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Cash accounts on Wrap

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Cash accounts on Wrap

Cash Account

- Can hold cash pending investment into a tax wrapper e.g. ISA/JISA subscription for the next tax year, or for moving cash between Wrap accounts
- IAC for Personal Portfolio, ISA/JISA and Onshore Bond are facilitated by Cash Account and not from within the product
- IAC for Offshore Bonds and SIPP can be facilitated by Cash Account rather than from within the product
- Platform Charges for Personal Portfolio and ISA/JISA are facilitated by Cash Account
- OAC is facilitated from Cash Account for Personal Portfolio, ISA/JISA and Onshore Bond
- OAC can be facilitated by Cash Account for Offshore Bond and SIPP rather than from within the product
- Payment of IAC requires Cash Account to hold sufficient cash either by allocation during the new business process by a withdrawal from a product to Cash Account
- Facilitates the portfolio manager fee for ISA/JISAs invested in a discretionary Managed Portfolio Service.

IAC – Initial Adviser Charge.

OAC – Ongoing Adviser Charge.

Product Cash

Personal Portfolio	Funds Cash Account for OAC and platform charges. Will auto-disinvest proportionately from funds and Managed Portfolios the amount of the charge + £100 if insufficient Product Cash available.
ISA/JISA	Funds Cash Account if no Personal Portfolio holdings available for disinvestment to pay OAC or platform charges. Will auto-disinvest proportionately from funds and Managed Portfolios the amount of the charge + £100 if insufficient Product Cash available.
SIPP	Facilitates IAC. OAC and platform charges are funded by auto-disinvestment if no Product Cash is available. Pays client income from Product Cash. Standing sells from funds are required to top up Product Cash to pay income.
Offshore Bond	Can facilitate IAC and OAC. OAC and platform charges are funded by auto-disinvestment if no Product Cash is available. Pays client withdrawals from Product Cash. Standing sells from funds are required to top up Product Cash to pay withdrawals.
Onshore Bond	No Product Cash is available. Pays client withdrawals, platform charges and product charges by cancellation of units across insured funds.

Managed Portfolios are accessed via the Investment Hub and these are different to full discretionary portfolios managed as off platform investments.

How to manage Cash on Wrap

What does Cash Management mean?

This is the term we use to describe the process of managing Cash Account and Product Cash within your clients' accounts.

Why is Cash Management important?

By managing your clients' cash account(s) on a regular basis, you will be able to:

1. Control which of your clients' investments are used to cover charges
2. Prevent your clients' account(s) from going into a negative, reducing risk of transactions failing

Note – Wrap does use auto-disinvestment to generate cash, however this is only for some charges. Please refer to our guides on **Aberdeen charges** and **Adviser charges** for more information.

Why would my client have insufficient/negative cash balances?

Rebalancing

Rebalances place deals simultaneously at estimated prices meaning market movement can cause a negative or positive cash balance. It's important to check your clients' account(s) after a rebalance and make changes if needed.

You can check this by going to: **Dynamic Menu > Orders > Deals/Switches**. If the batch total is positive, product cash was used to complete the rebalance meaning the account may go into a negative.

Tip – To check the difference between the expected and actual amount realised, click on the "detail" button and if the difference is less/more than most sells, this is why there's a negative.

For more information, refer to our **Rebalancing guide**.

SIPP and Offshore Bond Income

We will always pay client income, even if there is insufficient cash. This means your clients' account(s) are at risk of going into a negative cash balance.

It is important you set up a single or regular sell when requesting income. This allows you to choose where you want the disinvestment to come from.

Note – This does not apply to withdrawals from Cash Account, Personal Portfolios or ISAs. If there's insufficient cash withdrawals will not pay.

Failed Direct Debits

If your client is paying in a regular premium to their SIPP and we cannot collect the monies (i.e. insufficient monies in the account), we will pre-fund the premium using monies from Cash Account.

If we receive the monies within 5 working days we will apply this to Cash Account but if not, we will reverse the transaction.

To cancel a SIPP contribution, it is important you cancel this on the platform by going to: **Dynamic Menu > Transaction History > Payments/Withdrawals** and call the Client Engagement Hub on 0345 279 1001 to confirm this instruction.

How to manage Cash on Wrap

What happens if there is insufficient cash?

Failed Transactions

- Wrap monies are not ring-fenced, so cleared cash will be used to cover outstanding charges even if it's set aside for another purpose, i.e. client withdrawal. This could result in insufficient cash to complete the intended transaction.

Note – Aberdeen charges are payable on the 5th of each month.

