, offered as a default fund choice to some schemes, flagged red in March 2022 because it had underperformed the specific benchmark it was judged against. By design, the fund has a substantially higher asset allocation to UK Equities and a lower asset allocation to US Equities than the competitor funds, so the red flag was identifying a difference in approach, not a performance issue. Indeed, over a five-year period the fund has delivered higher returns than the Aegon Workplace Default growth phase, in line with its higher risk profile. The analysis showed the fund is structured, behaving, and performing in line with expectations set out within the fund objective. We challenged Aegon to consider whether the benchmark was correct, and to analyse what type of customer is using the fund to make sure it is being selected appropriately. That demographic analysis showed the vast majority (95%) of investors in the fund were using it as part of a growth strategy, as we would expect. We will continue to monitor this fund to ensure it remains suitable as a default option.

Another fund, the Cautious Core fund, also flagged red. As we looked deeper, we saw the comparator funds were all very closely aligned in performance and a very minor change had led to a drop in quartile ranking, so we were comfortable there was not an indication of a systemic issue.

An example of where a red flag has been escalated further is the BlackRock LifePath Flexi (Retirement Stage) fund. It flagged as red due it being positioned as fourth quartile over 1 year, and third quartile over 3 years. It also delivered double digit negative returns over a year which will impact members in the process of retiring. Looking at the competitor funds it is clear the majority have seen negative returns, as they had been impacted by the simultaneous falls in both equity and bond prices. The BlackRock LifePath Flexi (Retirement Stage) fund has though, delivered relatively worse outcomes than most competitors over this period. Aegon discussed in detail with BlackRock why the fund had performed relatively poorly. One key reason for the relative underperformance was the use of long-dated government bonds. When interest rates rise, bond prices fall and long-dated bonds, which are furthest from their maturity date, are the worst affected. While bond holdings remain an appropriate asset in the BlackRock LifePath Flexi (Retirement Stage) fund, BlackRock propose using more short-dated bonds going forward. We will continue to monitor how the changes made address the relative performance of the fund.

The annuity targeting default fund options also experienced significant underperformance through 2022, due to a number of these funds investing in the SE Long Gilt fund. A full review of the SE Long Gilt fund is underway.

In addition to the set of quarterly reporting, the IGC also receives the results from Aegon's own rolling programme of 'deep dive' analysis into the funds offered, checking elements of the funds such as performance, risk profile, value for money and how they are managed to achieve their objectives. There were 56 deep dive reviews in the year and no funds were flagged as red, and where issues were identified these were relatively minor with no material member impact.

The IGC also receives reporting on the liquidity of funds, a measure of how much cash can be paid out in withdrawals from a fund without requiring the asset manager to sell assets quickly and at a discounted price. This reporting identifies whether each fund is able to meet projected members' requests for withdrawals. This analysis is particularly key for funds like property funds where, because of the nature of the assets held, there could be a delay in turning assets into cash. No issues have been identified in the liquidity reporting.

This year the IGC has received additional reporting of any investments that might have increased risk arising from the ongoing conflict in Ukraine. No issues have been identified.

What steps did Aegon take in response to the war in Ukraine?

In March 2022 Aegon reported to the IGC on steps taken in response to the war in Ukraine.

Analysis showed there was very little investment through Aegon's funds in either Ukraine or Russia. Aegon had contacted any fund manager whose funds held any Russian assets and these were being removed from portfolios. Aegon also confirmed that no bond funds held Russian assets.

A comprehensive Q&A document was prepared and distributed to all contact centre staff and was additionally made available on the Aegon website.

Aegon also checked for any Russian nationals who were customers and initiated appropriate action to meet the Government imposed sanctions.

In our ongoing value for money assessment, we are required to take specific account of costs and charges and any transactions costs members pay. To help in this assessment the IGC receives an annual assessment of the costs and charges for each fund, including each fund's transaction costs. The assessment uses a framework agreed with the IGC, again using a RAG rating that compares each fund's transaction costs against a set of similar competitor funds. Where a fund is rated red this leads to further investigation with the asset manager. From this assessment we have no concerns with the transaction costs. Appendix 3 of this report contains the costs and charges data.

In 2021 we challenged Aegon to ensure the communication of these charges is meaningful for members. Following on from that challenge, Aegon conducted research with members of the Aegon Customer Panel, a research panel drawn from employers and members, to understand how to best present and explain the data online. Aegon has used the information from this research in the presentation of this year's data to make it more accessible to members.

With this breadth of data and reporting, we believe we have timely and useful information to help us oversee the investments offered. We find the quality of reporting has continued to improve, and we regard this as a continual evolution to ensure we are equipped to judge that members are indeed invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds.

From our analysis, we found in the last year the vast majority of funds have performed in line with their objectives, however all funds were subject to a period of the highest inflation for 40 years, steeply rising interest rates, geopolitical risk (principally from Russia's invasion of Ukraine) and slowing economic growth. This resulted in large negative returns in both global equity and bond markets, and in turn, the funds that invest in these markets.

We also found the diversification used to mitigate falls in value as members approach retirement was made less effective by the simultaneous fall in the value of both equity and bonds.

What is a good outcome for members?

My savings are invested in line with my attitude to risk; and my income plans and needs in retirement.

What did we investigate and what did we find?

The majority of members are invested in a default fund, the fund used for those who do not make their own investment choice. It is therefore the default funds that are key to matching a long-term investment holding, which adapts its asset allocation in line with a changing risk profile as a member approaches their target retirement date.

All default funds have been assessed to check performance is aligned to the long-term objective of the fund and are judged to be reasonable both for the term of the investment and the way the asset allocation adapts over time. However, Aegon has a high proportion of default funds targeting annuity purchase. This was highlighted in the Redington report which showed Aegon had the highest proportion of its default funds targeting an annuity purchase option relative to its competitors. Aegon has told us they are reviewing the appropriateness of this.

Each default strategy adapts the asset allocation as a member approaches their target retirement date. Aegon provide default fund choices catering for a range of retirement needs, with options that target flexible access, annuities, and cash. All Aegon's members are offered access to drawdown in retirement. However, as Redington's report highlighted, it is dependent on the pension type if drawdown is offered within the same contract held before retirement, and if the same charges apply. Aegon provide a range of tools and information to support members who wish to make their own investment selections including a risk tolerance assessment. There is a broad range of funds available to allow members to match their investments to their own appetite for risk.

What is a good outcome for members?

My savings are with a company that has a clear policy on ESG and stewardship issues which has taken members' concerns into account. It acts on its policies and has an impact.

What did we investigate and what did we find?

Aegon's Responsible Investment Policy was updated in September 2022 to set minimum expectations for asset managers and applies to all funds within the scope of the IGC, where it had a direct influence. Asset manager expectations are laid out under five themes: Responsible Investment Governance; Voting and Engagement; Climate Change; Industry Advocacy; Diversity and Inclusion. Aegon's UK Stewardship policy was also updated in October 2022 to support its Responsible Investment policy. It is a clear policy, with actionable targets. We receive regular and comprehensive reporting on how the policies Aegon have on ESG and stewardship issues are being implemented.

We are able to monitor the improvement in proportion of ESG integration into default funds.

Aegon has made the commitment to net zero across all its workplace defaults by 2050. We note that large-scale asset transitions may be needed in future years. Each quarter, the IGC has seen increased investment activity to match Aegon's ESG policy, with investments flowing to funds which do not invest in companies based on ESG concerns (described as use of a 'screen') and increased investment into companies based on ESG related targets (described as use of a 'tilt'). These targets can include an improved ESG score or a decreased carbon emissions intensity. This increased investment using screen and/or tilt based ESG criteria is mainly within the default funds.

There has been a circa £3 billion shift of assets to increase ESG exposure across a number of default strategies, for instance the Aegon Workplace Default saw a 30% increase in ESG exposure in the growth stage as a result of this shift, more than doubling the percentage of the fund which screens and/or tilts based on ESG criteria. There was also a 40% increase in exposure within the retirement phase, which previously had no exposure to screens and/or tilts based on ESG criteria. The Investment Pathways 1 and 3, for ARC customers, have also increased in ESG exposure from 0% to 40%.

ESG exposure has also been introduced in bond funds. One bond fund, the Aegon BlackRock Overseas Corporate Bond fund, is worthy of note as it is used within the Aegon Workplace Default, the LifePath funds and the underlying funds used within ARC and TargetPlan Investment Pathways 1 and 3, so the fund's integration of ESG has resulted in increased ESG exposure in the portfolios of many members.

The IGC have been concerned to ensure the costs for transitioning funds to meet Aegon's Responsible Investment Policy and for implementing the ESG solutions are kept as low as possible. We agreed a level for those costs before Aegon started implementation. Aegon has adopted a phased approach to minimise costs. We find the phased approach is working well, and the costs are being kept to the pre-agreed level.

Responsible Investing is a fast-evolving area. Member engagement, understanding, and addressing members' own concerns need to be a part of that evolution. In 2022 Aegon undertook a survey with members of its Customer Panel that explored understanding of Responsible Investment terms. Aegon has plans to add Responsible Investment questions to its quarterly NPS (Net Promoter Score) Survey and its 2023 Wellbeing Survey, and we continue to challenge Aegon to make sure your views are considered as part of the strategy.

As part of Aegon's Stewardship policy, Aegon is looking to develop an 'expressions of wish' process. This will express a preference to asset managers on how Aegon wants them to vote in shareholder meetings (AGMs and EGMs) of the companies Aegon's members' funds are invested in. In parallel to this, Aegon has developed its escalation policy for the approach taken with managers who do not reflect those wishes in their own actions. Having clear 'expressions of wish' around specific responsible investment themes is a good step forward and shows Aegon acts on its policies. It is though, still difficult to directly measure the overall impact from votes on the companies' actions. Clearly the votes raise the issues to the boards of the companies, and over time it will hopefully be clear that positive action flows from the consistent voting practice.

New regulation around the Task Force on Climate-related Financial Disclosures (TCFD) came into effect on 30th June 2023, beyond the period covered in this report. To meet regulatory obligations Aegon is required to publish its 2023 report and place an appropriate paragraph and web link in client statements. The IGC have seen Aegon's work to meet its TCFD obligations. We judge Aegon to be well advanced to meet this new requirement.

Our conclusions

Performance and the volatility seen in funds was driven primarily by 'macro' factors experienced by all funds invested in equity and bond markets, as opposed to individual investment managers or strategies underperforming. No funds invested in these markets can face into the headwinds of economic market and geopolitical turmoil without being impacted. The IGC conclude the funds offered did indeed perform in line with their objectives. The shorter-term financial return on those funds is though something that will make difficult reading for many members.

In our opinion the Aegon default funds have performed in line with their objectives and performed in line with other default funds in the market, though in a period so badly hit by the market environment that performance has seen losses across the range.

We see continued strengthening of the Aegon fund governance function to allow us to monitor and investigate the funds offered. Last year's Redington report considered the Aegon Fund Governance as market leading and the IGC are confident in the quality and depth of the analysis. The IGC are confident the Fund Governance is fit for purpose and provides the necessary oversight to inform the IGC's work.

We have agreed with Aegon's assessment that there are too many default fund options, and that the range should be rationalised. We also agree that the default range should also be modernised to better reflect the choices that members are now likely to make at retirement.

We believe that Aegon's Responsible Investment Policy is clear, with actionable targets. We receive regular updates on the progress Aegon is making.

The IGC has seen many positives in the way Aegon has developed Environmental, Social, Governance (ESG) provision. The IGC will continue to monitor progress and costs through that journey. The journey though is clearly well underway and gathering pace. There is need for further work to better understand customers' concerns and priorities for this journey.

Our challenges to Aegon

- We will continue to monitor Aegon's review of its default funds. Aegon has plans to rationalise the range and agree principles for moving customer assets where the default is no longer suitable. We will look to understand the plans and their impact on members, as this work progresses.
- We will challenge Aegon to demonstrate that the changes to the BlackRock LifePath Flexi (Retirement Stage) fund have effectively mitigated the risks of using long-dated bonds at a time of high interest rates.
- We will continue to challenge Aegon to manage the transition risks as it ensures asset managers align with Aegon's Responsible Investment expectations and as it works to decrease carbon emissions intensity across the default fund range.

What did the Redington study say about investments?

- Redington compared some of the largest Aegon defaults to appropriate competitor funds. Aegon Workplace Default (AWD), the default fund typically put forward for new schemes, achieved the highest improvement in proportion of ESG integration from 2021 (30%) to 2022 (73%) albeit from a relatively low starting point. This default fund also achieved the highest MSCI ratings (a commonly used measure of a fund's integration of ESG risks and opportunities) and a lower carbon intensity measure of any fund in the competitor set.
- Aegon's growth portfolios performed well compared to others over 3 and 5-year periods and the Aegon Workplace Default offered more downside protection during 2022 than the other Aegon strategies they assessed.

6. Workplace: Customer Service

Customer Service Customer Outcomes

‘My requests and actions are acted on quickly and accurately.’

‘Any complaints I make are dealt with quickly and appropriately; lessons are learned so that the experience improves for other members.’

What is a good outcome for members?

‘My requests and instructions are acted on quickly and accurately’.

What did we investigate and what did we find?

We are provided with regular reporting that details the levels of service customers are receiving, and also carry out deeper dives with Aegon’s Customer Service Director into areas we’d like to investigate further.

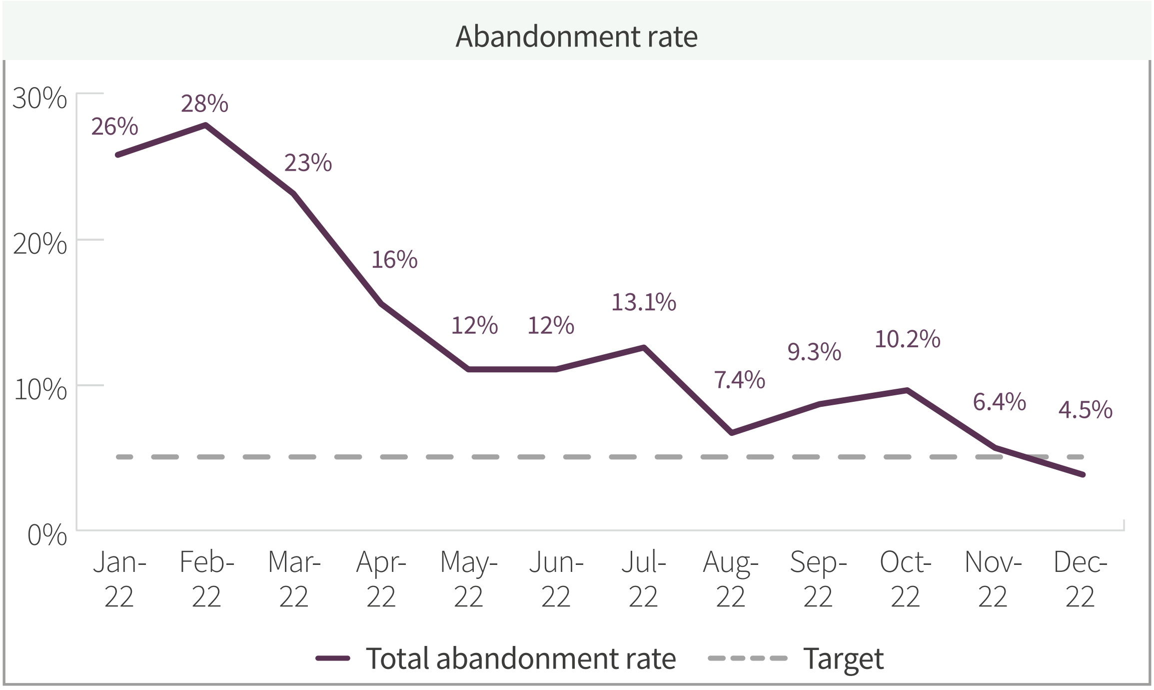
As we reported in previous years, customer service is an area where we felt Aegon fell below expectations. The Covid pandemic had a significant impact, with staff shortages, the complexities of working away from the office, and recruitment challenges across the industry all impacting the levels of customer service Aegon were able to provide. We had expected to see improvements in 2021 that didn’t materialise, and as part of our ongoing monitoring , we witnessed some of these issues continue into the early parts of 2022 too. However, we did see Aegon make significant progress in the second half of the year, with many of the key customer service measures reporting ahead of target by the end of the year. We also know that at the time of writing, these improved levels of customer service have continued into 2023 for the majority of members.

