

# Help your small business clients access cash without liquidating assets

Nationwide Smart Credit<sup>SM</sup> may be a better choice for clients investing in their small-businesses.

A recent study showed 65% of small-business owners used their cash reserves to keep their businesses running during the pandemic downturn.<sup>1</sup>

Exhausting cash reserves puts both your clients and their businesses in financial risk of not being able to sustain their business model, employee structure and benefits, lifestyle and more.

Nationwide<sup>®</sup> is committed to providing solutions for small-business owners. We can help small-business owners simultaneously make investments in both their business and themselves by using Nationwide Smart Credit<sup>SM</sup>. It is a securities-backed line of credit that allows your client to borrow against their portfolio using their assets as collateral. This can help them access the cash they need without disrupting their investment strategy.

Borrowing with Nationwide Smart Credit	VS. Liquidating assets
Your client can borrow a portion of the value of their stocks and bonds in their portfolio.	Selling securities could result in negative tax consequences. <sup>2</sup>
Flexible monthly payment options include the ability to pay the current interest payment by drawing on their line of credit.	Your client might pay a capital gains tax. <sup>2</sup>
The client's portfolio remains intact and maintains growth potential.	The long-term performance of your client's portfolio could be affected.



Using securities-backed lending as a funding source — instead of liquidating investments — can save money for a small business and may be a better option.

## Let's compare

Your client wants to liquidate \$50,000 from their portfolio to purchase new inventory for their business, but is that the best choice for their situation? Our Capital Cost Comparison calculator shows the difference between liquidating the portfolio and using a securities-backed line of credit to fund the \$50,000.

How much money is needed? **\$50,000**

For how many years will the money be needed (line of credit duration)? **3 years**

Margin rate: **2.31%**

SOFR expectation: **3.00%**

Interest rate: **5.31%**

### Investment details

How long have the funds been invested in the market? **10 years**

What is the tax filing status? **Married filing jointly**

Adjusted gross income (yearly): **\$150,000**

Market return expectation: **10.47%**

Management fees: **0.00%**

Cost of liquidating<sup>3</sup>  
**\$22,928**

#### Liquidating details

Liquidity need	\$50,000
Interest expense	\$0.00
Capital gains	\$36,807
Capital gains tax	\$5,521
Return opportunity cost	\$17,407
Funding efficiency	54.1%

This is the most efficient option.

SBL cost of financing  
**\$7,965**

#### SBL financial details

Liquidity need	\$50,000
Interest expense <sup>4</sup>	\$7,965
Capital gains	\$0.00
Capital gains tax	\$0.00
Return opportunity cost	\$0.00
Funding efficiency	84.1%

**In this case, using SBL would save the client \$14,963.**

Help deepen your client relationships by offering Nationwide Smart Credit, a lending option that can potentially help clients with small businesses protect their cash reserves.



To learn more about Nationwide Smart Credit or to use our calculator, visit [nationwidefinancial.com/smartcredit](https://nationwidefinancial.com/smartcredit).



**Nationwide**  
is on your side

<sup>1</sup> "Risk & Resilience," Nationwide, United States Hispanic Chamber of Commerce (USHCC) and Reimagine Main Street (July 2022).

<sup>2</sup> Please consult your tax advisor for any tax implications.

<sup>3</sup> The Cost of Liquidating is the sum of the capital gains tax and the return opportunity cost.

<sup>4</sup> Nationwide Smart Credit is a securities-backed line of credit. All rates are subject to change without notice and may vary. The interest rate and annual percentage rate for Nationwide Smart Credit is variable and may increase. The rate is based on the standard rate sheet as of Aug. 11, 2022.

Nationwide Smart Credit loans carry risks. If the value of your 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 loan. 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 your line of credit
- Declare all indebtedness immediately due and payable
- Sell any collateral in order to maintain the loan-to-value requirement
- Require additional collateral from you in order to meet the loan-to-value requirement
- Require you to pay down the principal in order to meet the loan-to-value requirement

The purpose of a Nationwide Smart Credit line of credit must be for personal, family or household purposes and not for securities investments or to purchase or carry margin securities, which include (1) stocks that are registered on a national securities exchange, or any over-the-counter security designated for trading in the national market system; (2) debt securities (bonds) that are convertible into margin stock; and (3) shares of most mutual funds.

California: Loans are made or arranged pursuant to a California Financing Law license; Delaware: Nationwide SBL is licensed by the Delaware State Bank CCL commissioner to engage in business in this State under license number O35414, which expires 12/31/2022; Maryland: License Number O3-2423; Oregon: License number 1804109; Rhode Island: Rhode Island Licensed Lender; Washington: License number CL-1804109.

Nationwide Smart Credit is not available in Mississippi, Montana, Nevada and Vermont.

Nationwide SBL LLC dba Nationwide Smart Credit (NMLS): 1804109 NMLS Consumer Access: [nmlsconsumeraccess.org](https://nmlsconsumeraccess.org).

Federal income tax laws are complex and subject to change. Neither Nationwide nor its representatives give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

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