

Securities-Backed Line of Credit (SBLOCs)

SBLOCs with Betterment Advisor Solutions give your clients access to the value of their Betterment assets as lines of credit without liquidating investments. It's a simple, automated application process, giving your clients fast access to funds after approval.

Securities-backed lines of credit (SBLOCs) are offered by The Bancorp Bank, N.A., Member FDIC, to Betterment clients. Betterment is not a bank. See more at the end of this brochure.

The benefits of an SBLOC

Leverage an SBLOC to deepen client trust, improve retention, and set your firm apart with a smart borrowing solution that complements your investment management. Betterment streamlines the entire process, from application to accessing funds, giving your clients a fast and easy way to access their credit line.*

1

Using an SBLOC eliminates the need to sell off portfolio assets that can trigger a taxable event

2

Using funds from an SBLOC allows clients to continue benefiting from dividends, interest, and appreciation

3

SBLOC loans have flexible repayment terms and are typically offered at lower rates than traditional personal loan products

What your clients could use an SBLOC for:



Purchase/renovate a home



Pay inheritance/estate/
income taxes



Finance business expenses



Pay college tuition



Manage medical bills



Pay for a wedding

Our trusted SBLOC banking partner: The Bancorp

The Bancorp powers SBLOC on Betterment accounts, facilitating all loan management from their streamlined TALEA® Loan Automation Platform.



The Bancorp was the first bank to offer SBLOCs to independent and registered financial professionals in 2004, enabling advisors to compete with larger institutions.



TALEA® Loan Automation Platform provides a streamlined application process and fast drawing power simulations based on portfolio assets.

The SBLOC process: Streamlined from application to accessing funds

Enjoy an automated application process with no fees or income verification, with fast approval times.

- 1 Collateral pledge:** On behalf of your client, you can pledge eligible securities held in their investment accounts as collateral. Betterment taxable legal accounts will be available for use as collateral, including individual, joint, and trust accounts.
- 2 Establishing the credit line:** The Bancorp through TALEA® will assess the value of the portfolio and extend a line of credit. The amount your client can borrow is a percentage of pledged asset value between 50% and 95%*, depending on the assets in the pledged account.
*The Advance Rate for an all-cash portfolio is 95%.
- 3 Accessing funds:** Once the line of credit is established, your client can draw from it as needed, subject to a daily withdrawal limit. Note, these funds cannot be used for the purchase of securities.
- 4 Repayment:** Typically, an SBLOC requires payment of only the interest on the outstanding balance each month. The interest rates offered by The Bancorp are variable, tied to the WSJ Prime Rate, plus a margin. Your client can pay down the principal and close the SBLOC at anytime. Clients can also keep a zero balance SBLOC open at no cost to have for emergency purposes.
- 5 Maintaining collateral value:** If the value of the securities drops below a certain threshold, your client may receive a "maintenance call" from The Bancorp requiring a reallocation of the portfolio to increase the borrowing power, a deposit of additional funds or securities, or to repay a portion of the loan to maintain the required collateral value.

Questions about SBLOCs?

For more details, view our SBLOC FAQs. For additional questions, reach out to your dedicated Territory Manager or send us an email at connect@bettermentadvisorsolutions.com

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SBLOCs require credit approval, cannot fund securities purchases or margin loans, and carry unique risks. Terms may change without notice. Betterment earns revenue on SBLOCs. Securities-based borrowing has special risks and may not be suitable for everyone. The Bancorp does not provide financial, tax, or legal advice.

*Subject to credit approval and underwriting.