

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

Happy New Year to all my friends and clients! 2013 is the year my oldest daughter Olivia becomes a teenager and my youngest daughter Jenelle turns 10. Time is definitely passing too quickly. Gone are the years of Santa Claus, Easter Bunny and Tooth Fairy; and we anxiously enter the years of puberty, makeup, and teenagers. There is a bright side, isn't there?

I hope everyone enjoyed the Christmas season with their loved ones and took some time to relax. Our family enjoyed another year at home, with some extended family visiting from out of town. The kids had a break from the regular routine and are now fully recharged for the next semester of school and activities. Olivia became a black belt in Karate just before Christmas, and will now be taking the adult black belt class and begin studying self defense techniques. Jenelle is still busy with her dancing and both girls are continuing with their piano lessons....did I mention they were busy?

Our family is looking forward to the next few months of skiing on our local mountain. We skied a couple of times over the break and had some great weather. The hill could use more snow though, but with three more months of winter I am sure it will come.

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 how 2012 ended up;

- › S&P/TSX Composite Index 7.2%
- › Dow Jones Industrial Average 7.26%
- › MSCI World Index 16.6%
- › Crude Oil -5.81%
- › Natural Gas -13.68%
- › Gold 7.14%
- › Silver 8.98%
- › Copper 4.18%

2013 January/February Tax Planning Tips

Important deadlines and strategies available in the first two months of the year

The holiday season provides a time for many to reflect on the past year and to begin planning for the new year. Many investors are aware of the importance of tax planning near the end of the year to minimize their income tax liability. However, often-neglected areas of tax planning include meeting the important deadlines for implementing tax planning strategies that may only be available in the first two months of the following calendar year. The purpose of this article is to summarize some of the strategies that have deadlines in January and February 2013.

RRSP contribution deadline for the 2012 tax year

The deadline for you to make a contribution to a registered retirement savings plan ("RRSP") that can be claimed as a 2012 RRSP tax deduction is the 60th day after 2012, which falls on Friday, March 1, 2013.

Eligible retiring allowance

If you received an eligible retiring allowance in 2012 (based on \$2,000 per year of service before 1996 plus \$1,500 per year of service before 1989 if you were not a member of a pension plan) you have until March 1, 2013 to make a special contribution to your RRSP (but not to a spousal plan) without requiring RRSP contribution room. This special contribution will allow you to defer taxation on the eligible retiring allowance received until it is withdrawn from your RRSP.

Unlike regular unused RRSP deduction room that you can accumulate even if you do not make an RRSP contribution, if you do not make this special RRSP contribution by March 1, 2013, you will lose the opportunity to do so forever. However, if your eligible retiring allowance was paid to you over a

period of two or more years, for example, in 2012 and 2013, you would still be able to transfer the 2013 portion as a special contribution to your RRSP for the 2013 taxation year.

In-kind RRSP/TFSA contributions

If you do not have sufficient cash on hand to make an RRSP contribution, you should consider making an in-kind contribution of eligible securities from your non-registered account to your RRSP. If you make an in-kind RRSP contribution to your RRSP between January 1, 2013 and the March 1, 2013 RRSP deadline, you can claim the fair market value of the securities at the time of the transfer to your RRSP as a deduction on your 2012 income tax return (up to your 2012 RRSP deduction limit). You can also contribute securities in-kind to your TFSA. Like an RRSP contribution, the amount you contribute in 2013 will be equal to the fair market value of the securities transferred in-kind. Be careful not to contribute more than your TFSA contribution limit or you will have an TFSA over-contribution and will be subject to penalties. Note that an in-kind transfer from your non-registered account to your RRSP/

TFSA account is considered to be a taxable event which may result in a capital gain or loss. If the security you transfer in-kind to your RRSP/TFSA in 2013 is in a gain position you will defer having to pay tax on the capital gain until the year 2014 when you file your 2013 tax return. If the security you transfer in-kind to your RRSP/TFSA in 2013 is in a loss position, due to the superficial loss rules the resulting capital loss will be lost forever. If you would like to be able to claim the accrued capital loss on your 2013 tax return, instead of making an in-kind transfer to your RRSP/TFSA, you should consider selling the securities in your non-registered account for cash and contributing the cash to your RRSP/TFSA. If you would like to repurchase the same security in your RRSP/TFSA due to the investment merits, be careful not to trigger the superficial loss rules. Wait for at least 30 days after the settlement date before repurchasing the same security in your RRSP/TFSA.

2013 RRSP contribution room created on January 1, 2013

While some individuals procrastinate about contributing to their RRSPs until the RRSP contribution deadline

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date that falls in the following year, it is generally a good idea to contribute to an RRSP as soon as possible to maximize the tax-deferred growth in your plan. RRSP contribution room is created every January 1 based in part on income you earned in a prior year. January 1 is also the earliest date you can make an RRSP contribution using the new room that is created. If you wish to maximize your RRSP contribution for 2013 by making a contribution in the first two months of 2013, you will need to estimate your 2013 RRSP deduction limit. This is because you will not yet have received your 2012 notice of assessment (which provides a statement of your 2013 RRSP deduction limit) and you may not have received your 2012 T4, which

provides your employment income and pension adjustment, if any.