As highlighted in previous reports, Aegon’s business is split into two distinct business areas, Platform Solutions and Traditional Products. Customers with a pension plan in TargetPlan or ARC are part of Platform Solutions, and have their policies serviced by Aegon. Customers who have a pension plan in Traditional Products are serviced by Atos, the customer services company who Aegon have partnered with.

Platform Solutions

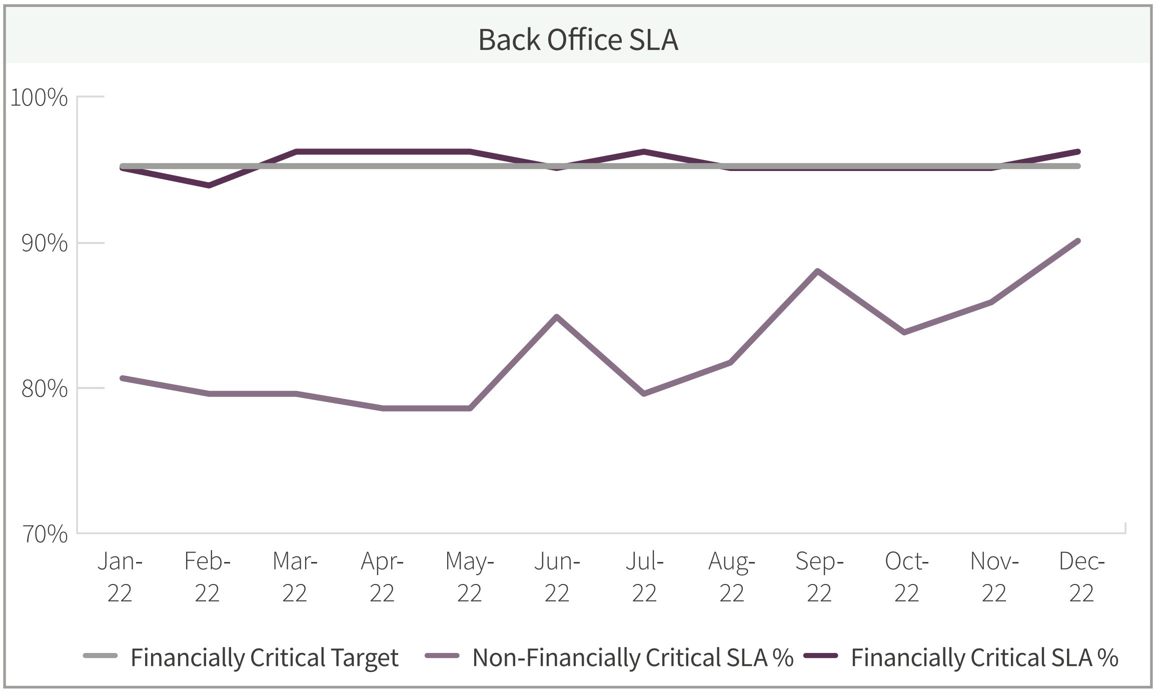
As in recent years, one of the biggest challenges to Aegon providing good customer service outcomes was in the call centre. The key measure we review to assess customer service levels in the call centre is the abandonment rate, which is the percentage of callers who hang up before Aegon is able to answer their call.

The resource and recruitment issues faced at the tail end of 2021 continued into the first few months of 2022, with the abandonment rate peaking in February at 28%. This was considerably higher than the level customers should expect. Aegon took a number of different actions to address the issue and were able to reduce the abandonment rate to within target by the end of the year.

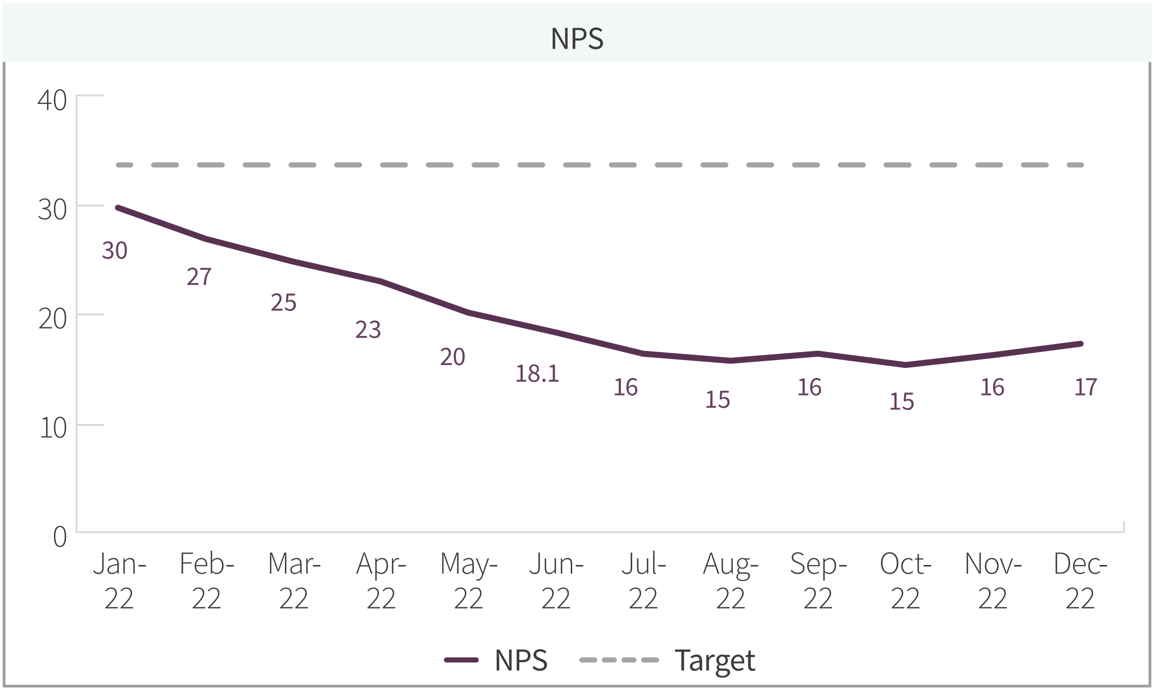


Additional call centre resource was key to improving customer service levels. Aegon made significant efforts to retain experienced members of staff in what was a competitive recruitment market. Aegon also introduced new technology for TargetPlan customers to better manage your expectations when calling, with your position in the queue and expected wait time being communicated while you wait.

The same customer service challenges were faced by the back-office administration teams. The key measure we review is the back-office SLA, which is the percentage of work completed within expected timescales. Aegon continued to focus on financially critical transactions, such as paying money in or taking money out, to mitigate the risk of financial detriment to you. This is shown as 'Financially Critical SLA %' in the chart and was above target in all but one month of the year. 'Non-Financially Critical SLA%' covers transactions which are important but not financially critical, such as change of address. These have followed a similar pattern to the call centre measures. The level of service you received for non-financially critical tasks didn't meet expectations in the first half of the year. It improved in the second half but still fell short of the targeted service level.



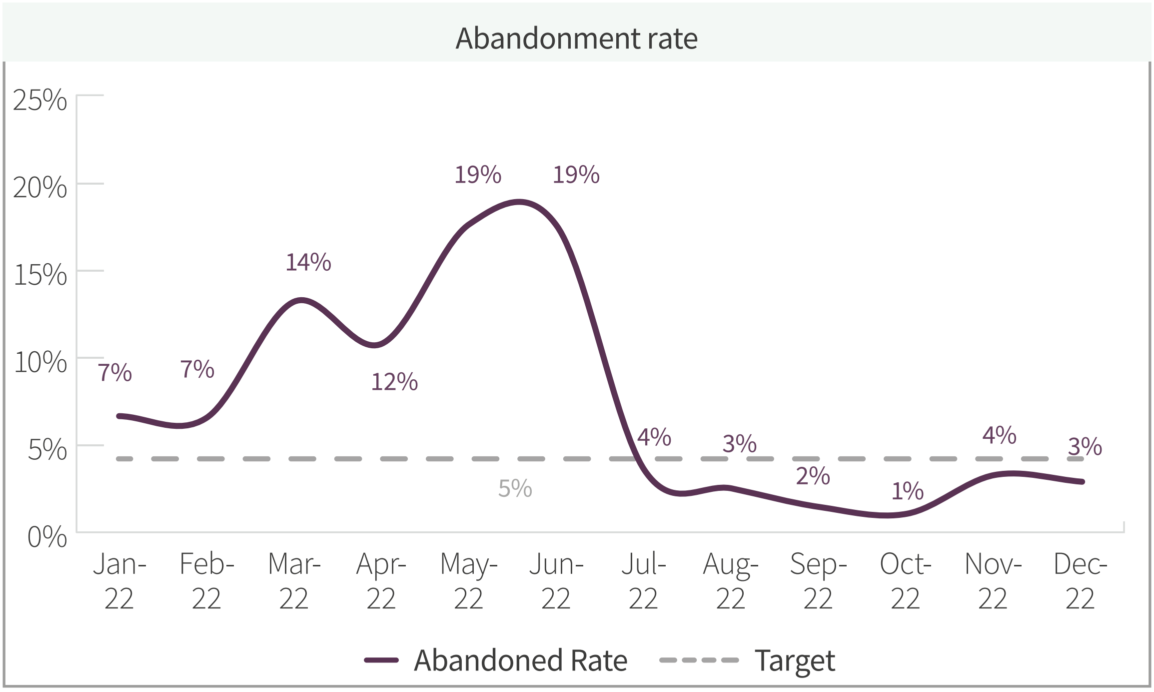
In addition to the transactional measures detailed above, we also review customer satisfaction measures which give us your views on the level of service you received from Aegon. We have seen the Net Promoter Score (NPS) deteriorate throughout the year, which is a score based on survey responses customers provide following an interaction with Aegon. We have also seen this measure start to rise towards the end of the year. It has been clear to us that the capacity issues in the first half of the year have been reflected in this measure. Despite the improvement in service levels, we are yet to see NPS scores return to the levels they were at in previous years, and will continue to monitor them and Aegon's work to understand the causes of any movements next year.



Traditional Products

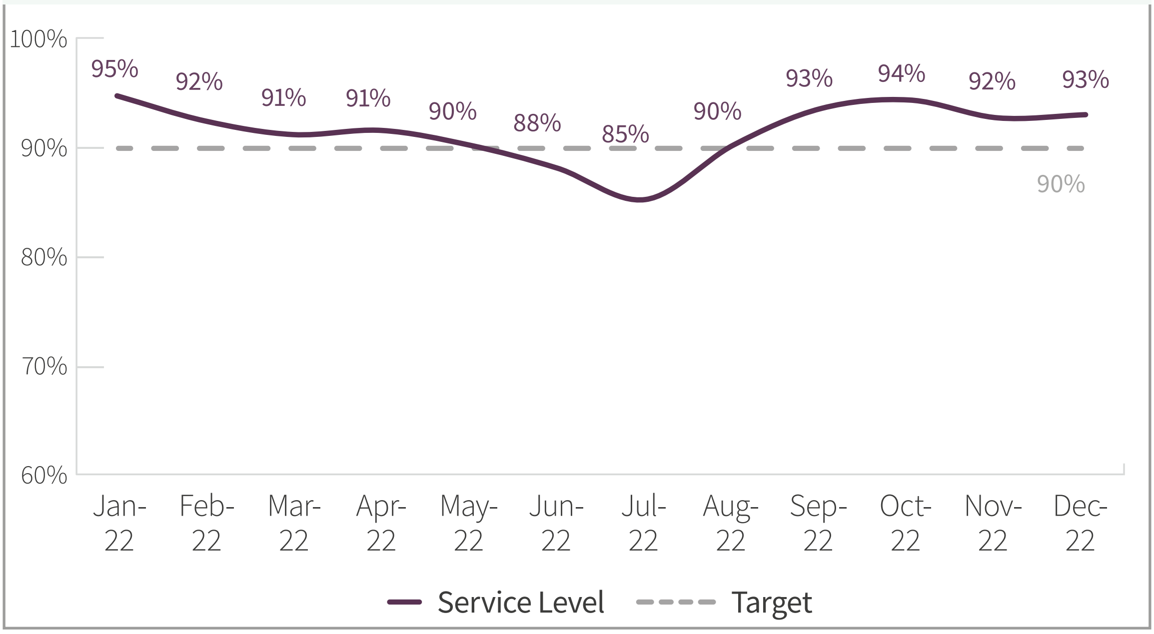
As detailed in previous reports the administration of Aegon's Traditional Products customers is carried out by the external customer services company Atos (although Aegon remains responsible for the service quality delivered). We receive regular updates from the Aegon Oversight team as to how this service is performing, covering the same key measures as highlighted above for Aegon's Platform Solutions customers.

Atos have faced the same recruitment and resourcing challenges as Aegon during 2022, and customer service levels followed a similar pattern. The first half of the year saw call abandonment rates rise to a peak of 19% in May, and then significantly improve to be considerably ahead of target during the second half of the year. We recognise that customers who called in the first half of the year may have experienced a level of service below expectation, and Aegon took us through the actions they took to address this. However, we have since seen a decline in service during the first quarter of 2023 emphasising the ongoing challenges which we will monitor closely.



