



**RBC  
Dominion  
Securities**

# THE Stanton

## REPORT

Views & Opinions For The Clients & Friends  
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 **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.

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### *A Word From Richard*

Our Smithers office renovation is underway. When this project is complete we will have our own separate entrance into the Royal Bank, a reception area, and a larger meeting area. Stop in if you are in the area, coffee is always on!

We're getting into the Insurance business, which is the main reason for our renovation. It is the Insurance regulator's requirement that our office has its own separate entrance and look distinct from the Royal Bank. Starting in September we will be able to provide Annuity's, Life Insurance, Critical Illness and other insurance products. If you're interested call us for a quote.

Laura and I went to Omaha in April to the Berkshire Hathaway AGM, this was my 4<sup>th</sup> trip and Laura's 1<sup>st</sup>. 21,000 people from all over the world come to hear what Warren Buffett has to say about investing and the economy. One take away that I would like to pass along is that Warren feels that long-term the US dollar will continue to weaken—a growing trade deficit will ensure it. He has voted with his mouth and holds a large position in a basket of 12 currencies.

Laura and I celebrated our 11<sup>th</sup> Anniversary on July 9. We went to Vancouver with the girls. They enjoyed the pool at our hotel and the day on the town with their Aunties who brought them back to us exhausted and their bellies full of treats.

RBC Dominion Securities entered a team in the Wet'suwet'en Golf

Tournament on June 18 at the Smithers Golf & Country Club. We shot a 10 under and won the tournament by 3 strokes. The role that I played is much the same as it is at the office working with Shauna and Natalie and can be illustrated by a story about George Mira, the one-time quarterback of the University of Miami, and his coach, Andy Gustafson. Playing Florida and near its goal line, Mira dropped back to pass. He spotted an open receiver but found his right shoulder in the unshakable grasp of a Florida linebacker. The right-handed Mira thereupon switched the ball to his other hand and threw the only left-handed pass of his life—for a touchdown. As the crowd erupted, Gustafson calmly turned to a reporter and declared: "Now that's what I call coaching."

Looking back on the second quarter of 2005 here are few of the highlights:

- Our country's unemployment rate is at a four year low at 6.8% for the end of May.
- Canada's two largest theatre chains, Cineplex Galaxy and Famous Players, will merge as Cineplex pays \$500MM for its rival.
- S&P has announced a timetable for the inclusion of income trusts in the S&P/TSX Composite Index; as of December 16, 2005, trusts will be included at 50% weight and will be 100% weight as of March 2006.
- 75% of employees in Montreal-based, Wal-Mart, voted against unionization, probably due to the threat of losing

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# RIF Q & A

**Q: Can I have more than one RIF, or an RSP and a RIF at the same time?**

A: Yes. You can set up as many RIFs as you like. And if you are younger than age 69, you can have both an RSP and a RIF at the same time.

**Q: I've heard about the spousal RIF. Are the benefits the same as a spousal RSP?**

A: Yes, they are. A spousal RIF is simply a continuation of a spousal RSP, which simply means the spousal RSP is in the name of one spouse, while the other spouse makes contributions. Most Canadians have a spousal RSP because it offers income splitting and tax saving advantages. Set up properly, the higher income spouse will receive the tax deduction for the RSP contribution, while the lower income spouse will be taxed on the income from the RIF at a rate that could be much lower than that of the contributing spouse.

**Q: Can you combine your RIF with other sources of retirement income?**

A: Yes, you can. In fact, most retired Canadians receive income from one or more public or private sources, including pension plans, self-employment, personal savings, etc. Your RIF can be used as a primary source of retirement income or as a supplement to existing plans.

**Q: Are there specific times during the year I can withdraw funds from my RIF?**

A: Again, the RIF is very flexible. You can make regular withdrawals every month, every two months, quarterly, semi-annually, or annually. You can also withdraw lump-sum amounts any time during the year. Your funds will be transferred to your RBC Dominion Securities cash account, or we will be happy to transfer it to your bank or trust company. We can also issue a cheque or reinvest your funds in a non-registered account.

