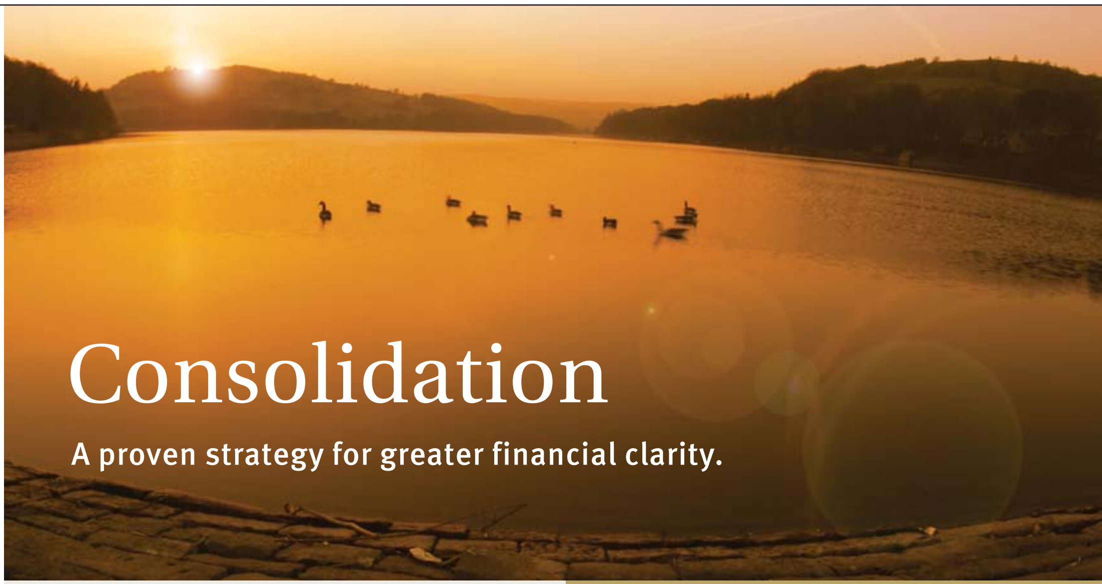
special report



Consolidation

A proven strategy for greater financial clarity.

If you find your financial situation becoming too complicated, with a multitude of investment accounts at various institutions, consolidation may be the solution.

Consolidation involves bringing together all your investments into one overall plan or strategy, greatly reducing the number of individual accounts you hold. This approach offers several key advantages, including simplified finances, better co-ordination and possibly even lower costs.

ADVANTAGES OF CONSOLIDATION

› Simplify your finances
› Know if you are on track to achieving your retirement goals
› Easier to keep track of your investments
› Avoid unnecessary duplication of investments
› One source for all your investment needs
› Lower costs with fewer accounts

SEE THE "BIG PICTURE"

One of the key advantages of consolidation is that it helps you see exactly where you stand, financially. If your investments are dispersed among various institutions, it can be difficult to answer basic questions like "What is my total rate of return?" and "What is my allocation between stocks, bonds and cash?" To determine the answers, you would have to gather together various account statements and make the calculations manually. But with consolidation, because you have fewer account statements, you can determine the answers to questions like these more easily, and get a better sense of your financial big picture.

CREATE A COMPREHENSIVE STRATEGY

With a better understanding of your overall financial situation, you can create a complete financial strategy that much easier. Depending on your individual situation, your strategy could include:

› all your registered and non-registered investments ▶

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› guidelines for allocating your investments among the major asset classes, including stocks, bonds and cash, based on factors such as your personal risk tolerance and investment timelines

› criteria for buying and selling individual investments

› a process for reviewing your progress and making necessary adjustments

› consideration of related matters, such as tax strategies, wealth protection and estate planning

REDUCE RISK

Consolidation can also help you reduce risk. Because it's easier to keep track of your investments, it's easier for you to structure them in a diversified portfolio. And diversification is the most effective way to reduce risk.

There are three main ways to diversify your investments:

1. By asset class
Historically, cash and bonds have provided stable, but lower returns than stocks. Stocks provide higher returns over the long term, but are more volatile.

2. By geographic area
Holding investments from various parts of the world enables you to offset the risk of a market downturn in any given area, including Canada.

3. By industry sector
Different sectors of the economy perform better than others at different times. By diversifying your stock holdings among various sectors, you can offset weak performance in one sector with strong performance in another.

CONSOLIDATING WITH RBC DOMINION SECURITIES

- ❑ personal advice based on your individual situation
- ❑ "one-stop shopping" for all your investment needs
- ❑ full range of global and Canadian investments
- ❑ comprehensive wealth management services
- ❑ backed by the expertise of RBC Financial Group

Please contact me to discuss how consolidation can help you achieve your financial goals.

EASY AND EFFICIENT

With consolidation, it is easier and more cost efficient to implement changes to your overall investment mix. As a hypothetical example, say you own 1,000 shares of ABC Company and you decide to sell them all. You hold the shares at three different financial institutions. To sell them, you would have to contact three different people and pay for each individual transaction. But if you held your ABC Company shares all in one account, you would just have to contact one person to sell them, plus you could also reduce your total transaction costs.

	ABC shares sold	Transaction costs
Without consolidation		
Account 1	100	$100
Account 2	500	$300
Account 3	400	$200
TOTAL	1,000	$600
With consolidation		
Account 1	1,000	$400

With consolidation, you bring together all your investments into one comprehensive plan, resulting in a more co-ordinated approach to achieving your financial goals.

SHOULD YOU CONSOLIDATE YOUR INVESTMENTS?

If it's difficult for you to keep track of your investments, consolidation can help. Answer these four questions to help determine if consolidation is appropriate for you.

1. Do you know how many different investment accounts you have, including registered and non-registered accounts?

❑ YES ❑ NO

2. Do you know your combined rate of return from all your investments?

❑ YES ❑ NO

3. Do you know the overall level of foreign content you have in your RSP?

❑ YES ❑ NO

4. Do you know the combined percentage of each type of investment (stocks, bonds, cash and mutual funds) you own?

❑ YES ❑ NO

If you answered "NO" to any of these questions, you will benefit from consolidation. If you answered "NO" to three or four of these questions, consolidation is a "must."

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