



Cash solutions and phased investment

Take advantage of ISA and pension tax allowances on the Aegon Platform

We offer a range of cash funds and a cash facility for our ISA, SIPP and general investment account (GIA) that are available through the Aegon Platform.

This offers nervous clients potential stability by reducing exposure to volatile conditions during periods of uncertainty. It's also a way to use their yearly ISA and pension tax allowances – even if they don't want to invest straight away.

Benefits of investing in cash

- Your clients can use their full tax allowances by investing in cash, even if they don't want to invest in other asset types straight away.
- Cash is readily available to invest in other asset types at a time that suits your client.
- A short-term solution that can help reduce your clients' exposure during volatile market conditions.
- Earn interest on cash held in your clients' product cash facility, or give access to some growth potential from cash funds.
- Option to phase your clients' investments held in a product's cash facility into investments held in the same product. This takes place over a pre-defined period to help reduce market timing risk and to take advantage of pound cost averaging.

While cash is less likely to fluctuate in value greatly or to fall significantly, returns are likely to be lower than for other asset types and its value is unlikely to keep pace with inflation. As a result, it's more suitable for short-term investment.

As with other investments, the value of cash funds may go down as well as up and returns may be less than invested.

The cash facility

Your clients can use the cash facility to hold contributions before they invest. It also holds the proceeds from selling assets or income that we've still to pay out to the client. We also use it to pay out all costs and charges for your clients' account.

We calculate interest at a daily rate and credit this monthly. Cash is held securely on our behalf by HSBC, who will pay interest at its standard rate of 0.05% below the Bank of England base rate. This rate may vary in the future.

It's your and your clients' responsibility to make sure that their cash facility has enough in it to cover charges and regular income withdrawals. To maximise their tax-efficient investments, clients can also request for charges on their SIPP or ISA to be funded by their GIA using a direct debit instruction.

Phased investing

One of the Aegon Platform's features is the ability to phase investments held in a product's cash facility into investments held in the same product (including an advisory model portfolio). The phasing takes place over a defined period. To do this, set up a recurring switch instruction on behalf of your clients using our [Recurring switch from cash instruction](#) form.

Once you set up a recurring switch, investments will happen automatically at monthly, quarterly, half yearly or yearly intervals, depending on what you and your clients select. This gives the benefit of pound cost averaging and reduces the worry of timing investments into the market.

You can use Report Zone to regularly check cash holdings are aligned to your clients' investment strategy using the Wrapper data report.

Adviser charges excluding cash

You can set up adviser charge models to exclude cash held in the cash facility, so if your client is sat in cash or a proportion is in cash during a phased investment approach they will only pay adviser charges on the money that's invested. To set up an adviser charge model that excludes cash you'll need to complete a [Charge set up form](#).

Cash funds

Cash funds are one of the lowest risk types of investment available. Generally, they hold low-risk investments such as short-term bonds and money market securities with the aim of giving returns that are greater than the UK interest rate. Money is pooled with that of other investors, this allows the scheme fund to have greater buying power than the individual investors themselves.

As with other investments, the value of cash funds may go down as well as up and returns may be less than invested. Cash funds are less likely to fall than most other investment types, although they also have lower growth potential.

Reassure nervous clients

You could use cash funds as an alternative to bank deposits, to provide stability for nervous clients' money. This also allows them to take advantage of yearly tax allowances when markets are uncertain.

When they're ready to invest, your clients can switch into other asset types. This may be particularly important if you have clients who are investing for growth but have concerns over market performance in the short term.

Cash funds available

There are a number of cash funds available on the Aegon Platform, as we show below¹.

For more information about any of the funds below, visit the [Research Centre](#) on the Aegon Platform. Use the filters to search by sector.

Investment Association (IA) Standard Money Market

ASI Sterling Money Market

Premier UK Money Market

Invesco Money UK

IA Short Term Money Market

BlackRock Cash

Fidelity Cash

Legal & General Cash Trust

Royal London Short Term Money Market

¹ As at February 2020

Don't forget that as the intermediary, you're responsible for the suitability of the advice that you give and any recommendation to change clients' assets must take into account their relative attitude to risk. As with any investment with a low growth potential, you should consider the effects of inflation on the overall value of the investment over time.



Questions and answers

? Are cash funds a safe investment option?

Unit trust/OEIC cash funds generally invest in money market instruments, such as treasury bills, deposits and other short-term liquid assets. Some of these can be lent and borrowed to satisfy the cash flow requirements of banks and other institutions for the short term (from overnight to several months). While cash is a lower-risk investment type, this means there may be a degree of investment risk compared to that of bank deposit cash accounts. Cash funds may also contain derivatives that could increase the relative risk factor of the fund and the risks to the investor. There's also a risk that returns may not keep pace with inflation. As always, before making a recommendation, you should look carefully at what the fund invests in to decide if the asset split is appropriate for the individual needs of your clients.

? What return can my clients expect from a cash fund?

Cash is a lower-risk investment type, but it also has lower growth potential than most other asset classes. Over the long term, the return from a cash fund may not keep up with inflation, and returns will be lower in a low interest rate environment. As a result, cash is generally better used as a short-term investment option. As always, before making a recommendation, you should look carefully at what the fund invests in to decide if the asset split is appropriate for the individual needs of your clients.

? How long can my clients hold money in cash?

There's no time limit restriction in place, however you should carefully consider the time period that suits your clients' individual investment needs. In the long term factors like inflation could outweigh any potential gains.

? Can I manage my clients' investments from the cash facility?

Yes, you can switch investments online at any time or move their investments into a model portfolio.

? What happens to my my clients' phased investments if there aren't funds available in the cash facility?

When all the money has been invested or the phased investment date ends, the phased investment will stop.

For more information speak to your usual Aegon contact or visit cofunds.aegon.co.uk