**Q: I have income from my pension, so I don't need to withdraw funds from my RIF this year. Do I have to make a withdrawal, even if I don't need it?**

A: Unfortunately, yes, you do. You must withdraw the minimum annual amount except in the year you set up your plan. If you don't need the income, your RBC Dominion Securities Investment Advisor can help you reinvest the funds in a non-registered plan so it can continue to grow.

**Q: I've heard I can lower my minimum withdrawal amount by using my spouse's age. Is this true?**

A: Again, yes. Usually your minimum withdrawal is calculated based on the age of the RIF owner at the beginning of each year. You can, however, lower your annual minimum withdrawal amount by choosing to base this calculation on the age of the younger spouse. But remember you cannot change this amount after withdrawals have begun.

**Q: How are withdrawals from my RIF taxed?**

A: RIF withdrawals are taxable as income in the year they are received. The remaining funds continue to grow on a tax-deferred basis. Withdrawals beyond the required minimum amount are subject to a withholding tax deducted by RBC Dominion Securities and paid to the Canada Revenue Agency on your behalf. If you are 65 or older, RIF income is eligible for the \$1,000 pension income tax credit. RBC Dominion Securities will provide you with appropriate tax information and slips for your annual

## WHY MOST CANADIANS CHOOSE RIFS OVER ANNUITIES

*This comparison table lets you judge for yourself*

BENEFIT	RIF	ANNUITY
CONTROL	You maintain complete control	You must give up control to the annuity issuer, usually an insurance or trust company
RETURNS	Your invested funds may earn returns greater than the money you receive as income. The entire return on your investment belongs to you. The better your RIF performs, the more money you receive	Your invested funds may earn returns above the amounts you receive as income. However, all extra profit belongs to the issuer of the annuity
INHERITANCE	You can plan your estate more effectively because the RIF can provide income for your spouse or heirs after death	You may not be able to provide for your heirs through an annuity, depending on the terms of your contract. Any value remaining may die along with you
TRANSFER	You can transfer your RIF from one institute to another, and you can change its content	You are locked in for the full period of the contract
FLEXIBILITY	You decide how much you withdraw each year, subject to a minimum legal requirement	You get a fixed sum on a regular basis for a specified period of time regardless of your financial needs or how inflation impacts your purchasing power
INFLATION	You can change your investments to reflect changing economic conditions. You can hold equities or equity mutual funds, which generally perform better over the long term than interest investments. You can also gain the benefits of combining reinvestment with tax-deferred compounding. However, because you gain these freedoms, you will have to give up a guaranteed return	You are counting on interest rates staying the same during the life of your contract. Very unlikely. Your return is guaranteed, but your contract locks you in and you cannot change the investment during its lifetime

## A WORD FROM RICHARD

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their jobs like the Wal-Mart employees in Jonquiere, QC whose store will close early this year.

Uranium prices hit a 23-year high of \$29/lb from \$14/lb in January 2004.

The Federal Reserve raised the benchmark U.S. interest rate a quarter point to 3.25% and restated its plan to carry out further increases at a "measured pace". June's increase, the ninth straight, brought the Fed's target to the highest level since June 2001.

General Motors had its debt cut to junk status by two agencies in May. The world's largest automaker will cut at least 25,000 U.S. manufacturing jobs by the end of 2008 and close additional assembly plants and parts plants to reduce costs.

Eurotunnel, the operator of the British and French tunnel, reported a net loss in 2004 of \$1B with warnings to reschedule the large debt or bankruptcy may result in 2007.

Deflation persists in Japan. Consumer prices have fallen for the seventh fiscal year in a row by 0.2% in the 12 months to March.

