

THE Stanton Report

*Views and opinions for
the friends and clients
of Investment Advisor
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A Word from Richard

What a difference a year makes. Financial markets, while not fully recovered to their high, have made significant improvements and most people are feeling much better about their investment values. I for one am glad the worst is over and that my clients are experiencing improving returns.

Christmas has been and gone and we spent a quiet holiday at home this year with my folks and sister visiting from the lower mainland. It's always refreshing to spend a few days at home with the kids just doing nothing – well maybe doing too much eating and drinking, but isn't that what the holidays are for? We all enjoyed our much needed time off. It went by too quickly.

It's just the start of February and the weather is teasing us into thinking winter might be over. It's been unusually warm for this time of year, although I don't believe Mother Nature would be so kind as to bring spring so soon. We are, however, making the most of winter and taking advantage of our ski hill just twenty minutes from our house. The girls are enjoying their weekly skiing lessons with their friends and are talking about trying out snowboards ... maybe we'll have to join them. If the rumours are true, we'd be smart to wait for spring skiing and sunshine to warm our snow-soaked suits. I hear you fall a lot when learning.

The Olympics are just around the corner and hopefully Cypress Mountain gets the snow it desperately needs. Laura, the girls and I are taking in a men's semi-final hockey game at the end of February. Go Team Canada! We also plan to take in a few of the Olympic festivities around the city while we're there. We hope it will create lasting memories for all of us.

Looking back on 2009, here a few of the highlights:

- › The S&P/TSX Composite Index gained 30.7%
- › The Dow Jones Industrial Average gained 22.7%
- › The MSCI World Index gained 27.0%
- › The Canadian Dollar gained 13.6%
- › Crude oil gained 77.9%
- › Natural gas lost 0.9%
- › Gold, silver and copper gained 24.4%, 48.2% and 141.4%, respectively
- › Inflation averaged 1.3%

Continued on page 3...

RENTING OUT YOUR SECOND HOME

If you have a winter or summer residence that lays empty during the off-season, you may have considered renting it out when you aren't using it. This can provide you with some additional income and allow others to enjoy your property while not in use. As well, having someone else in your empty home means extra security and presence when you can't be there in person. And if you have been putting off minor upgrades to the residence – painting, new flooring or appliances – you can proceed knowing that the minor upgrades will be used and appreciated year-round, and may even add to the value of your property.

MAKING RENTAL ARRANGEMENTS

If you have been returning from your retreat after every summer with a great tan and stories to tell, you may have already done all the word-of-mouth advertising that you need to find someone whom you can trust to keep the place in good order.

You might also try placing an ad in a vacation home paper or website. Many people look to these so they can have the privacy of their own vacation home without the long-term commitment of buying one.

ELIGIBLE EXPENSES FOR YOUR SECOND HOME

You may incur additional expenses to rent or prepare to rent your second home when you aren't using it, and you can generally deduct those that you pay ahead of time, in the current tax year, including:

- › **ADVERTISING.** If you post rental ads in your local paper or online, you can deduct these costs.
- › **INSURANCE.** The premiums you pay for coverage on your second home for the period you intend to rent it out.
- › **SERVICES.** You can deduct the costs of hydro, water and other utilities that relate to the rental period.

That said, you cannot deduct the value of your own labour, land transfer taxes, mortgage principal and penalties. As well, you will likely not want to claim capital cost allowance (depreciation for tax purposes) because this would limit your ability to designate this property as your principal residence to potentially shelter the gain on your second home in the future.

PROTECTING YOUR SECOND HOME

As with any rental agreement, there are a few precautions you can take to ensure your property stays in top condition – or can return to its original state should a renter be careless or have an accident in the home. These include:

- › Installing a safe or security closet for valuables, or removing them entirely.
- › Taking date-stamped “before” pictures of each room, and outside areas such as docks, garages, sheds and driveways.
- › Installing a lock for the pool, garage, boathouse or other risk-prone areas.
- › Installing a year-round security system. Some allow you to add custom, time-limited security codes so that every new tenant's access code can only be used for the period in which they are scheduled to stay.
- › Consulting your lawyer to draft a renter's agreement, in which the terms of the stay, costs and accountability in the event of damage or injury, are clearly outlined.
- › Consider working with a reputable rental agency that is well experienced in renting seasonal properties in order to rent out your second home.

RENTING PROPERTY IN THE U.S.

If your summer or winter home is in the U.S., you can rent it out as well, but be aware that there are additional requirements for U.S. tax reporting on the rental income. U.S. tax laws can be more complex than Canadian ones, so if this situation applies to you, visit www.irs.gov for more detailed information.

FINDING MORE INFORMATION

You may well be looking forward to the benefits of renting out your second home while you spend the season elsewhere. Before you begin the process, be aware of all of your responsibilities by visiting the CRA website at www.cra-arc.gc.ca and reading T4036 Rental Income Tax Guide. You can access this link by clicking on “Information for Individuals” from the left-side navigation, then selecting “Homeowners” on the left side of the page.

Above all, work with your professional legal and tax advisors to ensure that your own interests are taken care of.

Continued from cover page....

- **Canada's unemployment rate ended the year at 8.5%**
- **Canadian Prime Rate dropped to 2.25% in April 2009, the lowest rate in 59 years**

My quarterly travel/meeting schedule appears on page 4. If you haven't booked a review and would like one, please call the office at 1-888-834-3311.

Thanks for reading! ... **Richard**

The hidden risks of acting as an estate executor

There is a good chance that at some point, you will be asked to be an executor to someone's estate – if you haven't been asked already. The request may come from a spouse, a parent or a close friend, and you may be well inclined to accept. But do you know what the job entails?

