



Cash solutions and phased investment

Take advantage of ISA and pension tax allowances on Aegon Retirement Choices.

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

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 their product wrapper's cash facility and/or cash funds even if they don't want to invest in other asset types straight away.
- Cash is readily available to invest in other asset types online 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 the product wrapper's cash facility, or give access to some growth potential from cash funds.
- Option to phase investments held in your clients' product wrapper's cash facility into investments held in the same wrapper. This takes place over a pre-defined period to help avoid 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.

Phased investing

One of ARC's features is the ability to phase investments held in a product wrapper's cash facility into investments held in the same wrapper (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 client 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.

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 providing returns that are greater than the UK interest rate. Money is 'pooled' with that of other investors, this allows the fund to have greater buying power than the individual investors themselves.

Reassure nervous clients

You could use cash funds available through ARC, 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 have concerns over market performance in the short term.

Cash funds available

There are a number of cash funds available on ARC, as shown below.

For more information about any of the funds below, go to the [investment list for ARC](#). Use the filter to choose the fund managers you want to view.

Investment Association (IA) Money Market
Aberdeen Sterling Money Market
Invesco Money
Premier UK Money Market
IA Short Term Money Market
BlackRock Cash
Fidelity Cash
Legal & General Cash Trust
Royal London Short Term Money Market
ABI Deposit and Treasury (pension only)
Scottish Equitable Cash
ABI Money Market (pension only)
Aegon BlackRock Cash Tracker

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 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?

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 is 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 whether 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, so 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 whether 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 appropriate duration that suits your clients' individual investment needs as in the long-term factors including 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 your clients' investments into a model portfolio.

? What happens to my clients' phased investments if there aren't enough 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 [aegon.co.uk](https://www.aegon.co.uk)