The Stanton Report

Spring 2014

Views and opinions for the friends and clients of Investment Advisor Richard Stanton

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If you know anyone who would like to receive a copy of this newsletter or be added to our mailing list, please contact Tracy Dykens at (250) 847-6680. Please contact Tracy if you would like secure internet access to your accounts. Use our toll-free number from anywhere in North America.

A Word from Richard

There is a tragic end to all living things: They stop living. Our Golden Retriever of 15 years stopped living last month. His name was Finnigan and he was one of the sweetest animals that anyone could have had. I brought him home as a puppy from Terrace for Laura and then asked the inevitable question – what shall we name him? As we struggled for an appropriate label for a floppy-eared good-natured little guy that reminded us of the dog from the children's program, Mr. Dressup. I said "What about Finnigan?" We both laughed, but it stuck. He was Finnigan.

Aside from sleeping, Finnigan loved nothing more than to follow Laura from room to room to make sure she was okay. He was great with the kids and loved to retrieve anything that you threw for him, especially if it was into the lake.

Before Finnigan there were a number of loving pets in the Stanton household. Just as we have, most of you have had pets, loved them, and lost them…So here's to them and here's to Finnigan.

The kids are still working hard at school. Only a couple more months to go and they are done for another year. I don't know where the time goes. Jenelle recently took her babysitters course and has been looking after some kids in the neighborhood. She's got a few "clients" as she likes to call them. She's a real natural with children so it's a good job for her to start out with. Jenelle has also been competing this year for dance and has one more festival to attend. It has been a good learning experience for her. Olivia has adjusted to high school. The biggest change Laura and I have seen with her is the amount of homework she has now. She seems to always have a project or an assignment to finish. Not that we are worried, she is very strong academically so she just takes it in stride and gets it done. She is also set to take her Grade 4 Piano exam in June. Busy, busy, busy…

My quarterly travel schedule appears on Page 4 and as usual if you would like to get together in person or if a telephone appointment is more convenient, please contact Tracy and she will get you booked in. Thanks for reading.

Here is how things have played out so far in 2014;

- **S&P/TSX Composite Index 6.1%**
- **Dow Jones Industrial Average -1.5%**
- **MSCI World Index 1.4%**
- **Crude Oil 3.4%**
- **Natural Gas 9%**
- **Gold 7.3%**
- **Silver 2.3 %**

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Four Ways Consolidation Can Enhance Your Retirement Income

Consolidation is a known way to reduce costs and simplify your finances. But it also offers other advantages you should know about – especially if you want to enhance your retirement income.

With consolidation, you bring together all your investment accounts with one advisor, eliminating any unnecessary duplication, which reduces account fees and makes it much easier to keep track of your investments.

For the convenience alone, consolidation is a strategy worth considering. But it also enables you to manage your investments more effectively, helping you structure your investments to generate the retirement income you need.

Following are four key advantages offered by consolidation:

1. PROPERLY COORDINATE YOUR RETIREMENT INCOME SOURCES

It can be difficult to properly coordinate your various sources of income to ensure you're utilizing them in the most effective way possible – not to mention receiving everything you're entitled to. It gets even more confusing if you have more than one RRIF or non-registered investment account.

By bringing everything together with one advisor, you can ensure that all your various income sources are accounted for, and structured to provide the income you need.

2. MAKE THE MOST OF YOUR REGISTERED PLANS

Having more than one registered plan not only adds to the confusion – it could also mean missing out on some important tax advantages.

Within registered plans like your Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF), your assets generally grow more quickly than they do outside a registered plan because assets within a registered plan grow on a tax-deferred basis. Any income generated by those assets is not taxed until you start making withdrawals from your registered plan. At that point, they are taxed as part of your regular income at your marginal rate.

