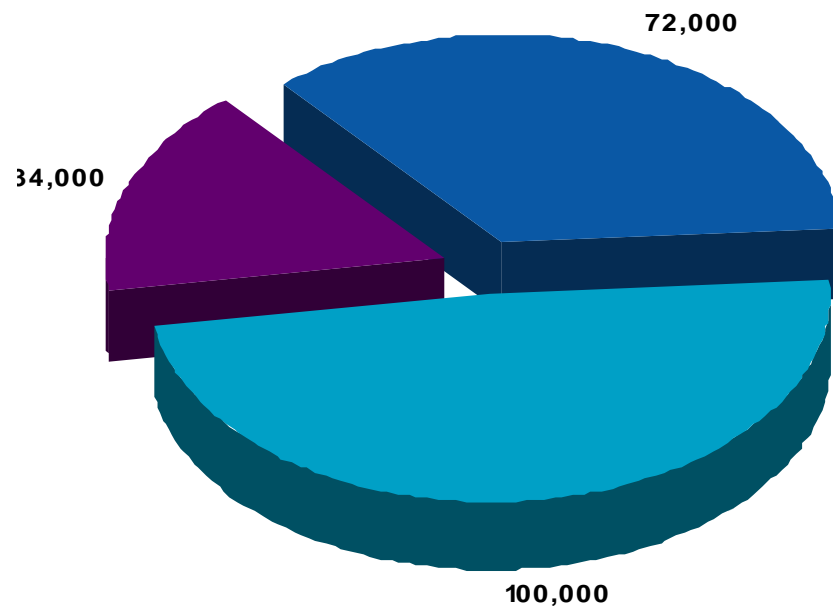


The industry view

Rachel Vahey, AEGON

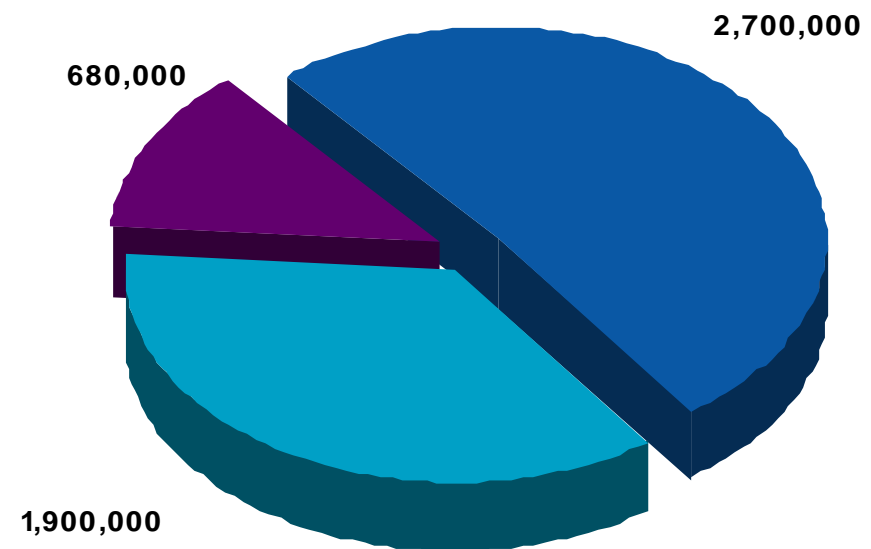
The current DC marketplace

Number of active schemes



■ Occ DC ■ GPP ■ GSHP

Number of members



■ Occ DC ■ GPP ■ GSHP

2,580,000 members in GPP or GSHP Schemes

SOURCE: The Pensions Regulator, 2006