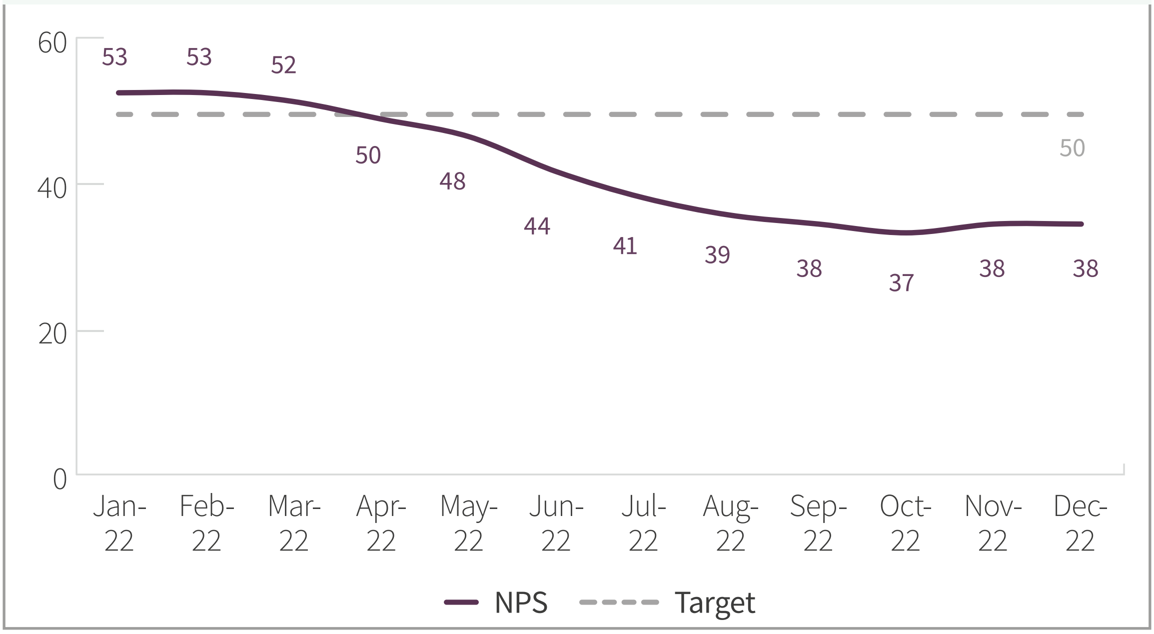
Similarly in the back-office administration team, service declined throughout the first half of the year before getting back on track in the second. Despite the decline in H1, the back-office SLA remained above target in all but two months of the year. The Claims specific SLA (not shown separately on the chart), which captures all financially critical transactions, remained above 95% throughout the year as a result of Atos prioritising these tasks to mitigate the risk of financial detriment to members.

Back Office SLA



Looking at the key customer satisfaction measures, NPS echoes all other measures and provides us with feedback which is useful in understanding the experience you've had with Aegon. The score dropped below the target set by Aegon in 2022, and we will closely monitor it in 2023.

NPS



Our Conclusions

Platform Solutions - The IGC were encouraged that all measures of customer service were heading in the right direction, but recognise that it was only the end of the year where the service Aegon was able to provide reached the levels customers should expect. Our key challenge to Aegon is to maintain this improved level of service, and early indications from 2023 suggest this will be the case.

Traditional Products - Most customer service measures reported ahead of target for at least half the year. However, those who made contact with Aegon over the phone in the first half of the year may not have received an acceptable level of service. This is reflected in our amber rating. We have since seen some of the measures deteriorate and look to Aegon to work with Atos to return them to where they were at the end of 2022.

Our challenges to Aegon

- Maintain the improved customer service levels in Platform Solutions
- Return customer service levels for Traditional Products customers to where they were in H2
- Investigate reasons beyond the recent history of relatively poor service for lower NPS scores

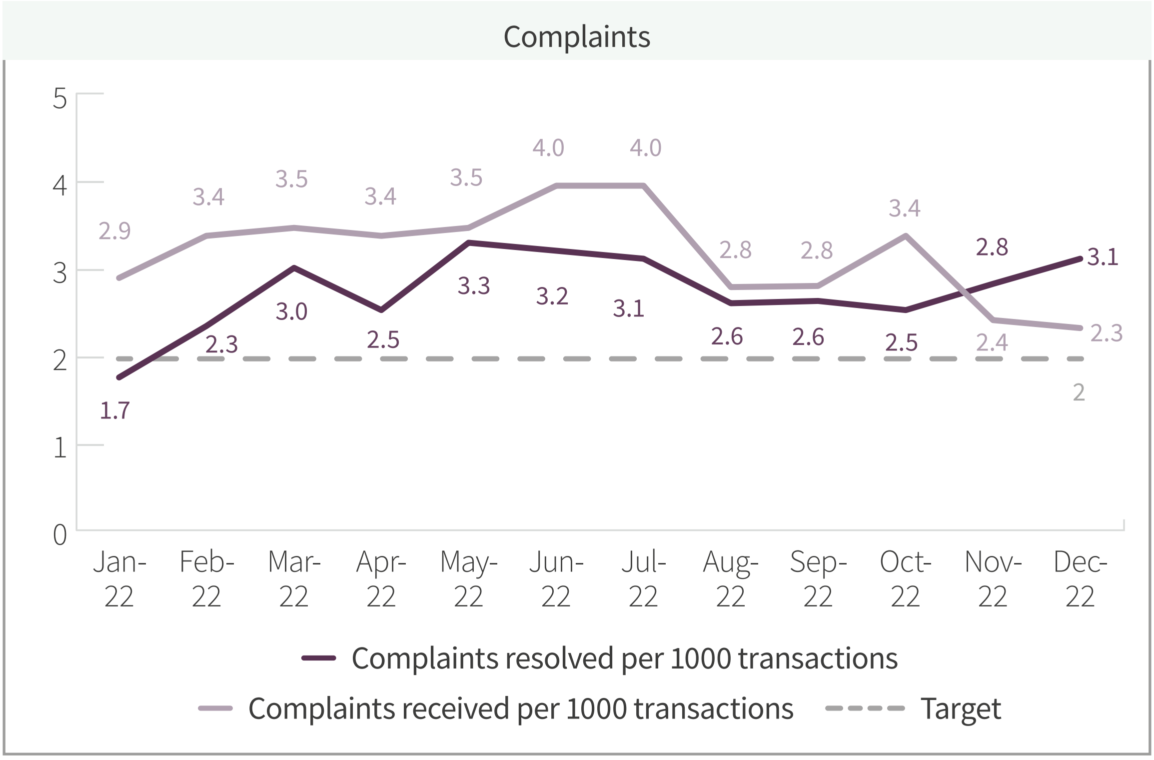
What is a good outcome for members?

'Any complaints I make are dealt with quickly and appropriately; lessons are learned so the experience improves for other members'.

What did we investigate and what did we find?

Platform Solutions
As part of the regular reporting we receive on customer service levels, we are also provided with a view of the complaints that Aegon are receiving.

In Platform Solutions we saw the number of complaints made by customers increase considerably in the first half of 2022, but reduce by the end of the year. Despite the improvements, Aegon was still receiving more complaints from Platform Solutions customers at the end of the year than the target level it had set for itself. Resolving customers' complaints within timescales was also an issue throughout 2022. Aegon presented the IGC with the actions they were taking to better resource their Complaints team, and we saw the volumes of outstanding complaints come down throughout the year as a result. There is still further progress to be made however and we will be monitoring this throughout 2023.



Further analysis of your complaints highlighted some of the specific areas where Aegon needs to improve. The main areas of concern were delays in getting your money out, and issues with activating and logging in to your online account. Aegon has plans to make improvements in both these areas and we will monitor the impact of these actions on complaint trends. Aegon has been working to analyse and make improvements to a number of their key customer journeys, using customers' complaints to help diagnose where improvements need to be made, and will use a decrease in complaints as one of the measures to help check that any changes have indeed improved the experience for members.

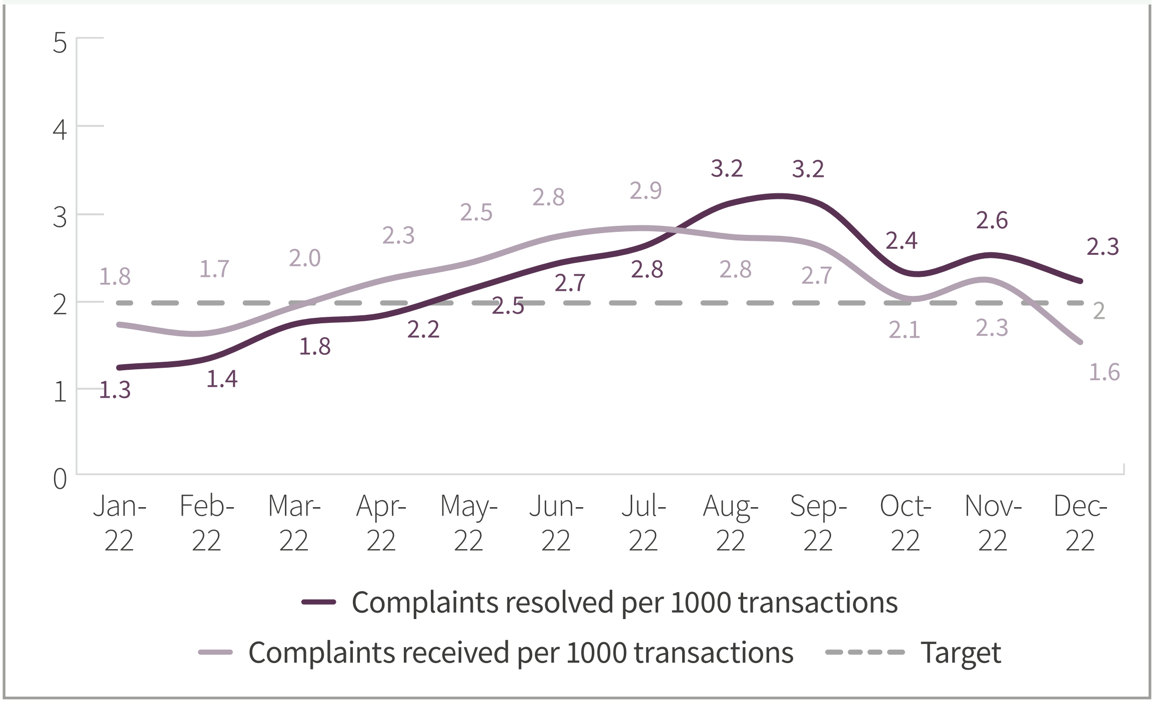
There was also a rise in 2022 in complaints relating to investment performance, with the cost-of-living crisis and volatility in the markets having an impact on the performance of your funds. We cover investment performance in greater detail in the Investment section of this report.

During 2022, 39% of your concerns raised were upheld by Aegon. The main reason for the upheld complaints was the delay in the time taken to meet your requests, however we note the progress Aegon has made to address this across both the call centre and the back-office admin measures.

Traditional Products

In Traditional Products we have seen the number of complaints received start and end the year ahead of the target set by Aegon, but rise considerably during the middle part of the year. This follows a similar pattern to the call centre and admin measures, showing clearly that customer service has been one of the key reasons for you to complain. Complaints in relation to financially critical transactions such as transferring pensions to other providers, and taking retirement benefits have been high, something which we look to Aegon to address. During 2022, 25% of your concerns raised were upheld.

Complaints



Our conclusions

Too many customers found reason to complain throughout 2022, and it's clear that customer service levels have been a big reason for that. We acknowledge the work that Aegon have done to improve service across call centres and back-office administration teams, and expect complaint volumes to subsequently reduce assuming service levels are maintained. We will continue to monitor volumes throughout 2023.

Our challenges to Aegon

- Evidence how Aegon's root cause analysis of complaints is driving improvements for customers
- Improve customer service levels, to reduce the volume of incoming complaints

What did the Redington survey say about the customer service Aegon provide?

Key findings

Despite the challenges Aegon have faced in meeting the customer service targets they set themselves, the Redington survey results show that Aegon's back-office admin results were generally ahead of or in line with other providers. The call centre results were generally worse than those from other providers, but we note that the survey didn't capture the last three months of 2022, when Aegon's customer service had improved considerably.

- Aegon back-office processing times were in line with or quicker than other providers for most financially critical tasks.
- The accuracy at which Aegon processed financially critical tasks was also in line with or ahead of others.
- Only three providers were upholding a smaller percentage of complaints received.

Areas to improve or investigate

- Aegon had the 2nd longest call wait times and 2nd highest abandonment rates. We know these measures have improved since the survey was carried out, but it's important Aegon sustain this level of service.
- Aegon had the 3rd highest volume of complaints, and the % of complaints resolved within an 8-week timeframe was the lowest. We know that these measures have also improved considerably since the survey was undertaken, but will continue to challenge Aegon to improve in this space.

7. Workplace: Communication and Member Engagement

Communication and Member Engagement Customer Outcomes

‘I understand how much I need to save to achieve my goals, the part that pension savings play in that and whether I’m on track.’

‘I receive the information, advice and support that I need at the right time and in the right form to help me make the right choices for me.’

‘I understand what protection my pension offers if I die, I have a nominated beneficiary and keep these details up to date.’

What’s a good outcome for members?

‘I understand how much I need to save to achieve my goals, the part that pension savings play in that and whether I'm on track’.

‘I receive the right information, advice and support that I need at the right time and in the right form to help me make the right choices for me’.

What did we investigate and what did we find?

Members continue to need considerable support for the complex pensions decisions they must make – for example, around how much they should save for retirement, or when and how they should access their savings. As an IGC, we are looking for evidence that Aegon’s communications in these key areas are proactive, understandable, focused, accessible and relevant. Most importantly, we are looking for evidence that they have a positive impact on members – for example, by encouraging them to activate their accounts so that they can start to monitor their savings.

We’ve encouraged Aegon to continue to progress developments with Key Performance Indicator (KPI) dashboards and reporting to improve the availability and transparency of data on customer engagement and action. We are also looking for evidence that Aegon is actively using this data to understand why engagement levels are as they are, and to drive further improvements in their communications effectiveness over time. This year, Aegon have responded to our challenge to provide better evidence of communications impact. Reporting remains a challenge in some areas but, overall, Aegon are in a stronger position. They are also investing significantly in new technology platforms which should, over time, help them to track measures of member engagement more effectively. These are long-term programmes, so we have asked Aegon to set out a high-level timeline of what benefits these changes are likely to deliver to which members, and when.

One of the key measures Aegon have focussed on this year is the number of members who activate their online accounts. This is a fundamental first step to start to engage members online, and the Redington study showed that Aegon's performance is relatively good here (45% compared with an average of 38%). However, there are still many members who haven't activated their accounts, so continued focus is important. One initiative that Aegon introduced for TargetPlan members this year was a series of welcome emails which, among other actions, encourage them to activate their accounts. This same approach is one reason for the higher activation rates among ARC members, so we shall be looking to see what impact it has on TargetPlan members next year.

Communication model

How Aegon measure communication effectiveness

	Example metrics
Access Does Aegon have a postal and email address for you?	Have members given Aegon an email address or marketing permissions? How many have activated their online account?
Engagement Is Aegon engaging with its members?	How any members have downloaded the app or logged into their portal? Have members opened their welcome journey emails?
Understanding Does Aegon know that members understand it?	Does research show that members understand communications?
Action Can Aegon track member actions?	Have members completed a Death Benefit Nomination (DBN) form or consolidated their savings from pensions elsewhere? Are members regularly switching funds?

Communication and engagement improvements in 2022

We consider **Member Insights (MI)** to be one of Aegon's most important communications tools. It helps ARC and TargetPlan employers send relevant emails to targeted groups of employees, and then see how effective they have been. These emails are designed both to inform members and to nudge them to take actions that are likely to help them get the most from their pension savings. Aegon continues to encourage more employers to set up and start using MI. A further 200 employers started using MI in 2022, taking the total to 1,600 or 57% of all eligible workplace employers. Together, they sent 75,000 targeted emails to members, 30,000 more than in 2021. On average, 36% of members who received one of these emails opened it, and 8% clicked through to find out more about a particular topic. Last year, we reported on Aegon's plans to improve MI in a number of ways. These included adding prompts about the benefits of the app, as well as content on financial wellbeing and responsible investing. In fact, Aegon was not able to deliver these in 2022 because other developments took priority. These are important improvements so we have challenged Aegon to deliver them as soon as possible. A particular priority for the IGC is enabling employers to use MI to communicate with former employees who are still in the pension scheme.

