

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 may mean 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 into “one basket” with one investment professional, managing your portfolio to achieve true diversification becomes easier. Additionally, it allows your Investment professional 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. Consolidating your investment accounts with one financial institution avoids the hassle of multiple websites, logins and passwords, providing you with convenience and time savings. By pooling your assets with one investment professional, you’ll receive consolidated statements together and decrease the number of tax slips during tax season.

Save money

Consolidation may reduce the amount of time your accountant needs to spend completing your tax return. This may result in lower tax filing fees, which means an increase in savings in the long run.

More control of your investment strategy and reduced risk

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

It makes it easier to manage your overall portfolio and performance, and determine when to reallocate and rebalance your assets among 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 important 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 professional 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 simplifies your estate planning, allowing easier tracking 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 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, and estate specialists who will work with your BMO financial professional to gain a total perspective on your wealth management needs. They will then provide valuable guidance and customized solutions as 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. Oftentimes when people move they forget to notify their financial institution of their address change, and open accounts at banks and other financial institutions in their local area. This can cause confusion and lead you to lose track of your accounts. Currently, The Bank of Canada holds millions of dollars of unclaimed property from dormant Canadian bank accounts. There is a greater risk of accounts being left as dormant when an individual is no longer mentally capable of managing their finances and their family is unaware these accounts exist.

Get started today

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

For more information, please speak with your BMO financial professional.



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