The truth is, settling an estate can be a very complicated and time-consuming process. It can mean a deluge of responsibilities that could take years to carry out: managing investments, selling real estate, dealing with upset beneficiaries, even making funeral arrangements. And you may be trying to accomplish all of this while you yourself are mourning the loss of your loved one. What's more, executors are personally liable, so it will be your responsibility to see to it that everything gets done properly.

According to a recent Ipsos-Reid survey conducted on behalf of RBC Estate and Trust Services, less than half (47%) of Canadians said they were familiar with what's involved in being an executor of a Will. In fact, more than one quarter (27%) said they have no idea how long it will take.

If you're considering, or have accepted, a request to be an executor for someone's estate, there are some important considerations to bear in mind.

EXECUTOR DUTIES ARE NUMEROUS

Whether it's collecting life insurance, applying for death benefits, filing a tax return or making a probate application, the range and complexity of executor responsibilities can be daunting. In fact, depending on the size of the estate, there can be upward of 70 individual tasks expected of an executor, some of which can carry a liability risk.



ESTATES CAN TAKE A VERY LONG TIME TO SETTLE

The survey also found that 37% of respondents believe the process will take less than six months and 54% estimate less than a year. But depending on the size and complexity of the estate, it can take anywhere from an average of 18 months to up to four years.

YOU MAY BE WORKING THROUGH YOUR OWN GRIEF AND SORROW

Dealing with the death of a loved one is often very difficult, and the added demands of settling that person's estate can make the situation far more trying. Be sure to ask yourself how well you think you will be able to carry out your duties while in mourning yourself, and don't be afraid to raise your concerns with the person who has asked you to be their executor.

CONSIDER FAMILY DYNAMICS

Don't be shy to ask if there is existing family tension and to consider how a dispute among family members and friends may affect you. As the executor, you may have to deal with discontented beneficiaries, especially if the estate is unequally distributed.

YOU CAN SEEK HELP

If you feel uneasy about being named an executor or you don't think you will be able to handle the responsibility effectively, you have options. If it is not something you feel you can turn down, but you still have concerns about dealing with all the duties involved, you can seek out professional assistance for some or all of your duties – whether that assistance is provided by a trust officer for a trust services company, a lawyer or an accountant.



GARLIC BREAD PIZZA

On a baking sheet, bake one loaf of open-faced garlic bread at 375°F until mostly toasted, approx 10-12 minutes.

Take loaf out, add toppings, bake another 5 minutes and broil for 1-2 minutes.

TOPPINGS:

1. Tomato paste with herbs, spaghetti sauce or mild salsa sauce (whatever you have on hand or prefer).
2. Sliced sandwich meat, leftover roast chicken or finely diced beef.
3. Sliced veggies: anything you like to have on your pizza.
4. Shredded Cheese

Quick, simple and uses what's on hand!

We encourage our readers to submit recipes. If you have one you would like to share, e-mail it to shauna.peterson@rbc.com.

OUT-OF-TOWN SCHEDULE

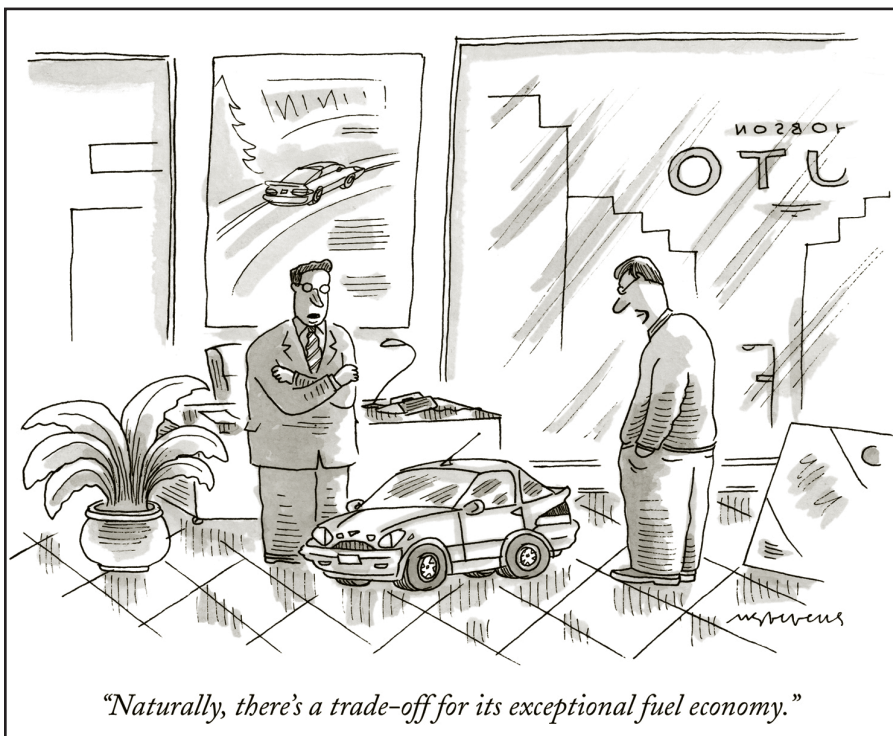


Terrace / Prince Rupert / Nass Valley:
MARCH 22, 23, 24

Houston / Burns Lake:
MARCH 19

RRSP CONTRIBUTION DEADLINE – 2009 TAX YEAR

The Canada Revenue Agency (CRA) announced that the last day to make RRSP contributions for the 2009 tax year is **Monday, March 1, 2010.**



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