



**RBC  
Dominion  
Securities**

# THE Stanton

## REPORT

Views & Opinions For The Clients & Friends  
Of Investment Advisor  
Richard Stanton  
RBC Dominion Securities Inc.

### **Richard Stanton**

*Investment Advisor*

(250) 847-6666

richard.stanton@rbc.com

### **Shauna Peterson**

*Associate*

(250) 847-6680

shauna.peterson@rbc.com

Burns Lake: (250) 692-4844

Terrace: (250) 635-8888

Fax: (250) 847-6667

Toll free: 1-888-834-3311

If you know anyone who would like to receive a copy of this newsletter or be added to our mailing list, please contact **Shauna Peterson** at (250) 847-6680. Please contact Shauna Peterson if you would like secure internet access to your accounts. Use our toll free number 1-888-834-3311 from anywhere in North America.

Volume 2, Number 2

Spring 2006

### *A Word From Richard*

My family and I spent our spring holidays in Hawaii this year. We spent a week on the Big Island and then some time in Maui. Laura, myself and the girls went alone this time which was great as we got some really great quality time together as a family. Our lives are busy with work and school and the kids' activities, so it was a treat just to kick back with them and have no distractions.

We got back at the beginning of April, just in time to start cleaning up around the house and get ready for the up coming golf season. And as I write this, I've already played three rounds at the Smithers Golf and Country Club. The course needs a little TLC, but it's still great to get outside and enjoy the fresh air and scenery. I am looking forward to men's night every Thursday and maybe a round with Laura on the weekends. We are talking about putting our oldest daughter Olivia into golf lessons this year. She's only five but you've got to start sometime and the sooner the better.

Laura and I will be making our annual pilgrimage to the Berkshire Hathaway AGM at the beginning of May this year. We'll have three days in the city of Omaha and we're hoping to get a game of golf in and some delightful cuisine as usual. I'll have full details in the next newsletter.

I am still waiting to write one more exam so I can get my insurance licence back. It will be happening soon and I look forward to giving all my clients details of the insurance products we offer.

Shauna, my assistant, has just passed Part 1 of her Financial Planning course and she is scheduled to write Part 2 shortly. Her desire to upgrade is great for me and for all of you as it allows her to serve us all better! Congratulate her next time you speak with her...

Looking back on the first quarter of 2006 here are few of the highlights:

- › The **S&P/TSX Composite Index** recorded a first quarter gain of 8% led by metals and minerals and energy shares.
- › On January 23<sup>rd</sup> in a non-majority vote, **Stephen Harper** became Canada's 22<sup>nd</sup> Prime Minister.
- › **China's GDP** grew by 9.9% in the year to the last quarter. Industrial production rose by 16.5% in the twelve months to December.
- › The price of gold continued to rise, breaking \$597 an ounce for the first time since 1981.
- › **Bank of Canada** raised its trendsetting overnight rate to 3.75%, the highest since September 2001, causing the dollar to fall to a two-month low.
- › **Tim Horton's** IPO saw a 18% rise in share price on its first day of trading March 24th, from \$28.00 to \$33.10. It is expected that Wendy's will sell a second traunche later this year or next.

CONTINUED ON NEXT PAGE

# STRATEGIES FOR WORKING BEYOND RETIREMENT

There are important financial considerations for those who decide to keep working during their “retirement years”.

With better health and a longer life expectancy than previous generations, many seniors view retirement as an opportunity to explore a new or more fulfilling career. In fact, according to Statistics Canada's Labour Force Survey for 2000, 9.5% of men and 3.3% of women aged 65 or older returned to the workforce after retirement.

In addition to extra income, working in retirement provides several financial-planning opportunities. Here are some strategies that will help you make the most of your additional cash flow.

## KEEP REGISTERED PLANS INTACT

To start with, if your employment income and savings provide you with sufficient income in retirement, consider delaying the conversion of your Registered Retirement Savings Plan (RSP) to a Registered Retirement Income Fund (RIF) until you have to — the end of the year in which you reach age 69.

This allows more of your savings to remain tax-sheltered for a longer period of time. In addition, if you have reduced or eliminated your extra employment income by the time you

make withdrawals, they may be taxed at a lower rate.

## DEFER GOVERNMENT INCOME

You can also defer the receipt of your Canada (CPP) benefits. The maximum CPP pension payable at age 65 is \$10,135 in 2006. Once you reach this age, you can start receiving pension benefits regardless of your employment income. But if you delay your start date, the benefits increase — by 0.5% for each month after age 65 that you delay until age 70. You should begin your CPP pension no later than age 70.

A 70-year-old starting CPP benefits in 2006 can receive a maximum annual benefit of \$13,175. Again, there can be tax savings in deferring your CPP pension if your employment income has been reduced or eliminated by the time you begin receiving benefits.

