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Elevate help guide: Moving model portfolios from retail share classes to clean share classes

Standard Life

There's a lot to look forward to

How to move model portfolios to clean shares

This guide has been put together to explain the processes that you will need to follow in order to move a client from an existing version of a model portfolio to a clean share class version of the same model.

The processes in this guide assume:

1. You have already decided which clients sit in each of the groups defined below
2. All your clients want to move to the new clean version of the model
3. This is for both existing and future business
4. All future payments out are to go from the new version of the model

To help you identify the clients in model portfolios, we've developed a model portfolio report which is available from the Business Management section of Elevate.

Before you start...

Decide which of the categories below your model portfolio clients fit into:

A

There is no potential capital gains tax liability due to the tax status of the product, or you are satisfied that the risk is low due to the client's personal circumstances.

This will apply to all Elevate ISA and PIA accounts, and some of your Elevate GIA accounts where you believe CGT liability is not a factor.

Create the template for the clean version of your model (page 2), then follow the **standard Elevate upgrade process** (page 3)

B

There could be a potential capital gains tax liability. This alternative process will only apply to identified Elevate GIA accounts.

Create the template for the clean version of your model (page 2), then follow the **detailed alternative process** (page 4)

Notes

If you only want to apply new regular payments to the new version and leave existing assets in the current version of the portfolio, this can be achieved by editing the existing investment allocation of the regular contribution.

This is accessed on Elevate via Transactions > Deposits and Withdrawals.

You then need to select 'edit investment' located next to the regular contribution listed.

This process is explained in full in the Changing Regular Contributions help guide.

Create the template for the clean version of your model

Once you've defined which of your clients fit into category a) or b) you can create the new clean version of the model. This can be done using the existing Elevate model portfolio functionality by selecting Model Portfolios > Action > Edit on the platform

Our understanding of HMRC's CGT exemption effectively requires a direct link between the sale of units in a retail class of a fund and the purchase of units in a clean share class of exactly the same fund. Therefore the new clean template must be an exact match of the existing retail version. This means that there should be no changes made to funds and/or asset allocation, so the models should match e.g.

Old retail model	New clean model
Fund A retail 60%	Fund A clean 60%
Fund B retail 20%	Fund B clean 20%
Fund C retail 20%	Fund C clean 20%

To help you find the corresponding clean share classes Elevate has developed the **clean share class finder**

Standard Elevate upgrade process

What you will see

Clients in group **A** are those where there is no potential capital gains tax liability due to the tax status of the product, or where you are satisfied that the risk is low due to the client's personal circumstances.

1 Select 2 Submit

Step 1 Select Exit without saving Save and exit Next →

Find Clients

Select Adviser: All

Adviser Switch Charge (%) 0

If the field is left blank, the Adviser default switch remuneration value will be applied. If the value input exceeds an Adviser maximum the default value will be applied.

Model Portfolio Upgrading To : Eckersley v0

Account Name	Account Number	Product Wrapper	Charging Structure	Adviser	Market Value of Model (£)	Was advice given?	Elevate Switch Charge (%)	Adviser Switch Charge (%)	Switch Existing Investments	Re-direct Future Payments
John Smith	EL2002407-007	Elevate ISA	Composite	Adviser One	0.00	<input type="radio"/> Yes <input checked="" type="radio"/> No	0.25	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
A Smith	EL2003201-013	Elevate GIA	Explicit	Adviser Eight	5,246.91	<input type="radio"/> Yes <input checked="" type="radio"/> No	0.25	0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
A Smith	EL2003201-017	Elevate ISA	Explicit	Adviser Eight	0.00	<input type="radio"/> Yes <input checked="" type="radio"/> No	0.25	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
James eckersley	EL2003464-011	Elevate GIA	Explicit	Adviser Eight	0.00	<input type="radio"/> Yes <input checked="" type="radio"/> No	0.25	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pension	EL2003472-035	Elevate GIA	Explicit	Adviser Eight	1,579.40	<input type="radio"/> Yes <input checked="" type="radio"/> No	0.25	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
A Client	EL2005940-015	Elevate ISA	Explicit	Adviser Nineteen	0.00	<input type="radio"/> Yes <input checked="" type="radio"/> No	0.25	0.00	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Advice given to all? Yes No

Select/Remove all client accounts on this screen only

Selecting to redirect future payments will redirect all regular payments in (including employee and employer pension contributions) and regular payments out. It will also redirect in progress cash transfers and ISA single payments held for the next tax year.