Aegon Retirement Choices Experience gives ARC employers access to all services from a central dynamic dashboard, and the ability to access this information from any device. Employers can access bulk processes including manage and add members, manage contributions and access the suite of reporting tools including MI, Report Zone and SmartEnrol if applicable. The IGC has received feedback from employers in the past that some its systems can be awkward to use so this is a welcome improvement.

Aegon has been focussing on making it easier for members and employers to access key information, organised by product and the different stages of the retirement journey, through an online experience referred to as toolkits. The experience navigates members through support from joining the scheme, using online services to manage their plan, helping them understand their options with retirement savings and more ways to save. Employer content includes support to help manage the scheme, support employees as scheme members and keep them up to date with workplace retirement savings.

Financial wellbeing continues to be a focus for Aegon. Their aim is to collaborate with employers and supply the content and practical tools for them to use with employees to help support their financial planning. For the first time this year, Aegon ran a Financial Wellbeing Week, sharing evidence and insights with employers about how supporting their employees can drive better understanding and give them more confidence to improve their own financial wellbeing. A total of 77 employer representatives attended the live sessions during the week, and a further 1,700 caught up using the recordings. Aegon measures the nation's financial wellbeing year on year through their financial wellbeing research index. The impact on productivity of employees across the UK is also quantified regularly, collaborating with the Centre for Economics and Business Research (CEBR).

Aegon measures the impact of its financial wellbeing activity by looking at its effect on engagement metrics. For example, this year, 30% more people who used Aegon's online financial wellbeing tools went on to log in to their accounts.

ARC members now have access to the **Aegon app**, making it easier for them to see the current value of their pension savings and to access related content. By the end of 2022, c. 40,000 members had downloaded the app, with an average of c. 15,000 logins a month.

The team has also taken steps to help members understand key facts on their **annual statements** – for example, how much they have paid in, the current value and what they are likely to receive when they retire. The changes were tested with the Aegon customer panel which found them engaging and easy to understand. However, Redington's comparative test of the first page of several providers' annual statements suggests that they could still be simplified further (see the Redington survey summary at the end of this section for more on this). TargetPlan customers also now have the option to have these statements sent directly to their secure online document store.

An area we have focussed on in particular this year is how Aegon have helped members **understand the impact of market volatility** on their pension savings. This is particularly important for members approaching retirement who will have less time to make up for losses from such a significant market downturn. As a result, it's more important than ever that members understand their options at this point – for example, so that they can consider the merits of deferring the time at which they take their pension if that is possible. Aegon produced content to help explain this to members on their Cost of Living hub, and supported further with a live studio event hosted by Pension Geeks.

Pension Geeks is an Aegon service which aims to help members get to grips with their pensions by answering their questions in a straightforward and light-hearted way. Aegon piloted a live studio version of the Geeks service in November 2022 with 378 members across 10 workplace schemes in attendance. The sessions were designed to help members understand the key things to consider when navigating the cost-of-living crisis and how to manage money in uncertain times.

Aegon now plan to run similar Pension Geeks TV events on a quarterly basis throughout 2023. This will include 'How to' webinars exploring pension options, online tools, contributions, consolidation and investment choices. Members who can't make the sessions on the day, will also be able to catch up with recordings on an online hub where there will be links for more information. We shall report further on the success and impact of these session in next year's report.

Our conclusions

Aegon continue to encourage and support customers to engage with their pension through a wide variety of materials, tools and services. We've seen Aegon make progress with evidencing the impact of their communications, and using this insight to target further improvements. However, given the relatively low levels of engagement in some important areas, we shall continue to challenge Aegon to find effective ways to ensure that members are aware of, and use, the wide range of content and services on offer. This is particularly important at times when members have to make the most complex and material decisions – including in the run up to, and at the point of retirement.

Our challenges to Aegon:

- Continue to drive up the key measures of engagement
- In particular, demonstrate the reach and impact of content, tools and services designed to help members make choices in the run up to, and at the point of, retirement.
- Provide evidence that the wide range of regular service communications that Aegon sends to members are clear and understood; explore how the clarity and simplicity of the most important documents can be further improved
- Set out how communication and engagement methods and effectiveness differ by proposition, and what Aegon does to support any customer groups who don't benefit from the full range of communication and engagement methods detailed in this report.

What's a good outcome for members?

'I understand what protection my pension offers if I die, I have nominated a beneficiary and keep these details up to date'.

What did we investigate and what did we find?

Completing a death benefit nomination (DBN) form is a way in which members can make clear to Aegon who they want to receive their pension benefits in the case of their death. This is a relatively simple action for members to take, but one that can have a huge impact on their loved ones – and on their own peace of mind. As a result, we continue to challenge Aegon to improve the number of members who have completed a DBN. At the moment, only 14% of members have done this – so there is significant scope for improvement.

Aegon gave this focus in 2022 and developed plans to introduce an online version of the form that can be used by ARC and TargetPlan members. This went live at the start of 2023 and the early response from members is encouraging.

Our conclusions

Enabling ARC and TP members to complete a DBN online has been a significant, and crucial, step forward. However, there is a long way to go to encourage more customers to make use of this important facility.

Our challenges to Aegon

- Present the number of DBNs broken down further by proposition so we can get a better idea of the usage across different customer groups.
- Continue to focus on driving up usage of this important document.

What did the Redington study say about Aegon's approach to customer engagement?

- Redington measured the first page of a sample of communications for reading ease. The results from all providers were relatively low which suggests that the clarity of these documents could be further improved – for example, by using shorter sentences and less jargon. Aegon's communications were broadly in line with others'; some were slightly better on this measure, some slightly worse.
- The 7% of Aegon members marked as 'gone away' is in line with the average of other providers. These are customers who have moved but not updated their address with Aegon. It is vital that this number is as low as possible so that members receive key information about their pension.
- Aegon offered one of the widest ranges of engagement methods, including methods many others do not offer (such as secure web-mail, live chat, video benefit statements, and virtual 1-2-1 guidance sessions). This helps to give members choice in how they engage with their pension, and learn about their options.
- The proportion of members registered for online access compared well to other providers at 45%, vs the average of 38%.
- The online account for members has good functionality, including capability to change personal details and investments, request pension transfers, nominate beneficiaries and open new products.
- Aegon offers a wide range of tools, however there are a couple (namely a tax calculator and a life expectancy calculator) that they don't, which other providers offer. Redington judged that Aegon had clear plans to improve its digital services further.
- Aegon members can also access independent financial advice through its wholly-owned firm, Origen. The tiered charges for advice through Origen were the lowest of all participating providers.

Supporting customers who need extra help

Aegon formally reviews its vulnerability policy each year, including with the IGC. We review the steps that Aegon is already taking to ensure that it adequately services people who have different needs, or need additional support. We also review its priorities for further improvement.

In terms of its current approach, all Aegon staff are trained to identify and deal with vulnerability. Aegon colleagues in direct contact with vulnerable customers have been given specialised training and development provided by the Samaritans to further understand and help them. They have Vulnerable Customer Champions across teams who can support colleagues with individual cases through the provision of 1-2-1 guidance, or side by side call listening. Aegon formally reviews its vulnerability policy each year (including with the IGC), and sets out where it is prioritising action for improvement. Initiatives include:

- Enhancing the options available to disclose a vulnerability across all channels (email, paper, webchat, online, telephone)
- Implementing a mechanism to assess customer satisfaction (beyond NPS), to better determine how members believe Aegon is meeting their additional support needs
- Improved testing using customers with a wide range of vulnerabilities to ensure communications, systems and processes achieve good outcomes for vulnerable customers

Aegon offer a range of solutions and alternative communication methods tailored to individual needs some of which include:

- Large print / braille & audio (MP3 or CD), webchat and video calls
- Adjustments to communication approach for customers with cognitive impairments such as the use of simple language, avoiding the use of jargon and questioning appropriately to gauge understanding.
- Use of alternative communication methods such as webchat or liaising with carers or family members to articulate instructions for those with speech impairments.
- Third party referrals to police, social services or other sources for those who request additional support requiring specialist expertise beyond Aegon's capabilities. Support for staff is also available when dealing with challenging cases.
- Escalating cases where financial hardship exists for consideration to be given to exercising judgement on the application of Aegon's Terms & Conditions to allow customers access to their funds.
- Utilising the Aegon language bank (employees fluent in other languages) to support those where English is not their first language to assist with translation.

Our challenges to Aegon

- We shall continue to challenge Aegon to explore how it can better identify and target members who need different or more support.

What did the Redington study say about Aegon's support for customers who need additional help?

- Redington asked providers to supply the percentage of their members that they have recorded as needing additional support. Of the five providers who submitted this information, Aegon was one of the lowest at 1%. Others ranged between 1% and 24%.

8. Workplace: Security

Security Customer Outcomes

‘My money and personal data are held safely and securely’

‘I am alerted to scams and mis-selling techniques. As a result, I don’t lose my money or move it into to inappropriately high-risk investments’.

What is a good outcome for members?

‘My money and personal data are held safely and securely’

What did we investigate and what did we find?

Throughout the year we have continued to closely monitor and assess the critical areas of information security and financial crime by reviewing the processes and controls that Aegon has in place to protect your information and money. We met with Aegon’s Chief Information Security Officer and with their Head of Financial Crime to understand the issues the industry faces, and the progress Aegon is making.

Information security represents a key risk across the financial services industry, with the frequency and sophistication of cyber-attacks ever evolving, making companies like Aegon increasingly at risk of cyber attack.

We were therefore encouraged by the outcome of a Cyber Security Review carried out by Deloitte, which benchmarked Aegon against others in the insurance industry and gave an assessment of Aegon’s cyber maturity. The outcome of this review was that Aegon’s security position has been strengthened over recent years, and now either meets or exceeds the insurance industry benchmark for the various aspects of cyber security assessed by Deloitte.

Our review confirmed that, throughout the year, Aegon have experienced no cyber security breaches, and are capable of maintaining an appropriate Information Security position.

Our conclusions

Overall, the Committee were satisfied that Aegon is taking a relevant and proactive range of steps to keep your information and money secure.

What's a good outcome for members?

'I am alerted to scams and mis-selling techniques. As a result, I don't lose my money or move it into to inappropriately high-risk investments'.

What did we investigate and what did we find?

Pension and investment scams continue to be a real threat in the UK with fraudsters persuading people to move their savings into fraudulent investments. Aegon have detailed throughout the year the range of activities they were undertaking to protect consumers, including a mandatory financial crime training suite for all staff, updated with enhanced pension scam awareness content, and their continued participation in various industry and law enforcement forums where information can be shared and intelligence gathered. Mitigating pension scams remains a key priority for the government and regulators. Aegon revised their pension transfer risk assessment process in line with ongoing guidance provided by the Financial Conduct Authority and the Pension Regulator, along with best practice guidance from the Pension Scam Industry Group. Aegon call centre staff are provided specific training on due diligence to better enable them to know what to look for in line with DWP Transfer regulations.

Aegon's **Online Security and Fraud Protection Hub** has been updated throughout the year. It covers topics such as how to spot a pension or investment scam, tips on avoiding identity fraud and phishing scams, and guides on how to keep your information and personal devices secure. It also contains a link to the Financial Conduct Authority website, where information on the latest scams can be found. We encourage all customers to use this information and take some time to consider their own online safety.

Our conclusions

Aegon provides a range of useful information to help alert members to scams.

Our challenges to Aegon

- Continue to evidence awareness of emerging scam activity trends in the wider market and the steps Aegon is taking to communicate these to customers.

9. Investment Pathways: Costs and Charges

Costs and Charges Customer Outcomes

‘The price I pay to invest and draw on my savings during retirement is competitive. If I pay more, the value of the benefits I receive is significantly more than the cost’.

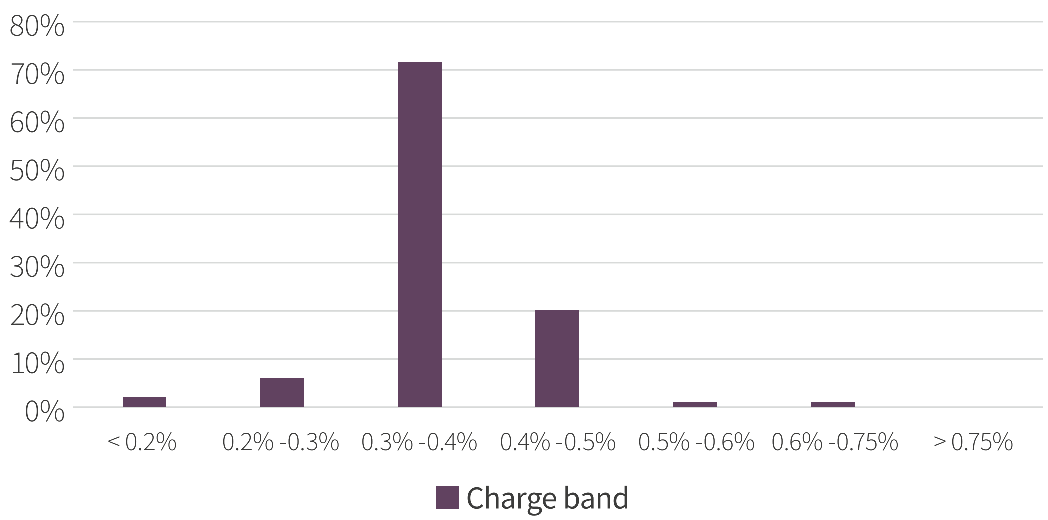
What is a good outcome for members?

‘The price I pay to invest and draw on my savings during retirement is competitive. If I pay more, the value of the benefits I receive is significantly more than the cost’.

What did we investigate and what did we find?

Investment Pathways are still relatively new having only launched in February 2021, and as such we have had a number of deep dives with the Aegon team throughout the year to better understand how Aegon’s offering is performing and how it compares.

Percentage of Pathways customers in each charge band



We found that the vast majority of Pathways customers are charged between 0.3% - 0.4%, largely as a result of most of Aegon’s Pathway customers accessing drawdown through Aegon One Retirement, which charges 0.35%.

Using publicly available information, we have compared Aegon charges against a comparable competitor set. We observed that Aegon’s charges are generally below the average.

We also reviewed how a customer's charge may change as they move from accumulation (building up their pension savings) into decumulation (using savings as an income in retirement), in this case by using Aegon's Investment Pathways. We found that customers typically see their charges either stay the same or decrease as they move, particularly for Traditional Products and ARC customers. There are a small number of TargetPlan customers who, if they are members of a scheme that doesn't have a specific drawdown proposition in place, may pay more in decumulation than they did in accumulation. Aegon informed us this approach is under review.

ARC customers in drawdown are charged £75 for each year they take an income. From the comparison exercises that Aegon has carried out, we recognise that this is not common amongst its workplace competitors. We want to understand the impact of this fee on the overall charge paid by customers taking an income, especially those with smaller pots who draw down a relatively small amount over several years.