To take full advantage of the tax deferred growth, it makes sense to delay making withdrawals for as long as you can. If possible, delay converting your RRSP into a RRIF until the end of the year in which you turn 71. Once you have converted your RRSP into a RRIF, you have to start making withdrawals, but consider withdrawing only the minimum amount that is required. Then, draw the rest of the income you need from other sources. That way, you leave more assets within your RRIF

Consolidation can help you coordinate various income sources:

- Registered Retirement Income Fund (RRIF)
- Personal investment accounts
- Government savings bonds
- Guaranteed Investment Certificates (GICs)
- Locked-in retirement plans (from employer pensions)
- Annuities
- Canada Pension Plan / Quebec Pension Plan (CPP / QPP)
- Old Age Security (OAS)
- Income-generating assets (such as rental property)
- Employer pension
- Part-time employment and consulting income

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to continue growing on a tax-deferred basis, enhancing your future income.

Consolidation helps you take advantage of this strategy in two important ways. First, it makes it easier for you and your advisor to determine if you have sufficient income from other sources. It also greatly simplifies your RRIF payment calculations, which can get very complicated when you own multiple RRIF accounts.

3. GENERATE TAX-EFFICIENT INCOME

With consolidation, you're better able to properly allocate your assets to provide tax-efficient income. Because different types of income are taxed in different ways, how you structure your assets has a big impact on your after-tax income.

- Interest income is fully taxable at your marginal rate
- Eligible dividends from Canadian corporations are effectively taxed at a lower rate due to the Dividend Tax Credit – in fact, you can generally earn between $30,000 – $40,000 in tax-free dividends if you have no other income (varies by province)
- Capital gains receive the most preferential tax treatment for high income earners, with just 50% of any capital gain taxable at your marginal rate

Traditionally, most people have relied on interest-bearing investments like bonds and GICs for their retirement income. While safe, these investments typically offer lower after-tax returns, due to a combination of low interest rates and high taxes.

Because of this, it can make sense to look at investments that offer higher after-tax income, like income trusts and dividend-paying stocks. While these investments don't offer the guarantees of a government bond, you can reduce the risk by diversifying. The key is to find the right balance – one that provides the tax-efficient income you need, while keeping risk at an acceptable level. Consolidation helps you find this balance by bringing everything together in one place.

4. GET THE ADVICE YOU NEED – WITHOUT CONFLICTING OPINIONS

With consolidation, you don't have to worry about different advisors with incomplete information working at odds with each other. Instead you work with one advisor who sees the big picture, understands your overall financial situation and provides the advice you need.

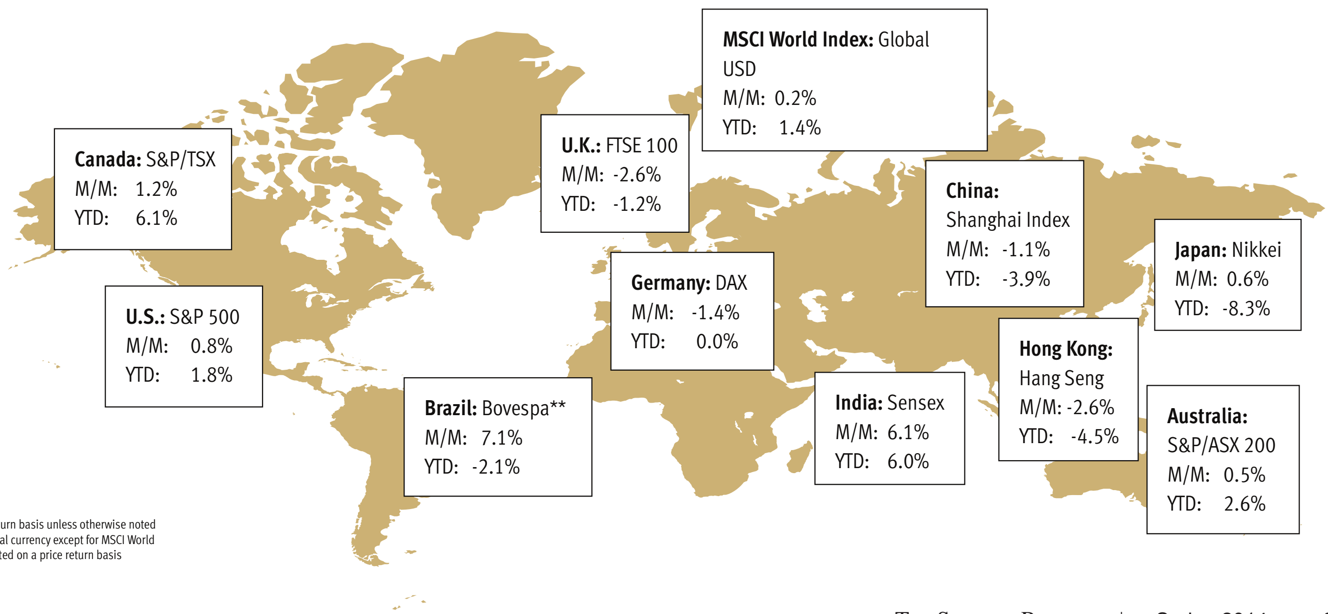
Here are some reasons to consider consolidating your investments with RBC Dominion Securities:

