WINTER 2012

THE Stanton Report

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

Happy New Year to all my friends and clients! 2012 is looking to be a very dynamic year, some would say the end of this year will be the end of life as we know it….maybe…maybe not but I for one am not going to dwell on what might be, it's business as usual at RBC.

I hope everyone enjoyed the holidays with their loved ones and took some time to relax and enjoy the season. The Christmas holiday for the Stanton family was spent at home, right where we like it, with family around and friends coming and going. The kids had a break from the regular routine and are now fully recharged for the next semester of school and activities. Jenelle, our youngest is turning 9 this month. I'm not sure where the time has gone, both kids are growing too quickly.

We are looking forward to the next few months of being on the hill skiing to our hearts content. We managed to get up the hill a couple of times during the break. We will be hosting Thrilling Thursday up on the ski hill on March 8, 2012. Please join us and enjoy appies and prizes.

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 in 2011;

- **S&P/TSX Composite Index -11.1%**
- **Dow Jones Industrial Average 5.5%**
- **MSCI World Index -7.9%**
- **Crude Oil 7.2%**
- **Natural Gas -42.5%**
- **Gold 12.8%**
- **Copper -21.3**

Innovative strategies to protect your wealth

Many people are surprised to learn how significantly taxes can erode the value of an estate.

- Up to half of your registered plan, such a Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF), may be payable to the government
- Half of any capital gains automatically triggered on death are taxable
- As much as half of your U.S. property is payable to the U.S. government

To meet these tax obligations, the beneficiaries of an estate often have to liquidate the estate's assets. Fortunately, there are strategies utilizing insurance that can protect your wealth, so you can leave your legacy intact.

1. RRSP/RRIF TAX PROTECTION

Often, the top marginal tax rate is applied to all remaining funds in your RRSP or RRIF when they are taken into income in your final Canadian federal and provincial tax return(s), or that of your surviving spouse. On a $300,000 RRIF account, up to almost half will be payable to the federal and provincial governments in taxes, depending on which province you live in. With a life insurance benefit, you can cover these tax obligations.

2. CAPITAL GAINS TAX PROTECTION

Your assets can be transferred at death to your spouse without triggering taxation. But on the death of your spouse, the government considers your assets to have been sold at fair market value – even if they haven't actually been sold. This can trigger taxable capital gains. Taxable assets include shares in private or publicly traded corporations, real estate other than your principal residence and family heirlooms such as art, jewelry and antiques. Tax protection insurance can help your heirs retain these assets and avoid an untimely "fire sale."

3. COVERING YOUR U.S. ESTATE TAX

Did you know that you could have a U.S. tax liability, even if you are a Canadian resident? If you are a Canadian resident who is not a U.S. citizen or green card holder, your heirs may have to pay U.S. Estate Tax on the fair market value of your U.S. assets to the U.S. Internal Revenue Service. Depending on your circumstances, tax protector insurance may be the most cost-effective way to cover this liability.

4. LIVING BENEFITS

"Living benefits" can help protect the value of your estate by covering the costs associated with disability, critical illness or long-term care.

Remember, tax rules are subject to change. Please consult with a professional tax advisor before implementing a strategy.

Maximizing tax-free advantages

Introduced by the federal government in 2009, the tax-Free Savings Account (TFSA) has become an increasingly important tax-minimization vehicle for investors. If you already have a TFSA, remember that you can make your 2012 contribution any time after January 1, 2012. If you haven't opened your TFSA yet, the following is some information to help you get started.

Opening your TFSA

You can open a TFSA if you are a Canadian resident who has reached the age of majority in your province and have a social insurance number. The age of majority is 18 in all provinces except Newfoundland and Labrador, New Brunswick, Nova Scotia, British Columbia, Northwest Territories, Yukon and Nunavut, where it is 19. Your Investment Advisor can help you open your TFSA.

Making contributions

You can contribute up to $5,000 annually to your TFSA. You do not have to set up a TFSA or file a tax return in order to earn contribution room. Unused contribution room accumulates starting from January 1, 2009. For example, if you have not yet made any TFSA contributions, and you were at least 18 in 2009, you could make your 2009, 2010, 2011 and 2012 contributions (or $20,000) starting January 1, 2012.

Earning tax-free income

Within your TFSA, all investment income accumulates tax free, resulting in greater compound growth compared to a regular account. As a result, you may wish to consider a longterm growth strategy for your TFSA with your Investment Advisor.

