

For trustees

Key Features of the Aegon Defined Contribution Integrated Service

If your personal circumstances mean you need any additional support, or if you'd like a large print, Braille or audio version of this document, please visit aegon.co.uk/additionalsupport or call 0345 601 7721 (call charges will vary).

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, Scottish Equitable plc ('Aegon') to give you this important information to help you to decide whether the Aegon Defined Contribution (DC) Integrated Service (the 'Service') is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Scottish Equitable plc is regulated by the FCA in carrying out insurance business and is part of Aegon UK. We don't offer personal recommendations.

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Is the Aegon Defined Contribution (DC) Integrated Service right for you?

This document is designed to help you to decide.

Important

Please read this Key Features document with:

- The fund fact sheets
- Any other documents such as the investment fund and charges information provided to you by Aegon
- The Policy document (the 'Policy')

If there's anything you do not understand or if you aren't sure whether the service is right for you, you should get advice from a financial adviser.



Its aims

- To enable the trustee(s) of a registered pension scheme to invest part or all of the scheme's funds.
- To provide investment and administration services to the trustee(s) of a registered pension scheme.



Your commitment

- To make at least one contribution to the Policy.
- To pay fees specified as being payable in accordance with the Policy.



Risks

- Investment growth may be lower than shown in the example illustration included in this document. The amount available to provide benefits may be less than the employer or member paid in.
- The charges paid for the Service may be different from those indicated in this document.
- Any transfer values members may decide to pay into the registered pension scheme and which are invested in the Policy may provide benefits that are less than those which may have been given up.
- A passively managed fund will aim to achieve a return which reflects the markets it invests in or match the return of a specific benchmark. Where its benchmark is an Index as published by the relevant index provider, each fund will bear any costs resulting from the correction of errors arising as a result of the lack of quality, accuracy and completeness of the data published by the relevant index provider that may occur from time to time. Any such costs will have a negative impact on the performance of the fund. This does not apply to actively managed funds where fund objectives will vary from fund to fund.
- If funds are invested in a fund that is reinsured and the reinsurer defaults on its obligations, the trustee(s) may not receive the full value of their investment back.



Questions and answers

What is the service?

- The Service comprises an insurance policy issued by Aegon to the trustee(s) of a registered pension scheme. It provides for investment of contributions into unit-linked investment funds together with bundled administration services. It is accompanied by an agreement between Aegon and the trustee(s) (and normally the sponsoring employer) which governs Aegon's administration services provided under the policy.
- Contributions made to the registered pension scheme by members and by the sponsoring employer are earmarked for members in separate Accounts (the Account) which are invested in unit-linked investment funds.
- At retirement the value of a member's Account will be used to provide them with benefits in accordance with the rules of the registered pension scheme and the terms of the Service.

What contributions can be paid?

- Members and the sponsoring employer will agree between them the contributions to be paid into the registered pension scheme. The amounts payable may vary from time to time.
- Contributions will normally be administered via online contribution processing. Once the schedule of payments has been agreed, the contributions may be paid from the trustee(s)' bank account.
- Members can arrange to transfer in benefits from another registered pension scheme, subject to the scheme rules.



Questions and answers

- HM Revenue and Customs (HMRC) limits how much tax relief members can get on their contributions to a registered pension scheme.

How are contributions invested?

- Contributions will be invested in one or more unit-linked funds offered by Aegon. The value of each fund is directly related to the value of the assets held within that fund.
- Generally, investments made by registered pension schemes are exempt from additional tax on income or tax on gains. See the tax section for more information.
- Each investment fund has its own investment strategy and objective and may be invested in a wide range of assets including shares, government and corporate bonds, cash and other investments in the UK and abroad.
- Each investment fund is notionally divided into units and each time a contribution is invested, members will be notionally allocated a number of units. The units and the underlying assets of each fund remains the property of the investment fund.
- The dealing price of units may go up or down at each valuation point, which is normally each day, in accordance with the change in value of the underlying fund and so will the value of members' Accounts.

What are the Investment Funds?

- For information on individual funds, please refer to the relevant **fund fact sheet**.



Questions and answers

- The funds available to members may be restricted by the sponsoring employer and the scheme's trustee(s).
- If the scheme is invested in LifePath, any change to a member's retirement age will result in an automatic switch of funds to the appropriate LifePath fund that matches the chosen year of retirement.
- If the scheme is invested in a Lifestyle option and there is any change to a members' target retirement age, we'll automatically switch their funds to target their new retirement age.

What expenses and charges will members incur?

