About this guide

This guide highlights the main features of the AEGON Scottish Equitable Flexible Pension Plan (FPP) and gives you comprehensive technical information about how it works.

It isn’t part of the terms and conditions of the plan.

We recommend you read it with the:
- charges and commission summaries
- Pension fund selection brochure
- key features and personal illustrations

We have a range of client literature that you can get from your local AEGON Scottish Equitable branch.

This guide is directed at professional financial advisers only. It shouldn’t be distributed to, or relied upon by, private customers.

Contents

<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>About this guide</td>
<td>02</td>
</tr>
<tr>
<td>Introducing the Flexible Pension Plan</td>
<td>03</td>
</tr>
<tr>
<td>What are the benefits of our FPP?</td>
<td>04</td>
</tr>
<tr>
<td>Who is an FPP suitable for?</td>
<td>06</td>
</tr>
<tr>
<td>Superb investment choice</td>
<td>08</td>
</tr>
<tr>
<td>Extra features</td>
<td>12</td>
</tr>
<tr>
<td>Commission and charging options</td>
<td>14</td>
</tr>
<tr>
<td>FPP product details</td>
<td>18</td>
</tr>
<tr>
<td>About AEGON Scottish Equitable</td>
<td>21</td>
</tr>
<tr>
<td>What next?</td>
<td>23</td>
</tr>
</tbody>
</table>
Introducing the Flexible Pension Plan

The pension that's as individual as your clients are

Do your clients want a little more choice, a bit more control and a touch more flexibility than a standard personal pension plan can give them? Something a bit more individual?

No two people are the same. They don’t have the same needs, the same financial circumstances or the same aspirations. And they may have different needs today than they’ll have tomorrow.

So it’s important to choose a personal pension that reflects this. One that enables your clients to be in control and to make their own choices. And to change things whenever they want.

Our Flexible Pension Plan (FPP) gives your clients all that. It has the security and great benefits of a conventional personal pension but with a self-invested option. This gives your clients the flexibility to adapt their pension plan to their changing needs, now and in the future.

Personalised commission and charges
But with so much choice your expertise will be relied upon even more. To reflect this high level of advice and service, we have a menu of commission and charging options so that you can choose the best one for each client.

Under the menu structure, we start with a base annual management charge (AMC) that assumes no commission is paid. This means you can offer the product to your clients on a fee basis. Alternatively, you can build a personalised charging structure around the agreed commission level to suit your clients.

The FPP is a sophisticated pension plan, which gives your clients the kind of choice they want while rewarding you for the work you put in.
What are the benefits of our FPP?

Our FPP has all the features of a conventional personal pension, but with a number of other benefits. Here we tell you about just some of them.

Benefits of our FPP for your clients

**Something extra**
Depending on the charging option chosen, your clients will benefit from either a fund bonus or a fund value rebate.

**Fund bonus**
If contributions are paid in full for the first 10 years, the plan will pay a 4% fund bonus. There’s also the opportunity to receive a further 0.5% bonus each year after that. Even if we haven’t received all the contributions, your clients might still be eligible for a proportion of the 4% bonus.

**Fund value rebate**
Each month we calculate the total value of the plan, including any contracted-out value. If the plan value is at least £20,000, we’ll add units to the plan. If the value is between £20,000 and £249,999, this will be equal to 0.5% a year of the fund value. If the value is £250,000 or more, the bonus will be equal to 0.6% of the fund value a year.

You can find more details on the fund bonus and fund value rebate in the ‘Extra features’ section on page 12.

**Higher potential returns**
Due to the competitive nature of its charging structure, our FPP, with its fund bonus or fund value rebate, has the potential to outperform 1% AMC stakeholder priced pensions.

**Extensive fund choice**
One of the main benefits of this plan is the investment choice. Our investment offering is split into two distinct parts – insured and self-invested.

The insured part lets your clients invest in AEGON Scottish Equitable pension funds. These consist of a wide range of over 120 funds from 17 investment partners. We’ve put each of our insured funds into a risk category to help you choose an investment risk level to suit every client.

The self-invested part lets your clients invest direct in the stock market and other allowable assets, as well as in our innovative Fund Supermarket.

**It’s cost-effective**
Because there’s a wide investment choice, clients with different risk and reward profiles can spread their investments over several different fund managers. This means they can house all their retirement arrangements under one plan and so under one charging structure.

**Online services**
Clients have direct access to their plan information online, where they can check their personal information, current fund value, current investments, projected benefits and even make switches to investments in the insured part of the plan.
Benefits of our FPP for you

**Build a charging structure to suit**

Under the FPP menu structure, we start with a basic charging platform that assumes no commission is paid. This means you can offer the product to your clients on a fee basis. Alternatively, you can build a charging structure around the agreed commission level, using:

- an establishment charge
- a financial adviser charge
- an additional annual management charge (AMC)
- a combination of a financial adviser charge and additional AMC

The FPP menu gives your clients the kind of choice they want while rewarding you for the work you put in.