Our conclusions

We have seen more information from Aegon throughout the year on their Investment Pathways charges, and how they compare in the market. As Pathways are embedded further over time, we expect this level of information to increase.

Aegon's charges are typically lower than the average, and most customers moving into drawdown see their charges either remain as they were, or decrease. However, we note that some customers, such as those with smaller funds drawing a regular income over a number of years, could be materially impacted by the £75 drawdown charge.

Our challenges to Aegon

- We would like to better understand Aegon's plans for the small number of customers whose charges increase when they move into drawdown
- We have asked Aegon to show us analysis of which customers are paying the £75 drawdown charge and what impact this has in practice on the price they pay to access their savings. More generally, as no other workplace pension provider in our comparative study makes this charge, we have challenged Aegon to review the way it charges in this area.

10. Investment Pathways: Investments

Investments Customer Outcomes

‘My retirement savings are invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds’.

‘I am using the right approach/product to draw on my pension savings, in line with my needs and plans’.

‘My savings are with a company that has a clear policy on ESG and stewardship issues which has taken members' concerns into account. It acts on its policies and has an impact’.

What is a good outcome for members?

‘My retirement savings are invested in funds that deliver a good return, in line with or ahead of their objectives and other comparable funds’.

‘I am using the right approach/product to draw on my pension savings, in line with my needs and plans’.

‘My savings are with a company that has a clear policy on ESG and stewardship issues which has taken members' concerns into account. It acts on its policies and has an impact’.

What did we investigate and what did we find?

At the time of our last report the Investment Pathways funds had only recently been launched, and our commentary was largely focussed on the design process for the funds. The investment pathways solutions have now been in place for over a year.

Investment Pathways are tailor made investment options that help you align your investment approach with your retirement needs should you choose to select a drawdown pension without seeking financial advice.

There are four Pathways defined by your plans for your pension over the next five years:

- Option 1: Aegon Growth Pathway - You have no plans to touch your money in the next five years
- Option 2: Aegon Annuity Pathway - You plan to use your money to set up a guaranteed income (annuity) within the next five years

- Option 3: Aegon Flexible Income Pathway - You plan to start taking your money as a long-term income within the next five years
- Option 4: Aegon Cash Pathway - You plan to take out all your money within the next five years.

Aegon has two sets of Investment Pathway solutions, one serving ARC and Traditional Products customers, and the other TargetPlan customers. As there are differing pre-retirement phases and different funds offered to each customer group, there are slight differences in the design and implementation of the Investment Pathways to match. The overall objectives and aims of the Pathway Solutions remain consistent across both sets of funds.

Aegon has reviewed each of the Investment Pathways solutions, assessing suitability and the likelihood that the funds will deliver a sustainable level of income in retirement. Aegon used Morningstar's proprietary investment analysis tool to calculate different retirement outcomes over different scenarios using the member data (i.e. current age, contributions and pot size) and the different Investment Pathway strategies. This then projected the outcome (the total pot size and the number of years the pot will last for in drawdown), and this was compared to the Pensions and Lifetime Savings Association ("PLSA") Retirement Living Standards assessment of income required for a moderate retirement lifestyle. In each case Aegon has confirmed it is comfortable that the performance and risk outcomes are reasonable, and that each utilises the correct strategy to deliver the intended Pathway outcome.

Use of each Pathway is shown in the table below across each Aegon customer group.

Investment Pathway	ARC and Traditional Products	TargetPlan	Total
Option 1: Aegon Growth Pathway	1373	243	1616
Option 2: Aegon Annuity Pathway	84	18	102
Option 3: Aegon Flexible Income Pathway	1127	311	1438
Option 4: Aegon Cash Pathway	820	242	1062
Total	**3404**	**814**	**4218**

Source: Aegon

In line with the design expectations the two most popular Investment Pathways are Investment Pathway 1 (38%), and Investment Pathway 3 (34%),

To ensure Investment Pathway 4 takes the appropriate investment strategy in the high inflation environment, we discussed with Aegon possible alternatives to cash that might better protect members' capital value in real terms (returns after inflation is factored in).

Following those discussions, Aegon undertook analysis of alternatives to cash, including the cost of implementing any potential alternatives. The analysis confirmed cash is the appropriate asset class for Pathway 4. The analysis found cash offers both real and nominal security for members over short time horizons (less than one year). 2022 has highlighted the effectiveness of a cash solution in protecting capital and when comparing to competitors, Aegon's solution was the least volatile over a year. However, if members are invested for longer periods of time the ability to deliver positive investment returns may be at risk.

While the Investment Pathway options each measure up well against their objectives, the same cannot be said for performance last year. Investment Pathway 4 was the only pathway to deliver positive returns - with Investment Pathway 2 falling the most at -40.1%. Comparatively Aegon was the best performer among competitor funds for Pathway 4. Aegon was though the worst performer among competitor funds for Pathways 1, 2 and 3.

A summary of performance return (%) 1 year:

The table below summarises performance across all Investment Pathway options offered across each Aegon platform. The underlying solutions for ARC and Traditional Products Investment Pathways are the same, however differing charges impact the net performance after charges of the strategies.

Investment Pathway	ARC	Traditional Products	TargetPlan	Commentary
Option 1 : Aegon Growth Pathway.	-10.9	-11.8	-17.2	Defensive asset classes experienced some of the largest drops in turbulent markets, particularly driven by downturns in the bond market. Differences in performance can be attributed to the differences in cash allocations, and the approach to managing foreign exchange risk. BlackRock reviewing the Fixed Income allocation for the solution used on TargetPlan. The solutions used across ARC and Traditional Products has c. 7.3% allocation to cash, while the TargetPlan solution does not hold cash at retirement.

Investment Pathway	ARC	Traditional Products	TargetPlan	Commentary
Option 2 : Aegon Annuity Pathway.	-40.1	-40.6	-25.9	Prolonged interest rate rises to counteract inflation, and the markets' reaction to the UK government mini-budget negatively impacted the performance of UK government bonds – the ARC Solution is 99.0% invested in long-duration UK government bonds. The TargetPlan solution has an allocation to corporate bonds and is more diversified across other regions which limited the downside. Inverse movements in annuity rates have in part off set the fall in capital value, so those buying an annuity may not feel the full impact of the fall in fund values. A full review of the SE Long Gilt fund is underway, used within the strategy offered across ARC and Traditional Products. Both Aegon and BlackRock (the asset manager for the LifePath funds) are reviewing the respective strategies.
Option 3 : Aegon Flexible Income Pathway.	-10.9	-11.8	-17.2	Over coming years Aegon accepts that further analysis is required on members' actual behaviour when taking money as a long-term income, to further inform suitability assessments. The underlying funds for Investment Pathway 3 are the same as Investment Pathway 1 and therefore the same commentary applies.

Investment Pathway	ARC	Traditional Products	TargetPlan	Commentary
Option 4 : Aegon Cash Pathway for cash investors.	1.5	0.5	1.3	All options use money market instruments only (i.e. 100% cash/ cash like instruments). Continuing interest rate rises have introduced greater upside. This Pathway was flagged as 'minor concern' to ensure cash provides best protection in inflationary markets. The review concluded other options increase both risk and cost and therefore cash remains the appropriate asset. This option achieved the lowest volatility of all funds among the competitor funds.

Pathway 2 suffered losses and analysis showed the use of long dated UK government bonds (government bonds that mature in 15 years or more) had been the key driver of this underperformance. As explained in the example of red flagged funds, for the TargetPlan option BlackRock propose using more short-dated bonds going forward. For the ARC and Traditional Products options a full review of the SE Long Gilt fund is underway. We will continue to monitor how the changes made address the relative performance of each fund.

Pathway options 1 and 3 have short track records, but we remain comfortable with the solutions based on the long-term record of the underlying funds.

The work to increase ESG allocation for a number of key default funds has included Aegon Workplace Default (AWD) Retirement fund. AWD Retirement is the underlying fund for ARC and Traditional Products customers in both Investment Pathway 1, and Investment Pathway 3. That work has seen circa £3 billion of assets moved into ESG, without changing asset allocations, charges, risk levels or performance.

Alongside this the LifePath Flexi fund utilised in Investment Pathways 1 and 3 for TargetPlan customers, has seen an increase in ESG integration. In this reporting period the LifePath allocation to investment assets that have a screen and/or tilt for ESG factors has continued to increase from circa 40% of funds at the outset of the year, to 46% by 31 December 2022.

The work to increase the use of ESG factors has been done within the agreed costs, and we have seen good examples of how such a complex undertaking has been effectively governed.

Our conclusions

The IGC believe each of the Investment Pathway funds have met their fund objectives – the funds have been managed as set out in the fund objectives. The research shows the objectives of the Aegon Investment Pathways remain appropriate and in-line with member expectations.

Performance in the period was an issue for a significant number of funds in the market and in large part that has driven the performance seen in the Aegon Investment Pathway funds. We are though concerned to see that the Investment Pathway solutions offered by Aegon have not performed as well as some competitor offerings in the recent difficult markets. Pathway 4 was reviewed to ensure that the cash allocation is appropriate for the needs of investors selecting this option. It was agreed that no changes are required.

The IGC finds Aegon clearly demonstrated their policies on ESG and Stewardship and have made good steps on this long journey.

Our challenges to Aegon

- We will challenge Aegon to address the performance issues, most particularly through its proposed changes to the asset allocation strategy for Pathways 1 and 3 for TargetPlan.

11. Investment Pathways: Customer Service

Customer Service Customer Outcomes

‘My requests and instructions are acted on quickly and accurately’.

‘Any complaints I make are dealt with quickly and appropriately’.

What is a good outcome for members?

‘My requests and instructions are acted on quickly and accurately’.

‘Any complaints I make are dealt with quickly and appropriately’.

What did we investigate and what did we find?

We analyse the regular workplace customer service reporting Aegon provides to ensure any Investment Pathways specific issues are identified.

As documented in section 6 of this report, we know that service in Platform Solutions (where Investment Pathways customers reside) in the first half of 2022 was challenging, which will have impacted Investment Pathways customers. We also know that by the end of the year, service had improved considerably.

In addition, we look to identify Pathways specific issues from complaints and NPS data. We found that in 2022 only two complaints were received from Pathways members, one of which was upheld, and it wasn’t an Investment Pathways specific issue. Similarly, there were no specific mentions of Investment Pathways in any of the feedback Aegon received from their NPS survey.

We also asked for feedback on the Aegon Assist team who are in place to provide guidance to customers looking to move into drawdown. Feedback was largely positive, with good communication and the provision of detailed explanations of the process being the main drivers.

We know from the Redington survey that Aegon’s service levels in back-office administration were generally in line with competitors, but that call centre service was challenged. Investment Pathway customers will have received this same experience, and we have challenged Aegon to maintain the improved levels that were seen towards the end of the year.

Our conclusions

Investment Pathways customers dealing with Aegon in the first half of the year won't have received the level of service they should expect. The lack of Investment Pathways specific issues raised in complaints and NPS surveys gives us confidence that if service overall is maintained at the levels seen towards the end of the year, Investment Pathways customers will be receiving the level of service they should expect.

Our challenges to Aegon

- Maintain the level of service seen towards the end of the year.
- Provide further detail on the service received specifically by Investment Pathways customers.

12. Investment Pathways: Communication and Member Engagement

Communication and Member Engagement Customer Outcomes

‘I receive the information, advice and support that I need at the right time and in the right form to help me make the right investment pathway choice for me’.

‘I am drawing a sustainable income from my savings or understand the implications if I am drawing more than this’.

What is a good outcome for members?

‘I receive the information, advice and support that I need at the right time and in the right form to help me make the right investment pathway choice for me’.

‘I am drawing a sustainable income from my savings or understand the implications if I am drawing more than this’.

What did we investigate and what did we find?

Research carried out by Aegon, and presented to the IGC, has shown that the majority of customers find the process of moving into an Investment Pathway with Aegon easy. Something that was flagged as part of this research was customers being given conflicting information by call handlers. Aegon presented their subsequent analysis of this issue to us during the year, and were able to confirm that no issues specific to the drawdown process were identified.

Aegon Assist is in place to provide guidance to customers making the transition into drawdown, and as we’ve referenced elsewhere in section 11 of this report, the feedback they receive is largely positive. We get regular updates on how widely this service is used by customers, and have been pleased to see the numbers consistent throughout the year. The Redington findings showed Aegon to be the only provider offering virtual 1-2-1 guidance sessions with members.

We were also presented with Aegon’s cost-of-living updates, in which they identified the risk of members taking an income in retirement that is unsustainable. Aegon monitors this closely, and have presented evidence of small rises in the number of members starting to draw on their pension savings, and in the value of the withdrawals that they are making. There have been no concerns raised from this analysis so far, and we will continue to review the findings in the year ahead.

Our conclusions

We know from the regular updates we get from Aegon of the work they are doing to encourage customers to engage with their pension, including the materials and tools they provide to support customers in the moments that matter. On top of this regular reporting, we have seen evidence of Aegon providing assistance and guidance specifically to customers moving from saving into a pension to taking money out. They are also monitoring members' drawdown behaviour in order to judge whether action, including potentially additional communications, are necessary. So far Aegon has judged that no action is needed but we will continue to monitor their activity in this important area.

Our challenges to Aegon

- Improve the measurement and impact of communications and services designed to support members considering or who have chosen Investment Pathways. In particular, we have asked to see and analyse data on how the actual behaviour of members corresponds to the Pathway that they have selected. We recognise that it will take some time to be able to draw firm conclusions from this data about the effectiveness of the communications and support that members receive at this point. However, we will challenge Aegon to identify and consider whether there are any early flags that more or different support is needed.

13. Feedback from members and employers

The feedback you provide to Aegon and directly to the IGC is critical as it helps us understand where Aegon are doing well, and where improvements are needed. This helps us to prioritise our focus and areas of challenge throughout the year.

During the year we met with a number of employers to understand where Aegon is doing well and where it could do better. These conversations are invaluable as they give us direct and unfiltered feedback from those who use the services Aegon provide. Each employer was generally satisfied with their pension arrangement, but there were a couple of themes we would like Aegon to address.

The first was that the payroll/administration systems employers are presented with to administer their schemes are 'clunky' to use. This is something Aegon have previously acknowledged, and has been one of their main priorities to fix – so we were pleased to see Aegon's new offering ADX (Aegon Digital Experience) go live for an initial small number of employers in Q1 2023. Initial feedback has been positive, with Workplace ARC all employers expected to be using this new service by Q4 2023, which will enhance what employers are able to do for their pension scheme members.

The second theme was service and delays. This is also something Aegon have acknowledged and have made significant strides towards improving at the end of 2022. As detailed in the Customer Service section of this report, we anticipate that this improved level of service will be sustained in 2023.

As always, we'd be delighted to hear from employers and to discuss their experience of working with Aegon and what more they think it can do to help employees engage with and improve their financial wellbeing.

And of course, we are always keen to hear directly from you. If you would like to share your thoughts on the experiences you have with Aegon and tell us what can be done to improve outcomes for you, then please contact us using the details below.

How to contact Aegon if your query is for them

Follow the link below to find the right contact details for you.

