RBC Dominion Securities Inc.

The Stanton Report

Spring 2022

Views and opinions for the friends and clients of Investment Advisor Richard Stanton

Richard Stanton
Senior Portfolio Manager
richard.stanton@rbc.com

Tracy Dykens
Associate
tracy.dykens@rbc.com

RBC Dominion Securities
1106 Main Street, PO Box 910
Smithers, BC V0J 2N0

Smithers: (250) 847-6666
Terrace: (250) 635-8888
Fax: (250) 847-6667
Toll-free: 1 (888) 834-3311
www.thestantongroup.ca

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

Welcome to Spring everyone! I hope everyone had a good winter and is looking forward to warmer temperatures and the gradual return to our usual pre pandemic routines. I know I am!

Continuing from where we left off in 2021, the Canadian equity market has stood out amongst its peers and is one of the few global equity markets in positive territory year-to-date with a healthy return of 4.7% year to date. Interest rates are finally moving higher so it will be interesting to see how the remainder of the year plays out.

Olivia just finished up her third year of University and is keeping busy volunteering a few hours every week at the Kelowna General hospital and will be working full time at an optometrist's office in Vernon over the summer. Her plan is complete her degree in chemistry and then apply to the Optometry program at the University of Waterloo for 2023.

Jenelle, who joined her sister at UBC Okanagan this year just completed her first year and plans to head home to Smithers for the summer and do what she loves to do which is teach, play, hike and swim with the young ones in the all-day kids camps offered by the town of Smithers.

I just autographed my income tax check and like millions of other Canadians I probably won't get a thank you note from the C.R.A.. It's like the whole C.R.A. is made up of my nieces and nephews.

As always, I am available to 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 setup an appointment via telephone.

Thanks for reading,
Richard

Here is what happened in the first quarter of 2022;

- **S&P/TSX Composite Index 4.7%**
- **Dow Jones Industrial Average -3.1%**
- **MSCI World Index -3.7%**
- **Crude Oil 39.6%**
- **Gold 5.6%**
- **Silver 6.7%**
- **Copper 3.4%**

My quarterly travel/meeting schedule has been suspended due to the COVID 19 crisis. Please call the office at 1.888.834.3311 to make alternate arrangements.

RBC Wealth Management
Dominion Securities

Building your retirement paycheque

Planning around the "what, when and how" of your retirement income can help maximize your after-tax cash flow.

The Silvering Maple Leaf

The ageing Canadian population cohort – those 65 years of age and older – is growing rapidly, reaching 5.9 million people in 2016, according to the latest census data from Statistics Canada (StatCan). That's an increase from 4.9 million just five years earlier. More recent non-government data suggests that the number is now closer to seven million, and the group now represents nearly one in five Canadians.

With the vast majority of this cohort embracing retirement, generating income becomes increasingly important, and every dime matters. 58% of ageing Canadians' income is derived from what StatCan refers to as "market income" – investments and pensions. The pension portion of that income – or 44% of the total – includes the Canada Pension Plan (CPP) and Old Age Security (OAS). How that income is taxed, and what ageing Canadians actually net after taxes – or their cash flow – is critically important to how they live in their golden years.

What: Sourcing your retirement income

The first step to ensuring you are maximizing your retirement income is to establish its sources, how much from each of these sources will be paid out to you over time.

Canadians' key sources of retirement income include:

- **Government retirement benefits**, e.g., Old Age Security (OAS), the Canadian Pension Plan (CPP) or the Quebec Pension Plan (QPP), foreign government pension plans.
- **Employer pension plans**, e.g., company-administered defined-benefit (DB) and defined-contribution (DC) pension plans.
- **Registered retirement plans**, e.g., Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Plans (RRIFs), Tax-Free Savings Accounts (TFSAs).
- **Other personal savings and investments in non-registered accounts**, e.g., investments such as rental or income-producing properties.

When: Drawing your retirement income

The next step is to establish the best withdrawal structure from one's various retirement income sources. Consider drawing from the least flexible sources of income first, allowing you increasing flexibility as you age, and a degree of control over minimizing taxes. Depending on your age, and individual situation, the following drawdown process can help minimize your tax bite, while generating the greatest flexibility to meet your evolving cash flow needs:

Drawing income in the right order to maximize tax efficiency

Age 60 to 71	Government Benefits ›	Pensions ›	Distributions from non-registered accounts ›	RSP or capital from non-registered accounts ›	TSFA		
Age 71 and up	Government benefits ›	Pensions ›	Locked in accounts ›	Minimum RIF withdrawal ›	Distributions from non-registered accounts ›	RIF or capital from non-registered accounts ›	TSFA

It's important to keep in mind that there is no set order that's right for everyone. The order you draw on your income sources can be important, so it's best to consult with your advisor on what's the best strategy for you.

How: Maximizing your retirement income

Here are just a few ideas to consider that may help enhance your after-tax retirement paycheque:

- You can start drawing on your CPP as early as age 60 and as late as age 70. If you are less concerned about cash flow in your early retirement years, consider drawing on your CPP later. Doing so can substantially increase your CPP payments.
- Assess when you can start receiving company pensions to maximize what you get, e.g. with employer Defined Benefit plans there is often a formula based on age or years of service where there may be an optimum time to start drawing.
- Consider leaving your registered funds to grow as long as possible to benefit from tax-deferred growth, i.e. waiting until you are 71 to convert your RRSP to a RRIF.

The "what, when and how" of building your retirement paycheque is important to maximizing your after-tax retirement income – and enjoying your retirement years. Talk to us about how we can help you build a personalized retirement income strategy that's right for you.

Quick Reference Tax Card

	2022	2021
Maximum CPP payment	$1.253.59 monthly	$1.203.75 monthly
Maximum pension premium	$3.499.80 (employee &employer portion)	$3.166.45 (employee&employer portion)
Maximum QPP payment	$1.253.59 monthly	$1.208.06 monthly
Maximum QPP pension premium	$3.776.1 0	$3.427.90
Maximum death benefit: (One time payment)	$2.500	$2.500
OAS Monthly maximum	$645.25 1 January March 2022)	$618.451 (October December 202 1)

For 2022. OAS will be clawed back starting at $81,761 of net income and CAS will be entirely clawed back if net Income exceeds $133,141 For 2021. OAS will be clawed back starting at $79,845 of net income and OAS will be entirely clawed back if net income exceeds $129,757.
GIS Will be paid in excess of the expected amount of OAS

Report Card

Positive Developments

- Omicron significantly fading
- BA.2 may not create large wave
- Vaccination &immunity surge
- Restrictions largely eased
- Economy reviving again
- Inflation close to peaking?
- Supply chain problems to improve

Negative Developments

- Russia invades Ukraine
- Spike in commodity prices
- Central banks plan for tightening soon
- Financial market weakness
- BA.2 COVID-19 sub-variant looms
- High inflation persists
- Supply chain problems continue
- Downgraded and below-consensus growth forecast

Interesting

- Business cycle is "mid" and advancing
- Elevated geopolitical risks

RRIF minimum withdrawal amounts

Age	Factor	Age	Factor	Age	Factor	Age	Factor
71	5.28%	77	6.17%	83	7.71%	89	10.99%
72	5.40%	78	6.36%	84	8.08%	90	11.92%
73	5.53%	79	6.58%	85	8.51%	91	13.06%
74	5.67%	80	6.82%	86	8.99%	92	14.49%
75	5.82%	81	7.08%	87	9.55%	93	16.34%
76	5.98%	82	7.38%	88	10.21%	94	18.79%
						95+	20.00%

Age as of January 1. 2022