Some interesting facts about AEGON schemes

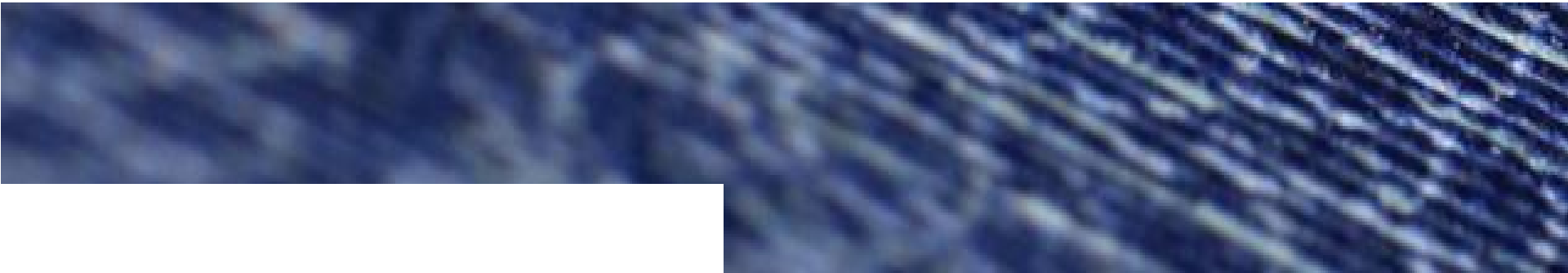
Average number of members is 21

Employer pays (on average) 58% of total contribution

Our modal payment is £100 per month

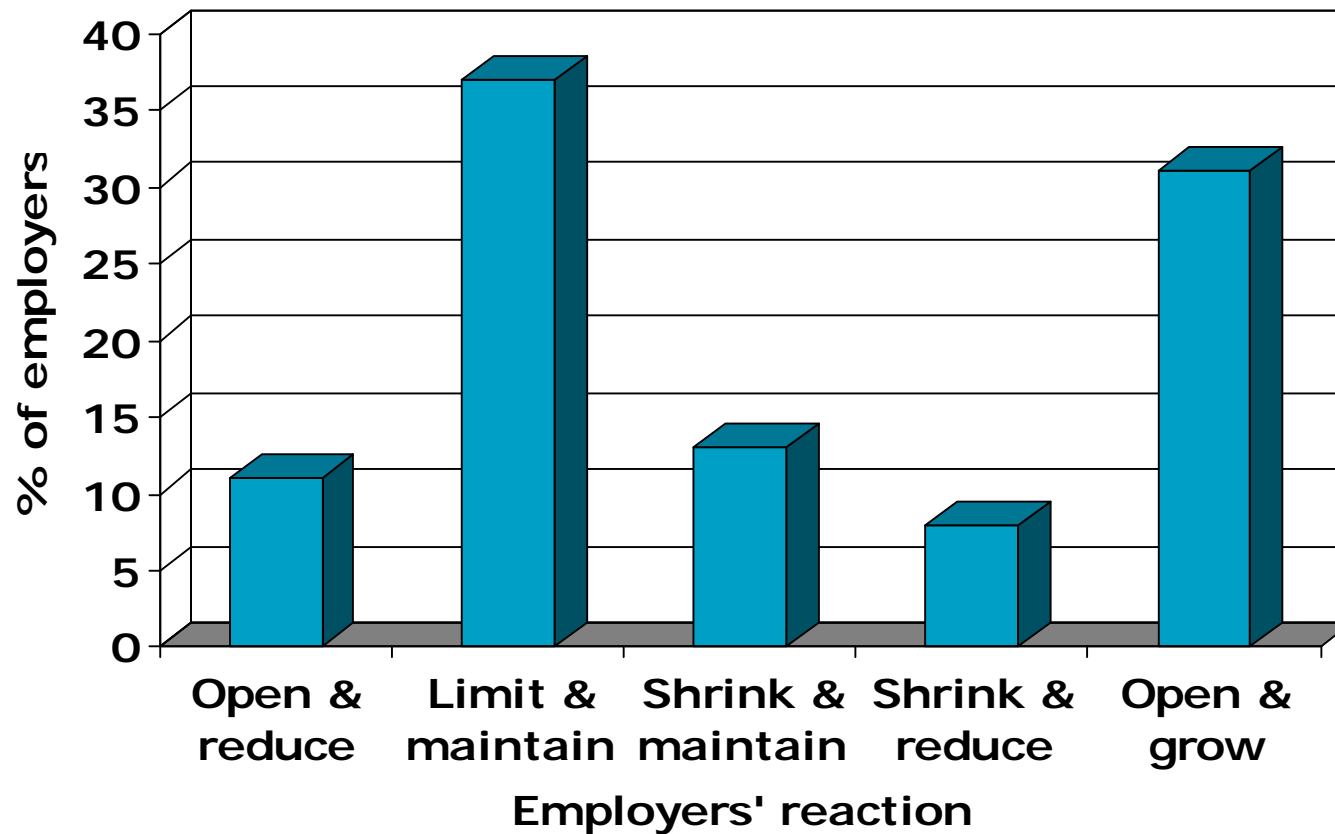
57% of GPP/GSHP members earn below £25,000