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**

## MONDAY MORNING TEST

1. Do they have a fourth of July in England?

- a. Yes
- b. No
- c. I don't know

2. How many birthdays does the average man have?

- a. 1
- b. 25+
- c. 50+
- d. 75+
- e. I don't know

3. Some months have 31 days; how many have 28?

- a. 1
- b. 2
- c. 3
- d. 6
- e. 9
- f. 12
- g. I don't know

4. How many outs are there in an inning?

- a. 2
- b. 3
- c. 6
- d. 8
- e. I don't know

5. Is it legal for a man in California to marry his widow's sister?

- a. Yes
- b. No
- c. I don't know

6. Divide 30 by \_ and add 10. What is the answer?

- a. 10
- b. 25
- c. 35
- d. 50
- e. 70
- f. I don't know

7. If there are 3 apples and you take away 2, how many do you have?

- a. 1
- b. 2
- c. 3
- d. I don't know

8. A doctor gives you three pills telling you to take one every half hour. How many minutes would the pills last?

- a. 20
- b. 40
- c. 60
- d. 90
- e. I don't know

9. A farmer has 17 sheep, and all but 9 die. How many are left?

- a. 1
- b. 3
- c. 5
- d. 8
- e. 9
- f. I don't know

10. How many animals of each sex did Moses take on the ark?

- a. 3
- b. 2
- c. 1
- d. 0
- e. I don't know

11. How many two cent stamps are in a dozen?

- a. 1
- b. 3
- c. 6
- d. 9
- e. 12
- f. I don't know

## ANSWERS

1. Yes, it comes after the fourth of July

2. 1, just one!

3. 12, all of them

4. 6, three per side

5. No, because he is dead!

6. 70 (30 divided by \_ equals 60! Takes some thinking...)

7. 2, you took them, remember?

8. 60. Start with the 1st pill, 30 minutes later take the 2nd, then 30 minutes for the 3rd.

9. 9

10. 0. Moses didn't have an ark, Noah did!

11. 12. There are 12, 2 cent stamps in a dozen.

# Mmmmmmm.....Chocolate

When you choose your fruits, vegetables, meat, bread...make it the very best you can afford. Chocolate is no exception. That way you'll really savour it.

So what determines a good quality chocolate? It all amounts to a hill of beans...cocoa beans, that is.

The cocoa beans from the cacao tree are ground into a paste called chocolate liquor, which is then used to make either cocoa or solid chocolate.

Aztecs and Spanish explorers were drinking chocolate back in the 1500's. The first US chocolate factory opened for business in Massachusetts in 1765, but it was the Swiss who perfected milk chocolate over a century later.

Chocolate contains caffeine and a close relative called theobromine, which are both stimulants. In fact, Hersheys first extracted theobromine in the 1940's and sold it to Coca-Cola.

If you've ever wondered why dogs get their own blend of chocolates, it's because their bodies metabolise these chemicals very slowly. Fido may have a heart attack if you give him a human chocolate!

Chocolate has antioxidants and phenols, which are good for the heart but, as we all know, chocolate is high in saturated fat and eating too much will put weight on. A bar of milk chocolate will deliver protein, riboflavin (vitamin B2) calcium and iron. Some studies show that chocolate mimics opioids in the brain and that makes us feel nice after a session.

In addition to cocoa bean quality, good chocolate contains cocoa butter as a major ingredient. It's the natural fat from the bean and you'll also find it in soaps and cosmetics listed as theobroma oil.

Many European countries take great



pride in using quality ingredients and consider chocolate from the UK to be inferior because vegetable fat is used instead of real cocoa butter.

The top quality tip is to see where cocoa butter appears on the ingredients list. Makers usually list in most-to-least order. Price is generally a good indicator of quality, as cocoa butter is not cheap.

By the way, white chocolate is not chocolate at all—it is cocoa butter, milk and sugar.

## OUT OF TOWN SCHEDULE

### TERRACE

August 15 • September 12 • October 17

### HOUSTON

August 19 (afternoon) • September 16 (afternoon)  
October 21 (afternoon)

### BURNS LAKE

August 19 (morning) • September 16 (morning)  
October 21 (morning)



"Remember how I said I was happiest when we had nothing?"

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