What you will need to do

Once the new template is in place you can follow the standard Elevate model portfolio upgrade process. To ensure that all future payments in and out of the wrapper are directed to and from the new version you must ensure you tick both the “existing investments” and “future payments” boxes on the model portfolio upgrade process screen.

Notes

You will not be able to perform an upgrade for a product wrapper if you have a notification that there are orders pending. You will need to wait for any outstanding deals to settle and revisit the upgrade process for that account.

Detailed alternative process

Clients in this group are those where you believe there could be a potential capital gains tax liability. We believe this will be the minority of customers for most advisers.

For this group you will need to follow these high level steps:

Step 1

Individually deconstruct each client's GIA from the existing retail version of the model.

Step 2

Use the Elevate bulk switch functionality to move all these clients' GIA assets from the retail version of the each fund to the corresponding clean version. This will need to be done separately for each asset.

Step 3

Once the trades in step 2 have settled, use the Elevate "reconstruct" functionality to push the newly acquired clean assets to clean versions of the model portfolio individually for each client.

These three steps are explained in more detail in the rest of this guide.

Notes

During these steps you may have additional points to consider for clients that have regular payments in and/or out of their GIA. The same applies for clients that have regular buys or sells of investments from or to cash.

Help guides are available to explain how to amend regular payment in and out. Please contact Elevate Client Operations if you need a copy.

If you have pending one-off and/or transfer transactions still directed at the old model version, you can wait for these to be cleared before commencing the alternative process. Alternatively, contact Elevate Client Operations to cancel the associated investment instruction. You will be able to invest the cash manually once the payment is received.

If you have clients that have regular buys or sells of investments from or to cash (not regular payments in or out), you will need to contact Elevate Client Operations to cancel so that you can reconfigure the regular instruction.

Step 1. Deconstruct the retail model portfolio

What you will see

The screenshot displays the client account interface for 'Model Portfolio (EL2003201)'. The top navigation bar includes 'Dashboard', 'New Client', 'Existing Clients', 'Business Mgmt', 'Research', 'Model Portfolios', 'Literature', 'Help', and 'Admin'. Below this, there are search filters and a 'New Search' button. The main content area is divided into 'Payment activities' and 'Investment activities'. The 'Payment activities' section includes 'New/amend prod payment', 'Payments out', and 'Add bank account'. The 'Investment activities' section includes 'New investment transaction', 'Advanced orders', 'Move assets to new owner', 'Move assets into Disc Mgr', and 'Remove Disc Manager'. There is also an 'Other activities' section with 'Model Portfolios', 'Complete risk assessment', and 'Maintain memoitems'. A 'Filters' section is visible, allowing users to filter by 'Product Wrapper', 'Model Portfolio Type', 'Model Portfolio Status', and 'Model Portfolio Name'. Below the filters, there is a 'Search Results' table with one entry: 'OBSR Balanced Portfolio v1'. The table has columns for 'Model Portfolio Name', 'Model Portfolio Type', 'Model Portfolio Status', and 'Action'. The 'Action' column contains 'View', 'Deconstruct', and 'Re-balance'. A 'New Model Portfolio' button is located at the bottom left of the search results area. Two orange callout boxes with numbers 1 and 2 are present. Callout 1 points to the 'New Work' menu item in the top navigation bar. Callout 2 points to the 'Deconstruct' button in the search results table.

What you will need to do

1. Go to the client's account and select **New Work > Model Portfolios**.

2. Click **Deconstruct** on the appropriate Model.

Notes

Before you start deconstructing the retail model portfolio, remember to first amend the investment allocation for any future regular payments in to the new model version.

Detailed information on this process can be found in the Changing Regular Contributions help guide.

For any pending one-off and transfer expectations already keyed on to the account and any regular buy of investments using existing product cash, you will need to contact Elevate Client Operations to cancel.

You will be able to invest the cash manually when it is received or – for regular buys – re-key the regular investment instruction. If you don't amend the investment allocation, the previous model will be purchased when the payment is received.

Step 1. Deconstruct the retail model portfolio

What you will see

Investment	Value	Deconstruct
OBSR Balanced Portfolio v1	£356,236.39	<input type="checkbox"/>
Artemis Strategic Bond MR Acc	£27,985.36	
Fidelity Moneybid Income	£33,550.85	
Threadneedle UK Property R Acc	£14,398.21	
Fidelity South East Asia	£6,607.05	

Submit

What you will need to do

3. Tick the box next to the product wrapper Model Portfolio you are deconstructing – in this instance it will be the Elevate GIA.
4. Click **Submit**.