SOURCE: AEGON – contract-based schemes



**We need a
sensible solution
to ‘auto-
enrolment’
otherwise schemes
will level down or
close**





SOURCE: PPI – Modelled employer response scenario – based on Deloitte 2006 – DC schemes




Complement not compete?

The USA Experience

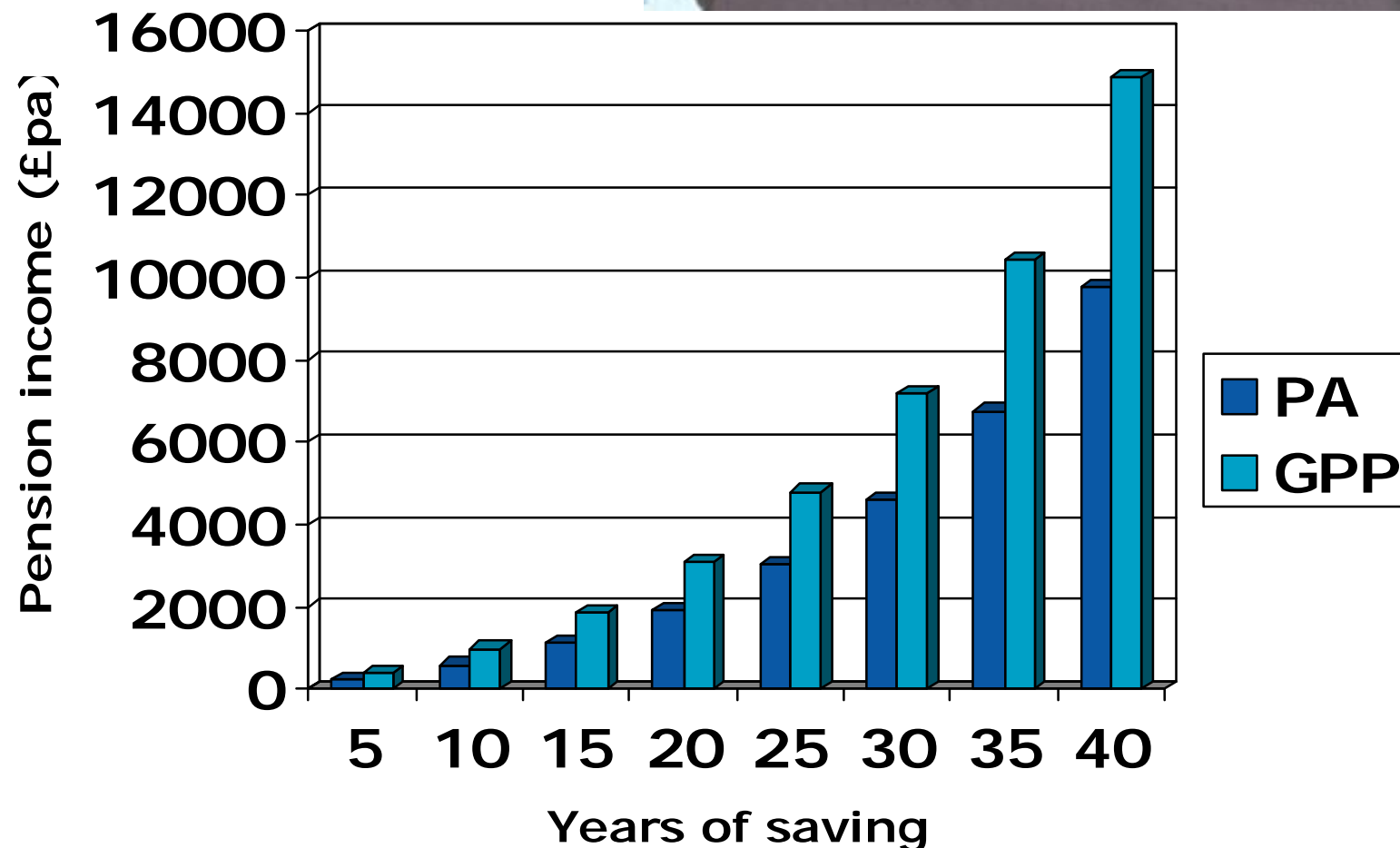
401k designed to complement DB – in many cases the only retirement plan a US company has