**Flexible commission structure**

The level of advice you give your clients will vary depending on their needs. So we offer a commission structure which you can tailor to suit both you and your clients, and to reward you for the time you spend, both when setting up the plan and during the plan’s lifetime.

**The Investment Risk Profiler**

An important part of your advice process is establishing your clients’ investment strategies. This tool can help you choose an appropriate asset allocation to suit each individual client’s risk profile and investment objectives, as well as giving you an audit trail.

**Morningstar investment tools**

These integrated investment tools let you view, research and analyse fund options; create and maintain portfolios; and view and print a list of your clients’ investments to present your solutions to them.

**Potential to attract more clients**

The FPP gives you the right tools to build your advisory business and attract more higher net worth clients. You can also use it to go back and talk to existing higher net worth clients, as you can offer them a broader advice proposition.
Who is an FPP suitable for?

We’ve designed our FPP specifically for the sophisticated investor — for those who want and understand the value of advice in return for quality information, ongoing service and potentially better investment performance.

Potential FPP clients may:
- have larger sums of money to invest
- either be employed or self-employed
- want to keep control over where and how their pension fund is invested
- want the option to self-invest
- understand investment risk and reward, and the need for initial and ongoing advice and service from their financial adviser
- have several pension arrangements and investments with several different fund managers
- be in an old-style pension plan and so might benefit from a transfer to an FPP

The table below illustrates how the different charging options may appeal to different clients. For more information on the different charging options, please see the ‘Commission and charging options’ section on page 14.
The Flexible Pension Plan

The table below not only shows the many different types of investment our FPP offers and who these investments may be suitable for but also, as the complexity and cost of a particular type of investment increases, the size of that particular market becomes smaller.

<table>
<thead>
<tr>
<th>Definition* (Ex of free assets)</th>
<th>High net worth</th>
<th>Affluent</th>
<th>Aspirational</th>
<th>Mass market</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;£250,000</td>
<td>&gt;£100,000</td>
<td>&gt;£30,000</td>
<td>&gt;£0</td>
<td></td>
</tr>
<tr>
<td>Size of market* Number of people (and % of UK population)</td>
<td>1.6 million (3.2%)</td>
<td>1.8 million (3.8%)</td>
<td>3.3 million (6.9%)</td>
<td>40.8 million (86%)</td>
</tr>
<tr>
<td>% of free assets*</td>
<td>70.7%</td>
<td>14.6%</td>
<td>8.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Typical age</td>
<td>55-64</td>
<td>45-54</td>
<td>35-44</td>
<td>25-34</td>
</tr>
</tbody>
</table>

- **FPP investments**
  - insured funds
  - Fund Supermarket
  - discretionary fund managers (DFMs)
  - direct equities
  - property
  - other ‘alternative’ investments
  - insured funds
  - Fund Supermarket
  - may use Fund Supermarket later in life (*deferred self-invested personal pension (SIPP)*)
  - insured funds

*Based on research from *Investment Priorities of the Mass Affluent, UK, September 2006*, a report published by Mintel, a global supplier of consumer, media and market research.

**Why an FPP may not be suitable**

Our FPP is designed as a long-term investment and won’t be for everyone. You should consider the following before recommending the plan:

- **FPP** is suitable for clients who understand the need for initial and ongoing advice in return for exceptional investment choice and potentially better performance. But not everyone will need or want this level of advice and choice. For clients with more basic needs, a stakeholder pension plan may be better.

- With certain charging options, clients whose income varies on a regular basis might not benefit from paying regular contributions if these are going to stop and start in the early years.

- Clients who only have a short time before they want to take benefits from their plan may find that certain charging options in the early years aren’t to their advantage.

- Clients who are looking for a short-term investment and plan to move their money away may not find certain charging options in the early years to their advantage.

- Clients making regular contributions, via the financial adviser charge and/or additional AMC options, must make at least one single contribution or transfer value.
Superb investment choice

A wide choice is critical for your clients to achieve their varied investment goals. Not only does our FPP have over 120 insured funds to choose from, it has the added benefit of a self-invested option.

This option can give your clients greater choice, flexibility and control to create their own pension portfolio.

**Insured funds**

*For whatever stage of life your clients are at*

We have a comprehensive range of pension funds to choose from, with a wide variety of styles and risk profiles to suit every investor.

Our ‘in-house’ pension funds are managed by our sister company AEGON Asset Management, which provides a wide range of specialist sector and regional funds, as well as mainstream managed funds and with-profit options. Its assets under management totaled more than £40 billion as at 31 January 2007.

For clients who aim to enhance returns by accessing a particular investment style, we offer a broad range of pension funds from some of the most prestigious fund managers in the UK. The range includes managed funds, for investors who may prefer a ready-made investment portfolio, and specialist funds suitable for investors with specific investment requirements.

To help your clients make their choices, we group the insured funds into five main categories of risk:

- minimal
- below average
- average
- above average
- higher

The risk rating for each of our funds is based purely on its risk relative to other funds in our full fund range and not against industry benchmarks.