- The annual management charge (AMC) is a fixed percentage applied to each fund. The AMC represents the percentage Aegon will deduct from the fund's value each year. The AMC includes the cost of managing the investments of the fund and the costs of administration and other services such as maintaining a record of the members' savings and calculating the value each day.
- There may be additional expenses added to the annual management charge (AMC) applied to funds under the policy. These are the expenses of running the underlying fund over the last annual reporting period, such as audit fees, administration fees and for funds managed by an external fund management company, their investment management fees. These expenses are paid to the fund manager and can vary from year to year. Additional expenses are in addition to any product or adviser charges. Expenses can include



Questions and answers

costs paid by Aegon to third parties. Aegon UK will update the associated additional expenses annually.

- An estimate of these charges is shown under Additional Expenses in the table of funds. This figure is reviewed yearly and the ongoing charges figure is the sum of the AMC and the Additional Expenses.
- Subject to the terms of the Policy, Aegon reserves the right to increase the AMC rates subject to three months' notice to the trustee(s).
- An administration fee for each member may be made for the provision of administrative services. The administration fee may be paid by the sponsoring employer and will be agreed between Aegon and the sponsoring employer and will be detailed in the terms of business. In the event that fees are not paid, subject to the terms of the Policy, an equivalent value may be deducted from the members' Accounts.

What happens if contributions stop?

- The sponsoring employer may terminate contributions in accordance with law and the registered pension scheme rules.
- The sponsoring employer's contributions will cease if a member leaves service or withdraws from the registered pension scheme.
- Members' Accounts will continue to be invested and subject to investment risk with charges continuing to apply. The value of each members' Account may rise or fall.



Questions and answers

- Members may choose to transfer the value of their Accounts to another registered pension scheme as permitted under the scheme rules.

When do retirement benefits become payable?

- Benefits will normally become payable at each member's retirement age as specified under the registered pension scheme rules.
- Scheme rules may allow for payment at any time after the normal minimum pension age subject to HMRC requirements.

What are the benefits?

- The rules of the registered pension scheme will determine the form in which benefits may be taken.

Can members transfer to another scheme?

- Members can choose to transfer their fund to another registered pension scheme, subject to the rules of the scheme.
- The value of the transfer will be the value of the units on the day of the transfer.

What are the death benefits?

- On death before benefits are drawn, the full value of member's Account will be available to provide death benefits in accordance with the scheme rules.



Questions and answers

What are the projected benefits?

- This Key Features document includes generic illustrations of projected Account values, expressed in today's terms assuming price inflation of 2.0% for three different levels of contribution using assumptions, unless otherwise stated, which are prescribed by the Financial Conduct Authority (FCA). Price inflation has been taken into account because price inflation reduces the worth of all savings and investments over time.
- An AMC of 0.60% is allowed for in the generic illustrations in these key features, which reflects the terms of a contract which is representative of the type of business undertaken rather than the terms that will be offered to the trustee(s).
- The FCA prescribes maximum illustrative growth rate assumptions, for use in calculating illustrations, but the rates used in these generic illustrations are rates which Aegon believes are appropriate for the Aegon BlackRock 50/50 Global Equity Index (BLK) fund. The numeric value of the three real rates of return are shown, after the appropriate price inflation assumption has been taken into account, that is, the real rate of projected growth which has been applied to the real value of the contributions. The figures are expressed in terms of today's prices.
- The assumed charge rate of 0.61% is the sum of the Fund's AMC Rate and the estimated Additional Expenses rate applicable to the Aegon BlackRock 50/50 Global Equity Index (BLK) fund. This reflects the terms of a contract which is representative of the type of business undertaken rather



Questions and answers

than the terms that will be offered to the trustee(s). There is no guarantee that these assumptions will be borne out in practice and members' Account values will depend upon actual future investment returns which cannot be known in advance.

- Projected figures for different levels of contribution will be proportionate.
- The projected figures for the representative contribution levels assume that the Service continues in force. If the Service is terminated or contributions cease, the benefits will be reduced.

Examples

All firms are required to carry out projections using rates of growth that they consider appropriate, where the firm believes the FCA standard rates are considered too high. As firms may have differing views, this means firms might not use the same rate of growth for projections, and their charges may vary. The rate of growth used in illustrations overleaf is calculated on an example fund, is based on our view of potential long-term returns of the main asset classes (equities, property, corporate bonds, government bonds and cash) and is not guaranteed.



Questions and answers

Example 1

What might the benefits be at retirement?

A monthly contribution of £30 invested for 30 years.

Yearly investment performance example	The Member's fund at retirement would be
- 0.10%	£7,260
2.80%	£12,000
5.90%	£20,800

Effect of charges

Projected benefits are shown at interim durations.

The value of an investment can fall as well as rise for a number of reasons, for example market and currency movements. You could get back less than you invest.

We've used a growth rate of 2.80%.