Beware of unintended consequences

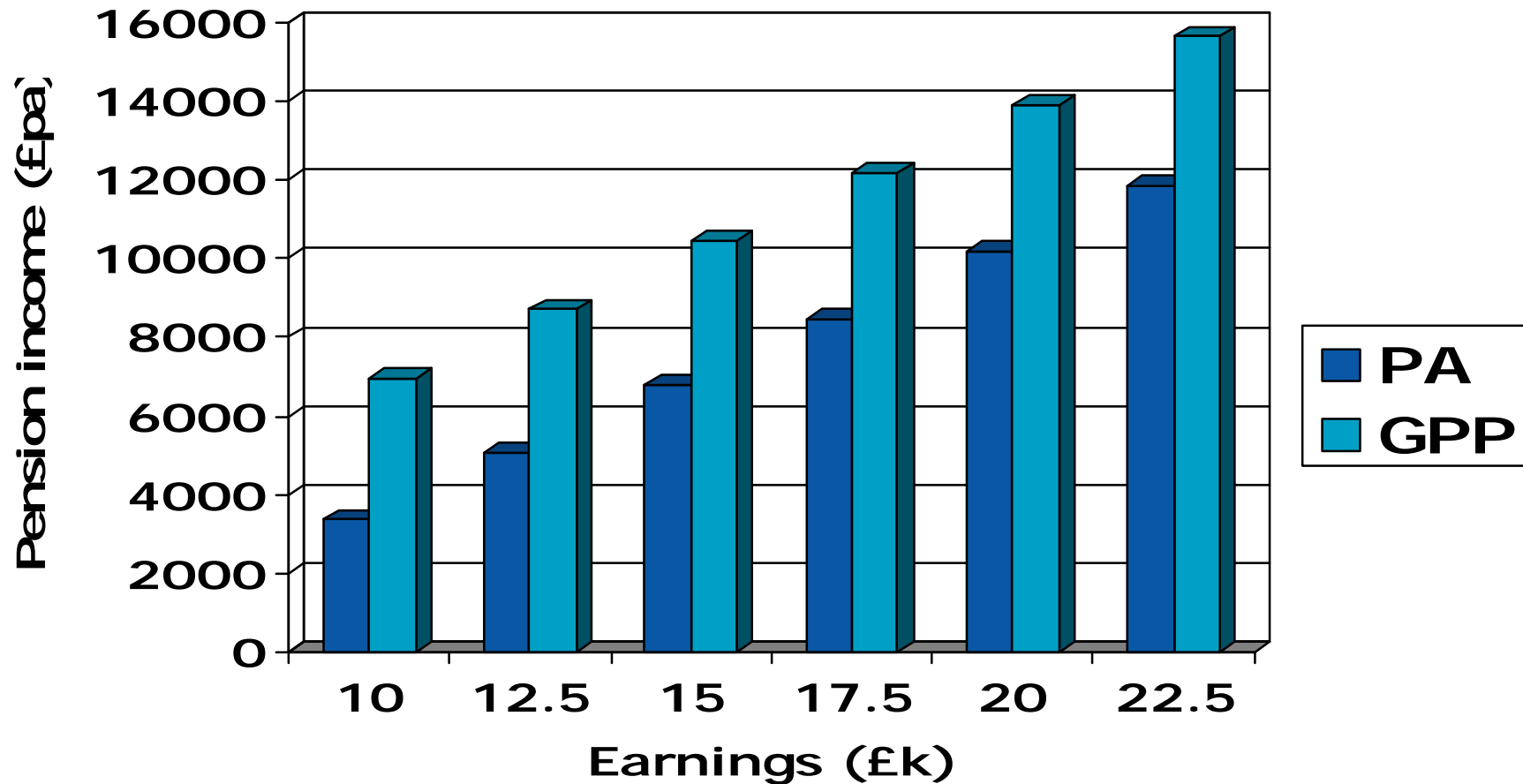
Members not participating, not contributing enough or not making the right choices



