

SCOTTISH  WIDOWS

Managing charges and payments

Scottish Widows Platform



For Professional Advisers only



Cash Management

Cash management on Scottish Widows Platform is easy when you know how. Here's a reminder on how we deal with payments and charges from your client's Platform Account.

Regular Charges

A Disinvestment Strategy set up on a Platform Account will sell down to cover any regular Platform or Adviser charges, as well as for any Discretionary Fund Manager (DFM) charges (if redirected to the GIA).

Payments

You have the option to set up a regular payment or take one-off payments from each individual product wrapper.





Payments



Regular payments

When you set up a regular payment, the Platform asks you to set up an **Income Payment Strategy** and either **select assets** or do a **proportional sell**.

- Depending on the option you select, this may still require additional monitoring and management.
- You can set up a different income strategy for each new payment request and can also amend the strategy for an existing payment.

Select Assets – Funds

- With this option you will be able to select one or more Mutual Funds and ETIs to be sold, with the percentage split adding up to 100%.
- If you select assets with high unit prices, low unit amounts or any ETI's this could cause issues, especially if the value of the client payment is relatively low.

Select Assets – 100% cash

- With this option you need to ensure that there is enough Available Cash to make the payment. You can do this by setting up a “regular sell to cash” which will instruct a monthly disinvestment that covers the regular payment.
- The regular sell to cash should be keyed onto the platform enough time in advance of the expected client payment (minimum of 10 working days before payment date).
- This approach will still require ongoing management, especially if you make any changes to the Account.

Proportional Sell

- The Platform will disinvest assets in the proportions in which they are currently held to generate a total value for the regular payment.
- This approach is less targeted than selecting assets, meaning you can't exclude assets with either high unit prices, low unit amounts or any ETI's. This could cause issues, especially if the value of the client payment is relatively low.
- When you set up proportional sell it is a point in time view. This means that the value of Available Cash at that time will be taken into account. This will need to be maintained to ensure future payments proceed without issue. If there is not enough cash as a proportion, the disinvestment and therefore the regular sell will not proceed.
- Proportional sell is not yet currently available for ISA or GIA.



One-off payments

You can instruct a one-off payment from Available Cash at any time.

Where there is not enough Available Cash:

- **Pension Account:** instruct a disinvestment from available assets, when the disinvestment is fully settled, you can then submit the payment request. Any trading activity, such as a model portfolio rebalancing, needs to be completed before any assets can be sold.
- **ISA or GIA Account:** you are able to submit the disinvestment and payment request together at the same time.



Other things to be aware of

Platform charging

- **Platform charges:** the automatic disinvestment strategy you've chosen will be applied.
- **Adviser charges:** For both ongoing adviser charge and regular initial adviser charge, the automatic disinvestment strategy you've chosen will be applied.
- **Discretionary Fund Manager (DFM) charges:** If there is not enough Available Cash, we'll sell Mutual Funds in the Model Portfolio using the automatic disinvestment strategy of least volatile stock.

Timings of regular payments

- Regular payments need to be set up at least 10 working days in advance. In the case of a regular pension crystallisation payment (i.e. Drip-feed Drawdown) this needs to be 12 working days.
- If there is more than one regular payment setup for a pension, the platform will automatically align these to ensure they have the same payment date.

Income Payment Strategies

- You can set up a different Income Payment Strategy for each new payment request and can also amend the strategy of any existing payment.
- Where a Model Portfolio is targeted as part of an Income Payment Strategy, the mutual holdings will be sold in accordance with the Discretionary Investment Manager's or your chosen disinvestment strategy (as applicable).
- Advisers should review the Income Payment Strategy after instructing any fund switches to ensure that funds targeted for income will still be suitable.

Exchange Tradable Instruments (ETIs)

- The platform does not facilitate fractional dealing. Therefore, if disinvesting from ETIs and the sale doesn't amount to a full unit, the platform will cancel this, and the disinvestment proceeds will be lower than desired payment.
- If this occurs, our servicing area will manually process a further sell in line with the income strategy to allow a payment to proceed, which may result in a payment delay.

Bank details

A client bank account must be held, verified and nominated for withdrawals on the system for a payment to proceed. You can check this by logging into the client dashboard and selecting client details on the navigation menu.

Useful management reports

To get to firm reports, you can click the 'My Admin' icon in the platform navigation menu, then the 'Reports' action tile. From there you can choose the following reports:

- Cash Balances report: Will give you a complete picture of the cash position per client.
- Clients by adviser: Helps to identify clients that have lower cash balances.

How to check when a trade will settle

Visit the relevant product page within the client dashboard, select 'Transactions' tab, then select the drop-down box 'View investments', then select 'Past',

You can then find the transaction and select the detail section on the far-right hand side of the transaction row (which gives the settlement date, which is when the cash will be available).



Glossary

Available Cash

This is any cash not currently invested in Assets or identified as Committed Cash. With Committed Cash being any cash that is:

- Ring-fenced to pay any fees, to complete an Instruction or a Trade Instruction that has not reached the settlement date.
- Ring-fenced to pay a regular crystallisation (Drip-feed drawdown) payment.
- Required to complete a Voluntary Corporate Action.
- From a payment source that has not yet cleared (i.e. a cheque).
- Held within Discretionary Investment Managers controlled model portfolios unless the assets have been moved into the Platform Account.

Disinvestment Strategy

These are the rules and processes that are put in place by us that allow us to raise Available Cash.

Income Payment Strategy

A set of rules to be applied for selling assets in an Account for the benefit of creating Available Cash to allow a payment to be made from the Account.





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