

Five ways SBL can benefit wealth managers and their clients

① A holistic value proposition

Providing credit resources can differentiate advisors from competitors that are solely focused on the asset management side of the balance sheet. Additionally, centers of influence in your firm's orbit such as CPAs and estate attorneys may be more likely to share referrals if they know your firm's approach encompasses liability management and debt optimization. The reason: many of their clients may need ready access to liquidity for tax bills, real estate loans, investment opportunities and more.

② Grow relationships

Securities-based lending not only improves the ability to deepen a client relationship through an attractive new liquidity opportunity for them, but it also encourages clients to consolidate assets into their wealth management account in order to qualify for an important, larger line of credit.

③ Retain investments, objectives and AUM

Providing alternative sources of liquidity can forestall clients from selling off a part of their investment portfolio when the need for capital arises – in the process, disrupting their long-term investment objectives. SBL averts this risk to AUM and is based on credit policies with debt-to-asset ratio haircuts that offer a cushion to the client in the event of market volatility.

④ Untap a resource for business growth

Many of the best prospects for SBL are business owners, corporate executives, or private equity investors who need your help in securing a timely source of liquidity for working capital to avail attractive investment opportunities. The relative low-cost of SBL offers this liquidity with limited impact on client bottom lines.

⑤ Build longer-term loyalty

By offering SBL, your firm reduces the chance of clients searching out other wealth management relationships to facilitate their liquidity needs or for other reasons. Credit lines deepen the client relationship, making for stickier AUM.

Acting in the client's best interest takes an understanding of the client's full financial picture – assets as well as liabilities.



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