



**For financial advisers only**

## Cash solutions

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

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

### Investing in cash funds

While cash funds are 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.

Our [Guide to ISA investing](#) can help your clients when choosing an ISA, to understand the pros and cons between investing in a stocks and shares ISA and putting their savings in a cash ISA.

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

Cash funds are considered 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 in line with 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 clients

You could use cash funds available through AP, as an alternative to bank deposits, to help provide some stability for 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 useful if you have clients who have concerns over market performance in the short term.

### Cash funds available

Listed below are a number of the cash funds available on AP (as at September 2023).

For more information about any of these funds, go to the [investment list for AP](#).

## Aegon Platform

### Cash funds

Invesco Money

abrdn Sterling Money Market

Premier Miton UK Money Market

Legal & General Cash Trust

BlackRock Cash

Royal London Short Term Money Market

Fidelity Cash

LF Canlife Sterling Liquidity

Don't forget that as the financial adviser, 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.

### ? Is there a cash facility available?

Yes, your clients can use the cash facility to hold their contributions before they invest. We calculate interest at a daily rate and credit this monthly. You and your client should consider the [interest rates](#) offered before using this facility. It's your clients' responsibility to make sure that their cash facility has enough in it to cover charges and regular income withdrawals.

### ? How long can my clients hold money in the cash facility?

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, one of AP'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.

### ? 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.