

## The 5 blind spots many successful families don't see coming

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### Managing Your Money

LYNN MacNEIL



If you've built meaningful wealth over time, you've likely made thoughtful decisions for decades. You've probably saved consistently, made disciplined decisions, and took thoughtful risks. But once a family becomes financially secure, the risks shift. At this stage, the question usually isn't, "How do I grow faster?" It becomes, "Is everything working together the way it should?"

Here are five blind spots I often see among financially successful families, not because they've made mistakes, but because complexity increases as wealth grows. The risks at this stage are rarely about picking the wrong mutual fund. They're structural and subtle. Often invisible until they become expensive.

One of the most misunderstood risks is something called **sequence of return risk**. Most people focus on average returns. If a portfolio earns a reasonable long-term average, it feels reassuring. But once withdrawals begin, the order of returns matters far more than the average. If the early years of retirement coincide with a market downturn and income is being drawn at the same time, the impact can be long-lasting even if markets eventually recover.

*"Most successful families have done an excellent job accumulating wealth. What often remains less optimized is how investments, tax strategy, income planning, and risk management fit together as a coordinated system."*

Case in point, one of my clients retired on December 31, 2021 after carefully planning his income and designing his investment portfolios to support it. He sailed comfortably into 2022 as markets continued their climb from 2021. In April 2022, the tides turned and we saw stock and bond investments drop double digits. Regardless of the poor market conditions, he still needed income from his investments to live. Instead of putting his capital at risk by selling in a bad market, we had allocated an income wedge to provide for regular income in case this situation happened.

Because of this he came out of 2022 without any harm done to his capital.

The solution isn't to avoid markets or try to time them; it's structural. Thoughtful income planning might include building a buffer, so withdrawals aren't forced during downturns; segmenting assets by time horizon; and stress-testing plans against early negative scenarios. It's not about predicting volatility, it's about being prepared for it.

Another subtle blind spot is the difference between **asset allocation** and **asset location**.

Most seasoned investors are diversified across stocks and bonds. But far fewer have optimized where those assets sit. Registered accounts, tax-free accounts, corporate structures, non-registered portfolios, each is taxed differently. Placing income-generating assets in one environment and long-term growth assets in another can meaningfully improve after-tax outcomes over time. It's a quieter form of planning. No dramatic changes. No flashy strategies. Just thoughtful coordination between investments and tax structure. Over decades, that coordination compounds.

**Retirement income stacking** is another area that often goes unnoticed. When income comes from multiple sources like pensions, government benefits, registered withdrawals, dividends, rental income, business distributions, etc., it can unintentionally stack up in ways that increase taxation or reduce benefits. Many people assume they'll "figure out withdrawals when the time comes." Sequencing which accounts are drawn first, smoothing income across years, and being intentional about when certain benefits begin can make a significant difference. It's less about how much you have, and more about how income flows through the system.

**Concentration risk** is also common, especially among those who built wealth through entrepreneurship or real estate. When an asset has served you well for decades, it feels stable and familiar. But familiarity doesn't always mean diversification. A business tied to a specific region, multiple properties influenced by similar economic drivers, or long-held equity positions can create hidden dependency on a single theme.

Diversification at this stage isn't about abandoning what built your wealth. It's about gradually reducing reliance on any one factor. That might mean creating liquidity over time, evaluating economic exposure more holistically, or stress-testing the overall balance sheet



against sector-specific downturns. It's a shift from confidence in one asset to resilience across many.

Finally, **longevity planning** is often underestimated. Retirees today are living longer, healthier lives than previous generations. That's wonderful, but it extends the planning horizon significantly. Retirement can span decades. Inflation compounds quietly. Healthcare needs may evolve. One spouse may outlive the other by many years.

Planning for longevity isn't about worst-case thinking, it's about durability. Does the plan adapt if life unfolds differently than expected? Is the surviving spouse supported structurally and administratively? Are powers of attorney and contingency plans current?

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Longevity risk isn't dramatic. It's gradual, which makes it easy to overlook. The common thread in all five of these blind spots is **integration**. Most successful families have done an excellent job accumulating wealth. What often remains less optimized is how investments, tax strategy, income planning, and risk management fit together as a coordinated system.

None of these blind spots suggest something is "wrong." In fact, many successful families are in strong positions. But as complexity grows, refinement matters more than expansion. Sometimes the most valuable work at this stage isn't chasing higher returns. It's asking better structural questions. And often, those questions only surface once you pause long enough to wonder: **Is everything working together the way it should?**

**Note:** For more tips and insights on managing your wealth, follow me on my Facebook page **MVE Wealth**.

Lynn MacNeil, F.P.L., CIM®, is a Senior Wealth Advisor and Portfolio Manager with Richardson Wealth Limited in Montreal, with over 30 years of experience working with professionals and pre-retirees. For a second opinion, private financial consultation, or more information on this topic or on any other investment or financial matter, please contact Lynn MacNeil at 514.981.5796 or Lynn.MacNeil@RichardsonWealth.com. Or visit our website at [www.MVEWealth.com](http://www.MVEWealth.com)

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