

Trading Unpredictability for Certainty

The Opportunity

A financial advisor contacted us regarding a client who needed a debt solution—and quickly. When interest rates were low, this individual took out a variable rate line of credit at a regional bank. He used the funds to pay a large tax bill, support private real estate investments, and fund various home improvements. The loan kept growing, interest rates kept rising, and before too long, the monthly payment became unpredictable and unmanageable.

This individual contemplated liquidating his portfolio to pay off the line of credit. To avoid this immediate reaction, his financial advisor recommended a conversation with us.

Plan Development and Implementation

TriState Capital works as a collaborative and strategic partner to help financial advisors bring their clients more advantageous and customized lending solutions.

In this case, we met with the financial advisor and client to hear their concerns and financial goals. Once we understood their goal, we

recommended the best solution: a 5-year fixed-rate securities-based line of credit (SBLOC).

“By working closely with the advisor and taking time to understand the client’s needs, we were able to customize a solution specifically for them.”

– Relationship Manager, Private Bank Lending SVP

The TriState Capital Advantage

TriState Capital’s customized, client-based solutions deliver lower rates and better terms without charging unnecessary fees. At the same time, our long history with SBLOCs offers

a number of advantages, including a more streamlined and efficient process.

For financial advisors, we are a valuable supporting partner, helping to solve their clients’ liquidity issues without disrupting their investment goals. By supporting the advisors’ ability to solve client concerns, we help strengthen their relationships and long-term success.

Solutions and Results

By reducing the interest rate, delivering a fixed lower monthly payment, and ensuring terms like no penalty for early payoff, we checked all the client’s boxes. This, in turn, eliminated the impulse for the client to sell off his portfolio in a down market and opened the opportunity for a more strategic, long-term plan—ultimately, making this a better experience for all parties involved.

“Given the collateral this particular client had, it was a great environment to look at a fixed-rate balance sheet loan. The reduction was meaningful.”

– TriState Capital Relationship Manager

Securities-based lending is a non-purpose margin loan secured by eligible, marketable securities. It is non-purpose because the proceeds of the line of credit cannot be used to purchase securities. Securities-based lending has special risks and is not suitable for all investors. The risk of securities-based lending include: (i) market fluctuations that may cause the value of pledged assets to decline, (ii) a decline in the value of the pledged securities that could result in selling the securities to maintain equity, and (iii) possible adverse tax consequences as a result of selling securities. TriState Capital Bank is a Pennsylvania chartered bank.