

# The Buy-Borrow Cheat Sheet

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How the wealthy stay invested and still spend. Educational, not financial advice.

## THE MOVE

### **Borrow, don't sell**

Pledge your shares as collateral (an SBLOC). No sale means no tax today.

## THE COST

### **Collateralized money is cheap**

An SBLOC runs about 5 to 7%, versus 20 to 35% on a credit card.

## THE RULE

### **Every borrowed dollar needs a job**

Borrow at 6% and earn 4%, you lose. The cash must out-earn its interest.

## GUARDRAIL

### **Cap it at 30 to 40% loan-to-value**

Even if the bank offers 70%. Deep crashes hit ~30%; a cushion keeps you safe.

## DANGER

### **A margin call is a forced sale**

\$500K loan on \$1M, drops to \$700K = 71% LTV. The bank can sell at the bottom.

## **Leverage cuts both ways.**

This is how the mechanic works, not advice to do it.