Aegon support - contact us

Or in writing to:
Freepost RUCB-LJKR-HHBU
Aegon
Sunderland
SR43 4DU

Or by email:
igc@aegon.co.uk

Our email system and the way we deal with data internally is secure. However, we're unable to ensure the security of emails before they reach us so please consider this and do not include any personally sensitive, financial or banking information that has not been appropriately secured.

Appendix 1

Aegon's IGC members

Aegon' s IGC is chaired by Independent Trustee Limited, part of Independent Governance Group,, acting through Ian Pittaway as its nominated representative. Including the Chair, it is made up of five members; three independent members and two Aegon appointed members.

Independent chairman: Ian Pittaway is the nominated representative of Independent Trustee Limited (ITL).

ITL is part of Independent Governance Group which is a Professional Trustee firm where Ian is a Client Director. Ian was previously Senior Partner of Sacker and Partners LLP which is a leading pensions law firm in the City of London where Ian gained extensive experience of advising large pension schemes on legal matters and also acting as a professional trustee. He is also an expert on governance and advises boards on taking effective decisions. Ian is also a former Chairman of the Association of Professional Pension Trustees and former Chairman of the Association of Pension Lawyers.

Independent member: Alison Bostock, Client Director of ZEDRA Governance Ltd (ZEDRA), nominated representative of ZEDRA.

Alison joined ZEDRA (formerly PTL Governance Ltd) as a full-time professional trustee in 2015, after a 25 year career in pensions consultancy as an actuary. Alison acts as a trustee to a number of DB and DC pension schemes, and is a leading member of ZEDRA's Governance Advisory Arrangement, which acts as an IGC to assess value for money for the workplace pension schemes of a large number of smaller providers. Alison holds the PMI Certificate in DC Governance and is an accredited professional trustee. She was also appointed as ZEDRA's representative on the Board of the Aegon Master Trust on 1 December 2018.

Independent member: Helen Parker.

Helen's career has been spent championing consumers' interests, first in executive roles and now as a non-executive. She was a member of the senior leadership team of Which? for more than a decade – as Editorial Director, then Policy Director and finally Deputy CEO. Helen's non-executive roles include serving as the Deputy Chair of the Financial Services Compensation Scheme. She is also a member of: the Office of Rail and Road's Consumer Expert Panel; Pay.UK's End User Advisory Council, and of the national Committee of Healthwatch England. Helen is also a member of the Board of the Aegon Master Trust.

Andy Manson – Chief Marketing Officer, Aegon UK.

Andy is Chief Marketing Officer at Aegon. He is responsible for the development and marketing of propositions across workplace and wealth channels. Andy has over 25 years of experience in the industry across a range of marketing, operations and distribution roles. He joined Aegon from KPMG in 2016 where he was a management consultant working with insurers, advisers and asset managers to drive strategic change. Prior to this, Andy held a number of senior roles at Standard Life. Andy brings a deep understanding of Aegon's business and its ambition to transform member outcomes embedding financial wellbeing at the heart of its business. He is ensuring that the products Aegon offers deliver value for money and that the right communications are in place to connect all members with their savings to help them get the most out of it.

Tim Orton, Chief Investment Officer, Aegon UK.

Tim is Chief Investment Officer at Aegon. He is responsible for the operations, governance and development of the Aegon UK Investment estate. Tim is an actuary by profession and has 30 years experience in financial services. He's held a number of senior roles across insurance and investment businesses and has a deep understanding of investment funds and markets. Tim's main focus is on the design and performance of the investment options including default funds and Investment Pathways and how they provide value for money to members.

Experience and expertise

We have concluded that, through initial and ongoing assessment of our individual experience and expertise, we collectively have sufficient experise, experience and independent to act in relevant policyholders' interests.

Independence

The independent members of Aegon's IGC fulfil the FCA requirements to be demonstrably independent of Aegon. None are, or ever have been employees of Aegon UK or of a company within the Aegon group. None are or have been paid by them for any role other than as an IGC member or since Independent Trustee Limited (part of the Independent Trustee Services group) and ZEDRA Governance Limited (formerly PTL Governance Ltd) were appointed to the Board of the Aegon Master Trust on 1 July 2018 and since Helen Parker was appointed as Trustee on 13 May 2020 in respect of which their fees are paid by Scottish Equitable as Sponsoring Employer and Scheme Founder of the Aegon Master Trust. (The FCA rules explicitly acknowledge that there may be benefits in a trustee of a master trust operated by a group also being a member of the group's IGC). They have never had any material business relationship with any company within the Aegon group.

The corporate members, Independent Trustee Limited and ZEDRA Governance Limited, do not have any actual or potential conflicts of interest and neither do their nominated representatives.

The IGC can therefore confirm that it meets the independence requirement, taking into account the relevant Financial Conduct Authority guidance.

Aegon has confirmed it also regards its independent IGC members as meeting the independence requirements and will continue to review this, taking appropriate action if it considers that they are not.

Appendix 2

Aegon's own default funds performance

Fund	Investment Performance											
	1 year (%) (ARC & TargetPlan)		1 year (%) (Traditional)		3 years (%) (ARC & TargetPlan)		3 years (%) (Traditional)		5 years (%) (ARC & TargetPlan)		5 years (%) (Traditional)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Universal Lifestyle Collection (ARC & Trad Prods)	-11.0	-10.0	-11.8	-10	3.2	1.3	2.3	1.3	4.3	2.5	3.4	2.5
Balanced Lifestyle (ARC & Trad Prods)	-10.4	-10.0	-11.1	-10.0	4.4	1.3	3.5	1.3	4.7	2.5	3.9	2.5
Aegon Growth Tracker (Flexible Target) (ARC & Trad Prods)	-7.4	-9.4	-8.3	-9.4	2.9	3.3	1.9	3.3	4.2	4.6	3.2	4.6
Aegon Default Equity & Bond Lifestyle (ARC)	-7.4	N/A	N/A	N/A	2.9	N/A	N/A	N/A	4.2	N/A	N/A	N/A
Aegon Workplace Default (ARC)	-7.4	N/A	N/A	N/A	3.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aegon BlackRock LifePath Flexi 2058-2060 (BLK) (TargetPlan)	-12.8	-13.4	N/A	N/A	4.6	4.3	N/A	N/A	5.7	5.5	N/A	N/A
Aegon 50/50 Global Equity Index Lifestyle (ARC)	-2.9	-3.3	N/A	N/A	4.7	4.5	N/A	N/A	4.9	4.7	N/A	N/A
Universal Balanced Collection (annuity target) (ARC & Trad Prods)	-11.0	-10.0	-11.8	-10.0	3.2	1.3	2.3	1.3	4.3	2.5	3.4	2.5
Universal Balanced Collection (flexible target) (ARC & Trad Prods)	-11.0	-10.0	-11.8	-10.0	3.2	1.3	2.3	1.3	4.3	2.5	3.4	2.5
Ethical Managed Lifestyle (ARC & Trad Prods)	-21.3	-5.4	-21.8	-5.4	-3.1	0.8	-3.7	0.8	-0.2	1.8	-0.8	1.8
Ethical Managed (flexible target) (ARC & Trad Prods)	-21.3	-5.4	-21.8	-5.4	-3.1	0.8	-3.7	0.8	-0.2	1.8	-0.8	1.8
Ethical Lifestyle (ARC & Trad Prods)	-22.4	0.3	-22.9	0.3	-3.1	2.3	-3.7	2.3	0	2.9	-0.7	2.9

Fund	Investment Performance											
	1 year (%) (ARC & TargetPlan)		1 year (%) (Traditional)		3 years (%) (ARC & TargetPlan)		3 years (%) (Traditional)		5 years (%) (ARC & TargetPlan)		5 years (%) (Traditional)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Aegon BlackRock Consensus Lifestyle (ARC & Trad Prods)	-6.5	-10.0	-7.4	-10.0	3.5	1.3	2.5	1.3	4.0	2.5	3.0	2.5
Stakeholder default (Trad Prods)	N/A	N/A	-8.3	-10.0	N/A	N/A	2.0	1.3	N/A	N/A	3.2	2.5
GPP Default (Trad Prods)	N/A	N/A	-8.3	-10.0	N/A	N/A	1.9	1.3	N/A	N/A	3.2	2.5
Growth Tracker (cash target) (ARC & Trad Prods)	-7.4	-9.4	-8.3	-9.4	2.9	3.3	1.9	3.3	4.2	4.6	3.2	4.6
Growth Tracker (annuity target) (ARC & Trad Prods)	-7.4	-9.4	-8.3	-9.4	3.0	3.3	2.0	3.3	4.2	4.6	3.2	4.6
Balanced Tracker (flexible target) (ARC & Trad Prods)	-13.5	-13.4	-14.4	-13.4	-0.2	-0.4	-1.1	-0.4	2.0	1.9	1.0	1.9
Balanced Tracker (annuity target) (ARC & Trad Prods)	-13.5	-13.4	-14.4	-13.4	-0.1	-0.4	-1.1	-0.4	2.0	1.9	1.1	1.9
Adventurous Tracker (annuity target) (ARC & Trad Prods)	-4.5	-3.6	-5.3	-3.6	5.5	5.6	4.5	5.6	6.0	6.0	4.9	6.0
Adventurous Tracker (flexible target) (ARC & Trad Prods)	-4.5	-3.6	-5.4	-3.6	5.5	5.6	4.5	5.6	6.0	6.0	5.0	6.0
Global Equity Tracker Lifestyle (ARC & Trad Prods)	-4.1	-3.6	-4.9	-3.6	5.7	5.6	4.7	5.6	6.0	6.0	5.1	6.0
Aegon Blackrock 40/60 Global Equity Index Lifestyle (ARC & Trad Prods)	-5.7	-4.9	-6.5	-4.9	6.1	6.1	5.1	6.1	6.5	6.4	5.5	6.4
Aegon BlackRock 50/50 Equity and Bond Index Lifestyle (ARC & Trad Prods)	-20.8	-21.8	-21.5	-21.8	-3.6	-3.9	-4.5	-3.9	0.1	-0.1	-0.8	-0.1
Aegon BlackRock 75/25 Equity and Bond Index Lifestyle (ARC & Trad Prods)	-12	-12.5	-12.8	-12.5	-0.2	-0.4	-1.1	-0.4	1.9	1.7	1.0	1.7

Fund	Investment Performance											
	1 year (%) (ARC & TargetPlan)		1 year (%) (Traditional)		3 years (%) (ARC & TargetPlan)		3 years (%) (Traditional)		5 years (%) (ARC & TargetPlan)		5 years (%) (Traditional)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
UK Fixed Interest and Global Equity Tracker Lifestyle (ARC & Trad Prods)	-4.1	-3.6	-4.9	-3.6	5.7	5.6	4.7	5.6	6.0	6.0	5.1	6.0
Dynamic Lifestyle (ARC & Trad Prods)	-15.7	-9.1	-15.1	-9.1	7.2	5.5	8.1	5.5	6.9	5.9	7.7	5.9
Cautious Lifestyle (ARC & Trad Prods)	-7.6	-10.8	-8.3	-10.8	0.2	-0.9	-0.6	-0.9	1.4	0.6	0.6	0.6
Balanced Passive Lifestyle (ARC & Trad Prods)	-7.6	-10.0	-8.5	-10.0	2.9	1.3	1.9	1.3	3.9	2.5	3.0	2.5
MI Workplace Savings (L) (ARC & Trad Prods)	-12.6	N/A	-13.4	N/A	-1.4	N/A	-2.3	N/A	1.2	N/A	0.2	N/A
MI Workplace Savings (M) (ARC & Trad Prods)	-12.6	N/A	-13.4	N/A	-1.1	N/A	-2.0	N/A	1.6	N/A	0.7	N/A
MI Workplace Savings (H) (ARC & Trad Prods)	-11.5	N/A	-12.3	N/A	-0.3	N/A	-1.1	N/A	2.2	N/A	1.3	N/A
Balanced Plus Core Lifestyle Portfolio (ARC & Trad Prods)	-8.0	N/A	-8.7	N/A	1.6	N/A	0.8	N/A	2.6	N/A	1.8	N/A
Balanced Core Lifestyle Portfolio (ARC & Trad Prods)	-9.0	N/A	-9.6	N/A	0.2	N/A	-0.5	N/A	1.6	N/A	0.9	N/A
Adventurous Core Lifestyle Portfolio (ARC & Trad Prods)	-4.9	N/A	-5.7	N/A	4.1	N/A	3.2	N/A	4.3	N/A	3.5	N/A
Growth Core Lifestyle Portfolio (ARC & Trad Prods)	-6.6	N/A	-7.3	N/A	2.8	N/A	2.0	N/A	3.4	N/A	2.6	N/A
Growth Plus Core Lifestyle Portfolio (ARC & Trad Prods)	-5.7	N/A	-6.4	N/A	3.4	N/A	2.6	N/A	3.8	N/A	3.0	N/A
Cautious Core Lifestyle Portfolio (ARC & Trad Prods)	-10.5	N/A	-11.2	N/A	-0.9	N/A	-1.7	N/A	0.8	N/A	0.0	N/A
Conservative Core Lifestyle Portfolio (ARC & Trad Prods)	-11.5	N/A	-12.1	N/A	-2.2	N/A	-3.0	N/A	-0.2	N/A	-0.9	N/A

Fund	Investment Performance											
	1 year (%) (ARC & TargetPlan)		1 year (%) (Traditional)		3 years (%) (ARC & TargetPlan)		3 years (%) (Traditional)		5 years (%) (ARC & TargetPlan)		5 years (%) (Traditional)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Aegon BlackRock LifePath Capital 2058-2060 (BLK) (TargetPlan)	-12.8	-13.4	N/A	N/A	4.6	4.3	N/A	N/A	5.7	5.5	N/A	N/A
Aegon BlackRock LifePath Retirement 2058-2060 (BLK) (TargetPlan)	-12.8	-13.4	N/A	N/A	4.6	4.3	N/A	N/A	5.7	5.5	N/A	N/A

31/12/2022 Source: Aegon
See fund fact sheets for objectives and investment approach.

All of the above funds change their investment mix as your retirement date gets closer, placing more of your money in, what are regarded by investment experts as, less risky investments. This means that closer to retirement, you will likely have a higher allocation to fixed income assets such as corporate and government bonds.

While this means that the returns are generally lower than in the growth stages, the risk is also generally reduced as shown below:

Fund	Return (%pa) – 3 years to 31/12/22	Risk (%pa) – 3 years to 31/12/22
Growth stages		
Aegon Workplace Default	3.1	12.1
LifePath Flexi 2064-66	4.6	17.4
Retirement stages		
Aegon Workplace Default Retirement	-2.5	7.5
LifePath Flexi	-1.2	10.1
Inflation (UK RPI)	7.3	

Sources: FE analytics and Aladdin, 3-year annualised returns to 31 December 2022. Risk is measured by the 3-year standard deviation.

Appendix 3

Disclosure of Costs and Charges

This appendix provides detail of the costs and charges you pay. In particular it:

3.1 Details the work we do to ensure fund transaction costs are appropriate.

3.2 Shows representative costs and charges for both funds and administration, providing you with detail on each element of charges paid for funds and administration.

3.3 Provides representative illustrations, showing the potential impact of costs and charges on the value of a pension pot over time.

3.1 Transaction costs in detail

All funds have transaction costs because they need to buy and sell investments as money comes into or out of the fund and to implement investment decisions. Transaction costs are paid from the fund, so directly impact the net return you receive.

