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TRANSFERS ON THE AVIVA PLATFORM

UNDERSTANDING CASH
VS IN SPECIE



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TRANSFERS ON THE AVIVA PLATFORM

UNDERSTANDING CASH VS IN SPECIE

The Aviva Platform accepts both cash and in specie transfers. In this guide, we'll take you through the two types of transfers and how to do them.

Transferring holdings between providers doesn't take the investment out of the wrapper. So, for an ISA, your clients will remain within the ISA wrapper and it won't affect their tax-free allowance. And with a pension transfer, the ownership moves from one pension scheme to another, and the transfer won't be considered as an additional contribution or provide tax relief.

On the Aviva Platform, you can transfer your clients assets in bulk using our Client and Asset Transition Service, where we provide a comparison of fees between the ceding provider and Aviva. This includes platform fees, fund charges and ongoing adviser charges.



CASH TRANSFERS

A cash transfer involves selling the assets your client has with their current provider and moving the proceeds to Aviva.

If you request a cash transfer, your client will be out of the market while the transfer takes place. This could be a benefit if the market falls during the transfer period. But if it rises, then your client won't benefit from the growth while they hold the cash.

For a transfer, you can do a straight-through quote to application, or even a direct application. On average, it takes two to four weeks for a cash transfer to complete. This depends on how accurate the information provided is, and the ceding schemes' turnaround times.

You can request initial adviser charges as part of the transfer and for regular income to be set up as part of the transfer. Once the transfer is received, any adviser fees are deducted, and the investment is initiated as requested on the transfer application.

Your client will need to pay any Capital Gains Tax due on assets sold by the ceding provider to process the transfer from a general investment account.

IN SPECIE TRANSFERS

In specie comes from the Latin phrase meaning 'in its actual form'. An in specie transfer is moving your clients' assets from their current provider to Aviva without changing them. This type of transfer keeps your client invested in the market throughout the process. But while the transfer is happening, you can't trade or sell your clients' holdings.

Many parties are involved in an in specie transfer, and it depends on the fund managers and ceding platform providers. As a result, the process is quite manual and can take on average between six to eight weeks for the transfer to complete.

You can process a quote to application or a direct application on the Aviva Platform, except for in specie transfers that are going to be part of a model.

If the receiving provider doesn't hold a specific asset on their Asset Universe, that part of the transfer will need to be sold and transferred as cash. So, the final stage of an in specie transfer is the transfer for cash.

An income payment can be taken as soon as enough assets are received to cover it. The funds don't all transfer at once so a large proportion of one asset might need to be sold to pay the income.

Some fund managers can't accept transfer requests electronically and ask for Stock Transfer Forms.

Here are some of the known fund managers:

- Aegon (Property Feeder)
- Aviva (Property Feeder)
- Barings
- Courtiers
- ETFS (Equity Trustees Fund Services)
- FP Foresight
- FP Luceo
- FP WHEB
- FP Mattioli
- FSSA
- LF Equity / Woodford
- Orbis
- SVS Church
- SVS Cornelian
- TB Wise
- TM RWC
- T Bailey
- T. Rowe Price
- VT Garraway
- Margetts
- All Overseas funds (ISINs that don't start with GB)

Due to the extra paperwork, these transfers can take a long time. Also, there is a common issue where investments are held within a model and intended to form part of the same model once the transfer completes.

IN SPECIE TRANSFERS CONTAINING MODELS

Due to industry limitations, you can't re-register model portfolios between providers. Instead, you can run a quote for a cash transfer to go into a model portfolio. This produces the illustration needed, including model charges.

The application then needs to be keyed as re-registrations into loose assets. You'll also need to let us know that you want the re-registration to form part of a model. Once we've received all units, we'll reconstruct the loose assets into the chosen model portfolio.

Please note, it's your responsibility to make sure you have the relevant permissions to hold the model portfolio for your client.

The Discretionary Investment Manager looks after the models, but the client can't trade during the transfer process. As it can take a while for in specie transfers to complete, the model structure often changes by the time the funds are all received. This can make asset weightings out of sync until the model next rebalances.

As a result, some assets received might not belong to the model anymore. They sit outside the model structure as loose assets until you place trades to sell the assets and invest into the model. Don't worry, we'll advise you on this.





HOW WE DEAL WITH LIMITATIONS

There are limitations when a client wants to use an In specie transfer to invest in a mix of model portfolios. Here are some of the limitations and their solutions:



LIMITATION

The quote process doesn't capture model portfolio details if re-registration transfer is selected. This results in model charges missing from the quote and the model details.



SOLUTION

A cash transfer quote can be created showing the correct charges and model, but incorrect transfer type.



LIMITATION

The application process (new and one-off payment) doesn't capture model portfolio details if re-registration transfer is selected.



SOLUTION

Add the assets individually to the application process and inform us so we can reconstruct the model portfolio after the transfer completes.



LIMITATION

The application doesn't contain information about whether the investment should be in a model.



SOLUTION

There is a manual process to reconstruct the model once the application is completed. This can be done when all the assets have settled after the transfer, and often leads to multiple reconstructions through a manual workaround.

CASH VS IN SPECIE

A cash transfer can process more quickly, with 37% of all cash transfers completed via straight-through processing. Whereas the in specie process has more steps, some with manual input, so takes longer.

Here's a snapshot of the differences between cash and in specie transfers.

Cash	In specie
Two to four weeks to complete	Six to eight weeks to complete
Simple transfers complete in days	Complicated cases can take longer
Around 50% of transfers are processed via straight-through processing (STP) for Pension Transfers	Reliance on fund manager and ceding scheme
Around 37% STP for all cash transfers across all products	Some assets need Stock Transfer Forms and are processed manually. These can take longer to process
Once a transfer is applied, investment instructions are initiated as requested on application	Due to timescales, funds might not match asset weightings within a model once transfer is received as the model will continue to rebalance and update regularly
Client is out of market during transfer period	Client remains invested but unable to trade during inflight transfers
No mandatory share class conversions required	Mandatory share class conversions are processed
Capital Gains Tax liability on disposals within general investment account	Does not trigger a Capital Gains Tax liability for assets that are transferred in specie
Income cannot be paid during the transfer process	If income is set up on the account, as and when assets are applied, they can be used to pay out income. Can result in disposing of a specific asset instead of pro-rata across all assets
Cash can be invested directly into a model part of the transfer journey	Due to current industry limitations, you cannot re-register model portfolios between providers. Need to key a cash transfer quote and then an application for loose assets
Standard industry processing	Manual re-construction process for models
Income can be paid to the customer once the transfer has been received and trades are settled	Transfer remains within the product wrapper
Any ad-hoc fees are paid to the adviser as soon as the transfer is applied	In specie transfers are not as heavily regulated as cash transfers
Can key a quote to application or a direct application for cash transfers into models/loose assets	Cannot request ad-hoc fees as part of the transfer
Transfer remains within the product wrapper	Transfer remains within the product wrapper



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