**Self-invested**

The self-invested option is likely to appeal to those who like to take control and want more choice than a conventional personal pension can offer.

Clients can access over 1,200 funds from more than 45 fund managers under one roof at great terms through our Fund Supermarket.

But it doesn’t stop there. They can also invest direct in the stock market or in various property investments such as residential and commercial property funds — they can even buy their own hotel room. And there are many other allowable investments.
The self-invested option offers a more individual approach to retirement planning — making it ideal if your client wants more control over their investment.

**Our Fund Supermarket**
**Outstanding choice at a competitive price**
Our Fund Supermarket offers a wide choice of collective investments from market-leading fund managers at specially negotiated prices. As a large, established company we use our buying power to secure some of the best rates in the marketplace.

**Discretionary fund managers**
**Creating tailored investment solutions**
Our discretionary fund manager (DFM) service offers you and your clients a professional investment service, leaving you to concentrate on giving your clients the financial and tax-planning advice they need.

A DFM could benefit higher net worth clients and those who are more sophisticated in terms of their investment needs, such as clients who prefer a personalised investment strategy.

The DFM is responsible for looking after a client’s portfolio and meeting their investments needs. They work with the client to understand their individual circumstances and investment needs. The DFM then makes all the investment decisions on behalf of the client. This continues for the duration of the investment, taking into account the changes in the client’s lifestyle and financial requirements. Each time the DFM makes a transaction on the client’s behalf, you’ll receive written confirmation. The client will also get a valuation from the DFM every six months.

Making the initial decision on which type of investment to use for your clients, monitoring them and looking after all the administration can be costly and time consuming. A DFM deals with all of this, so you don’t have to.

**Property solutions**
We have a wide range of property investment options, giving your clients the flexibility to invest in property both here and abroad.

Investing in property, along with other asset classes, can help your clients build a balanced portfolio. As an asset class, property can:
- help lower the overall risk profile of your clients’ portfolios
- protect against equity market slumps
- provide a lower risk alternative to equities
- have the potential for better returns in falling markets than equities

**Property funds**
We offer a wide range of pooled property funds that give your clients the opportunity to invest both directly and indirectly in property. Investing in property funds can give your clients diversity in their portfolio and allow them to invest in assets that could be financially out of reach to individual investors.

We also offer a comprehensive range of property funds through our Fund Supermarket, from top managers including Abbey, Aberdeen Asset Management, Fidelity, First State, Morley, New Star, Norwich, Schroders, Standard Life and Scottish Widows Investment Partnership.

**Buying a commercial property**
For the self-employed or small business owner, buying a commercial property through self-investment can be the most tax-efficient way of making the purchase. It offers many attractive advantages:
- Contributions attract tax relief.
- Your client’s pension funds can be used to help fund the purchase.
- The property can be rented back to the business for a commercial rate.
- The rent is paid back into the pension fund tax free.
- Rent is classed as a tax-deductible business expense for tax purposes.
- There’s no capital gains tax due if your client sells the property.
Buying a hotel room through GuestInvest

We’ve recently teamed up with GuestInvest, the UK’s leading buy-to-let hotel company, to give your clients access to an exciting new pension investment opportunity – a hotel room.

GuestInvest’s buy-to-let hotel scheme allows direct investment in a London hotel room. Clients receive a return on their investment by letting the room out, plus any growth in capital on resale.

Some of the advantages this investment offers are:
- It gives your clients exposure to commercial property with minimal hassle.
- It can be easier to sell than a traditional commercial property purchase.
- It gives clients tax relief at their marginal rate on contributions.
- Clients can borrow up to 50% of their self-invested fund to buy a hotel room.

You can get more information on GuestInvest by visiting www.guestinvest.com

Other allowable investments
Offering an even wider investment choice

Here’s an overview of the current allowable investments in our SIPP. As you can see, the choice is huge.

<table>
<thead>
<tr>
<th>Investment</th>
<th>Investments placed through:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank account</td>
<td>the designated SIPP bank account, which is currently the Royal Bank of Scotland</td>
</tr>
<tr>
<td>Commercial property (UK only)</td>
<td>our third-party administrators</td>
</tr>
<tr>
<td>Discretionary fund managers (DFMs)</td>
<td>market-leading DFMs, who we have administrative links with</td>
</tr>
<tr>
<td>Equities – quoted (UK and overseas)</td>
<td>execution-only stockbroker*</td>
</tr>
<tr>
<td>Exchange-traded fund (ETF)</td>
<td>execution-only stockbroker*</td>
</tr>
<tr>
<td>Exempt property unit trusts</td>
<td>buying direct from the fund manager (certain units only)</td>
</tr>
<tr>
<td>Gilts/Bonds/Loan stock</td>
<td>execution-only stockbroker*</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>AEGON Scottish Equitable International’s Wealth Management Portfolio, DFMs or buying direct from the fund manager (certain funds only)</td>
</tr>
<tr>
<td>Investment trusts</td>
<td>execution-only stockbroker*</td>
</tr>
<tr>
<td>Offshore investment bonds</td>
<td>AEGON Scottish Equitable International’s Wealth Management Portfolio</td>
</tr>
<tr>
<td>Overseas currency (allowed only for settlement)</td>
<td>execution-only stockbroker*</td>
</tr>
<tr>
<td>Trustee Investment Plan (TIP)</td>
<td>any provider</td>
</tr>
<tr>
<td>Unit trusts and open-ended investment companies (OEICs)</td>
<td>a financial adviser, who can do this online through our Fund Supermarket or through the execution-only stockbroker*</td>
</tr>
<tr>
<td>Unauthorised exempt unit trusts</td>
<td>buying direct from the fund manager</td>
</tr>
<tr>
<td>Warrants</td>
<td>execution-only stockbroker*</td>
</tr>
</tbody>
</table>

