

THE Stanton Report

*Views and opinions for
the friends and clients
of Investment Advisor
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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

Welcome to Spring everyone! It seems we are getting a little later start than previous years but the warmer weather is definitely on the way. We enjoyed a winter of skiing as a family and have one more weekend to go until the hill is officially closed. Then it's on to spring cleaning. The street sweepers are already hard at work and we should be gravel free within the month. Laura and I are looking forward to some yard work, walks with the dogs and good times on the course with our golf buddies.

The kids are back from their Spring Break and are now in their last semester of school. As always this quarter is shaping up to be a busy one. Both girls enjoy soccer so we have them registered again this year. That season is short with practices and games only taking place in May and June. Both girls have their dance recital this year in the middle of June so there are already lots of preparations underway to get ready for the big event. Olivia is studying hard now for her Grade 3 Piano exam also scheduled in June. This is also Olivia's last year of elementary school...off to high school in September...another chapter for Laura and I to close.

As always, I am available to assist and discuss all of your investment goals and objectives for the coming year. Give Tracy a call or send her an email if you want to set up an appointment either in person or via telephone.

Here's what happened over the last quarter;

- › S&P/TSX Composite Index 3.3%
- › Dow Jones Industrial Average 11.2%
- › MSCI World Index 10.3%
- › Crude Oil 4%
- › Natural Gas 16.9%
- › Gold -4.5%
- › Silver -7.7%
- › Copper -5%

Vacation home planning

Whether you already own a vacation home – or you're just thinking about it – there are some key issues and planning ideas you need to consider.

Vacation home purchase strategies

Before committing a large amount of money to purchasing a second property, consider renting in a few desirable areas for a period of time to test the location and neighbourhood. Once you are comfortable with the location and have selected an appropriate property to purchase or build on, the next major decision is how the property should be financed.

If you require a mortgage, the mortgage interest will not be deductible if the property is used strictly for personal purposes. In order to make the loan interest deductible, consider the following two-step strategy:

1. Use existing cash or investable assets to purchase the property
2. Take out a line of credit to purchase income-producing investments

In the case of the second step, since the loan was used directly to purchase income-producing investments and not the personal property, the interest on the loan is potentially deductible.

Succession planning

In straightforward situations, a person often acquires ownership in a vacation property either solely or jointly with their spouse for control and simplicity reasons. As people get older and no longer actively use the vacation home, people sometimes decide to transfer the property to their children. However, if the transfer of the property is not structured correctly, disharmony amongst family members can occur.

Here are some succession planning strategies to consider related to a family vacation home:

- If your children will inherit the property and you expect it to significantly appreciate in value, consider gifting the property to the children today either directly or through an inter-v

If you transfer the property to your children today, you will defer future capital gains tax and avoid probate taxes. If the property is sold to the children, your capital gain can be spread over five years in some cases.

- If the property value is high and you are over age 65, consider the cost/benefit of rolling it into an alter-ego or

joint partner trust today in order to avoid probate taxes related to the property at death (particularly in provinces with high probate taxes).

- You may leave the vacation home to one or more family members under the terms of your Will. Some of your options include granting one or more children the option to purchase the property, allowing a child to take the property as part of their share in the estate or creating a testamentary trust to hold the vacation home under the terms of your Will. If the vacation home is transferred to a testamentary spousal trust, the capital gains taxes can be payable upon the death of the last spouse.
- Life insurance can be used to pay any capital gains taxes triggered by the disposition of the property when your estate is settled. It also creates a pool of funds to pay children who are not interested in inheriting the property. In addition, life insurance can be used to provide the children with the money necessary to pay for the maintenance and expenses related to the property.
- If more than one child will own the property, a co-ownership agreement to determine when and how they can use it, as well as how expenses will be paid.

This article appears in the RBC Dominion Securities guidebook, *Family Wealth Management - Ten Strategies to Build and Protect your Family's Wealth*. Please contact us at 250-847-6680 or email Tracy at tracy.dykens@rbc.com for a complimentary copy.



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HOW TO TEACH YOUR KIDS ABOUT MONEY

The “Learning Money with Leo” app makes it fun!

RBC was the first Canadian financial institution to launch a free iPad app to help parents teach their children about the values and concepts of money. “Learning Money with Leo” is available to children around the world and is filled with games, stories and reward stickers designed to engage young children and help develop money skills at an early age.

“Learning Money with Leo is a great way to get children on the right path to thinking about money,” said Tracey Hackett, Vice President, Marketing. “Interactive and easy to use, the app introduces children to money and helps them develop a foundation of basic money skills they can build on throughout the course of a lifetime.”

Although the app is designed primarily for children from ages three to six, the variety of digital games and activities featured in the app will appeal to youth of all ages.

Some of the features include:

- **Leo the Lion Guide** – provides simple instructions and positive messages through games and activities to engage children and cheer them on to success.
- **Interactive games** – teach children to recognize coins of different denominations and awards them coins through games such as Match It, Solve the Maze, Gather the Coins, Spot the Differences and Sort the Coins.
- **Read-a** – teaches children the value of earning and saving.
- **Sticker book and sticker store** – kids can use their reward coins to buy stickers for their virtual sticker book.

