

January 21, 2025

Within the last few days, you should have received an email or letter from Fidelity entitled “Changes to Your Core Transaction Account Option”. Fidelity is making an upcoming change in the way the cash in your taxable accounts is automatically invested. Please note the change will NOT affect your IRA.

Starting sometime in February or later (a specific date is not known) Fidelity will automatically redeem your money market account (typically FDRXX) and invest the proceeds into a new savings account under the symbol FCASH. Your current money market account yields about 4.1% whereas FCASH yields 2.3%.¹

But please don't worry. The letter leaves out the fact that we (well, Lisa and Alison) will then move the funds from FCASH back into the money market such as FDRXX within a day or so after this initial change happens. From that point onward, when new cash enters your account with us (either because you have sent in money or because of a dividend or interest payment or maturity of a security in your account, etc.), Lisa and Alison will move the money back into the higher-yielding money market fund or the fund that you would like the cash moved to. Lisa and Alison will review all portfolios for their cash holdings twice a week. As a matter of fact, they already do this in some instances. Lisa wants you to know that this will not affect check writing or other approved outgoing money movements. In other words, if you write a check the funds will be available, and nothing needs to be done on your end (or ours).

Why is Fidelity doing this? So, they can make more money. FDRXX currently has almost \$243 billion in assets. By forcing those FDRXX investors into FCASH, Fidelity will pay about 1.8% less in interest in the money market account. If everyone kept their funds that were switched from FDRXX to FCASH, Fidelity will earn about \$4.3 billion more on an annual basis than it currently does. That is putting it in rather simplistic terms, but you get the idea. Most importantly, we are here, and we will do our best to make sure your cash is invested in the most appropriate money market fund available.

We hope this answers any questions you may have. Please do not hesitate to reach out to any of us if we can help.

Sincerely,
The Team at Fort Sheridan Advisors

¹ Source: Fidelity and Bloomberg as of January 21, 2025