*If a client doesn’t use the scheme default execution-only stockbroker then their investments have to be held by a scheme-appointed custodian. Investments can only be placed through our chosen nominees.
Online tools

**Investment Risk Profiler**
Our Investment Risk Profiler helps you:
- identify your clients’ investment objectives and risk profiles
- show the probability of asset allocations meeting the objectives that match those risk profiles
- together with your clients, choose funds to meet their target asset allocations

The benefits to you:
- It uses sophisticated financial modelling — so you can be confident about the results.
- It’s a fully flexible planning tool — you can build portfolios to match each individual client’s risk profile and financial objectives.
- It’s quick to use when you’re reviewing your clients’ investment portfolios.
- It’s easy to use, and you can access data at any time and anywhere, via the internet.

**Morningstar tools**
Morningstar tools allow you to:
- view, research and analyse fund options to create portfolios — saving you money by doing the complex research on your behalf
- view and print a list of your clients’ investments so you can give them solutions — saving you time by collating all the information for you

**Sortable fund list**
Because we have such a wide range of funds to choose from, we’ve produced a fund list for you with filters so that you can check out our funds by asset class, fund manager’s name, Standard & Poor’s rating, or even by the special deals that we’ve negotiated with the fund managers. You can access this list through our secure website.

Please note that you can only use the sortable fund list together with our Fund Supermarket funds.

**Online valuations**
With our online services, you can trade, switch funds and value the total of each client’s insured funds and all their self-invested assets.
Extra features

As a long-term savings vehicle, our FPP rewards your clients who save more and over a longer period. As previously mentioned, depending on the charging option chosen your clients will either benefit from a fund bonus or a fund value rebate.
**Fund bonus**

The establishment charge option offers a fund bonus of up to 4% after 10 years. How much fund bonus is paid depends on the level of contributions paid throughout the 10-year period. For example, a planholder who pays the full original contribution for eight years, and then stops their payments, will have accumulated a bonus of 2%, which we’ll pay at the end of year 10. The rates are given below. Starting the month after we’ve added the year 10 bonus, we’ll pay a fund bonus of 0.5% of the relevant fund value into the plan each year. This is calculated and paid monthly.

The fund bonus relates to the fund value of the original contribution level agreed at the start of the plan. Any additional increases in regular and single contributions, and transfers, will each receive a separate fund bonus and so their own fund bonus term.

The fund bonus will only be paid in full if the original contribution has been received, and will take the form of additional units added to the plan. The percentage we use for fund bonuses up to and including year 10 is always a whole number and, where necessary, we always round it down.

<table>
<thead>
<tr>
<th>Effective number or original contributions paid (whole years)</th>
<th>% of bonus payable</th>
<th>When is the bonus paid?</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>4%</td>
<td>At the end of year 10</td>
</tr>
<tr>
<td>9 years</td>
<td>3%</td>
<td>The end of year 10 or the point of exit if earlier</td>
</tr>
<tr>
<td>8 years</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>7 years</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>&lt; 7 years</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

**Fund value rebate**

The financial adviser charge and additional AMC options don’t have the same fund bonus structure as the establishment charge option but have a tiered fund value rebate (FVR).

Each month, we’ll calculate the total value of all contributions to the plan. If the total fund value is £20,000 or more we’ll add additional units to the plan, equivalent to an FVR of a percentage of the total plan value:

<table>
<thead>
<tr>
<th>Fund value</th>
<th>FVR</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;£20,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>£20,000 - £249,999.99</td>
<td>0.50%</td>
</tr>
<tr>
<td>£250,000+</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

The FVR will be applied when the fund value falls into one of the bands in the table above. An FVR of either 0.50% or 0.60% (see table above for details) a year will be applied monthly in arrears (at 1/12th of the yearly rate). The FVR is applied on the anniversary day each month or the 28th each month if the start date is the 29th, 30th or 31st of a month added in the form of extra units. It’s continued if the plan is made paid up or if the plan continues after the selected retirement date, as long as the value meets the criteria in the table above when the FVR is due to be added.
Commission and charging options

Under the menu structure, we start with a basic charging platform that assumes no commission is paid. This lets you offer the FPP to your clients on a fee basis. Alternatively, you can build a charging structure around the agreed commission level using:

- a five-year establishment charge
- a one-year financial adviser charge (or a ‘one-off’ charge for single contributions)
- an additional AMC
- a combination of a financial adviser charge and additional AMC

The diagram below shows how you can build a charging structure to pay for commission.
The establishment charge
The establishment charge is taken as a percentage of the fund value monthly in arrears over a five-year period, or until normal retirement date if that’s earlier, and applies to regular and single contributions, as well as transfers.