Transaction costs are influenced by a number of factors such as:

- The type of investment that the fund holds - for example company bonds and cash have lower transaction costs than stocks and shares (equities) and other types of investment;
- How frequently the fund manager tends to buy and sell the investments – active funds will tend to buy and sell more frequently than passive funds;
- The fund's overall objective – typically those with a higher performance target will likely buy and sell more often.

Analysis of transaction costs:

We reviewed the 2022 transaction costs in detail for all funds under our remit. Our analysis focussed on the costs for these funds against a peer group of similar funds, allowing us to identify any outliers. Where there were outliers, we looked at total investment costs for the fund (annual management charge + additional expenses + transaction costs) and fund performance over the time the transaction costs applied. These validation tests allowed us to identify whether the higher transaction costs had impacted the total investment costs of the fund against its peer group as well as whether the higher transaction costs had impacted the fund from meeting its fund objective.

2022 was a challenging year for markets with volatility across equities and bonds potentially contributing to a higher number of funds failing the tests established under the transaction costs framework compared to previous years. All funds flagged red have undergone further analysis either via fund manager engagement or further scrutiny of the performance and transaction costs vs a more specific peer group.

Our assessment of transaction costs concluded that across the 363 funds tested, 82% were assessed as Green, 7% Amber and 10% Red (due to rounding total percentage may not add up to 100%). Red and amber funds have undergone further investigation including asset manager engagement. Responses have confirmed the majority of the transactions costs are in line with their best execution policy (the steps taken to obtain the best possible outcome for their investors). A small number of funds are now being investigated further with asset managers reviewing the calculation methodology.

Following its assessment, the IGC has concluded that transaction costs in the fund range are reasonable compared to other similar funds available from competitors and allowing for the investment returns offered by the funds. We continue to be vigilant, and the funds flagged amber and red continue to be challenged to ensure satisfactory information is provided. Should a fund show deterioration in value further action will be taken and the fund closed if appropriate.

3.2 Disclosure of Costs & Charges

We provide the full breakdown of Costs and Charges, including the elements that make-up transaction costs for Default Funds offered by Aegon under our remit. This information is also available on-line for all funds offered to Workplace customers here. This disclosure is a new regulatory requirement. These are not new charges; we are though providing a greater level of detail on the costs you pay.

Each table below has a column Total Fund Costs, that represents the full amount you pay for that fund.

The *Total Fund Costs* are the sum of:
Fund Annual Management Charge + Annual Additional Expenses + Sub-total of transaction Costs = Total Fund Costs.

It is the total fund cost that you can use when assessing the costs and charges of the investments you hold.

Fund Annual Management Charge
When selecting a fund you can see the Fund Annual Management Charge you will pay; this is set for each fund within your product range and known in advance of your investing. The charge depends on the investments you select.

Annual Additional Expenses
In addition to the Fund Annual Management Charge, you will pay your share of any Annual Additional Expenses for the fund; these costs are calculated each year to cover costs like trading fees, legal fees, auditor fees, and other operational expenses.

Transaction costs

All funds have transaction costs when they buy and sell investments. You'll pay your share of any Transaction costs for the fund. In all tables we have supplied the detailed breakdown for each element of transaction costs – these are added together in the transaction costs sub-total column, the cost you pay. We have included a glossary of terms used for transaction costs at the end of this Appendix.

Other costs:

For some pension types there is also a charge to cover the administration of your pension. These are explained in the tables below – select the table that matches the pension type you hold.

Table 1: Costs and Charges for default funds on Workplace ARC:

For Workplace ARC there is an administration charge, the **Annual Platform Charge** (the right most column), payable in addition to the **Total Fund Costs**. You will pay the sum of the last two columns in this table.

The table shows a representative cost for the **Annual Platform Charge**, you can view the actual charge you pay by going to your yearly benefits statement.

Fund Name	Fund Annual Manage ment Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Repres entative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrow ing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Universal Lifestyle Collection (ARC)	0.10	0.02	0.01	0.00	0.00	0.00	0.00	0.01	Not recorded	0.13	0.29
Balanced Lifestyle (ARC)	0.20	0.01	0.01	0.00	0.01	0.00	0.00	0.00	Not recorded	0.22	0.29
Aegon Growth Tracker (Flexible Target) (ARC)	0.04	0.01	0.06	0.01	0.01	0.04	0.00	0.01	Not recorded	0.12	0.29
Aegon Default Equity & Bond Lifestyle (ARC)	0.04	0.01	0.06	0.01	0.01	0.04	0.00	0.01	Not recorded	0.12	0.29
Aegon Workplace Default (ARC)	0.04	0.01	0.06	0.01	0.01	0.04	0.00	0.00	Not recorded	0.11	0.29
Aegon 50/50 Global Equity Index Lifestyle (ARC)	0.05	0.01	0.05	0.00	0.02	0.01	0.00	0.01	Not recorded	0.11	0.29
Aegon Balanced Passive Lifestyle (ARC)	0.09	0.01	0.01	0.00	0.00	0.00	0.00	0.01	Not recorded	0.11	0.29
Cautious Lifestyle (ARC)	0.20	0.02	0.04	0.00	0.01	0.03	0.00	0.00	Not recorded	0.26	0.29
Aegon 75/25 Equity & Bond Index Lifestyle (ARC)	0.04	0.01	0.06	0.00	0.02	0.03	0.00	0.01	Not recorded	0.11	0.29

Fund Name	Fund Annual Manage ment Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Repres entative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrow ing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Universal Balanced Collection (Flexible Target) (ARC)	0.09	0.02	0.01	0.00	0.00	0.00	0.00	0.01	Not recorded	0.12	0.29
Aegon 50/50 Bond & Equity Index Lifestyle (ARC)	0.04	0.01	0.05	0.00	0.01	0.04	0.00	0.01	Not recorded	0.11	0.29
Aegon BlackRock Consensus Lifestyle (ARC)	0.04	0.01	0.06	0.01	0.00	0.03	0.00	0.01	Not recorded	0.11	0.29
Dynamic Lifestyle (ARC)	0.25	0.01	0.01	0.00	0.01	0.00	0.00	0.00	Not recorded	0.27	0.29
Aegon's MI Workplace Savings (M) (ARC)	0.20	0.02	0.01	0.00	0.00	0.00	0.00	0.01	Not recorded	0.23	0.29
Scottish Equitable UK Fixed Interest & Global Equity Tracker (ARC)	0.20	0.01	0.00	0.00	0.00	0.00	0.00	0.00	Not recorded	0.22	0.29
Aegon Balanced Tracker (Flexible Target) (ARC)	0.03	0.02	0.31	0.01	0.15	0.14	0.00	0.01	Not recorded	0.36	0.29
Balanced Plus Core Lifestyle Portfolio (ARC)	0.24	0.01	0.06	0.00	0.01	0.04	0.00	0.01	Not recorded	0.32	0.29
Aegon Global Equity Tracker Lifestyle (ARC)	0.09	0.02	0.01	0.00	0.00	0.00	0.00	0.01	Not recorded	0.12	0.29
Aegon Growth Tracker (Cash Target) (ARC)	0.04	0.01	0.06	0.01	0.01	0.04	0.00	0.01	Not recorded	0.12	0.29
Aegon's MI Workplace Savings (L) (ARC)	0.20	0.02	0.06	0.00	0.00	0.05	0.00	0.01	Not recorded	0.28	0.29
Universal Balanced Collection (Annuity Target) (ARC)	0.09	0.02	0.01	0.00	0.00	0.00	0.00	0.01	Not recorded	0.12	0.29
Balanced Core Lifestyle Portfolio (ARC)	0.24	0.01	0.07	0.01	0.00	0.04	0.00	0.01	Not recorded	0.32	0.29
Aegon Ethical Lifestyle (ARC)	0.30	0.00	0.11	0.03	0.02	0.05	0.00	0.00	Not recorded	0.41	0.29
Aegon 40/60 Global Equity Index Lifestyle (ARC)	0.04	0.01	0.05	0.00	0.01	0.03	0.00	0.01	Not recorded	0.11	0.29
Adventurous Core Lifestyle Portfolio (ARC)	0.18	0.02	0.07	0.01	0.01	0.04	0.00	0.01	Not recorded	0.26	0.29
Aegon Adventurous Tracker (Flexible Target) (ARC)	0.03	0.02	0.49	0.02	0.27	0.19	0.00	0.01	Not recorded	0.54	0.29

Fund Name	Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Representative Annual Platform Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrow ing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Cautious Core Lifestyle Portfolio (ARC)	0.24	0.01	0.06	0.01	0.00	0.04	0.00	0.01	Not recorded	0.31	0.29
Ethical Managed (Flexible Target) (ARC)	0.37	0.01	0.05	0.02	0.01	0.02	0.00	0.00	Not recorded	0.44	0.29
Aegon Balanced Tracker (Annuity Target) (ARC)	0.03	0.02	0.37	0.01	0.19	0.16	0.00	0.01	Not recorded	0.42	0.29
Aegon's MI Workplace Savings (H) (ARC)	0.20	0.02	0.04	0.00	0.00	0.03	0.00	0.01	Not recorded	0.26	0.29
Aegon Growth Tracker (Annuity Target) (ARC)	0.04	0.01	0.06	0.01	0.01	0.04	0.00	0.01	Not recorded	0.12	0.29
Aegon Adventurous Tracker (Annuity Target) (ARC)	0.03	0.02	0.58	0.02	0.32	0.23	0.00	0.01	Not recorded	0.63	0.29

31/12/2022 Source: Aegon

Table 2: Costs and Charges for Traditional Products default funds

For these pensions there is an administration charge known as the **Product Charge** (the right most column). You pay the sum of the **Total Fund Costs** and the **Product Charge**. The table shows a representative cost for the **Product Charge**. You can view the actual charge you pay by going to your yearly benefits statement.

The **Product Charge** can include an allowance for the **Fund Annual Management Charge**. This allowance covers many funds, including all but two of the default funds listed here, so you will see the text 'included in RPC' (standing for 'included in Representative Product Charge') in the **Fund Annual Management Charge** column. Where you see 'included in RPC' the **Total Fund Costs** column is the sum of only the **Annual Additional Expenses** and the **sub-total of Transaction Costs**.

Outside the default funds choice there are a number of funds where there is a Fund Annual Management Charge that is not covered in the Product Charge allowance. You can see these funds in the on-line listing.

Fund Name	Fund Annual Manage ment Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Repres entative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrow ing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Universal Lifestyle Collection	Included in RPC	0.02	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.03	0.72
Balanced Lifestyle	Included in RPC	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.72
Aegon Growth Tracker (Flexible Target)	Included in RPC	0.01	0.07	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Aegon 50/50 Global Equity Index Lifestyle	Included in RPC	0.01	0.04	0.00	0.00	0.01	0.00	0.01	0.01	0.05	0.72
Aegon Balanced Passive Lifestyle	Included in RPC	0.01	0.02	0.00	0.00	0.00	0.00	0.01	0.01	0.03	0.72
Cautious Lifestyle	Included in RPC	0.02	0.03	0.00	0.00	0.03	0.00	0.00	0.00	0.05	0.72
Aegon 75/25 Equity & Bond Index Lifestyle	Included in RPC	0.01	0.05	0.00	0.00	0.03	0.00	0.01	0.01	0.06	0.72
Universal Balanced Collection (Flexible Target)	Included in RPC	0.02	0.02	0.00	0.00	0.00	0.00	0.01	0.01	0.04	0.72
Aegon 50/50 Bond & Equity Index Lifestyle	Included in RPC	0.01	0.06	0.00	0.00	0.04	0.00	0.01	0.01	0.07	0.72
Aegon BlackRock Consensus Lifestyle	Included in RPC	0.01	0.07	0.01	0.01	0.03	0.00	0.01	0.01	0.08	0.72
GPP Default	Included in RPC	0.01	0.07	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Dynamic Lifestyle	Included in RPC	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.72
Aegon's MI Workplace Savings (M)	0.08	0.02	--	--	--	--	--	--	--	0.10	0.72
Stakeholder Default	Included in RPC	0.01	0.07	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Scottish Equitable UK Fixed Interest & Global Equity Tracker	Included in RPC	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.72
Aegon Balanced Tracker (Flexible Target)	Included in RPC	0.02	0.18	0.01	0.01	0.14	0.00	0.01	0.01	0.20	0.72
Scottish Equitable Ethical Managed Lifestyle	Included in RPC	0.01	0.05	0.02	0.02	0.02	0.00	0.00	0.00	0.06	0.72
Balanced Plus Core Lifestyle Portfolio	Included in RPC	0.01	0.07	0.00	0.00	0.04	0.00	0.01	0.01	0.08	0.72

Fund Name	Fund Annual Manage ment Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)	Repres entative Product Charge (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrow ing Costs	Anti Dilution Offset		
				Taxes	Fees & Charges						
Aegon Global Equity Tracker Lifestyle	Included in RPC	0.02	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.03	0.72
Aegon Growth Tracker (Cash Target)	Included in RPC	0.01	0.07	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Aegon's MI Workplace Savings (L)	0.08	0.02	--	--	--	--	--	--	--	0.10	0.72
Universal Balanced Collection (Annuity Target)	Included in RPC	0.02	0.02	0.00	0.00	0.00	0.00	0.01	0.01	0.04	0.72
Balanced Core Lifestyle Portfolio	Included in RPC	0.01	0.08	0.01	0.01	0.04	0.00	0.01	0.01	0.09	0.72
Aegon Ethical Lifestyle	Included in RPC	0.00	0.06	0.00	0.00	0.05	0.00	0.01	0.01	0.06	0.72
Aegon 40/60 Global Equity Index Lifestyle	Included in RPC	0.01	0.05	0.00	0.00	0.03	0.00	0.01	0.01	0.06	0.72
Growth Core Lifestyle Portfolio	Included in RPC	0.01	0.10	0.03	0.03	0.05	0.00	0.00	0.00	0.11	0.72
Adventurous Core Lifestyle Portfolio	Included in RPC	0.02	0.06	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Aegon Adventurous Tracker (Flexible Target)	Included in RPC	0.02	0.23	0.02	0.02	0.19	0.00	0.01	0.01	0.25	0.72
Growth Plus Core Lifestyle Portfolio	Included in RPC	0.02	0.09	0.02	0.02	0.05	0.00	0.01	0.01	0.11	0.72
Cautious Core Lifestyle Portfolio	Included in RPC	0.01	0.07	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Ethical Managed (Flexible Target)	Included in RPC	0.01	0.04	0.02	0.02	0.02	0.00	0.00	0.00	0.06	0.72
Aegon Balanced Tracker (Annuity Target)	Included in RPC	0.02	0.20	0.01	0.01	0.16	0.00	0.01	0.01	0.22	0.72
Aegon's MI Workplace Savings (H)	0.08	0.02	0.05	0.00	0.00	0.04	0.00	0.01	0.01	0.07	0.72
Aegon Growth Tracker (Annuity Target)	Included in RPC	0.01	0.07	0.01	0.01	0.04	0.00	0.01	0.01	0.08	0.72
Conservative Core Lifestyle Portfolio	Included in RPC	0.01	0.07	0.00	0.00	0.03	0.00	0.02	0.02	0.07	0.72
Aegon Adventurous Tracker (Annuity Target)	Included in RPC	0.02	0.27	0.02	0.02	0.23	0.00	0.01	0.01	0.29	0.72

31/12/2022 Source: Aegon

Table 3: Costs and Charges for TargetPlan default funds

For TargetPlan the **Fund Annual Management Charge** covers the administration of your pension as well as the Investment Management fees. You pay only the **Total Fund Costs**, which are the sum of the **Fund Annual Management Costs + Annual Additional Expenses + sub-total of Transaction Costs**.

