

Key Features of the TargetPlan Income Account for Beneficiaries

Contents

Its aims	3
Your commitment	3
Risks	4
Questions and answers	5
Other important information	13

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 call 0345 601 7721 (call charges will vary) or visit aegon.co.uk/support

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, Aegon, to give you this important information to help you to decide whether the TargetPlan Income Account for Beneficiaries is right for you. You should read this document carefully so that you understand what you're 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 do not offer personal recommendations.

Is the TargetPlan Income Account for Beneficiaries right for you?

This document is designed to help you to decide.

Important

Please read this Key Features document with:

- The Key Features Illustration (which if not included with your welcome pack will be sent shortly)
- The Investment Options leaflet
- The Member Guide for Beneficiaries
- The enclosed Policy document

If there's anything that you don't understand, or if you're not sure whether the TargetPlan Income Account for Beneficiaries is suitable for you, you should get advice from an authorised financial adviser.

Its aims

- To allow you to receive an income from the Account.
- To provide an income whilst allowing your fund to remain invested.
- To provide flexibility in the amount of income that you receive.
- To provide flexibility in the benefits available to your beneficiaries upon your death.
- To provide you with flexibility in the timing of when you buy an annuity, if you wish to do this.

Your commitment

- To understand the Account, the risks associated with it and to decide whether or not the Account is suitable for you.
- To get advice from an authorised financial adviser if you have any doubts about the suitability of the Account.
- To provide us with any information that we need to set up your Account and to continue to administer it.
- To regularly review your income level and investment(s) to ensure that they continue to meet your needs.
- To promptly inform us of any relevant changes to your personal circumstances such as a change of address or bank details.

Risks

- If you take too much income too soon your Account may run out of money before you die.
- The value of an investment, and any income from it, can fall as well as rise and isn't guaranteed. The value of your pension pot when you come to take benefits may be less than has been paid in.
- If the amount of income you withdraw from the Account is greater than any investment growth the value of your Account will go down.
- If the value of your Account goes down this may reduce the amount of income that you can receive in the future.
- If you intend to use your Account to purchase an annuity in the future, any reduction in the value of your Account as a result of withdrawing income or due to investment performance will reduce the amount available to purchase the annuity. This in turn may reduce the amount of annuity income that you can receive.
- If you delay purchasing an annuity, there is no guarantee that terms used for the calculations to convert your Account into an annuity will be better in the future.
- If you don't provide us with any information we request in order to administer your Account or inform us of changes to personal details, including change of address or change of bank details, we may have to suspend payment of income until the information is provided.

This information is based on our understanding of current taxation law and HM Revenue and Customs (HMRC) practice, which may change.

Questions and answers

What is Income Drawdown?

- Income drawdown is a type of benefit that allows you to invest the pension fund you have inherited whilst taking income from that fund.
- You can take any amount of income that you wish to from nothing to the full value of your Account. However, if you take an income payment, there is a minimum amount that must be taken of £10 per payment before income tax.

How does the Account work?

- You agree to transfer income drawdown funds you've inherited from one or more pension schemes to the Account in order to set up the Account.
- You can choose how much income to take and you can vary the amount subject to any minimum income payment amount that may apply.
- You tell us which funds you want us to invest your Account value in and which funds you want us to pay your income payments from. Please see your Member Guide for Beneficiaries for more information about this.
- We'll send you a statement each year showing you the value of your Account and how much income you have taken.

What is the minimum opening value?

- There is no minimum opening value.

Can I make additional payments to the Account?

- Once your Account has been set up you can add any other inherited drawdown pension funds to your Account but these must have a minimum value of £1,000.

Questions and answers

Can I make contributions to the Account?

- No, it is not possible to pay additional contributions to this Account.

Will receiving an income from this Account affect my ability to make contributions to other pension schemes?

- Receiving an income payment from your Account will not affect your own pension savings.
- The inherited funds do not count towards your Lifetime Allowance.
- Taking income from this Account does not cause you to become subject to the money purchase annual allowance.
- You can find more information on the lifetime allowance and money purchase annual allowance at gov.uk/tax-on-your-private-pension/lifetime-allowance and gov.uk/tax-on-your-private-pension/annual-allowance

What can I invest in?

- We offer a wide range of funds to which your Account may be linked, including a default investment option (default option). These funds cover most investment sectors in the UK and abroad. We also offer funds managed by companies other than Aegon.
- The funds may invest in underlying Life Funds or may invest in collective investment funds, some of which may be non-Life Funds.
- Depending on the nature of a fund, its assets may include (without limitation) company shares, government and corporate bonds, cash and other investments in the UK and abroad.
- You can find details of all of your investment options, in the Investment Options leaflet.
- You can find details of how the investment funds work and information about any restrictions that there may be in your choice of investment funds in the Member Guide for Beneficiaries.