To estimate your 2013 RRSP deduction limit, take 18% of your previous year's (2012) earned income up to the RRSP dollar limit (\$23,820 for 2013), and subtract any 2012 pension adjustment. Once you have estimated your available RRSP contribution room, you can consider one of the following two contribution strategies:

1. Make a lump sum contribution for 2013;
2. Establish a pre-authorized regular (e.g., monthly) RRSP contribution plan.

Consider making an over-contribution by the allowable

\$2,000 limit which is not subject to the over-contribution penalty tax. Although the additional \$2,000 over-contribution amount would not be tax-deductible, it can be deducted in a future year as long as it is within that year's deduction limit

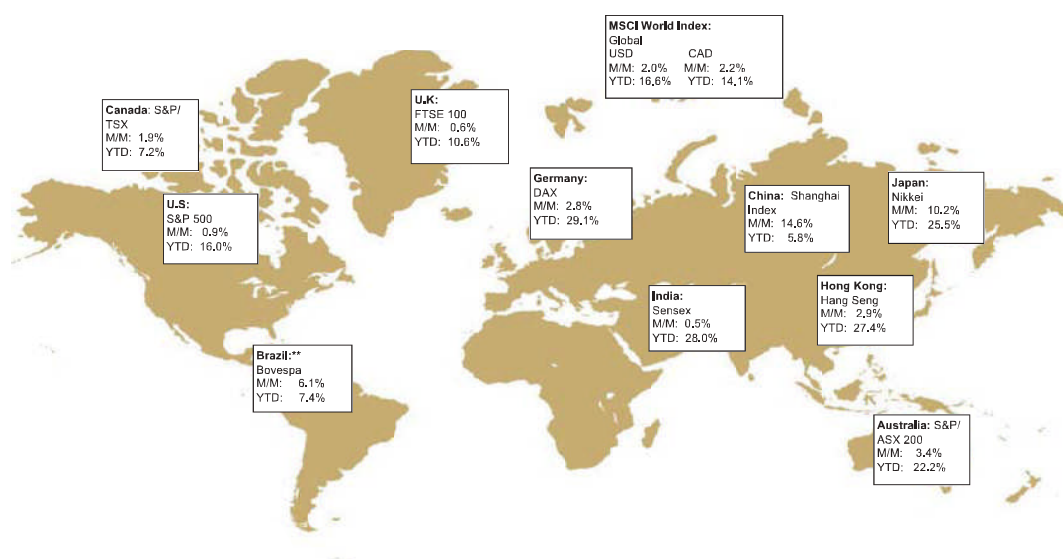
Tax-Free Savings Account (TFSA)

The TFSA allows you to make a \$5,000 annual (subject to annual contribution each year. In 2013 you can make a \$5,500 contribution and addition, if you withdrew an amount from your TFSA in 2012, you can re-contribute this amount to your TFSA in 2013. Since any income earned in the TFSA is non-taxable, contributing early can increase your savings by maximizing the amount of tax-free growth.

WORLD MARKETS – DECEMBER 2012

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

Most global indices posted strong returns in December, led by the Japanese and Chinese equity markets which delivered impressive double-digit returns for the month.



More Than Numbers

Back To Work

New jobs Created in all of Canada in August	34,000
Number of those that were created in B.C. alone:	15,000
B.C.'s unemployment rate at the end of August:	6.7 per cent

Apples And Oranges

Market capitalization (in U.S. dollars) of Apple at the end of August:	\$632 billion
Combined market capitalization of Microsoft, Google, Facebook and Amazon:	\$631 billion
Apple's market capitalization in 1999:	\$9 billion

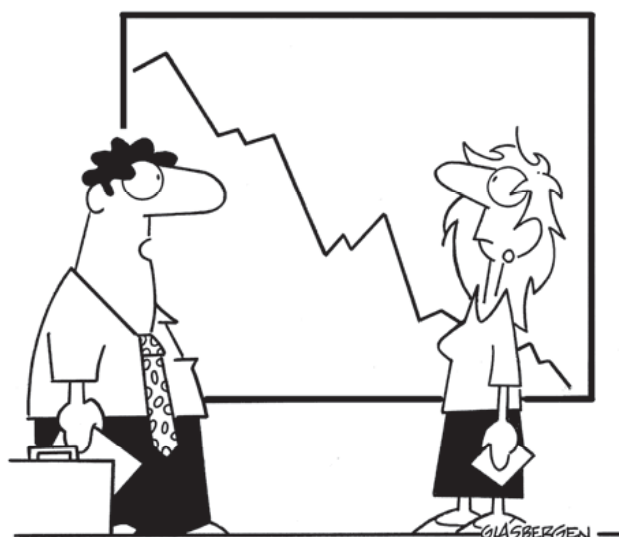
Image Is Everything

Price paid by coca-cola for its logo, created by its founder's bookkeeper in 1886:	\$0.00
Price paid by Google for its multicoloured logo, created in 1998 by cofounder Sergey Brin:	\$0.00
Price paid by Nike co-founder Phil Knight for its famous swoosh logo in 1971:	\$35.00
Price paid to redesign Pepsi's logo in 2008:	\$1 million
Price paid by British Petroleum in 2008 to change its logo and reinvent itself as an energy company people can have faith in:	\$211 million

Would You Like Fries With That?

Price for New York-based restaurant Serendipity 3's Le Burger Extravagant, which is made with white truffle butter-infused Japanese Wagyu beef, topped with a fried quail egg and served on a gold-dusted roll:	\$295
Price for Las Vegas-based restaurant Fleur's FleurBurger 5000, which features a Wagyu beef and foie gras pa includes a \$2,500 bottle of Chateau Petrus:	\$5,000
Price for Kitsilano-based Vera's Burger Shack's Verga Burger, which includes ketchup, mustard, relish, lettuce, tomato and Vera's sauce:	\$5.99

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"We could tell them it's a crack in the projector lens."

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