

THE STANTON REPORT

Fall 2016

*Views and opinions for
the friends and clients
of Investment Advisor
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Insurance for Children - is it the right fit?

An overview of the advantages and potential disadvantages

Insurance for children is a topic that generates debate among some, with much of the uncertainty around it arising from traditional thinking of insurance simply as income replacement. With such a narrow scope, it's easy to see how it could be justified as irrelevant for children since they don't earn income or earn very little income, at best. However, broadening the perspective to view it as an investment vehicle and a supplementary means to help prepare for a child's future opens up significant benefits and value.

Wide-Ranging Pros

Most individuals want to structure their financial affairs in tax-advantaged ways, and insurance provides an additional asset class to tax shelter investible assets.

Specifically in this regard, insurance may offer a very effective option for parents or grandparents who have assets they won't otherwise spend, and that are potentially earmarked to go to the child via a will or trust, for example- especially given the fact that tax-advantaged investment vehicles for children are quite limited. Another benefit lies in the fact that the parent retains control of the asset when setting up insurance on a child's life. It's only when the asset ultimately gets transferred to the child that it becomes part of the child's portfolio, and the transfer itself is considered a non-taxable event.

Other advantages exist within insurance policies that have cash values, which provide financial

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Here is what happened in 2016 to date;

- › S&P/TSX Composite Index 15.8%
- › Dow Jones Industrial Average 4.1%
- › MSCI World Index 6.1%
- › Crude Oil 12.2%
- › Natural Gas 13.4%
- › Gold 24.4%
- › Silver 37.8%



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flexibility later in the child’s life to utilize those values, even for retirement planning. Certain policies may also be paid up over a specific time frame, and the values may continue to grow even after the policy IS paid up.

Specific to a child’s future, there are positives in the fact that a policy reduces uninsurable risk down the road—regardless of future health status, their premiums are locked in. Furthermore, the premium now would be less expensive than if the insurance was purchased later in life.

A Matter of Options

When looking at insurance as an investment vehicle, a main downside for some is the opportunity cost— not every dollar is created equal and this type of investment is one that doesn’t bring immediate benefits. However, when looking at investible assets as a whole, it’s

important to consider both the short-and long-term. While it does take time for the growth to occur, which some individuals may view as a negative, the upside is in the significant long-term positive impact. In other words, the slower rate of growth is not an inherent con for everyone; the disadvantage arises only if it doesn’t fit with the purpose of the investment or as part of a well balanced plan. And this is where an RBC licensed insurance advisor can help to determine if, how, and when insurance is a beneficial investment vehicle, specific to each family’s needs.