Notes

4. You'll be asked to confirm that you wish to proceed.

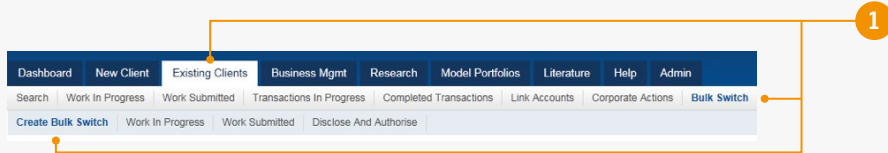
Investments will be removed from Model Portfolio – but no trades will take place.

You may need to address any regular client contributions still allocated to invest in the previous model version. You can alter the investment allocation for regular payments in to the new model; this process is explained in full in the Edit a Model Portfolio help guide.

Step 2. Bulk Switching

What you will see

This section outlines the process for switching the deconstructed retail funds to their clean share class equivalents. A single investment can be “switched-from” per transaction.



What you will need to do

1. Go to **Existing Clients > Bulk Switch > Create Bulk Switch**.

Notes

Bulk switching is a simple and effective way to switch a single investment for multiple clients and product wrappers.

Adviser and non-adviser users must be configured with Transact user level access to perform the bulk switch function. The bulk switch function is not available for read-only, administrator and management access levels. Speak to your Elevate super user who will be able to amend user access levels.

Our current understanding of HMRC rules is that all proceeds from the sale of the retail class must be invested immediately into a clean share class of the same fund. Where this is not the case, the whole sale may be subject to CGT. The Elevate clean share class finder can assist you with this process.

Step 2. Bulk Switching

What you will see

1 Setup 2 Select 3 Submit

Step 1 Setup Exit without saving Save and exit Next ->

Switch From

Investment	% of holdings to be switched
Architas MA Act Res R Inc	100

Select

Switch To

Investment	Price (£)	% Allocation
Architas Liquidity Ret Inc	1,000,000.00	100

Select

Total 100

Find Clients

Select Adviser: All Adviser Switch Charge (%) Entering a value here will default to all clients' wrappers. If the field is left blank, the Adviser's default switch charge value will be applied.

Please note, if switching to cash, no Switch Charge or Switch Remuneration will be applied to the cash element of the switch.

Exit without saving Save and exit Next ->

What you will need to do

2. In **Switch From**, click **Select** to search for the investment that you want to switch from.
3. Specify the **% of holdings to be switched**.
4. In **Switch To**, click **Select** to search for the clean share class that you want to switch to.
5. Specify the **% Allocation** into the clean share class version.
6. In **Find clients**, select the adviser accounts the bulk switch will apply to.
7. Click **Next**.

Notes

3. So long as the client did not hold the same asset outside of the model you are dealing with the allocation should come to 100% for this alternative process. Where a client also holds the same asset outside of the model you may wish to exclude them from the bulk switch or consider that the non-model asset will also be included in the switch.
5. The % allocation must come to 100%.
6. Do not specify an Adviser Switch Charge for this process as this may affect the CGT tax exemption.

What you will see

1 Setup 2 Select 3 Submit

Step 2 Select

Exit without saving Save and exit Back Next

Account Name	Account Number	Product Wrapper	Charging Structure	Adviser	Quantity	Market Value (£)	Was advice given?	Elevate Switch Charge (%)	Adviser Switch Charge (%)	Include
Client Eight	EL2006514-003	Elevate ISA	UnBundled	A Management	521.2710	1023.25	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0.25	0.00	<input type="checkbox"/>
Client Four	EL2006510-003	Elevate ISA	UnBundled	A Management	521.2710	1023.25	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0.25	0.00	<input type="checkbox"/>
Client Nine	EL2006515-003	Elevate ISA	UnBundled	A Management	521.2710	1023.25	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0.25	0.00	<input type="checkbox"/>
Client Three	EL2006509-003	Elevate ISA	UnBundled	A Management	521.2710	1023.25	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0.25	0.00	<input type="checkbox"/>
Client Two	EL2006508-003	Elevate ISA	UnBundled	A Management	521.2710	1023.25	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0.25	0.00	<input type="checkbox"/>
Stephen Bragg	EL2006523-003	Elevate ISA	UnBundled	Adviser Two	10.1890	20.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	0.25	0.00	Orders pending

Advice given to all? Yes No

Select/Remove all

Exit without saving Save and exit Back Next

1 Setup 2 Select 3 Submit

Step 3 Submit

Exit without saving Save and exit Back

Bulk Switch Summary

Investment Switching From	% Allocation
Architas MA Active Dynamic R Acc	100.00

Investment Switching To	Price (£)	% Allocation
Architas MA Act Res R Acc	0.61	100.00

Number of Clients included: 9
Number of Product Wrappers included: 9

Please note that some clients may have active regular payments that may need to be redirected as a result of this bulk switch. Following submission of the bulk switch please ensure you check both regular payments in, and regular payments out, to ensure that payments are directed as intended.

