



Cash Management Services

for Businesses and Non-Profits

Applicable Audience

- Private companies and non-profits with under \$50 million in Cash Reserves who do not have a deep relationship with their commercial banker
- Investor-backed companies who are pre-profit and must manage the cash burn

What is Cash Management?

You work hard. Your cash should too.

Cash Management provides an opportunity to make your cash work harder for you. We can utilize tools and products that pay a competitive interest rate, while still providing stability. Extra interest means the funds you have worked hard to obtain stretch farther.

Tiers of Cash

Cash management is a balancing act between the return of principal and the return on principal. Traditional cash management approach breaks the funds into different Tiers. Each increasing Tier has a longer time horizon, and therefore can move farther out along the yield/risk curve. Various factors are utilized in creating the framework. Some of these factors include:

- Stability of funding
- Stability of expenses
- Sources of revenue
- Prioritization of Return vs. Safety
- Overall fixed income market expectations

Tier 1 typically is as the amount of cash needed to cover the next 30 to 90 days of expenses. The variation is driven by the amount of variation expected in the funding, expenses, and revenue. Tiers 2 and 3 durations are similarly driven by this variability. Tier 1 frequently ranges from a duration of 3 months to 6 months. For corporations, tier 2 does not typically have an upper limit. For nonprofits, Tier 2 has a maximum of 12 months. Funds available over and above a 12 month spend are suggested to fall into a Board-Directed investment fund.



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Stage	Category	Solution	Liquidity	Risk	Yield
Tier 0	Working Capital	Corporate Checking Account	High	Low	Low
0 - 60 days					
Tier1	Near Term Capital	Money Market	High	Low	Low
60-120 days		CDs	High	Low	Medium
Tier 2	Lower Risk Fixed Income	Longer CDs	Medium	Low	Medium
120+ Days		T-Bills	Medium	Low	Medium
		Commercial Paper	Medium	Medium	Medium



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How does the process work? How does the money move?

- Determine the duration of each Tier. Tier 0 is left in the corporate checking account.
- Determine a High and Low limit for the Tier 0 cash.
- Establish a Corporate account with Wiser Advisor
- Establish a connection between Wiser Advisor account and Corporate Checking Account
- Establish an alert in the Corporate Checking Account when the Tier 1 balance passes below the low limit.
- When Wiser Advisor receives an alert that the Corporate Checking Account is below lower limit, a transfer will occur to refill the Corporate Checking account to the High Limit



Is it worth the effort?


- Often, even in low overall rate environments, moving cash from the Corporate Checking and Savings accounts to a Cash Management approach can add 1.5-2% to the yield. For some firms, that can translate into a few extra months cash burn. For some nonprofits, that can equal the net return of charity events.
- Wiser Advisor charges a flat 0.15% management fee to perform the cash management services.

CONTACT US TODAY FOR A CONSULTATION

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