Questions and answers

How is the value of my Account worked out?

- Each of the investment funds is split into units of equal value.
- The price of a unit goes up and down depending on the value of the assets held in the investment fund(s).
- We work out the price of a unit each day and each payment of inherited funds that you make buys units at the current price.
- The value of your Account will vary. It will depend on the number of units that have been allocated to it and the price of units in the fund at the time.
- Daily unit prices are published on our website and are also available by calling our helpline.

What are the charges?

- Each fund has yearly management charge (annual management charge). These charges are expressed as an annual percentage but are calculated and deducted on a daily basis. If a fund invests in a collective investment scheme, it will also bear its share of the costs of other services, such as the fees paid to the trustee/depositary, custodian, auditors and registrar. In addition, the fund may also bear the cost of any expenses associated with tax reclaims on behalf of the fund.
- The annual management charge, and any additional expenses, for each fund can be found on TargetPlan (our member portal) or by calling us.
- If separate charges apply for pensions administration services, the amount and further details of such charges are shown in the Investment Options leaflet or the schedule issued in connection with the Policy Conditions.

Questions and answers

- We may deduct administrative expenses that are incurred in the purchase or provision of an annuity.

Can I change funds?

- Yes, you may switch your existing investments to any of the funds offered under the Account.
- There will be a period each month when we're preparing your income payment when we may have to delay acting upon a request to switch investments. If this is the case we'll let you know as soon as possible after receiving your instruction.

For advice as to whether a fund is suitable for you, please speak to a financial adviser.

Income Drawdown

You can use your Account to provide you with an income. You have the following options in respect of that income:

- Your income payments can be paid each month, quarter, half year or year.
- You can ask for your income payments to increase automatically each year in line with an index or by a fixed percentage.
- You can vary your income payments at any time, including reducing them to nil, and you can ask for one-off additional payments to be added to your income.
- Changes made to your income payments will take place on the next available payment date after we receive your request. See your Member Guide for Beneficiaries for more information.

The level of income is not guaranteed. There is a real chance that you may need to reduce your drawdown income in the future, in particular if the performance of your investments is lower than expected, or you live

Questions and answers

to a greater age than originally anticipated when choosing your initial income level.

Taking income payments will reduce the size of your Account and the investment growth may not be sufficient to maintain the level of income you wish to draw. If you withdraw money at a rate greater than the growth achieved by your investments, your remaining Account balance will reduce in value. The level of income you take will need to be reviewed if your Account becomes too small – this is more likely the higher the level of income you take.

The income you receive may be lower than the amount you could receive from an annuity, depending on the performance of your investments.

The rules governing how much income you can take directly from your pension fund may change. This could mean that the income you can take from the investment no longer meets your requirements.

Annuity benefits

- You can choose to use the whole or part value of your Account to purchase an annuity at any time.
- Your annuity must be bought from an annuity provider and you should shop around to find the one offering the highest income rates for your particular circumstances at that time.
- You may also buy a short term annuity – one that is only payable for a period of up to five years, subject to any eligibility rules that may apply.
- The annuity may be level or increase to keep up with inflation each year and can have a guaranteed payment period.
- Different types of annuities have different costs. It is up to you to decide the annuity that is best for you at the time. Annuities are available which pay higher amounts if you have particular health conditions.

Questions and answers

As annuity rates can change substantially and rapidly, there's no guarantee that when you do purchase an annuity the rates will be favourable. This could mean that your pension thereafter may be less than you hoped for.

Can I transfer to another pension scheme?

- Yes, you can transfer to another registered pension scheme or qualifying recognised overseas pension scheme, subject to that scheme agreeing to accept the transfer of inherited drawdown funds.
- There are no penalties if you transfer to another pension scheme although we may place limits from time to time on the number of transfer out payments that can be paid and the minimum amount that can be paid.
- If you wish to continue the Account after a transfer out payment has been made, the amount that must be kept in the Account is £10,000.
- Various legal and regulatory requirements apply to transfers and you should get advice before doing so.

Transferring or investing your pension may not be the best option for you, so you should compare the benefits from your current pension with the estimated benefits of your new pension, including any guarantees and penalties. If you're not sure whether this is right for you or need advice, please speak to a financial adviser.

What happens if I die?

Your remaining fund can be paid as a lump sum to your nominated beneficiaries. In the absence of any nominated beneficiaries, Aegon will exercise its discretion, in accordance with the rules of the scheme, to choose a beneficiary.

Subject to any minimum values in operation at the time of your death it may be possible for your nominated beneficiaries to continue to receive income drawdown payments.

Questions and answers

What about tax?

Tax treatment depends on your individual circumstances and may be subject to change in future.