We have used representative costs for **Fund Annual Management Charge**. Your own charges may vary from those detailed. You can find details of your annual management costs and additional expenses for all the investment funds available to you by logging onto TargetPlan and selecting 'Funds Information'. You can also find this information in your Investment Funds Guide which was included in your welcome pack and is in your Document Store in TargetPlan.

Fund Name	Represen-tative Fund Annual Management Charge (%)	Annual Additional Expenses (%)	Transaction Costs (%)							Total Fund Costs (%)
			Sub Total	Explicit Costs		Implicit Costs	Indirect Costs	Securities Lending & Borrow ing Costs	Anti Dilution Offset	
				Taxes	Fees & Charges					
Aegon BlackRock LifePath Flexi 2058-2060 (BLK)	0.35	0.00	0.15	0.00	0.07	0.00	0.07	0.01	0.00	0.50
Aegon BlackRock LifePath Capital 2058-2060 (BLK)	0.35	0.00	0.15	0.00	0.07	0.00	0.07	0.01	0.00	0.50
Aegon BlackRock LifePath Retirement 2058-2060 (BLK)	0.35	0.00	0.15	0.00	0.07	0.00	0.07	0.01	0.00	0.50

31/12/2022 Source: Aegon

Glossary of transaction costs terms

Explicit costs: Where a known monetary amount is paid when the fund buys and sells investments and are in two categories:

- Taxes: Transaction taxes such as Stamp Duty; and
- Fees & charges: Broker commissions, dealing fees and other explicit non-tax transaction costs

Implicit costs: The difference between the price of a share before an order is placed and the actual price when the trade is executed. The difference is referred to as 'slippage'. Implicit costs can be positive or negative.

Indirect costs are typically costs incurred when a fund invests in other funds (known as sub-components) and reflects the transaction costs of those sub-components.

Securities Lending & Borrowing costs: Costs associated with lending or borrowing underlying assets in a fund, for instance financing costs on borrowing, non-financing stock lending and borrowing costs.

Anti-dilution Offset: When there is a large purchase or sale of a holding to meet customer instructions this can lead to transaction costs paid by all investors in the fund rather than just those whose instructions necessitated the trading. An anti-dilution offset reduces the effects of such trading for all investors in the fund.

As part of our analysis of Transaction costs and Value for Money we look at the breadth of charges across all Employer schemes to identify the number of schemes and their distribution for each band of charges. The table below (Table 4) shows this for each set of Aegon workplace products. This analysis is based on the default fund for each scheme.

You can view the actual charge you pay by going to your annual benefits statement, or for TargetPlan by logging onto TargetPlan and selecting 'Funds Information'.

Table 4: Charge Bands for Aegon Workplace customers

	No. of active schemes			
Charge Band	Workplace ARC	Traditional Products	TargetPlan	Total
<0.25%	200	34	9	243
0.25%-0.50%	2,121	1,036	67	3,224
0.51%-0.75%	795	5,540	15	6,350
Total	3,116	6,610	91	9,817

You can view the full range of our administration charges here.

3.3 Illustrations

Example illustrations for Aegon Retirement Choices

Purpose of this example illustration

This isn't a personal illustration - it is based on the assumptions detailed later in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds that we've chosen to illustrate on over a period of time.

	Platform administration and fund related charges (%)		
	Aegon Workplace Default (ARC)	North American (ARC)	Aegon Fundsmith Equity (ARC)
Growth	1.36%	2.94%	2.93%
Platform charge	0.29%	0.29%	0.29%
AMC*	0.04%	0.07%	0.99%
AAE*	0.01%	0.01%	0.05%
TC	0.05%	0.07%	0.01%

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

Platform charge is an administration charge taken to cover the cost of investing through ARC. You can see the charge that applies to you in your yearly statement.

AMC is the annual management charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the additional annual expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred.

TC are the transaction costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2022 to 31/12/2022.

*Rounding may result in different cumulative charges appearing on other documents.

The impact of costs and charges on fund values (£)

The 'Before charges' column shows each fund value after the growth rate is applied without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after the growth rate is applied and transaction costs, charges and expenses have been deducted.

	Aegon Workplace Default (ARC)		North American (ARC)		Aegon Fundsmith Equity (ARC)	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1590	1590	1610	1600	1610	1590
3	4920	4900	5040	5010	5040	4940
5	8440	8360	8780	8690	8780	8500
10	18100	17700	19600	19100	19600	18300
15	29100	28300	32800	31700	32800	29700
20	41700	40100	48900	46800	48800	42700
25	55900	53400	68300	64600	68200	57700
30	72000	68100	91600	85600	91400	74800
35	90200	84500	119000	110000	119000	94200
40	110000	102000	152000	139000	152000	116000
45	133000	122000	192000	173000	191000	141000
49	153000	140000	229000	204000	228000	163000

About this illustration

We've made the following assumptions for the purposes of this example illustration:

- The current age is 16 and retirement age is 65.
- The current yearly salary is £20,000 and will increase each year by 3.5%.
- Future contributions paid will be 8% of the salary (£133.34 each month increasing by 3.5% each year in line with assumed salary increases).
- We've shown the scheme default Aegon Workplace Default (ARC).
- We've also shown the North American (ARC) and the Aegon Fundsmith Equity (ARC) to show funds with lower and higher charges for comparison.

Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds

If the growth rate we've used is:

- The same as the rate of inflation - this reduces the growth rate, after making an allowance for inflation, to 0%.
- Less than the rate of inflation - this produces a negative growth rate after making an allowance for inflation.

Example illustrations for the Traditional Products Group Personal Pension

Purpose of this example illustration

This isn't a personal illustration - it is based on the assumptions detailed later in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds that we've chosen to illustrate on over a period of time.

	Product administration and fund related charges (%)		
	Universal Lifestyle Collection	North American	Aegon Fundsmith Equity
Growth	0.72%	2.94%	2.93%
Product charge	0.72%	0.72%	0.72%
AMC	Included in product charge	Included in product charge	0.99%
AAE	0.02%	0.01%	0.05%
TC	0.09%	0.07%	0.01%

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

Platform charge is an administration charge taken to cover the cost of investing through ARC. You can see the charge that applies to you in your yearly statement.

AMC is the annual management charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the additional annual expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred.

TC are the transaction costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2022 to 31/12/2022.

The impact of costs and charges on fund values (£)

The 'Before charges' column shows each fund value after the Growth rate is applied without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after the Growth rate is applied and transaction costs, charges and expenses have been deducted.

	Universal Lifestyle Collection		North American		Aegon Fundsmith Equity	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1590	1580	1610	1600	1610	1590
3	4880	4810	5040	4980	5040	4910
5	8310	8140	8780	8610	8780	8410
10	17500	16800	19600	18800	19600	17900
15	27800	26200	32800	30900	32800	28800
20	39100	36200	48900	45100	48800	41000
25	51700	46900	68300	61800	68200	54800
30	65500	58400	91600	81100	91400	70300
35	80800	70700	119000	103000	119000	87600
40	97600	84000	152000	129000	152000	107000
45	116000	98200	192000	159000	191000	128000
49	132000	110000	229000	187000	228000	147000

About this illustration

We've made the following assumptions for the purposes of this example illustration:

- The current age is 16 and retirement age is 65.
- The current yearly salary is £20,000 and will increase each year by 3.5%.
- Future contributions paid will be 8% of the salary (£133.34 each month increasing by 3.5% each year in line with assumed salary increases).
- We've shown the scheme default Universal Lifestyle Collection.
- We've also shown the North American and the Aegon Fundsmith Equity to show funds with lower and higher charges for comparison.

Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds

If the growth rate we've used is:

- The same as the rate of inflation - this reduces the growth rate, after making an allowance for inflation, to 0%.
- Less than the rate of inflation - this produces a negative growth rate after making an allowance for inflation.

Example illustrations for the Traditional Products Group Stakeholder Pension

Purpose of this example illustration

This isn't a personal illustration - it is based on the assumptions detailed later in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds that we've chosen to illustrate on over a period of time.

	Product administration and fund related charges (%)		
	Universal Lifestyle Collection	North American	Scottish Equitable Baillie Gifford 60/40 Worldwide Equity
Growth	0.72%	2.94%	2.94%
Product charge	0.72%	0.72%	0.72%
AMC	Included in product charge	Included in product charge	0.35%
AAE	0.02%	0.01%	0.03%
TC	0.09%	0.07%	0.07%

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

Platform charge is an administration charge taken to cover the cost of investing through ARC. You can see the charge that applies to you in your yearly statement.

AMC is the annual management charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the additional annual expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred.

TC are the transaction costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2022 to 31/12/2022.

Due to the Stakeholder product charge cap, the Scottish Equitable Baillie Gifford 60/40 Worldwide fund may not be available to all customers.

The impact of costs and charges on fund values (£)

The 'Before charges' column shows each fund value after the Growth rate is applied without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after the Growth rate is applied and transaction costs, charges and expenses have been deducted.

	Universal Lifestyle Collection		North American		Scottish Equitable Baillie Gifford 60/40 Worldwide Equity	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1590	1580	1610	1600	1610	1600
3	4880	4810	5040	4980	5040	4960
5	8310	8140	8780	8610	8780	8540
10	17500	16800	19600	18800	19600	18500
15	27800	26200	32800	30900	32800	30100
20	39100	36200	48900	45100	48900	43500
25	51700	46900	68300	61800	68300	59000
30	65500	58400	91600	81100	91600	76800
35	80800	70700	119000	103000	119000	97200
40	97600	84000	152000	129000	152000	120000
45	116000	98200	192000	159000	192000	146000
49	132000	110000	229000	187000	229000	170000

About this illustration

We've made the following assumptions for the purposes of this example illustration:

- The current age is 16 and retirement age is 65.
- The current yearly salary is £20,000 and will increase each year by 3.5%.
- Future contributions paid will be 8% of the salary (£133.34 each month increasing by 3.5% each year in line with assumed salary increases).
- We've shown the scheme default Universal Lifestyle Collection.
- We've also shown the North American and the Scottish Equitable Baillie Gifford 60/40 Worldwide Equity to show funds with lower and higher charges for comparison.

Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds

If the growth rate we've used is:

- The same as the rate of inflation - this reduces the growth rate, after making an allowance for inflation, to 0%.
- Less than the rate of inflation - this produces a negative growth rate after making an allowance for inflation.

Example illustrations for the TargetPlan Group Personal Pension

Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

	Fund transactional charges and costs total (%)		
	Aegon BlackRock Lifepath Flexi (Default)	Aegon BlackRock UK Equity Index (BLK)	Aegon Schroders Global Emerging Markets (BLK)
Growth	-1.30% to 3.00%*	3.00%	2.93%
AMC	0.26%	0.20%	1.19%
AAE	0.00%	0.00%	0.20%
TC	0.08%	0.07%	0.22%

*The growth rate used for the Lifepath fund varies through time based on the underlying asset mix.

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/01/18 to 31/12/22.

The impact of transactional costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

	Aegon BlackRock Lifepath Flexi (Default)		Aegon BlackRock UK Equity Index (BLK)		Aegon Schroders Global Emerging Markets (BLK)	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1600	1597	1610	1608	1610	1596
3	4954	4928	5045	5024	5037	4913
5	8520	8447	8780	8720	8758	8405
10	18435	18122	19575	19304	19477	17945
15	29916	29158	32743	32062	32496	28735
20	43153	41702	48704	47347	48210	40901
25	58358	55916	67945	65566	67076	54580
30	75763	71975	91033	87187	89623	69921
35	95629	90074	118627	112746	116465	87089
40	118241	110423	151491	142861	148308	106260
45	143917	133255	190512	178238	185972	127628
49	166899	153478	226851	210869	220924	146445

About this illustration

Your current age is 16 and retirement age is 65. This is based on the age of the youngest person in the scheme.

Your current salary is £20,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£133.33 each month increasing by 3.5% each year in line with assumed salary increases).

We've shown the default Aegon BlackRock Lifepath Flexi option that the majority of members invest in.

We've also shown the Aegon BlackRock UK Equity Index (BLK) fund and the Aegon Schroders Global Emerging Markets (BLK) fund to show the funds with the lowest and highest charges.

Investment growth

The value of your investments will grow at a rate appropriate to the funds you're invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) you're invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation this reduces the growth rate, after making an allowance for inflation, to 0%; and
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

Example illustrations for the TargetPlan Group Stakeholder Pension

Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds you invest in over time.

	Fund transactional charges and costs total (%)		
	Aegon BlackRock Lifepath Flexi (Default)	Aegon BlackRock Pre-Retirement (BLK)	Aegon AM Ethical Equity (BLK)
Growth	-1.30% to 3.00%*	1.22%	2.94%
AMC	0.41%	0.30%	1.00%
AAE	0.00%	0.00%	0.02%
TC	0.08%	0.05%	0.17%

*The growth rate used for the Lifepath fund varies through time based on the underlying asset mix.

Growth is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

AMC is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

AAE are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

TC are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the average of the actual annual transaction costs for the period 01/01/18 to 31/12/22.

The impact of transactional costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

	Aegon BlackRock Lifepath Flexi (Default)		Aegon BlackRock Pre-Retirement (BLK)		Aegon AM Ethical Equity (BLK)	
Years	Before charges	After all charges	Before charges	After all charges	Before charges	After all charges
1	1600	1596	1579	1576	1610	1599
3	4954	4917	4768	4743	5037	4945
5	8520	8415	8002	7932	8758	8496
10	18435	17985	16295	16021	19477	18329
15	29916	28831	24913	24302	32496	29659
20	43153	41082	33893	32815	48210	42658
25	58358	54881	43273	41598	67076	57522
30	75763	70384	53096	50693	89623	74462
35	95629	87759	63405	60144	116465	93713
40	118241	107193	74247	69997	148308	115534
45	143917	128886	85673	80298	185972	140212
49	166899	148014	95269	88897	220924	162221

About this illustration

Your current age is 16 and retirement age is 65. This is based on the age of the youngest person in the scheme.

Your current salary is £20,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of your salary (£133.33 each month increasing by 3.5% each year in line with assumed salary increases).

We've shown the default Aegon BlackRock Lifepath Flexi option that the majority of members invest in.

We've also shown the Aegon BlackRock Pre-Retirement (BLK) fund and the Aegon AM Ethical Equity (BLK) fund to show the funds with the lowest and highest charges.

Investment growth

The value of your investments will grow at a rate appropriate to the funds you're invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) you're invested in.

The assumed growth rate used for each fund is shown above. This rate is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and will vary depending on the fund(s). The growth rates for mixed asset funds are derived from the asset class growth rates based on the investment objectives and long-term asset allocation of the funds.

If the growth rate we've used is:

- the same as the rate of inflation this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.

Additional Illustrations:

Further example illustrations which could be more relevant to you can be accessed here.