Contributions

- If the client makes a contribution to an account with insufficient cash, this will be used to bring the account into a positive first before investing.

Internal Processes

- We may take any or all of the steps set out in section 12.21 of our Terms and Conditions to remedy any negative balance.
- This may include using monies from other sub accounts, cancelling transactions and selling assets.

How do I manage my clients' cash balance?

There are several options that give you flexibility on managing different client scenarios. You can use one or a combination of these options to suit your client needs.

Method	Detail
Keep money in Cash Account	You can do this on the New Business process by allocating money to Cash Account on the Tax Wrapper Allocation step. This can be topped up by: • Paying new monies into the account through the New Business process; or • Withdrawing from Personal Portfolio or ISA Product Cash or Investments through Quick Actions Menu > Withdraw. • For more information, please refer to our Withdrawal guide.
Keeping money in Product Cash	You can do this on the New Business process by allocating money to Product Cash on the Investment Selection step. This can be topped up by: • Paying new monies into the account through the New Business process; or • Creating a sell through Quick Actions Menu > Sell. Proceeds from sells in a product will credit Product Cash. For more information please refer to our Buying/Selling/Switching guide .
Set up a regular sell	You can set this up via Quick Actions Menu > Sell . This can be set up monthly, quarterly, half-yearly or yearly. For more information please refer to our Buying/Selling/Switching guide .
Auto Disinvest (charges only)	If there is no cash to pay charges, auto-disinvestment will be triggered. • If a trade is already in progress, the system will queue the auto-disinvestment • We will NOT auto disinvest to cover Initial Adviser Charges, income or to correct a negative balance.

How do I check what cash is available?

You can view cash balances at Wrap and Product level by going into the clients' account on the **Investments Tab** and view "**Tax Wrapper**".

Tip – it is best practice to check the **Investments Tab** for each tax wrapper to view fully cleared funds.

You can also run the **Cash Balances** report found in **Business Management > Dynamic Menu > Cash Balances Report**. This helps you identify cash balances at client level for both Wrap and Product cash. It will also help you see low and high cash balances that may need reviewing.

Tip – anything in brackets "()" indicates a negative cash balance.

Adviser Charges, ISA/JISA DFM Model Fees, Platform & Product Charges

We only carry out auto-disinvestment for the following charges: Platform Charges, Product Charges, ISA/JISA DFM model fees taken from Cash Account, OAC taken from Cash Account, SIPP Cash or IPB Cash and RIAC taken from SIPP Cash. If there is insufficient cash to cover charges then we will automatically disinvest through the following routine:

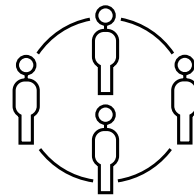
The disinvestment amount will equate to the charge due plus £100.00 to minimise the number of small mutual fund trades.

The disinvestment amount from Insured Funds will equate to the amount of the Adviser Charges, Platform and Product Charges where applicable.

The disinvestment amount will equate to 6 months' worth of Adviser Charges, Platform and Product Charges when taken from Mutual Funds and equities where applicable.

Onshore Bond platform and product charges are deducted by cancellation of units across all policies in the Onshore Bond.

Charges paid from Cash Account



Cash Account If insufficient, we auto-disinvest in the following order:



Personal Portfolio (PP) Cash

note: where there are multiple Personal Portfolios held, the lowest numbered Personal Portfolio sub account will be targeted first



PP Mutual Funds (Proportionate across all funds and Managed Portfolios)



Stocks & Shares (S&S) ISA/JISA Cash

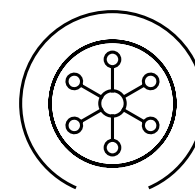


S&S ISA/JISA Mutual Funds (Proportionate across all funds and Managed Portfolios)



Equities (Last in, First out) note: we do not disinvest from equities to pay for Adviser Charges

Charges paid from SIPP Product Cash



SIPP Cash If insufficient, we auto-disinvest in the following order:



Insured Funds (Proportionate across all funds)

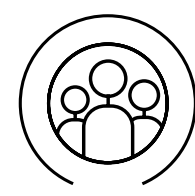


Mutual Funds (Proportionate across all funds and Managed Portfolios)



Equities (Last in, First out) note: we do not disinvest from equities to pay for Adviser Charges

Charges paid from IPB Product Cash



IPB Cash If insufficient, we auto-disinvest in the following order:



Insured Funds (Proportionate across all funds)



Mutual Funds (Proportionate across all funds and Managed Portfolios)

For more information visit aberdeenadviser.com

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