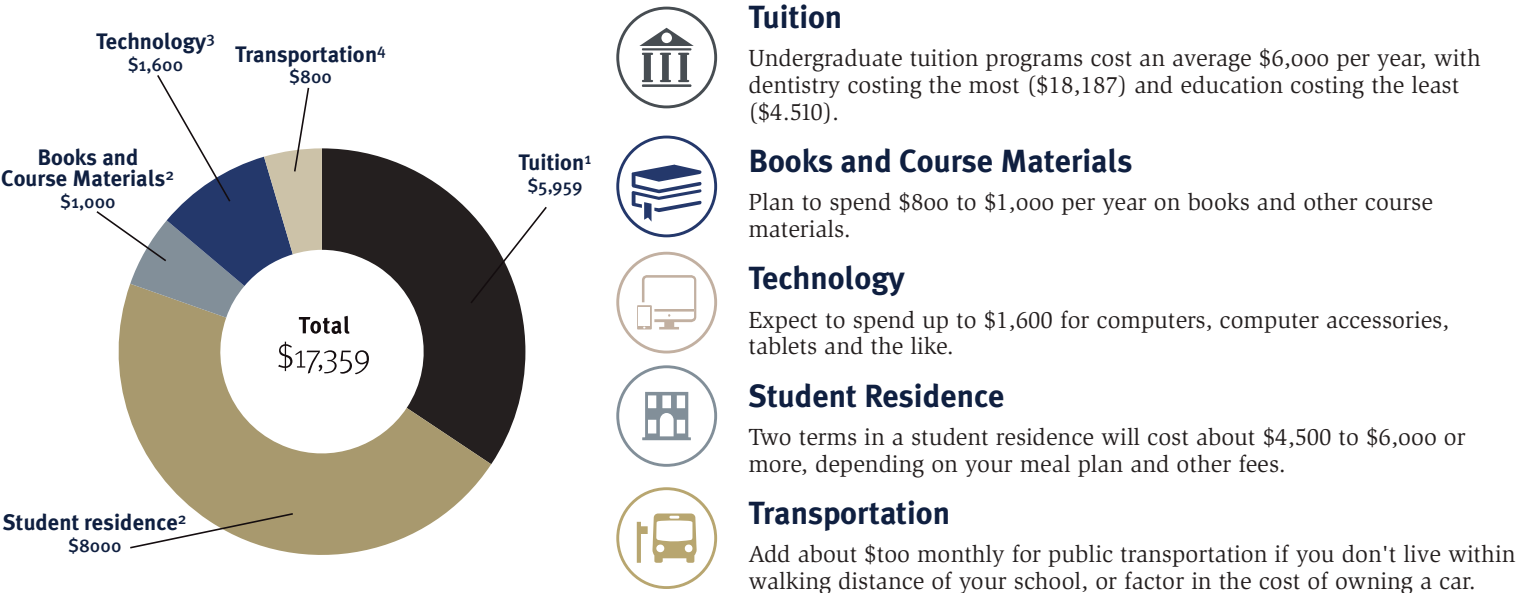
Upcoming CRA Changes

Effective January 1 ,2017, changes to the Income Tax Act will impact the structure of new policies. Generally, policies issued prior to 2017 will be grandfathered and subject to more favourable legislation.

The cost of post-secondary education in Canada

Post-secondary education can be one of the most valuable investments you make for the future, but the costs can be significant if you haven't planned for the expense.

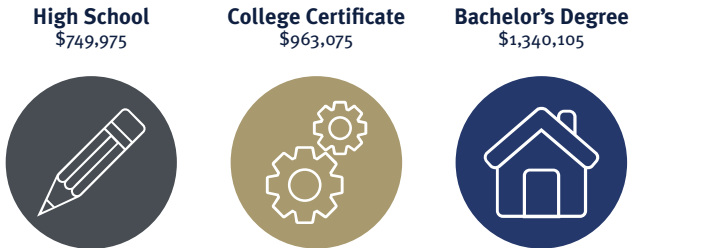
Average costs for one year of post-secondary education



Translating education into salary

Total cumulative earnings for men and women with high school diploma, college certificate or bachelor’s degree.

Students who have completed post-secondary education earn stronger salaries over their working lives approximately 28% higher for college graduates and 79% higher for university graduates.



Enhanced account information in DS Online

DS Online makes it easy to access the information you need about your holdings and your accounts- instantly, conveniently, and now with even more features and functionality.

To access the enhanced features and tools in DS Online, log on to DS Online via www.rbcbs.com, RBC Royal Bank Online Banking or through www.alanrae.com.

If you don't remember your ID I password, please contact the DS Online Help desk at 1-888-820- 8006. If you don't have access to DS Online, please speak with our team for assistance.

An enhanced view of your holdings and activity

Features include:

- More information about your holdings, including intraday changes rates.
- An "expand and collapse" tool at the asset class level to allow you to see as much or as little detail as you prefer.
- Toggle view of previous day and intraday pricing on the same page. The option to view your holdings in settlement currency or CAD dollars.