Every increase in regular contributions (including automatically escalating contributions), and every single contribution or transfer, will have its own establishment charge and applicable period if we’re paying commission.

The level of establishment charge can vary depending on the level of commission taken (up to 0.55% for regular contributions and up to 0.12% for single contributions).

If money is taken out of the plan within the establishment charge period, we’ll apply a cash-in charge. This reflects the outstanding value of the establishment charge(s) at the date the money is taken out of the plan, and is calculated separately for each contribution. In addition, if contributions to the plan stop, we’ll continue to deduct the establishment charge until the end of the five-year period or until the selected retirement date. We won’t apply any charge if the planholder dies before retirement.

The financial adviser charge
The financial adviser charge is taken as a percentage of the contribution paid and deducted from the fund. For single contributions it’s deducted on the same date as the contribution paid. For regular contributions it’s deducted from each instalment paid during a 12-month period starting on the date of payment of the first instalment.

Every increase in regular contributions (including automatically escalating contributions), and every single contribution or transfer, will have its own financial adviser charge and applicable period.

The level of financial adviser charge can vary depending on the level of commission taken (up to 50% for regular contributions and up to 8.5% for single contributions).

A cash-in charge won’t apply as the financial adviser charge applies to initial commission on a one-for-one basis. Commission clawback only applies to regular contribution commission and applies if the plan is cashed in, partially cashed in, is paid up or contributions decrease within the first 13 months of the plan or increase starting.

To make regular contributions via the financial adviser charge and/or additional AMC options, a plan must have at least one single contribution or transfer value. Further regular contribution increments don’t need an accompanying single contribution or transfer value.
The additional annual management charge (AMC)
The base value is 1%. You can choose to apply an additional AMC to pay for some or all of your commission. Any fund manager charges (if applicable) are in addition to this charge.

The level of additional AMC can vary depending on the level of commission taken but the maximum AMC we offer is 1.5%. Any commission you take that would increase the AMC beyond 1.5% must be offset against another charge.

A cash-in charge only applies to single contributions and if commission is funded via a combination of FAC and AMC or AMC only. The formula is: (initial commission – FAC) reducing by 0.5% each year for five years.

To make regular contributions via the financial adviser charge and/or additional AMC options, a plan must have at least one single contribution or transfer value. Further regular contribution increments don't need an accompanying single contribution or transfer value.

Commission and charging options at a glance
For the financial adviser charge and additional AMC options we’re moving away from using the term-related Lautro commission scale to a flat percentage of yearly contribution basis. The establishment charge option is staying on the Lautro scale.

The table opposite gives you an 'at a glance' guide to some of the commission options available for regular contributions and single contributions. All options have a base AMC of 1% and you ... cover the cost of advice. For more details please get in touch with your AEGON Scottish Equitable consultant or call your access account manager on 0845 61 000 61.

<table>
<thead>
<tr>
<th>Establishment charge (EC)</th>
<th>Financial adviser charge (FAC)</th>
<th>Additional AMC (AAMC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular</strong></td>
<td><strong>Regular</strong></td>
<td><strong>Regular</strong></td>
</tr>
<tr>
<td>Initial commission (IC) only</td>
<td>75% x Lautro IC</td>
<td>1% IC: 1% FAC (maximum 50% IC)</td>
</tr>
<tr>
<td>IC and renewal</td>
<td>60% x Lautro IC and 2.5% renewal</td>
<td>Up to 45% IC and 2.5% renewal</td>
</tr>
<tr>
<td>IC and implicit fund-related commission (IFRC)</td>
<td>50% x Lautro IC and 0.1% IFRC</td>
<td>1% IC: 1% FAC (maximum 50% IC), IFRC can only be funded by additional AMC</td>
</tr>
<tr>
<td>IFRC only</td>
<td>0.35% IFRC</td>
<td>IFRC can only be funded by additional AMC</td>
</tr>
<tr>
<td></td>
<td>6% IC if term &gt; 5 years</td>
<td></td>
</tr>
</tbody>
</table>

| **Single**                | **Single**                      | **Single**             |
| Initial commission (IC) only |                             |                        |
| IC and renewal            | n/a                             | Up to 5% IC and 2.5% renewal |
| IC and implicit fund-related commission (IFRC) | 5% IC & 0.1% IFRC | 1% IC: 1% FAC (maximum 8.5% IC), IFRC can only be funded by additional AMC |
| IFRC only                  | 0.6% IFRC                       | IFRC can only be funded by additional AMC |

