

The Benefits of a Consolidated Investment Portfolio

Selecting an investment professional is a very personal decision, which is based on trust that recommendations and decisions 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 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:

STRUCTURING YOUR ASSET ALLOCATION

Asset allocation should be reflective of your current and possible future situation, your feelings and family dynamics. When assets are spread among multiple firms and/or 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.

MONITORING 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 monitoring your complete asset allocation to ensure you stay within a range that mitigates risk to your portfolio.

MANAGING THE INTERRELATIONSHIP OF INVESTMENTS, FUNDS AND MANAGERS

Each investment, fund and/or manager must stand alone as having a solid track record, as well as, be appropriately interrelated with other investments, funds and/or 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 of consolidating assets, including:

- Fewer brokerage statements and 1099 forms
- One main contact when there are 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. Contact your Financial Advisor to discuss consolidating your accounts.

RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in connection with your independent tax or legal advisor.

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