- Income payments are subject to income tax in the following circumstances:
 - Where the person you inherited drawdown funds from was 75 or over at their death.
 - Where the benefits were paid to you more than two years after the death of the person you inherited the drawdown funds from.
- Where income tax is payable, the relevant amount will be deducted before each income payment is made in accordance with instructions received from HMRC.
- Any lump sum or income payments made following your death will be paid free of tax to your beneficiaries if you are aged under 75 when you died and as long as any lump sum is paid or any income payments start within two years of us being made aware of your death.
- If you're aged 75 or over when you die or benefits are not paid within two years of us being made aware of your death, the following tax treatment applies:
 - Lump sums will be subject to a tax charge of up to 45% which will be deducted before the lump sum is paid,
 - Income payments will be subject to the recipient's marginal rate of income tax,
- This information is based on our understanding of current taxation law and HMRC practice, which may change.

Questions and answers

Do I need to pay for advice?

We don't provide investment or financial advice.

If you get your own personal advice from a financial adviser, you'll have to pay for that advice – your adviser will tell you how much it will cost.

Can I cancel the Account?

Before proceeding with the transfer of your inherited pension funds into the Account we'll provide a 30-day period within which you can consider whether you wish to proceed with the transfer. If you do not wish to proceed you can inform us by email, letter or telephone. Once this period has ended it will not be possible to cancel the Account.

If you decide not to proceed with the transfer we will not deduct any costs or charges from benefits. You will still be entitled to the payment of your inherited pension funds from the pension scheme. We'll let you know what alternative options are available to you if you do not proceed with this product.

If you decide to proceed with the transfer into the Account, we'll transfer your inherited pension funds into the Account and invest as you've directed. The Account will continue as set out in the Policy document and you'll be able to receive income payments from the Account.

Other important information

Aegon is a brand name of Scottish Equitable plc.

Scottish Equitable plc, registered office:

Edinburgh Park

Edinburgh

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.

Our service

We can only offer pension products from Aegon.

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

Who is Aegon?

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.

How does Aegon support advisers?

If you have an adviser, to help them give you an improved service, we may provide them with marketing and promotional support, technical services and training. We may also provide them with hospitality.

Other important information

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 financial adviser, if you have one, or Aegon, to provide specific details of any benefits provided.

How to contact us

Although we cannot give you personal financial advice, please contact us if you want any information or have any questions about your Account.

 Phone: 0345 601 7721 (call charges will vary)

 Fax: 01733 353 699

 Email: 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.

Client categorisation

We classify you as a retail client under Financial Conduct Authority rules. This means you'll receive the highest level of regulatory protection available for complaints and compensation.

Other important information

Complaints

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


 Aegon Workplace Investing
Sunderland
SR43 4DH

 Phone us on: 0345 601 7721 (call charges will vary)

 Email us at: 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're not satisfied with how we've dealt with your complaint, you can then refer it to the Financial Ombudsman Service at:


 Phone: 0800 023 4567

 Website: financial-ombudsman.org.uk

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

Other important information

For pension related complaints you can also contact The Pensions Ombudsman:

 Phone: 0800 917 4487

 Website: pensions-ombudsman.org.uk

Compensation

If the fund you are invested in is a Life Fund, you may be able to claim compensation under the Financial Services Compensation Scheme (FSCS) if we cannot meet our liabilities to our investors.

If you choose an investment fund that invests 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.

For more in-depth information on all our funds and how we invest your money, you should phone us on 0345 601 7721 (call charges will vary).

Language and Law

All correspondence will be made in English. We can communicate with you for any purpose under the Policy, including giving formal notice, by telephone, letter, email or at our discretion using an internet facility provided by us provided we believe such method of communication to be reasonable. The law of England and Wales will apply to any legal dispute.

Other important information

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, intermediaries 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/aug/assets/publication/legal/conflicts-of-interest-policy.pdf](https://www.aegon.co.uk/content/dam/aug/assets/publication/legal/conflicts-of-interest-policy.pdf)

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's also dependent on non-financial targets, such as the quality of service we provide.

Solvency Financial Condition Report

The Scottish Equitable plc Solvency Financial Condition Report (SFCR) is available on our website at – www.aegon.co.uk/content/dam/aug/assets/publication/legal/aegon-uk-solvency-financial-condition-report.pdf

Other important information

Risks relating to reinsured funds

Customers bear all risks associated with investment in the insured funds. These risks include where we reinsure 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 us using the details that can be found at the end of this guide.

Want to know more?



aegon.co.uk/targetplan



my.pensions@aegon.co.uk



0345 601 7721



@aegonuk



Aegon UK



Aegon UK



Aegon is a brand name of Scottish Equitable plc. Scottish Equitable plc, registered office: Edinburgh Park, Edinburgh 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. © 2023 Aegon UK plc
WP 380082 07/23