<table>
<thead>
<tr>
<th>Establishment charge (EC)</th>
<th>Financial adviser charge (FAC)</th>
<th>Additional AMC (AAMC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single</strong></td>
<td><strong>Regular</strong></td>
<td><strong>Regular</strong></td>
</tr>
<tr>
<td>Initial commission (IC) only</td>
<td></td>
<td>1% IC: 1% FAC (maximum 50% IC)</td>
</tr>
<tr>
<td>IC and renewal</td>
<td>Up to 45% IC and 2.5% renewal</td>
<td>Up to 5% IC and 2.5% renewal</td>
</tr>
<tr>
<td>IC and implicit fund-related commission (IFRC)</td>
<td>5% IC &amp; 0.1% IFRC</td>
<td>1% IC: 1% FAC (maximum 8.5% IC), IFRC can only be funded by additional AMC</td>
</tr>
<tr>
<td>IFRC only</td>
<td>0.6% IFRC</td>
<td>IFRC can only be funded by additional AMC</td>
</tr>
</tbody>
</table>

| **Regular**               | **Single**                      | **Regular**             |
| Initial commission (IC) only |                             | 1% IC: 1% FAC (maximum 8.5% IC) |
| IC and renewal            | Up to 5% IC and 2.5% renewal | Up to 8% IC and 0.1% IFRC |
| IC and implicit fund-related commission (IFRC) | 5% IC & 0.1% IFRC | 1% IC: 1% FAC (maximum 8.5% IC), IFRC can only be funded by additional AMC |
| IFRC only                  | 0.6% IFRC                       | IFRC can only be funded by additional AMC |

| **Single**                | **Regular**                     | **Single**             |
| Initial commission (IC) only |                             | 1% IC: 1% FAC (maximum 8.5% IC) |
| IC and renewal            | Up to 5% IC and 2.5% renewal | Up to 8% IC and 0.1% IFRC |
| IC and implicit fund-related commission (IFRC) | 5% IC & 0.1% IFRC | 1% IC: 1% FAC (maximum 8.5% IC), IFRC can only be funded by additional AMC |
| IFRC only                  | 0.6% IFRC                       | IFRC can only be funded by additional AMC |

<table>
<thead>
<tr>
<th>Establishment charge (EC)</th>
<th>Financial adviser charge (FAC)</th>
<th>Additional AMC (AAMC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular</strong></td>
<td><strong>Regular</strong></td>
<td><strong>Regular</strong></td>
</tr>
<tr>
<td>Initial commission (IC) only</td>
<td></td>
<td>1% IC: 1% FAC (maximum 50% IC)</td>
</tr>
<tr>
<td>IC and renewal</td>
<td>Up to 45% IC and 2.5% renewal</td>
<td>Up to 5% IC and 2.5% renewal</td>
</tr>
<tr>
<td>IC and implicit fund-related commission (IFRC)</td>
<td>5% IC &amp; 0.1% IFRC</td>
<td>1% IC: 1% FAC (maximum 8.5% IC), IFRC can only be funded by additional AMC</td>
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<td>IFRC only</td>
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<td>IFRC can only be funded by additional AMC</td>
</tr>
</tbody>
</table>

| **Single**                | **Regular**                     | **Single**             |
| Initial commission (IC) only |                             | 1% IC: 1% FAC (maximum 50% IC) |
| IC and renewal            | Up to 45% IC and 2.5% renewal | Up to 5% IC and 2.5% renewal |
| IC and implicit fund-related commission (IFRC) | 5% IC & 0.1% IFRC | 1% IC: 1% FAC (maximum 8.5% IC), IFRC can only be funded by additional AMC |
| IFRC only                  | 0.6% IFRC                       | IFRC can only be funded by additional AMC |

*Commission figures quoted are based on a 'mid-point' of 0.35% establishment charge (maximum of 0.55%).

**Commission figures quoted are based on a 'mid-point' of 0.08% establishment charge (maximum of 0.12%).

† Single contribution commission paid for by an additional AMC is term related. Commission figures quoted are based on a term of more than 20 years.

- To make regular contributions via the FAC and/or additional AMC options, a plan must have at least one single contribution or transfer value. Further regular contribution increments don’t need an accompanying single contribution or transfer value.

- Commission paid for by an additional AMC can only be chosen where the term to NRD or age 65, whichever is earlier, is greater than 10 years for regular contributions only.
# FPP product details

A quick guide to all the details you’ll need.

