CAPTRUST

Should I Consolidate My Assets?Â

Generally, it’s better to consolidate investments into fewer accounts and, ideally, with one advisor or investment manager.

There is a common misconception in financial management that diversification means having several investment accounts at different institutions or with multiple financial advisors. In truth, diversification refers to the variety of investments in your portfolio, not where you hold them. For instance, maintaining multiple 401(k)s with different providers is not diversification, but balancing the quantity of stocks and bonds within your 401(k) is.

Asset consolidation has four main benefits:

Optimized planning. With investments in one place, it’s easier to see your full financial picture. This helps you make better financial planning decisions.Â Â

User-friendly implementation. Consolidation also makes it easier to implement portfolio changes like buying and selling investments. It can also reduce account administration fees.Â

Simplified recordkeeping. Working with fewer institutions means fewer monthly statements and tax documents.Â Â

Reduced fees. Generally, the more assets you hold with one provider, the more opportunities you may have for reducing or eliminating account fees, transaction costs, and other expenses.Â

For cash accounts, different rules apply, and it can sometimes be a good idea to spread deposits across multiple banks to keep each account balance below $250,000. This is the maximum amount insured by the Federal Deposit Insurance Corporation (FDIC).

Before you make any moves, talk to a financial professional to discuss the best strategy. Asset consolidation will look different for each investor.