Questions and answers

The early years

At end of year	Total paid in to date £	If there were no charges £	After all charges are taken £
1	356	362	361
2	706	728	723
3	1,049	1,090	1,080
4	1,385	1,470	1,450
5	1,715	1,840	1,810

The later years

At end of year	Total paid in to date £	If there were no charges £	After all charges are taken £
10	3,268	3,800	3,680
15	4,675	5,900	5,610
20	5,950	8,180	7,630
25	7,104	10,600	9,760
30	8,149	13,400	12,000



Questions and answers

The last line of the table shows that over the illustrated investment term, after taking into account price inflation, the effect of the total deductions could amount to £1,400. Putting it another way, the charges would reduce investment growth after price inflation from 2.8% a year to 2.3% a year and the information about the reduction in investment growth can be used to compare the effect of charges with similar products.

Example 2

What might the benefits be at retirement?

A monthly contribution of £50 invested for 30 years.

Yearly investment performance example	The Member's fund at retirement would be
- 0.60%	£12,100
2.80%	£20,000
5.90%	£34,700

Effect of charges

Projected benefits are shown at interim durations.

The value of an investment can fall as well as rise for a number of reasons, for example market and currency movements. You could get back less than you invest.

We've used a growth rate of 2.80%.



Questions and answers

The early years

At end of year	Total paid in to date £	If there were no charges £	After all charges are taken £
1	594	603	601
2	1,177	1,210	1,200
3	1,749	1,820	1,810
4	2,309	2,450	2,420
5	2,858	3,080	3,030

The later years

At end of year	Total paid in to date £	If there were no charges £	After all charges are taken £
10	5,447	6,340	6,130
15	7,792	9,840	9,350
20	9,916	13,600	12,700
25	11,840	17,800	16,200
30	13,583	22,400	20,000

The last line of the table shows that over the illustrated investment term, after taking into account price inflation, the effect of the total deductions could amount to £2,400. Putting it another way, the charges would reduce investment growth



Questions and answers

after price inflation from 2.8% a year to 2.3% a year and the information about the reduction in investment growth can be used to compare the effect of charges with similar products.

Example 3

What might the benefits be at retirement?

A monthly contribution of £200 invested for 30 years.

Yearly investment performance example	The Member's fund at retirement would be
- 0.10%	£48,400
2.80%	£80,200
5.90%	£138,000

Effect of charges

Projected benefits in the following tables at interim durations.

The value of an investment can fall as well as rise for a number of reasons, for example market and currency movements. You could get back less than you invest.

We've used a growth rate of 2.80%.



Questions and answers

The early years

At end of year	Total paid in to date £	If there were no charges £	After all charges are taken £
1	2,378	2,410	2,400
2	4,710	4,850	4,820
3	6,996	7,310	7,240
4	9,237	9,800	9,680
5	11,434	12,300	12,100

The later years

At end of year	Total paid in to date £	If there were no charges £	After all charges are taken £
10	21,791	25,300	24,500
15	31,171	39,300	37,400
20	39,667	54,500	50,800
25	47,362	71,200	65,000
30	54,332	89,700	80,200

The last line of the table shows that over the illustrated investment term, after taking into account price inflation, the effect of the total deductions could amount to £9,500. Putting



Questions and answers

it another way, the charges would reduce investment growth after price inflation from 2.8% a year to 2.3% a year and the information about the reduction in investment growth can be used to compare the effect of charges with similar products.

Where can I get further information?

Further information about the Service can be obtained from your relationship manager.

Is there a right to cancel the Policy?

After the trustee's proposal is accepted, the Policy is not cancellable and any contributions paid will not be refunded. However, the trustee(s) may terminate the Policy and the administration agreement at any time by giving Aegon written notice and Aegon will pay the value of the Policy to the trustee(s).



Other important information

Aegon is a brand name of Scottish Equitable plc.

Scottish Equitable plc, registered office:

Aegon Lochside Crescent,
Edinburgh Park,
Edinburgh,
Scotland
EH12 9SE

Registered in Scotland (No. SC144517). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 165548.

Investment funds

Contributions will buy units in one or more of Aegon's investment funds. The money in the various funds may be invested in a wide range of assets like equities (shares), UK and overseas government bonds, corporate bonds and cash and other investments in the UK and abroad. The trustee(s) and the members will not have any legal or beneficial interest in the investment funds or any underlying assets. There's no guarantee that the fund objectives will be met. The value of an investment can fall as well as rise for a number of reasons, for example market and currency movements. You could get back less than you invest.



Other important information

Tax

The assets held by Aegon to back policies issued to registered pension schemes are assets beneficially owned by Aegon, the income from them is therefore exempt from income tax and gains on assets are exempt from capital gains tax. As an insurance company, Aegon is also entitled to exemption from corporation tax in respect of income and gains on assets of its long-term insurance fund which are referable to pension business. This means that insurance policies are effectively treated in the same way as a registered pension scheme directly investing in the same sort of assets.

This information is based on our understanding of current taxation law and HMRC practice, which may change.

