

# 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 could 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 portfolio risk and increase 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 help you fully achieve your financial goals.

The following summarizes key rationale for why consolidating your investment accounts with one institution and one Investment Advisor makes sense:

## **Trusted single point of contact**

A key benefit of consolidating your investment accounts is it allows you to have one trusted Investment Advisor as your single point of contact, who is able to maintain the clearest picture possible of all your financial affairs, including your evolving goals and family situation. With one Investment Advisor, you have the advantage of a unified direction for your personal wealth management strategy, rather than dealing with conflicting advice or overlapping investment styles from two or more Advisors. It also puts him or her in the best possible position to identify the most valuable opportunities for your financial future.

## **Easier, more effective control of your investment strategy**

Consolidating your investment accounts gives you a clearer picture of your overall 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. The convenience of having everything in one place also makes it easier to manage your overall performance and determine when to reallocate and rebalance your assets (e.g., equities, bonds and cash) to achieve diversification and effectively manage risk in a tax-efficient manner.

## **Simplifies your investments, reduces paperwork**

Combining your investment accounts in one place adds simplicity to your financial life and can save you valuable time and effort. In particular, dealing with paperwork from multiple financial institutions can be daunting for even the most experienced investor. 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.

## **More convenient, better online access**

Bringing your investment accounts together with one institution is simply more convenient, especially when considering the aggravation of having to deal with numerous passwords and websites. Consolidating minimizes the online access points you need to retrieve your account information and streamlines your ability to view your investments quickly and efficiently from anywhere you have online access to your account(s), since you don’t have to worry about multiple user ids and log-ins.

## **Save money on fees**

Financial institutions generally levy administration fees on registered accounts. By consolidating you can avoid paying multiple administration fees for the same type of account. You might also qualify for lower investment and wealth advisory fees if the value of your consolidated accounts exceeds a certain threshold due to sliding scale fee-structures that fee for advice

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 completing your tax return. By putting more money into your pocket, your financial goals will be more within reach.

### Receive the best advice on retirement savings and estate planning

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, any employer pensions, registered savings and non-registered savings. 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 withdrawals 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.

Having your accounts in one location also 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.

### Preserves 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. 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 with your BMO Nesbitt Burns Investment Advisor. Consolidation can help you manage your money more efficiently and effectively, thereby simplifying your life and providing you access to more comprehensive advice. Consult your BMO Nesbitt Burns Investment Advisor today about the consolidation process.



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