FDIC-Insured Cash Update: How to Talk to Clients

Opening Explanation

“We’re updating how uninvested cash is handled in your account. Instead of using a money market sweep, your cash will now be held in FDIC-insured bank deposits, adding an extra layer of protection—while maintaining full access. This is referred to as a Bank Deposit Sweep Program”

Core Positioning

“This change is designed to make your cash more protected while keeping it fully accessible—it’s not designed to maximize yield.”

If My Client Asks…

“How is this safer?”

“With this approach, your cash is spread across multiple FDIC-insured banks. That means it’s backed by FDIC insurance, which you don’t get with money market funds.”

“Is my money still accessible in the Bank Deposit Sweep Program?”

“Yes, nothing changes. You still have full access to your cash for trades, withdrawals, and everyday use.”

“Why does it pay less?”

“This option prioritizes FDIC protection. Money market funds may offer higher yields, but they’re not FDIC insured and do carry some investment risk.”

“Are there higher yield options?”

“We can absolutely look at money market funds or other options if maximizing yield is your priority. This just becomes the default for cash in your account.”

“Does all my cash balance have to stay in this?”

“No—you have flexibility. Note that the Bank Deposit Sweep Program is the default for uninvested cash, for example, deposit checks, dividends and capital gains taken in cash. However, cash positions intended to be held for longer periods or for when higher yield is sought can and should be invested in other cash equivalents, like traded money market funds, if that is more consistent with your needs.”

“I want to opt out of this completely”

“This becomes the default way cash is handled in the account, so it can’t be fully opted out as a sweep option. The only other alternative is a “Free Credit” option which pays no interest but is sometimes chosen by clients based upon religious beliefs for that reason. However, we can absolutely adjust how much cash sits there and explore alternatives like money market funds or other investments depending on your goals.”

TC8981061(0626)1

Equity Services, Inc., Member FINRA/SIPC, is a Broker/Dealer and Registered Investment Adviser. In CO, MO, NH, and WI, Equity Services, Inc. operates as Vermont Equity Services, Inc.

P: 800-344-7437 | www.Equity-Services.com

Mailing Address: One National Life Drive, Montpelier, VT 05604

“How are cash withdrawals or purchase transactions handled with the Bank Deposit Sweep Program?”

“Withdrawals for cash, including SWPs are automatically taken from the Bank Deposit Sweep Program cash position. Similarly, cash needed to settle purchase transactions of securities is also taken automatically from the Bank Deposit Sweep Program cash position. We need to be mindful that if the Bank Deposit Sweep Program cash position is not sufficient for withdrawals or trades, we will need to liquidate other positions to make cash available. For example, money market positions can be liquidated to raise cash, subject to one-business day settlement (other securities have differing settlement periods). If you are going to make a significant purchase of a security in your account, or take a significant withdrawal, you should reach out to me to make sure there is enough cash.

“Do I need to do anything?”

“No action is required—this will happen automatically.”

“For brokerage accounts, and Illuminations accounts where I manage the account as the portfolio manager (only as applicable), the transition will occur through a process that allows your current money market sweep balance to remain in place while it is gradually used for future transactions. At the same time, all new cash deposits and credits will automatically be directed into the new FDIC-insured Bank Deposit Sweep Program. For all other accounts, the transition to move from your money market fund to the bank sweep program will happen automatically on or around September 15th.”

“This approach is designed to provide a smooth transition while maintaining uninterrupted access to your available cash. We can also review your overall cash strategy anytime to make sure it continues to meet your needs.”

Advisor Tip: Only non-managed brokerage and Advisor as PM Illuminations accounts will transition using a "drain and fill" process. For such accounts, existing money market balances will continue to be available and will be used first for transactions until depleted, while all new cash activity will automatically flow into the Bank Deposit Sweep Program. Clients will continue to have access to their available cash throughout the transition.

“Why is this change happening?”

“There are a few reasons behind the change. First, it aligns with how many firms are handling cash today—using FDIC-insured solutions for short-term cash balances. And most importantly, it gives us flexibility to tailor your cash strategy based on what matters most to you—protection or yield.”

Best Framing

- “Think of this as the ‘parking place’ for cash—safe and liquid.”
- “If your cash position increases, it may be appropriate to invest that cash to make it work harder.”
- “This also gives us a good opportunity to revisit how your cash is positioned overall. If you have cash sitting in bank accounts elsewhere, we can now manage that here with FDIC protection while keeping it integrated with your overall investment strategy.”