



# Wrap Accounts Explained

Wrap accounts - Providing holistic management and transparent charging for investor wealth management



We have all heard about 'Wrap Accounts' in numerous publications, conferences and seminars, this is our, hopefully, simple and factual explanation about wrap accounts in the UK market place from our perspective.

At its heart a wrap account is a single account or portal where all the assets and liabilities of an individual or household or other grouping can be viewed and managed holistically either by the customer, financial adviser or a discretionary manager.

To be a wrap there are a number of key criteria that need to be present;

1. Open architecture product range and platform level cash accounts
2. Support for wide range of tax wrappers
3. Ability to hold summary details of off platform assets

Some wraps also include transparent charging which requires all charges and costs to be based on the aggregated asset value and/or advice led fees, rather than the traditional approach of products featuring individual charging and commission arrangements.

The other element commonly associated with wrap are web based enquiry and transaction capabilities and planning tools. On the other hand, most wrap business continues to be paper based and so high volume, scalable, resilient administration is also key.

Open architecture allows a truly wide range of instruments to be held within the account, ranging from cash on deposit and funds to equities and fixed interest securities through to the more exotic financial instruments such as forwards, currencies and derivatives. In some cases it also includes borrowing.

Tax wrapper support is essential, allowing holistic management of aggregated assets and complete portfolio modelling at an instrument level rather than at a product level. It is essential that a wrap account support a range of lifetime investment products, such as ISAs, PEPs and insurance bonds and retirement products such as Defined Contribution Plans and SIPPs, etc

Unlike a number of other countries, such as the USA and Australia, the benefits of wrap accounts in the UK market are purely based around transparent charging based on aggregated wealth, the ease of administration and holistic management of assets, no tax advantages currently exist.

## at a glance

- Wide range of financial instruments supported
- Extensive tax wrapper support
- Multiple service and product model options
- Direct customer and advisor based solutions
- Transparent charging structures