## INCOME-SPLITTING OPPORTUNITIES

Because of Canada's progressive taxation system, two smaller incomes will always be taxed at a lower rate than one large one. Transferring taxable income to your spouse or another family member who's in a lower tax bracket can significantly reduce the total tax payable.

If you are self-employed or have incorporated your own business,

consider hiring your spouse at a reasonable salary. Many individuals hire family members to look after bookkeeping duties, filing, and other office functions.

If you have incorporated your business, you can also arrange to have your spouse own shares in the company, allowing for dividends to be paid to your spouse as a shareholder. There is no requirement for your spouse to work in the business to receive such a dividend, and your spouse will be able to claim the Dividend Tax Credit.

## WATCH THE CLAWBACK

Note that additional income in retirement can affect your eligibility for government benefits, such as Old Age Security (OAS), when you reach age 65. If your annual income from all sources exceeds \$60,806 in 2006, a portion of your OAS payments (15% of net income over the threshold) must be repaid to the government. This is often referred to as the “clawback.” Those earning more than \$98,850 will lose all of their OAS benefit.

If you're intent on maximizing your OAS benefits, you might want to consider reducing your employment income after age 65 — and explore new opportunities as a volunteer.

### A WORD FROM RICHARD CONTINUED FROM PAGE 1

- › Canada's **jobless rate** fell to 6.4%, the lowest in three decades.
- › In its first meeting since Ben Bernanke took over as chairman, the **U.S. Federal Reserve** raised its key interest rate by a quarter of a percentage point to 4.75%, its fifteenth hike since mid-2004.
- › Investors gave their approval to a decision by antitrust officials to allow the \$1.7 billion merger between electrical appliance makers **Maytag** and **Whirlpool**.

› After drilling the deepest well in the Gulf of Mexico, **Chevron** discovered that their original estimate of approximately 1 billion barrels should be halved.

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.

I am looking forward to meeting with you over the next quarter. Thanks for reading,

*Richard*

# HEALTHY SOIL FOR A HEALTHY GARDEN

All too often, soil composition is neglected. Every season, our plants and gardens rob the soil of its nutrients. All gardeners are to be custodians of the soil, taking the time to replace food and other elements as they are used. Since our soil is so important, we need to treat it, as we want to be treated, not like dirt.

Soil is a composition of weather-beaten rock, minerals, decayed plant materials and other organic ingredients. All this takes a long time to develop, but can be damaged by our action or neglect in a single season.

For soil to be healthy, it should contain a balanced mix of air, water, nutrients, and organic matter. There are a couple things we can do to protect this mixture.

Adding organic matter on a regular basis is probably one of the most important things we can do. Adding compost and animal manure can do many things, for instance:

- › Increases the soil's capability to hold nutrients.
- › Makes food available to plants over a longer period of time.
- › Lessens the amount of nutrients lost by erosion or leaching.
- › Provides micronutrients that are needed by plants in small amounts.
- › Releases nutrients already in the soil by increasing the action of beneficial microorganisms.
- › Increases the water-holding capacity for sandy soils.
- › Increases the drainage of clay soils.
- › Saves money.

Do not apply fertilizer to lawns until we get a good soaking rain, and for best, safest, long-lasting results use organic fertilizers. The wet soil puts the nutrients into a solution and helps distribute the nutrients to the plant roots to be absorbed.

The ability of soil to drain water is important. However, when you read phrases like "plant in a well-drained soil" or "does not like wet feet", they are talking about the plant's need for air. The roots of plants require oxygen and any soil that is waterlogged will be lacking oxygen.

Many plants will put up with high moisture-conditions during the growing season, but when the plants are dormant, the same conditions may kill them. By improving the drainage, the plant will have a better growing environment.

Another problem is soil becoming compacted by tractors

and other equipment or just by tilling it year after year. You will find soil compaction in most soils, from gardens to farm fields.

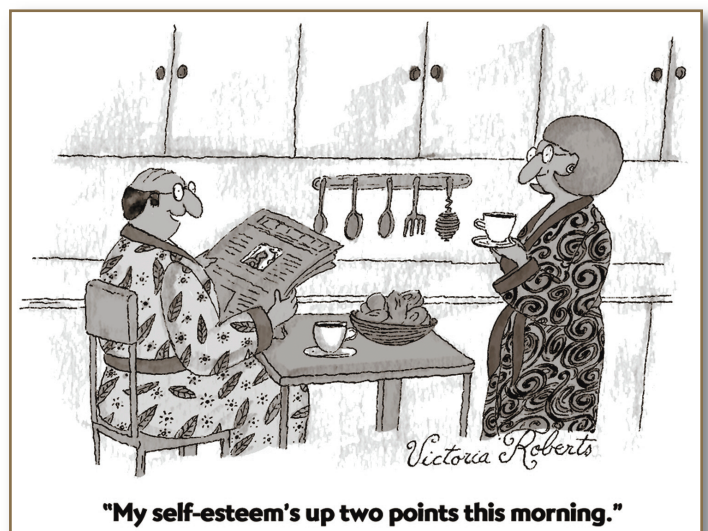
Tilling the soil when it is too wet will clump and ruin the composition of the soil. This condition takes a long period of time to bring it back to health. To tell if the soil is too wet take a handful and squeeze it, if it crumbles in your hand then it is ready to till but if it clumps then it is too wet. Some people now believe that tilling at all is not good for the structure of the soil. It exposes the helpful microorganisms to the environment and they are destroyed.

