BMO NESBITT BURNS

Why consolidating your accounts makes sense.

While most of us are familiar with the "don't put all your eggs in one basket" golden rule of successful investing, it may mean different things to different people. For some, it means holding investments at multiple financial institutions as a way to diversify or to minimize risk. Contrary to this belief, true diversification is really about having your portfolio invested across a variety of investments, either by asset class or type, to manage your portfolio risk and increase your potential returns over time. By consolidating your assets in "one basket" with one Investment Advisor, it could make it easier for you to manage your portfolio in order to achieve true diversification. Additionally, it allows your Investment Advisor to better understand you and help you achieve your financial goals.

Save time and reduce your statements

Dealing with paperwork from multiple financial institutions can be daunting for even the most experienced investor. Combining your investment accounts in one place adds convenience to your financial life and can save you valuable time without having to worry about multiple log-ins, passwords and websites. Pooling your assets with one Investment Advisor means you'll receive consolidated statements on a regular basis instead of multiple statements at different times throughout the year and you'll also cut down on the number of tax slips you receive at tax time.

Save money

Financial institutions generally levy administration fees on certain types of accounts. By consolidating, you can avoid paying multiple administration fees for the same type of account. You might also qualify for lower investment management fees if the value of your consolidated accounts exceeds a certain threshold due to a sliding scale fee-structure that some investment programs and accounts apply. Furthermore, you may save on tax preparation fees as consolidation can reduce the amount of time your accountant needs to spend determining your average cost base and completing your tax return. By putting more money into your pocket, your financial goals will be more within reach.

More control of your investment strategy and reduced risk

Consolidating your investment accounts can give you a clearer picture of your wealth and how your assets are allocated. It provides a snapshot of your total portfolio, ensuring that you have not duplicated your holdings or are not overexposed in one sector.

It makes it easier to manage your overall performance and determine when to reallocate and rebalance your assets among a variety of asset classes (e.g. equities, bonds and cash) to achieve diversification and effectively manage risk in a tax-efficient manner.

Get the right retirement advice to maximize your retirement income

As you approach and enter retirement, you'll have some big decisions to make from ensuring you have saved enough to managing your retirement income from a variety of sources, including government pension plans, employer pensions, registered savings, non-registered savings and Tax-Free Savings Accounts (TFSAs). Regulations governing retirement plans are complex, and when your assets are consolidated with one firm, your Investment Advisor can give you more comprehensive advice regarding the order of withdrawal in the most tax-efficient manner possible. To make the most of your after-tax retirement lifestyle, the goal is to maximize your after-tax retirement income.

Simplify the estate planning

Having your accounts in one location makes it easier to plan your estate, including keeping track of your estate inventory and maintaining your beneficiary information current. It also simplifies the administration of your assets for your attorney (or mandatary in Quebec) in the case of an unforeseen incapacity. In case of death, having all your accounts in one place can make it easier for your executor (or liquidator in Quebec) to administer your estate, potentially also saving them time, money and frustration, at a time of grief.

Access to comprehensive wealth management consulting

When you achieve a certain level of wealth and require a higher level of expertise due to the complexities involved, consolidating your accounts could give you the opportunity to benefit from personalized wealth management consulting services for both your personal and professional needs. These services encompass access to an extended team of experts, including accountants, lawyers, insurance professionals as well as tax and estate specialists who will work with your Investment Advisor to gain a total perspective on your wealth management needs and provide valuable guidance and customized solutions that will form part of a complete and seamless wealth management strategy.

Preserve your wealth

By consolidating your accounts, you minimize the risk of forgetting about some accounts. It's not uncommon for people to move and forget to advise financial institutions about a change of address, particularly if the account was relatively small. Once in the new neighbourhood, it may be more convenient to open accounts at another local financial institution, making it more difficult to track accounts and increasing the risk of forgetting about accounts opened in the former neighbourhood. Perhaps that is one of the reasons that explains why The Bank of Canada is holding millions of dollars of unclaimed property from dormant Canadian bank accounts. Additionally, the risk of leaving accounts orphaned can be exacerbated by the individual losing mental capacity and their spouse, unaware of the existence of these accounts, stepping-in to manage the money.

Get started today

If you are holding investment accounts at multiple financial institutions, consider consolidating them. Consolidation can help you manage your money more efficiently and effectively, thereby simplifying your life and providing you access to more comprehensive advice to give you confidence in your future financial security.

Consult your BMO Nesbitt Burns Investment Advisor about the consolidation process.

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