- Personal advice based on your individual situation
- "One-stop shopping" for all your investment needs, including the full range of global and Canadian investments
- Comprehensive wealth management services, including financial planning, Will & Estate consultations, enhanced retirement plans and charitable foundations
- Innovative wealth protection strategies
- Backed by the expertise of RBC, Canada's largest financial group

World Markets

March 2014

Global indices were mixed in March. The S&P/TSX, S&P 500 and Nikkei all generated positive returns for the month while, the FTSE 100, DAX, Shanghai Index and Hang Seng posted negative returns. The MSCI World Index saw a slight increase of 0.2% in March.



All returns are on a total return basis unless otherwise noted
All returns calculated in local currency except for MSCI World
** These indices are calcuated on a price return basis
Source: Bloomberg

THINGS TO PONDER

Q: Did you ever wonder why dimes, quarters and half dollars have notches, while pennies and nickels do not?

A: The US Mint began putting notches on the edges of coins containing gold and silver to discourage holders from shaving off small quantities of the precious metals. Dimes, quarters and half-dollars are notched because they contain silver. Penies and nickels aren't notched because the metals they contain are not valuable enough to shave.

Q: Why do men's clothes have buttons on the right, while women's clothes have buttons on the right?

A: When buttons were invented, they were very expensive and worn primarily by the rich. Because wealthy women were dressed by maids, dressmakers put the buttons on the maid's right, since most maids are right handed, it is easier to push the left. And that's where women's buttons have remained ever since.

Q: Why do X's at the end of a letter signify kisses?

A: In the Middle Ages, when many people were unable to read or write, documents were often signed using an X. Kissing the X represented an oath to fulfill obligations specified in the document. The X and the kiss eventually became synonymous.

Q: Why is shifting responsibility to someone else called "Passing the Buck?"

A: In card games, it was once customary to pass an item, called a buck, from player to player to indicate whose turn it was to deal. If someone did not wish to assume the responsibility, he would "pass the buck" to the next player.

Q: Why do people clink glasses before drinking a toast?

A: It used to be common for someone to kill an enemy by offering him a poisoned drink. To prove to a guest that a drink was safe, it became customary for a guest to pour a small amount of his drink into the glass of a host. Both men would drink it simultaneously. When a guest trusted the host, he would then just touch or clink the host's glass with his own.

OUT OF TOWN SCHEDULE

TERRACE
April 28 & May 1

PRINCE RUPERT
April 29 & 30

"My broker says don't panic, I'm still young enough to recoup my losses."

Now Available on eStatements - Add Notes and Highlight Text

Starting with this month's statement, clients can now add their own notes or highlight text on estatements. This is especially useful for clients that would normally write notes on their paper statements. Simply open the eStatement and use the 'add sticky note' or 'highlight Text' buttons in Adobe Reader. Once the notes have been added, you can print the PDF or save it to the appropriate folder on your computer.