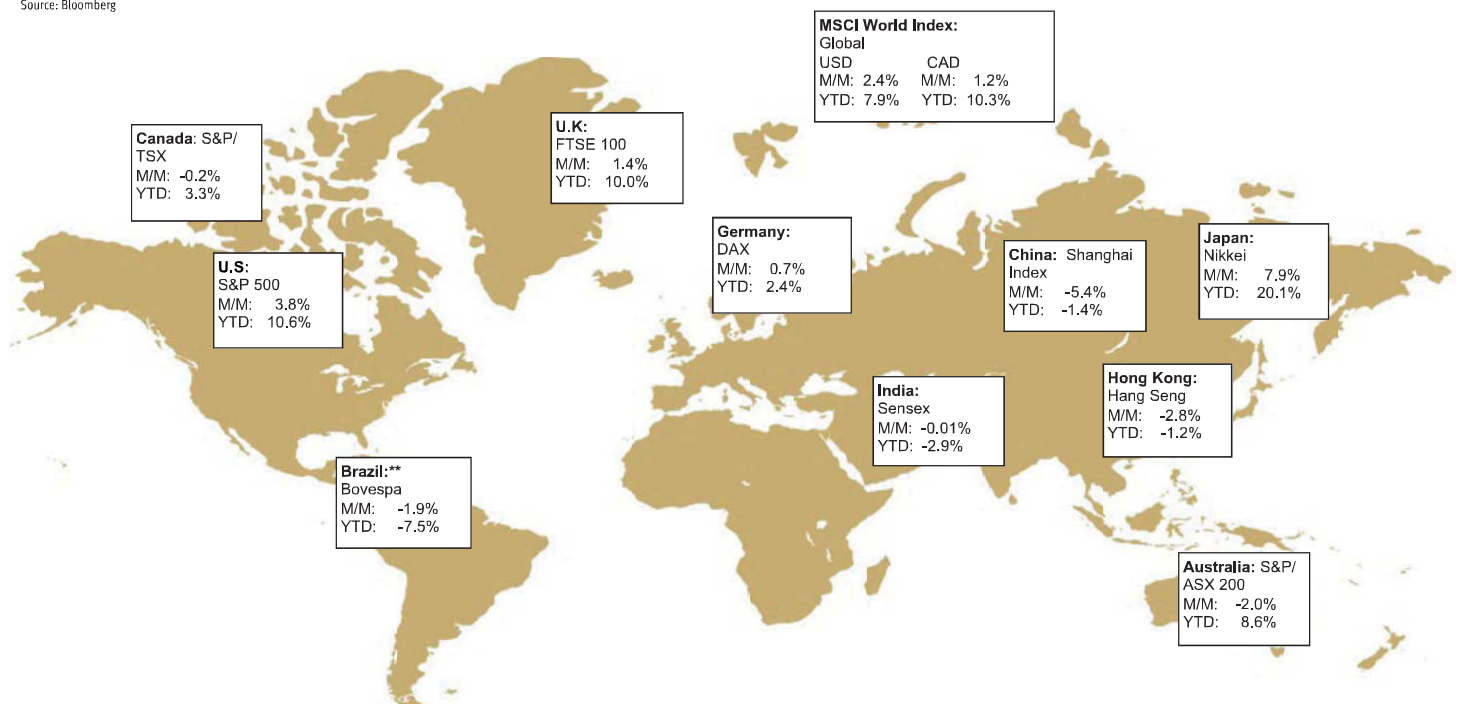
The Learning Money with Leo app can be downloaded for free at www.rbcadvicecentre.com/families or by visiting the iTunes store.



W – MARCH 2013

Global Indices were mixed for the month. The Nikkei, S&P and FTSE continued to demonstrate positive momentum in 2013, with monthly returns of 7.9%, 3.8% and 1.4%, respectively. Of note, the S&P closed at an all-time high on March 28th, returning 10.6% year-to-date. In Asia, the Shanghai and Hang Seng posted negative returns on a monthly and year-to-date basis, while the ASX pulled back slightly in March, returning -2.0% for the month.

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



Startling Facts about the Economy

1. According to a study by Harvard professor David Wise and two colleagues, 46.1% of Americans die with less than \$10,000 in assets.
2. Last year, for the first time, spending by Apple and Google on patent lawsuits and unusually big-dollar patent purchases exceeded spending on research and development of new products.
3. There were fewer state and local education jobs in 2012 than there were in 2005, even though the number of 5 to 18-year-olds has increased by 600,000.
4. Dell has spent more money on share repurchases than it earned throughout its life as a public company.
5. Apple's cash and investments are now equal to the GDP of Hungary and more than those of Vietnam and Iraq.
6. Thanks in large part to cell phone cameras, 10% of all photographs made in the entire history of photography were made last year.
7. Fortune Magazine published an article titled "10 Stocks to Last the Decade" in August 2000. By December 2012, the portfolio had lost 74.3% of its value.
8. If you add up annual profits of the entire airline industry going back to 1948, you get -\$32 billion.
9. One in seven crimes committed in NYC now involves an Apple product being stolen.
10. In the first quarter of 2012, the number of iPhones Apple sold per day surpassed the number of babies born per day worldwide (402,000 vs. 300,000)
11. 44% of those working for minimum wage in 2010 had attended at least some college.
12. Household debt is now 163.4% of disposable income in Canada, close to the U.S. level at the height of the subprime crisis.
13. Since U.S. markets bottomed in March 2009, more than \$8 trillion of lost wealth has been recouped.
14. Japan's working age population is on track to decline from 62.6% of its population in 2012 to just 49.1% in 2050.
15. Adjusting for inflation, Warren Buffet was a millionaire by age 25.

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"ROTFLMAO — rolling on the floor liquidating my assets off."

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