



SBL myths versus facts

While securities-backed lending (SBL) as a strategic wealth management tool has seen a rise in popularity, several myths may be keeping financial professionals from considering SBL for their clients. Let's dispel those myths by reviewing the facts and data and discover how Personal Credit Line makes SBL faster and simpler for you, your firm and your clients.

Myth

It takes too long to access cash.

SBL requires too much paperwork.

SBL can help only my wealthiest clients.

SBL is useful only when interest rates are low.

Clients must have a need before they'll try SBL.

Clients aren't looking to me for lending needs.

All debt is bad debt.

Fact

Hours or days — not weeks

That's how quickly clients can gain access to cash with Personal Credit Line.

Easy online process

No hard copy mailing is required for clients to tap in to the power of their portfolio through Personal Credit Line.

\$26,000 minimum

That low required minimum line of credit means Personal Credit Line can offer investors of even modest means opportunities to meet their liquidity needs.

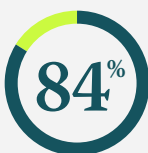
SBL is a better alternative to liquidating

Regardless of interest rates, SBL helps avoid capital gains taxes, plus it allows assets to continue to grow. Even when rates are high, SBL can be a lower-cost alternative to other lending options.

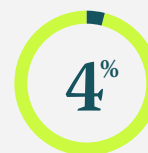
\$0 fees

No fees are required to open a line of credit through Personal Credit Line. You can help your client open a line proactively, so funds are available when they need them.

Opportunity to serve an unmet client need



of investors expect loan and credit management solutions from their financial professional.



of these individuals actually receive them.¹

Not all debt is created equal

Leveraging investments to access cash can bring holistic net value to a portfolio. SBL offers easy access to cash with flexible repayment, unlike high-interest consumer debt such as credit cards and personal loans.

Offering SBL can help keep assets under management and deepen client relationships.

SBL can help clients solve a range of needs

When strategically used, debt can be leveraged as an asset, helping clients take advantage of opportunities, even supplementing retirement cash and addressing estate planning needs. And our fully digital, cloud-based technology makes SBL faster and simpler.

As with most financial products, SBL involves risks.

If the value of an SBL client's portfolio falls below a certain level, they may be required to provide additional securities as collateral or cash to immediately pay down part of the line. If that's not possible, some investments may be liquidated, resulting in potential tax consequences.

Specifically, the risks include the fact that the lender may:

- Suspend and/or terminate the client's line of credit
- Declare all indebtedness immediately due and payable
- Sell any collateral in order to maintain the line-to-value requirement
- Require additional collateral from the client in order to meet the line-to-value requirement
- Require the client to pay down the principal in order to meet the line-to-value requirement



¹ "Defining Wealth Management" Spectrem Group (January 2023).

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