Submit

Select next action

Your Bulk Switch request 36287 has been successfully submitted.

Go to Disclose and Authorise to access authorise bulk switch and access Charges Information document

Go to my Home Dashboard and continue with other work

Next

What you will need to do

- Confirm if advice has been given.
- Do not set any default **Adviser Switch Charge** for each product wrapper. Where a default charge is displayed ensure this is set to 0%. Any charge deduction may affect the CGT tax exemption.
- Check the boxes to include each GIA wrapper you want to include. Uncheck any you don't want to include.
- Click **Next**.
- You will be notified that wrappers are excluded from the bulk switch, where:
 - The new investment(s) selected are not be compatible for the product wrapper
 - There are orders pending on the existing investment held on an account

You'll have to address each excluded case separately.
- Check the details in **Bulk Switch Summary** and click **Submit**.
- Click 'Go to disclose and authorise...' in **Select next action** and click **Next**.

Notes

If you return to your home Dashboard, the Bulk Switch will be saved in Existing Clients > Bulk Switch > Work Submitted, so you can return through the Model Portfolio tab at another time.

What you will see

The screenshot shows a multi-step process for bulk switching. Step 14 points to a table with columns: Request number, Description, Date submitted, Created by, Document status, and View/Remove. Step 15 points to a table with columns: Account Name, Advisor Name, Account Number, Charging Structure, Charges Information Document, Consolidate, Client Authority, and Remove. Step 16 points to a checkbox for 'Make Declarations'. Step 17 points to an 'Authorise' button.

Request number	Description	Date submitted	Created by	Document status	View	Remove
36287	Bulk Switch	17/01/2014 11:37:40	Mr James Eckersley	Complete		

Account Name	Advisor Name	Account Number	Charging Structure	Charges Information Document	Consolidate	Client Authority	Remove
Client Eight	A Management	EL2006514-003	UnBundled	n/a	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Client Four	A Management	EL2006510-003	UnBundled	n/a	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Client Nine	A Management	EL2006515-003	UnBundled	n/a	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Client Two	A Management	EL2006508-003	UnBundled	n/a	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

To consolidate multiple documents into one printable version please select each of the documents and generate a consolidated version by clicking this button:

What you will need to do

14. In **Bulk switch selection**, click **View** to disclose and authorise the bulk switch process.

15. Check each box to confirm you have **Client Authority**. You can check **Remove** to exclude an account from the bulk switch.

16. Check the box to confirm you are happy to **Make Declarations**.

17. Click **Authorise**.

Notes

14. The switch will not take place until this is performed.

17. You'll be asked to confirm that you wish to proceed.

You will need to repeat this process for each asset that was held in the deconstructed model portfolio until all assets have been switched from retail to clean.

HINTS AND TIPS

- If you exit the process before selecting Authorise, the bulk switch will not be placed. You can resume this part of the process later by select **Existing Clients > Bulk Switch > Disclose and Authorise**.
- Our current understanding is that for the capital gains tax exemption to be valid, each single asset must be switched into a single clean share class equivalent. The Elevate clean share class finder can assist you with this process. The same amount must be switched from the retail share class into the new clean share class.
- If a client held the same asset in the model you deconstructed and outside that model, you may want only units to the value that came from the model to be switched. If this is the case, you should exclude that client/account from the bulk switch and perform the switches individually for that client via **New Work > New Investment Transaction**.

Step 3. Moving the clean assets into the clean version of the model portfolio

What you will see

This section outlines the process for “re-constructing” the newly acquired clean share classes into the clean share version of the model.

The screenshot shows the client account interface for 'Anon Client 10054 (EL1027678)'. The 'New Work' menu is expanded, showing options like 'New investment transaction', 'Move assets to new owner', and 'Move assets into Disc Mgr'. A red circle with the number '1' is placed over the 'Move assets into Disc Mgr' option. Below the menu, there are filters for Product Wrapper, Model Portfolio Type, and Model Portfolio Status. A search results table is shown with 3 results. A red circle with the number '2' is placed over the 'Add existing investments to a Model Portfolio' option.