## Flexible Pension Plan

<table>
<thead>
<tr>
<th>Type</th>
<th>Personal pension plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>A personal pension combining the traditional insured elements of a personal pension with a self-invested option.</td>
</tr>
<tr>
<td>Eligibility</td>
<td>Minimum age 18</td>
</tr>
<tr>
<td></td>
<td>Maximum age 74</td>
</tr>
</tbody>
</table>

## Contributions

<table>
<thead>
<tr>
<th>Minimum contributions</th>
<th>Insured funds</th>
<th>Self-invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly</td>
<td>£100</td>
<td>No regular contributions can be made to this part.</td>
</tr>
<tr>
<td>Yearly</td>
<td>£1,200</td>
<td>£2,500</td>
</tr>
<tr>
<td>Initial single</td>
<td>£2,500</td>
<td>£2,500</td>
</tr>
<tr>
<td>Initial transfer</td>
<td>£2,500</td>
<td>£499</td>
</tr>
<tr>
<td>Additional single/transfer</td>
<td>£499</td>
<td>No</td>
</tr>
</tbody>
</table>

## Automatic escalation?

Yes. Either by a fixed rate between 1% and 15% or in line with National Average Earnings, subject to a minimum of 5% and a maximum of 15% a year.

## Contracting out of the State Second Pension?

Yes

## Waiver of contribution?

Yes. Up to a maximum of £80,000.

## Payment method

- Direct Debit
  - monthly
  - Cheque
  - yearly
  - single/transfer

No

No

The planholder will instruct us about the levels to be paid to the insured funds and to self-invested.
Investment choice

**Insured funds**
- Over 120 risk rated funds from 17 investment partners.
- Fund Supermarket – 1,200 funds from more than 45 fund managers
- DFMs
- direct equities
- property
- other ‘alternative’ investments

**Self-invested**
- Fund Supermarket — 1,200 funds from more than 45 fund managers
- DFMs
- direct equities
- property
- other ‘alternative’ investments
- direct equities
- property
- other ‘alternative’ investments

**Maximum number of funds**
- 20

**Switching**
- 20 switches free of charge each plan year.

**Transferring between insured funds and self-invested?**
- Yes. But, where the transfer is from the insured part into the self-invested part, it’ll be treated as an early transfer and may be subject to charges, depending on the charging structure chosen. A minimum value of £1,000 must stay under the insured part.

<table>
<thead>
<tr>
<th>Charges</th>
<th>EC</th>
<th>FAC</th>
<th>Additional AMC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocation rate</strong></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual management charge</strong></td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Yearly charge for contracting out of State Second Pension</strong></td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commission charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Regular contributions</strong></td>
<td>Up to 0.55% of fund each month for five years (or until normal retirement date (NRD))</td>
<td>Up to 50%</td>
<td>Up to 0.5%</td>
</tr>
<tr>
<td><strong>Single contributions</strong></td>
<td>Up to 0.12% of fund each month for five years (or until NRD)</td>
<td>Up to 8.5%</td>
<td>Up to 0.5%</td>
</tr>
<tr>
<td><strong>Cash-in charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outstanding establishment charge</td>
<td>Only applies to single contributions and if commission is funded via a combination of FAC and additional AMC or additional AMC only. Formula: (IC – FAC) reducing by 0.5% each year for five years.</td>
<td></td>
</tr>
<tr>
<td><strong>Fund bonus</strong></td>
<td>4% at year 10, 0.5% year 11 onwards.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td><strong>Fund value rebate</strong></td>
<td>n/a</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Self-invested charges</strong></td>
<td>For details of the self-invested charging structure, please see the SIPP option charges sheet.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Commission rates

<table>
<thead>
<tr>
<th></th>
<th>EC</th>
<th>FAC</th>
<th>Additional AMC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial-only</strong></td>
<td>75% Lautro mid-point, up to 115% Lautro</td>
<td>Up to 50% of yearly contribution</td>
<td>Up to 10% of yearly contribution</td>
</tr>
<tr>
<td><strong>Initial and renewal</strong></td>
<td>60% Lautro plus 2.5% renewal mid-point, up to 100% Lautro plus 2.5% renewal</td>
<td>Up to 45% of yearly contribution plus 2.5% renewal</td>
<td>Up to 5% of yearly contribution plus 2.5% renewal</td>
</tr>
<tr>
<td><strong>Level commission</strong></td>
<td>6% mid-point, up to 9%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>IFRC</strong></td>
<td>Up to 0.6% a year</td>
<td>Up to 0.5% a year</td>
<td>Up to 0.5% a year</td>
</tr>
<tr>
<td><strong>EFRC</strong></td>
<td>Up to 0.5% a year</td>
<td>Up to 0.5% a year</td>
<td>4% (1% AMC)</td>
</tr>
<tr>
<td><strong>Single commission for contracting out of S2P</strong></td>
<td>4%</td>
<td>Up to 8.5%</td>
<td>Up to 7%</td>
</tr>
<tr>
<td><strong>Single commission for SC/TVs</strong></td>
<td>6% mid-point, up to 8% (or 8.5% if SC/TV is £50,000 or more)</td>
<td>£30,000</td>
<td>£10,000</td>
</tr>
<tr>
<td><strong>Maximum commission</strong></td>
<td>£30,000</td>
<td>£30,000</td>
<td>See cash-in charges</td>
</tr>
<tr>
<td><strong>Commission clawback</strong></td>
<td>Standard Lautro terms</td>
<td>Commission paid minus amount collected by FAC</td>
<td>100% in first 13 months</td>
</tr>
<tr>
<td><strong>Regular contributions</strong></td>
<td>See cash-in charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single contributions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Receiving benefits

#### Selected retirement age

At any time between the ages of 50 and 75 (rising to age 55, from 6 April 2010). The planholder can either:
- buy a pension from a pension company, or
- transfer their fund to a more flexible retirement plan and take income withdrawals, within limits set down by the Government, from their fund

Before 75, tax-free cash can normally also be taken. At 75, they wouldn’t be able to take any of their fund as tax-free cash.