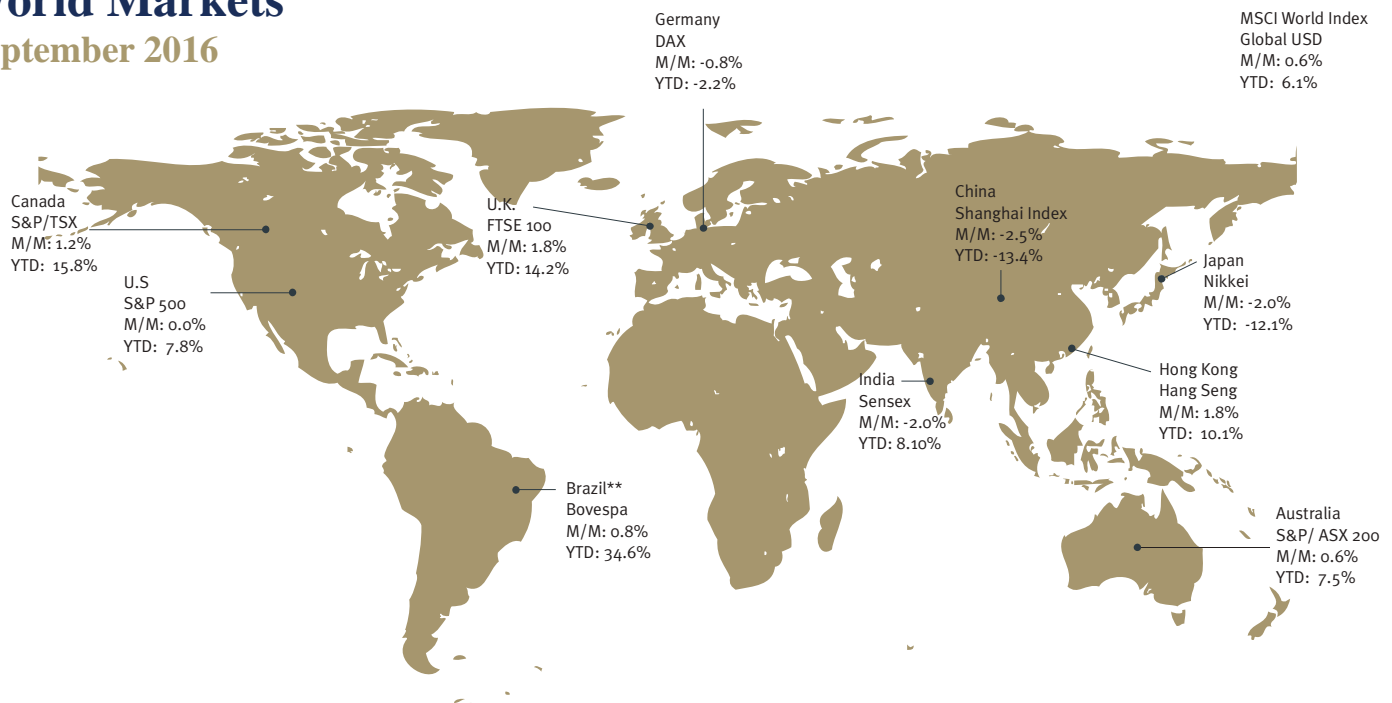
- Detailed search capability-so you can find what you're looking for faster.
- An account grouping feature that allows you to group your accounts according to your preference.
- An aggregated view of your holdings, asset mix and account activity across multiple accounts.

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If you have questions about these features, please contact the DS Online Helpdesk at 1-888-820-8006.

World Markets September 2016



All returns are on a total return basis unless otherwise noted. All returns calculated in local currency except MSCI World
** These indices are calculated on a price return basis

Report Card

Positive Developments

- › Financial markets have been happy
- › Global growth signal improvement
- › Financial conditions get better
- › Stock remains cheap versus bonds

Negative Developments

- › Global PMI's still tepid on level-basis
- › Brexit repercussions continue to play out - including in debates over viability of Eurozone
- › Slack in U.S. service sector less than overall economy
- › Canadian economic data soft

Interesting

- › China housing risks more nuanced than expected
- › Low expected market volatility
- › Hawkish Fed
- › Mini-OPEC meeting approaches in September
- › U.S. Elections getting closer



OUT OF TOWN SCHEDULE

TERRACE

November 15 – 16

PRINCE RUPERT

November 17 – 18

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