Model Portfolio Name	Model Portfolio Type	Model Portfolio Status	Action
OBSR Balanced Portfolio v10	OBSR	Historic	View
OBSR Balanced Portfolio v11	OBSR	Historic	View Deconstruct Re-balance Upgrade
OBSR Balanced Portfolio v8	OBSR	Historic	View

What you will need to do

1. Go to the client’s account and select **New Work > Model**

- Portfolios.**
2. Select **Add existing investments to a Model Portfolio** and click **New Model**

Notes

When the bulk switch trades have settled (usually 5-7 working days), you can move a client’s individually held clean share classes into the new clean version of the Model Portfolio.

No trades are placed to achieve this.

What you will see

Summary Portfolio **New Work** Cash Account Account Holders Transactions Reports & Documents Charges & Remunerations

Create Work In Progress Work Submitted Disposed And Authorise

Add Investments to Model Portfolio

Find

Sch 102h 2 - Where applicable, refers to pension investments held in either Elevate Pension Scheme (No. 1) or Elevate Pension Scheme (No. 2)

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Search Criteria

Search Type: Model Portfolios

Investment documents and KIDs

Model Portfolio Type: All

Model Portfolio Status: All

Model Portfolio Name: CWM

Risk Rating: All

Including Investment:

Search Results: 9

Search Type	Model Type	Status	Name 1	Select
Model Portfolio	Adviser	Historic	CWM Adventurous v1	<input type="button" value="Select"/>
Model Portfolio	Adviser	Historic	CWM Adventurous v2	<input type="button" value="Select"/>
Model Portfolio	Adviser	Historic	CWM Adventurous v3	<input type="button" value="Select"/>
Model Portfolio	Adviser	Historic	CWM Adventurous v4	<input type="button" value="Select"/>
Model Portfolio	Adviser	Current	CWM Adventurous v5	<input type="button" value="Select"/>
Model Portfolio	Adviser	Historic	CWM Balanced Income v1	<input type="button" value="Select"/>
Model Portfolio	Adviser	Current	CWM Balanced Income v2	<input type="button" value="Select"/>
Model Portfolio	Adviser	Current	CWM Balanced v1	<input type="button" value="Select"/>
Model Portfolio	Adviser	Current	CWM Cautious v1	<input type="button" value="Select"/>

Page 1 of 1

Select Investments

Elevate GIA

Investment	Quantity	Value	% to add to Model
Threadneedle Gbl Eq Inc R Inc GBP	27,649,500	£31,672.50	<input type="text" value="100"/>
Ademis Global Income R Inc	46,325,567	£31,631.11	<input type="text" value="100"/>
Aberdeen High Yield Bond A Inc	81,680,150	£76,771.17	<input type="text" value="100"/>
Newton Gbl Higher Inc	21,411,061	£30,519.33	<input type="text" value="100"/>
Marlborough High Yld Fxd Int A	99,801,890	£74,981.14	<input type="text" value="100"/>
Threadneedle Hg Yld Bld R Inc L	139,442,650	£61,745.21	<input type="text" value="100"/>

What you will need to do

Portfolio.

3. Click on **Find**.
4. Search for the latest clean Model Portfolio version you want to use.
5. **Select** the Model Portfolio you

want to use.

6. In **Select Investments**, you can move any matching assets that your client currently holds into the Model Portfolio by inserting a percentage next to each asset. Remember only to move units that were held in the original model.
7. Click **Submit**.

Notes

3. A pop-up window will be displayed.

5. The investments that make up the structure of your Model Portfolio will be displayed.

7. You'll be asked to confirm that you wish to proceed.

HINTS AND TIPS

- Remember to amend the Income Payment Strategy (IPS) where the previous model portfolio was disinvested to fund regular payments out. If you do not amend the IPS the regular withdrawal may fail.
- If you had a regular sale of investment to wrapper cash set up from the old model version (not an IPS), you will now be able to arrange a new regular sale from the new model via **New Work > New Investment Transaction**.
- The investments may not match the intended allocation of your Model Portfolio once you have moved all the clients you wanted to into the new clean version. You can upgrade or rebalance the Model Portfolio in the future to adjust or realign the existing investment allocations.
- If the client takes regular withdrawals from the product wrapper and the IPS for those withdrawals was from the original Model Portfolio, you must now amend the IPS so it comes from the new model version. You will be able to amend the IPS once you have completed step 3 by following the separate help guide for Changing Regular Pension Income & Taking One-off Payments or Amending Regular Payments Out.
- Tax details are subject to change and depend on individual circumstances.
- If you have a regular sell of investments from the old model to cash, you will need to contact Elevate Client Operations to cancel this regular disinvestment. You can then rekey the regular sell of investments from the new model portfolio that is in place via **New Work > New Investment Transaction**.

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