Conflicts of interest

Aegon maintains a Conflicts of interest policy in accordance with all Financial Conduct Authority (FCA) Conduct of Business rules, to ensure we manage the risk of damage to customer interests. A conflict of interest may arise where an action taken by us could be seen to compromise or conflict with the best interests of our advisers and customers. If we identified a conflict of interest that we could not manage appropriately then we would decline to accept this business to ensure the fair treatment of our customers. We're transparent about where conflicts of interest can arise and our policy to deal with them. Please read our conflicts of interest policy at - aegon.co.uk/content/dam/auk/assets/publication/legal/conflicts-of-interest-policy.pdf



Other important information

Law

The parties to a contract of insurance are permitted to choose the law that will apply. Aegon will however only enter into the Policy on the basis that the laws of England and Wales apply. In the event of a legal dispute, the law of England and Wales will apply. The Terms and Conditions and all communications will only be available in English. All communications from us will normally be by letter, email or telephone.

Our service

- We can only offer pension products from Aegon.
- You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

About us

Our story started over 190 years ago, when we were founded as Scottish Equitable in the UK. Today we are part of Aegon – an integrated, diversified, international financial services group.

Our UK team are focused in providing pension, savings and investment solutions for customers throughout their lifetime. We do that by working with financial advisers and employers.



Other important information

How members contact us

0345 601 7721 (call charges will vary)

my.pension@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. If you have access to our online services, you may be able to log in and complete your action securely.

Trustees can contact their relationship manager.

Client categorisation

Where you are a professional client in accordance with the FCA Rules, for the purposes of the FCA Rules, we'll treat you as a professional client. Where you are not a professional client in accordance with FCA Rules, we'll treat you as a retail client. You have the right to request a different categorisation.

If you fall outside of the FCA definition of a retail client, whilst we will continue to treat you as a retail client, including providing information in a more straightforward way, you may not be able to access the Financial Services Compensation Scheme. If you require further information regarding client categorisation, please speak to your financial adviser or contact us directly.



Other important information

Complaints

We hope you never have cause to complain, but if you do, the first step is to contact your relationship manager. We'll deal with your complaint in accordance with our complaints procedure. You can contact us for a copy using the details below or find it on our website.

Aegon Workplace Investing
Sunderland
SR43 4DH

0345 601 7721 (call charges will vary)

my.pension@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. If you have access to our online services, you may be able to log in and complete your action securely.

For pension related complaints you can also contact:

The Pensions Ombudsman

Phone: 0800 917 4487

pensions-ombudsman.org.uk

Making a complaint unless made to the Pensions Ombudsman will not prejudice your right to take legal proceedings.



Other important information

Compensation

If the fund the policyholder invested in is a Life Fund, the policyholder may be able to claim compensation under the Financial Services Compensation Scheme (FSCS) if Aegon cannot meet its liabilities to its policyholders.

If funds are invested in a collective investment scheme managed by another firm, you will not be eligible for any compensation under the FSCS if that firm is unable to meet its obligations. Visit the Financial Services Compensation Scheme website here fscs.org.uk We are also not eligible to make a claim on your behalf so the price of a unit in the investment fund will depend on the amount we receive from the firm.

How we pay our employees

We pay our employees a base salary and dependent on their role, a yearly bonus. The bonus paid is based on meeting a number of targets set at the beginning of the year. These include the level of profit the company makes from new and existing business. It is also dependent on non-financial targets, such as the quality of service we provide.

Status

The Policy is intended to secure benefits to be provided by an occupational pension scheme registered under the Finance Act 2004.



Other important information

Solvency Financial Condition Report

The Scottish Equitable plc Solvency Financial Condition Report (SFCR) is available on our website at - aegon.co.uk/corporate-sustainability/governance-matters/solvency-ii-reporting#/content/dam/auk/assets/publication/legal/scottish-equitable-plc-sfcr.pdf

Risks relating to reinsured funds

Customers bear all risks associated with investment in the insured funds. These risks include where we reinsurance our obligations under the insured funds to a third party and that third party fails to meet its obligations owed to us. In such scenarios you would bear any losses arising from that third party's failure to meet its obligations. You'll bear the risk of the default or fraud of any third party insurer or manager responsible for an insured fund, or any counterparty to any transaction in respect of an insured fund.

If you require further information on this you should speak to a financial adviser or contact your relationship manager.

Support we may give to third parties

To help third parties such as an adviser provide an improved service, or an employer provide a better experience, we may provide them with marketing and promotional support, technical services and training. We may also provide them with hospitality. Typically the value of this support is less than £75 per year, but can be more where, for example, additional training is required. If you want to find out more you can ask your adviser or other professional consultants, if applicable, to provide specific details of any benefits provided.

Want to know more?
Please speak to your relationship manager

aegon.co.uk @aegonuk  Aegon UK



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