ATON
WEALTH NAVIGATION

Why only 1 Bank Account is necessary

Let me begin by stating that a bank account is not the ideal vehicle for planning for your different financial needs and goals. A bank account can never replace financial products that are specifically designed to meet your various financial needs. At best, a bank account is a tool to manage your day-to-day-cash-flow requirements.

A comprehensive financial plan should make provision for your:

- Immediate needs
- Short-term needs
- Medium- term needs
- Long-term needs and goals

Immediate needs are events that can occur at any time in your life: You can die today, be involved in a motor vehicle accident in which your vehicle is written off or become disabled. You could also be diagnosed with a critical illness.

Think about that. There is no way that simply having an additional bank account can adequately provide for these events. You need appropriate life, disability, critical illness and short-term insurance products to protect you against these risks.

Short-term needs: Your emergency or contingency fund may be better suited to a Money Market Fund than to a traditional bank account, depending on your circumstances and the specific product. Money Market Funds are generally not intended to provide high long-term returns, but they may offer the potential for better returns than a standard bank savings account while still providing relatively easy access to your money. This can make them a useful alternative for an emergency fund.

Medium to Long-term needs: Saving for longer-term needs, and particularly retirement, in a bank account can be detrimental to your long-term financial position. You may will lose out on inflation-beating returns that may be achieved through appropriate market-related investments. Even more importantly, you may lose out on the growth-enhancing power of compound growth over time.

And, of course, you also need to consider the tax advantages offered by certain retirement products. These tax benefits can effectively put more money in your pocket rather than going to the taxman.

In conclusion, consider closing any unnecessary bank accounts and implementing a comprehensive financial plan to ensure that your finances are structured effectively and aligned with your long-term financial needs and goals.