

Aegon's independence day

AT8's Mark Loosmore reports on Aegon's product provider tools, a whole-of-market selection he says is wide-ranging, flexible and independent, making them a long-term bet for success



Undeterred by the volcanic ash preventing travel to the Edinburgh office, we met with Stuart Hale, Aegon's head of e-commerce promotion and adoption in the sunny Midlands, where he took us through the range of tools with which the firm provides distributors.

While the Aegon brand is less well known among consumers, it has served the IFA market well for many years, with a wide range of products covering protection, investment, pensions and annuities. Aegon also owns its own distribution channels, including Positive Solutions and Origen, but it has kept this distribution very separate from its manufacturing and IFA focus, realising that the distribution is a powerful asset in its own right.

I mentioned that we would be reviewing a selection of the tools provided by Aegon, as its wide range of products and substantial investment in technology over the past five years has resulted in many different tools aimed at enhancing the advice process. To cover all that Aegon provides to support e-commerce could result in three or four articles. Unfortunately, this is a luxury we do not have.

Sales process support

Aegon supports the adviser's sales process through a number of electronic quotation and application services, including all the portals (it part owns Assureweb). It has direct integrations with a number of major distributor's systems and provides support for a number of niche portals, such as the main adviser-led annuity comparison sites. In addition, it integrates to the major back-office systems; a quick look at the 'Adviserwise' website – www.adviserwise.co.uk – shows that Aegon has more integrations than most other providers.

Hale talked of the wide range of calculators Aegon provides, including those looking at retirement income shortfalls, tax-free cash and estate planning lifetime allowances. Aegon is also active in worksite marketing and has a number of tools to help advisers and employee benefit consultants.

Here, we are focusing on its investment and retirement propositions, including its 'At Retirement' proposition, which it claims is its most differentiated offering.

Aegon's propositions are inter-

esting for several reasons, not least because they are 'whole of market' solutions, independent of its own products. The 'independence' is a theoretical risk to Aegon, because the tools could be actively used to help advise

items we reviewed a few weeks ago, it is powered by Distribution Technology, which uses the Psychometric Centre and Oxford Risk-based questions. It has a credible heritage and is backed by several pieces of research that

a variety of different business models and advice processes.

Colour-coded advice

Having entered the key cash-flows, the system then shows graphs of the incomes and outgoings in a simple chart and marks the current situation as either green – no action required; orange – some action required, or red – significant action required (red/amber/green colour coding is used throughout the system).

The system continues to capture existing policies and plans (there is an option to produce an 'arrangements report' from this information, if desired). Client goals and aspirations are captured, be they one-off or a recurring amount. If an ATR has not already been carried out, it is triggered at this stage and one of the three questions can be performed, or an ATR value that has already been captured from other systems can be input.

Once this data is captured, the asset allocation process kicks in, and a target portfolio is drawn up and displayed for the adviser to review. A forecasting capability that will illustrate how the current portfolio or target portfolio's will perform also exists. All of the graphs and data produced can be downloaded to Microsoft® Office for the adviser to add to their reports, should they have their own reporting tools. It should be reiterated that up to this point nothing performed has been specific to Aegon's product set.

When the target portfolio has been identified, a fund selection process starts, which includes the use of model portfolios. This is the first time Aegon Scottish Equitable or Aegon products appear in the system, although the system is not only limited to their products. At the end of the process, a transaction summary and investment plan is produced, which is downloadable to Microsoft® Office for separate advisers' reporting processes, if they have them.

The retirement process is similar to the investment process, although the questions and

details are more specific to the retirement process, with the client being led through a set of retirement goals (age of retirement, income requirement). Some data is automatically worked out and pre-populated (such as state pension benefits, using either the defaults or the figures from the BR19 if available). As with investment planning, the adviser is led through risk profiling, asset allocation, forecasting, fund selection, portfolio building, and reporting.

The tools described so far are well executed but are not unique in the market. Indeed, Distribution Technology has provided several such systems to providers, while Towers Watson and Barrie & Hibbert have also deployed similar systems.

The 'At Retirement' planner

However, what is different is the addition of an 'At Retirement' planner. This takes a client's current position, their attitude to pensions and their retirement goals, then enables the adviser to contrast, annuities, a phased unsecured pension and a full unsecured pension to see which is the best fit for their client.

The system looks at which routes best meet the client's ATR, their Attitude to Pensions, their capacity/affordability and the critical yield they need to achieve, providing an overall position and recommendation. Again, all the support evidence is put into a report or is available as a download for adding to other reports that the adviser creates.

Aegon's systems are so wide-ranging that it is difficult to do them justice. However, we would recommend advisers take a look at what is on offer, because there are some real business benefits to be obtained, and the solutions are executed in a flexible enough manner to fit into most adviser's processes. We would like to see more data integration with other adviser systems to pre-populate their own systems and to record the activity performed. But other than this, we highly commend Aegon.



"The 'At Retirement' planner takes a client's current position, their attitude to pensions and their retirement goals, then enables the adviser to contrast annuities, a phased unsecured pension and a full unsecured pension to see which is the best fit for their client"

on competitor products. However, it sees this as an investment in the relationship with IFAs and believes it will build trust and strengthen their relationships. Aegon's view is that if it doesn't receive the resulting new business at the end of the process then it probably was never going to in the first place, so nothing is lost but hopefully the relationship is enhanced. Of course, the regulator might have had a real issue post-2012 if it hadn't kept the tools 'independent', so assuming it doesn't fall foul if the 'inducement' criteria, the strategy should have a more certain long-term position.

The 'At Retirement' proposition provides an Attitude to Risk (ATR) questionnaire, a solution analyser, as well as an asset allocation tool and other reporting tools. The solution is split into a series of modules so the adviser can simply choose to do an ATR, look at their investment goals, look at their retirement goals or support a full advice process analysing all three areas of need.

The first part of the process we will look at is the ATR, which is available with five, 18 or 24 questions. As with the LV= and Friends Provident ATR sys-

show it can articulate accurately the risk profile of a client.

A nice feature of the Distribution Technology tool is it presents the risk not just as a description but also puts a monetary value to show the maximum loss and gain. This helps the adviser to ensure that the client really understands what the risk means.

When I used the tool, I ran through a full retirement plan and, in general, found the data was easy to enter and the system was quite logical to follow. However, there were a few usability improvements that could be made in the navigation. I found the arrows leading the user through the system were not that prominent or clear, and varied in their location and labelling. Using the browser's backwards and forwards arrows actually caused the system to crash.

The data collection is very pragmatic: if collecting income or outgoings data, this can be done entering line-by-line each income and outgoing item. Alternatively, it can be done under group headings (such as home expenses, entertainment expenses), or as a summary line item. Pragmatism exists throughout the system and is what makes it able to support

KEY INSIGHTS

- Aegon tools offer a wide range of support options;
- Aegon uses existing solutions where effective, not reinventing the wheel;
- It allows different elements of the solutions to be used, rather than imposes the whole suite;
- It enables output to other systems;
- It integrates with other solutions to extend reach of value;
- It enables access to other products and funds that are not owned by Aegon, thus supporting independence, not constraining it.