Making tax-free withdrawals

You can also make tax-free withdrawals for any reason, and the amount you withdraw is added back to your available contribution room the following year. Remember that you have to wait to re-contribute any amounts you have withdrawn in any given year until January 1 of the following year. Otherwise, the Canada Revenue Agency may assess excess contribution penalties. In addition, any income or capital gains earned on overcontributions would be subject to 100% tax.

Transferring your TFSA

To avoid delays and adverse tax consequences, transfer any TFSA assets held at another financial institution into your RBC Dominion Securities TFSA through a "qualifying transfer" instead of withdrawing and re-contributing. Your Investment Advisor can help you make a qualifying transfer quickly and easily.

TFSA tip – in addition to opening your TFSA, consider helping your adult children open their own TFSAs in order to maximize the tax-free benefits for your whole family.

What is a full-service TFSA?

RBC Dominion Securities offers a full-service TFSA, which provides different features compared to other TFSAs. these include:

- More investment choices including stocks, bonds and mutual funds
- Greater flexibility to maximize tax-free compound growth
- Professional advice based on your overall investment portfolio
- convenience with an all-inclusive TFSA

If you would like to learn more about the full-service RBC Dominion Securities TFSA, please contact your Investment Advisor.

PEPPERCORN RANCH TACO CHICKENSALAD

- Sprinkle 2 cups crushed nacho chips, 2 cups tex-mex nachos shredded cheese, 1 cup salad and 4 sliced grilled chicken breasts on top of 1 head of washed, torn lettuce.
- Toss with 2/3 cup Kraft Classic Twist Peppercorn Ranch Dressing

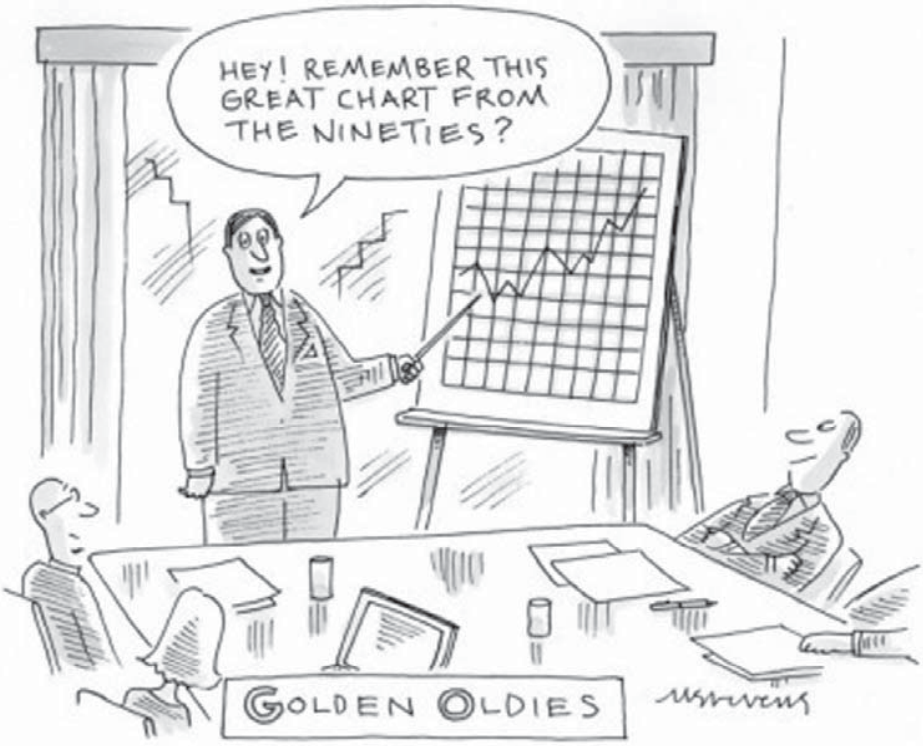
We encourage or clients and readers to submit their favourite recipe. email sugestions to tracy.dykens@rbc.com

Easy Switch to eStatements

Now you can switch to eStatements simply by calling your investment advisor. With eStatements, you can reduce your paperwork by receiving your official RBC Dominion Securities account statements online instead of in the mail. You also have access to a seven-year archive of past statements (Starting from November 2007)

Remember to RIFF

Are you turning 71 this year? Remember you have until the end of 2011 to convert your Registered Retirement Savings Plan (RRSP) into a Registered Retirement Income Fund (RRIF) or other income source. For assistance converting your RRSP, and advice on your RRSP maturity options, please contact your investment advisor



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