



# MARGIN ACCOUNT: HARNESS THE POWER OF YOUR PORTFOLIO

Have you ever considered using your brokerage account to secure a loan? If the answer is no, you are not alone. Many investors do not realize that a margin brokerage account gives them access to funds at an interest rate that may be lower than standard bank or credit card loans. Whether the loan is to fulfill a financial obligation, take that much-needed vacation, or simply to make a purchase, it is an extension of credit using the power of leverage, thereby enhancing value without increasing investment of your own funds. There is no reason to liquidate your securities and incur commissions in order to obtain cash. Use them as collateral to secure a loan instead.

## What is a Margin Account?

A margin account allows you to borrow funds using the securities you have in your brokerage account as collateral. You can utilize this collateral to obtain a loan for any purpose. Once a Margin Agreement is signed and approved, you can simply call People's Securities and request a check.

You can use the excess funds in your margin account to purchase additional securities without paying for them in full. When using margin to purchase securities, a portion of the cost (usually 50%) is deposited, while the rest is loaned to you by People's Securities.

## What Are the Advantages of a Margin Account?

Although there are risks associated with using a margin account, which you should fully understand, you may enjoy the following advantages:

- Increased purchasing power for securities transactions
- Easy borrowing access to short-term cash loans

Margin borrowing benefits you in ways that a traditional cash brokerage account does not. First, as mentioned above, a margin account gives you accessibility to funds, at favorable rates, without a lengthy approval process. Interest is calculated daily, and posted monthly, to the debit balance of your account. The debit balance represents the total amount you owe to People's Securities. Any dividends or interest earned on the securities in your account are posted to decrease the amount you owe, should you choose this option when opening your account.

Second, your margin account may be able to provide temporary coverage for funds due, but not yet paid, by settlement date. The settlement date is the date on which broker/dealers exchange payment and securities, thereby completing a trade.



Third, trading on margin gives you the ability to increase your security purchasing power. Depending on the securities you hold in your margin account, you may be able to purchase marginable securities valued at up to twice the dollar amount of your investment.<sup>1</sup> With the increase in purchasing power, your potential for profit also increases.

For more information, stop by any People's United Bank branch. You can also visit us at [www.peoples.com/invest](http://www.peoples.com/invest) or call People's Securities at **1-800-392-3009**.

<sup>1</sup>Bond requirements may differ. Please contact People's Securities.

*Borrowing on margin is not for everyone and you should give consideration to your personal investment objectives. You should be aware that if the market value of the securities held in your margin account depreciates, you may be required to deposit additional funds or make a full repayment of your margin loan to bring your account back to acceptable levels. In a margin account, your risk includes the amount of money you have invested plus the amount that has been loaned to you. Margin Rates are subject to change.*

Investment & Insurance Products:

- Not Insured by FDIC or any Federal Government Agency
- May Lose Value
- Not a Deposit of or Guaranteed by a Bank or any Bank Affiliate

Investment and insurance products are offered through People's Securities, Inc., a Broker/Dealer, member of FINRA and SIPC, and a Registered Investment Advisor. People's Securities, Inc. is a subsidiary of People's United Bank.

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