

The benefits of a consolidated investment portfolio



Wealth Management

Selecting an investment professional is a very personal decision, based on trust that recommendations will be made in your best interest. Once the decision is made as to who will help you manage your assets, it's important to consider the benefits of consolidating all investment assets, such as assets held at other firms, your IRA or your 401(k), into one diversified household portfolio. While it may seem like you are more diversified by maintaining multiple accounts with multiple advisors, there are three main risk factors to keep in mind:

1) Structuring your asset allocation

Asset allocation should be reflective of your current and possible future situation, your feelings and your family dynamics. When assets are spread among multiple firms and advisors, you become responsible for your own asset allocation, which may or may not include the right mix of asset classes for your risk tolerance.

2) Reviewing your asset allocation

As markets and individual positions rise and fall in value, your target asset allocation needs to be adjusted on a periodic basis. It's important

to have a primary investment professional periodically reviewing your complete asset allocation to see that you stay within a range that mitigates risk to your portfolio.

3) Managing the interrelationship of investments, funds and managers

Each investment, fund and manager must stand alone as having a solid track record as well as be appropriately interrelated with other investments, funds and managers. There should be no excessive overlap or conflicts, and checks and balances must be in place to minimize downside risk.

In addition to the three main risk factors, there are practical advantages to consolidating assets, including:

- Fewer brokerage statements and 1099 forms
- One main contact when you have questions
- One liaison to consult with tax and legal professionals
- One review meeting, rather than multiple updates in multiple locations
- Better access to fund breakpoint discounts

- Reduced fee percentages on certain managed accounts
- Potential tax savings from taking withdrawals or distributions from the most appropriate accounts

Having a primary advisor for your investments will help you maintain proper diversification—and ultimately help you achieve your financial objectives more efficiently.

For more information, contact your RBC Wealth Management financial advisor.

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