However, gardeners may wonder if it is best to till the garden in the fall or spring. Tilling the soil in the fall has advantages over springtime. When spring arrives, it allows for earlier planting since the basic soil preparation is done. Tilling in the fall allows a large amount of organic matter to be turned into the soil and start decomposing because the microbes are active currently.

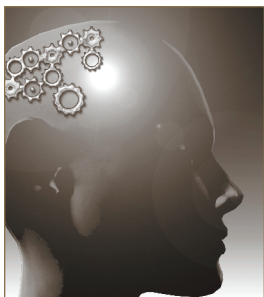
An excellent source of organic matter is the fall leaves. Try tilling a thick layer of leaves into the soil this fall and by spring, it will have decomposed.

Sowing a cover crop, like winter rye, is very beneficial by adding valuable nutrients and organic matter when tilled into the soil the following spring. Fall tilling will disrupt the bad insects, diseases, and weeds, reducing their population.

Fall is a good time to test your soil and should be done every couple of years. In conclusion, doing all the previous steps should be done the organic gardening way. It is back to basics when it comes to gardening.



© 2006 Victoria Roberts, from The Cartoon Bank. All Rights Reserved.



## BRAIN POWER

I cdnoul blveiee taht I cluod aulaclyt uesdnatnrd waht I was rdgnieg. **THE PAOMNNEHAL PWEOR OF THE HMUAN MNID!**

Aoccdnrig to a rscheearch at Cmabrigde Uinervtisy, it deosn't mttar in waht oredr the ltteers in a wrod are, the olny iprmoatnt tihng is taht the frist and lsat ltteer be in the rghit pclae. The rset can be a taotl mses and you can sitll raed it wouthit porbelm. Tihs is bcuseae the huamn mnid deos not raed ervey lteter by istlef, but the wrod as a wlohe.

## WHAT TO TELL YOUR KIDS ABOUT MONEY – THE 7 ESSENTIAL LESSONS

Over the next few issues of our newsletter, we will briefly discuss these seven essential lessons.

### LESSON ONE: MONEY CAN BE EXCHANGED FOR GOODS OR SERVICES.

This is one of the first few lessons you should teach your child once they are old enough to understand – usually around the age of 3 years. Next time you go down to the corner store to buy one or two items, let your child hand the money to the cashier. By doing so, they will gain a greater appreciation of the concept of being able to exchange money for things you want or need.

### LESSON TWO: ONE SHOULD BE CAREFUL WITH MONEY.

Some people I know, seem to think that any coins with a value under 50 cents are just too small to bother using, and so when cleaning out their loose change from around the house will simply throw these smaller coins in the bin. What a waste! Encourage your child to be careful with all denominations of money, and show them how those small coins can add up, by starting a family small coins box. Maybe you could use the money to fund small family outings (a trip to the shop to get ice creams).

*Next Issue: Lessons three and four.*

## OUT OF TOWN SCHEDULE

TERRACE / PRINCE RUPERT / NASS VALLEY

June 5, 6, 7

HOUSTON / BURNS LAKE

June 9

## CHICKEN SATAY WITH SPICY PEANUT SAUCE

- 3 whole skinless boneless chicken breasts
- 18 small wooden skewers soaked in water

### Marinade:

2 crushed garlic cloves  
¼ Cup soya sauce  
¼ Cup lemon juice  
2 Tbsp oil

### Peanut Sauce:

½ Cup chunky peanut butter  
½ Cup coconut milk  
2 Tbsp sweet hot chili sauce  
2 Tbsp soya sauce  
1 clove crushed garlic  
½ tsp cumin

- Cut chicken into ½ inch cubes and put 4-5 pieces onto each skewer. Combine marinade ingredients and pour over chicken and marinade for at least an hour or overnight.
- To cook, grill or broil until brown, turn as needed.
- To prepare sauce, combine all ingredients in sauce pan, bring to a boil, simmer 10 min, stirring frequently. If sauce becomes too thick add more coconut milk.
- To serve, arrange chicken on a platter around a bowl of peanut sauce.

We encourage our clients and readers to submit their favourite recipe. E-mail any suggestions to [shauna.peterson@rbc.com](mailto:shauna.peterson@rbc.com).



**RBC  
Dominion  
Securities**