If the planholder dies before taking benefits, we’ll pay the value of the fund as a cash lump sum. If the plan is arranged under trust, we’ll pay the lump sum to the trustees. If it’s not arranged under trust, we’ll decide who to pay the lump sum to.

The lump sum death benefits will be tested against the planholder’s available lifetime allowance, and a tax charge of 55% will be payable on any excess.

The death benefits can be paid as a pension to the planholder’s husband, wife, civil partner or dependants. If paid as a pension, it wouldn’t be tested against the lifetime allowance and there would be no tax charge (although the income would be taxable as income under PAYE).

If the planholder dies before taking their contracted-out benefits, the fund built up from contracted-out contributions must normally be used to provide a pension for their husband, wife or civil partner. If they’re not married and don’t have a civil partner, it can be paid as a lump sum to their dependants.
About AEGON Scottish Equitable

We’re one of the UK’s leading pension providers. Which isn’t surprising, really, as we’ve been helping people manage their finances since 1831.

Recent awards
But don’t just take our word for it – we’re delighted with the independent endorsements we’ve won. Here are just a few of the most recent:

Financial Adviser Life and Pensions Awards 2006
- Pensions Provider of the Year
- Group Pensions Provider of the Year
- 2nd place in the Best Individual Pensions Provider of the Year
- 2nd place in the Life Assurance Company of the Year

Moneywise Pension Awards 2006
- Best Personal Pension Provider (non-stakeholder)

e-Excellence Ratings 2006, in association with Money Marketing
- Triple e-Excellence rating for Individual Pensions
- Triple e-Excellence rating for SIPP
- Triple e-Excellence rating for Portfolio Planning Tools
- Triple e-Excellence rating for Pension Tools
- Triple e-Excellence rating for Unsecured Income (Drawdown)
- Triple e-Excellence rating for Group personal pensions and stakeholder pensions
- Double e-Excellence + rating for Secured Income (Annuities)
- Double e-Excellence + rating for Investment Bond

Financial Adviser Practiv Service Awards 2006
- Four star rating – Life and Pensions Providers
- Four star rating – Investment Providers and Packagers
- 3rd overall for service on the pensions product sector
Local knowledge, global power
AEGON Scottish Equitable is part of AEGON, one of the world's largest companies, with around 25 million customers worldwide. AEGON is also one of the strongest, with around €359 billion/£250 billion assets under administration (this includes all revenue-generating investments).

AEGON's biggest markets are the UK, the USA and the Netherlands. The group is also present in Canada, the Czech Republic, Hungary, Poland, Slovakia and Taiwan.

But large doesn’t mean that we lack flexibility or a personal touch. Our 'local knowledge, global power' ethos helps us apply what we learn throughout the world to each individual market. And this global perspective helps us to innovate and build better financial futures for everyone we work with.

Financial strength
Our financial strength means you can really rely on us. Independent industry analysts Standard & Poor’s awarded AEGON Scottish Equitable an AA (very strong) rating in January 2007. This is one of the highest ratings of financial strength a company can achieve.

Customer Impact scheme
At AEGON Scottish Equitable, we’re actively putting customers at the heart of what we do. We’re determined to treat customers fairly and communicate clearly with them at all times.

As well as following the Financial Services Authority’s Treating Customers Fairly principles, we’re fully signed up to the Association of British Insurers' Customer Impact scheme. Both of these cover how products are designed and marketed, and make sure we deal fairly with all claims and payments.

As part of the Customer Impact scheme, we publicly commit to putting customers at the core of our business, and each year we have to show that we’re doing this. We also carry out a yearly customer survey to measure changes in customer experiences and attitudes. This is all supported by good practice guidelines.
What next?

If you'd like to find out more, please visit our dedicated FPP website at www.fpp.aegonse.co.uk, get in touch with your AEGON Scottish Equitable consultant or call your access account manager on 0845 61 000 61.

Important notes

In the future, the terms of our FPP may change for new clients. If this happens, we'll update this guide and you'll be able to get a new version from your AEGON Scottish Equitable branch or access account manager.

For more details on our investment fund range, please see our Pension fund selection brochure.

Our FPP – the pension that’s as individual as your clients are.

This communication is directed at professional financial advisers. It shouldn’t be distributed to, or relied upon by, private customers.