

Cash in your portfolio

Interest rates

The following interest rates are applied to the different types of cash in your account respectively:

Types of cash	Interest rate	Frequency
Cash in your investment pot and income balance pot	The current Bank of England (BoE) base rate minus 0.75%.*	Interest is paid quarterly into the pot in which it was accrued on.
Cash only pots	2.5% gross.**	Interest is paid quarterly into the pot in which it was accrued on.
Transitory cash and unallocated cash	0%	-

*Please note, if the BoE bank rate is 0.75% or lower, you won't receive any interest. However, at Nutmeg we will not allow your interest rate to fall below 0% and take any of your cash, even if the BoE bank rate is below 0.75%.

**Starting 22 August 2025, the interest rate we pay on cash-only pots will be set to the [Bank of England base rate](#) minus 2.5%. Please note that the interest rate we pay for cash held in your investment pots, including income balance pots, is not affected by this change.

Types of cash

The following are the types of cash you could see in your portfolio:

Cash in your investment pot

All our investment portfolios contain a small amount of cash. The cash is used to pay the management fee without needing to sell investments to do so. Cash can also play a part in a diversified portfolio.

It is also possible for your General Investment Account (GIA), stocks and shares ISA, and Lifetime ISA investment pots to have a 100% cash allocation.

Cash only pots

At Nutmeg, it's possible to create a pot that is 100% allocated to cash within a General Investment Account (GIA) or stocks and shares ISA wrapper – please note, this option is not available for income investing pots. A cash only pot is intended to serve two purposes:

1. Drip-feeding your cash into an investment portfolio

You can set up a regular monthly transfer from your cash pot into an investment pot to [drip-feed](#) your cash through to the markets. The drip-feeding feature taps into an investing principle known as [pound cost averaging](#). By contributing smaller amounts on a regular basis, you buy into the markets during the various ups-and-downs, meaning you're less exposed to short-term market movements.

2. Protecting your balance from market movements ahead of a withdrawal

Market volatility means that the value of your investments can go up and down. If you intend to withdraw your investments because you need them for an upcoming life event, like a house purchase, you can move them to cash to help prevent the value from fluctuating ahead of your withdrawal.

Things to consider:

- A cash pot is **not** a cash ISA and isn't intended to be used for long-term savings. If you do not use your cash only pot for its intended use, we may take action under the terms and conditions to stop providing you with services or freeze your portfolio.
- Cash only pots are held within your ISA tax wrapper or GIA, but are not part of your investment portfolio. Therefore, as the money in your cash only pot is not invested, there are no management fees charged on cash pots.
- Any contributions you make to your cash only pot within your Nutmeg ISA or Lifetime ISA will contribute towards your tax free allowance. If you then choose to invest this money, it will remain ISA wrapped and will not affect your tax free allowance.
- It's not possible to have a cash only pot for either a Nutmeg JISA or a Nutmeg pension.

Transitory cash and unallocated cash

All money that is paid into a Nutmeg account needs to be allocated to a pot. If you have just one pot, any money you pay in will be automatically allocated to your pot.

However, if you have more than one pot with Nutmeg and make a bank transfer (excluding transfers initiated using Easy Bank or “Pay in via Chase UK” functionality), we can’t be sure which pot you’d most like to allocate the money to.

Unless you instruct us otherwise, we will prioritise your tax-advantaged pot as follows:

- (i) If you have only one Nutmeg ISA pot and you have not exhausted your Custom Subscription Limit (see section 24.10), we will allocate your payment to your Nutmeg ISA, to the extent possible.
- (ii) After exhausting your Custom Subscription Limit, we will allocate the remaining, as well as any subsequent payment(s) within the same tax year, into your Nutmeg General Investment Account, if you have only one.

Please note that if you have more than one Nutmeg ISA pot and/or Nutmeg General Investment Account and we cannot determine where you want your payment to be allocated, your cash will be held as ‘unallocated cash’. We’ll then contact you to request that you allocate the cash to one of your pots so we can invest it on our next [twice-weekly investment cycle](#).

Income cash pots

If you open a pot and choose to invest for income, we will automatically create a cash pot to hold any income which is waiting to be paid out to you. This will be paid out on a future payday, the exact schedule will depend on whether you have [income smoothing](#) switched on or off. While it’s waiting to be paid out, it will be earning a variable interest rate.

As with all investing, your capital is at risk. The value of your portfolio with Nutmeg can go down as well as up and you may get back less than you invest. Tax rules vary by individual status and may change.



Nutmeg is an online investment management service, providing diversified investments, ISAs and pensions in the UK.

To learn more go to nutmeg.com

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