Losing five years' saving - £15,000 earner



SOURCE: AEGON, 6% investment growth, 4% earnings growth, 0.5% amc for PAs, 1% amc for GPPs, male aged 65 at retirement, 5 year guarantee, RPI escalation, 9% of full earnings for GPP, 8% of band earnings for PAs



SOURCE: AEGON, 6% investment growth, 4% earnings growth, 0.5% amc for PAs, 1% amc for GPPs, male aged 65 at retirement, 5 year guarantee, RPI escalation, 9% of full earnings for GPP, 8% of band earnings for PAs, 35 years' saving

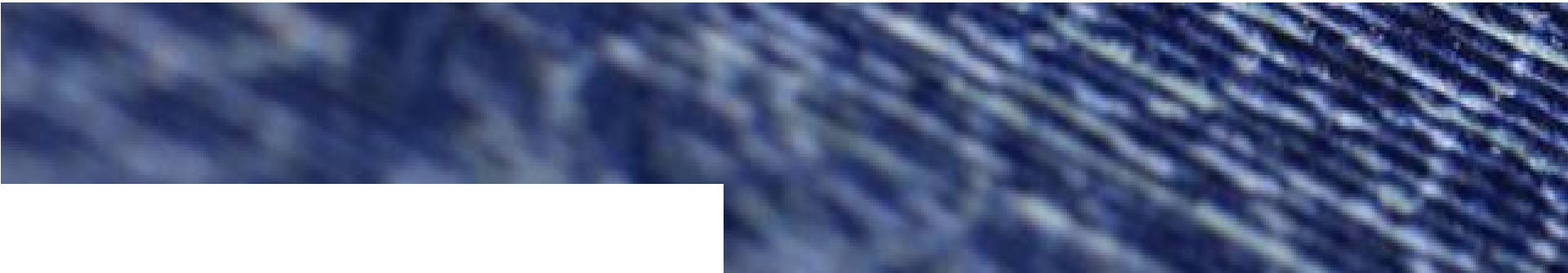
A photograph showing a person's hand pointing at a map. The map is open on a table, and the hand is pointing to a specific location. The background is slightly blurred, showing what appears to be a desk or table.

3 Steps to increase pension saving

1. Design an employer compliance regime that works

2. Design a simple, inclusive, qualifying scheme test

3. Create a level playing field



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sensible solution
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