

THE STANTON REPORT

Winter 2023

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

Happy New Year to all my friends and clients! I hope everyone enjoyed the holidays and took some time to relax and enjoy the season.

With the holidays over, one of my daughters is back at school and the other daughter is backpacking around S.E. Asia. Olivia turned 22 at the end of October and is now in her final semester at UBC in Kelowna. She will be graduating with a Degree in Science and plans to apply to Optometry School. Jenelle. My youngest just turned 20 and she is taking a year off and will be returning to UBC in Kelowna as well in the Fall.

Our annual Rotary Auction that we hold in late November was very successful. We raised approximately \$32,000 this year. Part of the funds we raised this year will be going to the Smithers Splash Park Initiative.

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 setup an appointment via telephone.

Thanks for reading,
Richard

Here is what happened in 2022;

- › **S&P/TSX Composite Index -6.9%**
- › **Dow Jones Industrial Average -8.6%**
- › **MSCI World Index -16.3%**
- › **Crude Oil 7.1%**
- › **Gold 2.0%**
- › **Silver -2.1%**
- › **Copper -1.5%**



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Giving is its own reward...but a tax receipt can be rewarding too!

Giving to worthy charities at any time is a good thing. But as year-end approaches and our mail and email boxes fill up with solicitations, our hearts and our minds – given the various methods to give and the impact of each option on your charitable tax deductions – are often particularly drawn to charitable giving. As year-end is the cut-off to make a donation that can be used on your 2022 tax return (it can also be carried over to future tax years), now is a good time to consider how you wish to give. With so many in need, and inflation biting into what Canadians can spare, here are some of the ways you can maximize your giving.

Kind Canadians

Many Canadians give to charities, whether through their time, by sponsoring others, or directly through cash donations or donations in-kind of securities and/or other assets. In fact, according to a recent philanthropy survey conducted on behalf of the Association of Fundraising Professionals*, approximately 75% of Canadians donated to charity in the prior year, and gave on average \$1,000 each. Despite a pandemic-induced drop-off in volunteerism, still fully 23% of us braved the challenges and gave with their time. Looking forward, the vast majority of Canadians not only plan to continue to give, but to increase their giving in the years ahead.

1. Give cash and claim your federal and provincial tax credits

With some planning, tax savings can fund close to 50% of your gift in some provinces and territories. For donations over \$200, the provincial tax credit is usually equal to the highest marginal tax rate – but this amount varies by province. The federal tax credit your donation attracts depends on a few factors, like your marginal tax rate and the amount of your donation. To ensure you take advantage of these credits, discuss your charitable giving with your tax advisor.



2. Set up a charitable gift fund

With a charitable gift fund, you can support charitable causes that are important to you while receiving potentially significant tax advantages. To set up your own fund, you need to make an initial irrevocable contribution beginning at \$25,000, then you can make additional contributions of \$250 or more at any time. You can invest the contributions in a way that reflects your individual philanthropic objectives, and recommend grants from the fund to qualified charitable donees whenever you wish. You receive tax receipts for your contributions, which can potentially enable you to give more. To determine if a charitable gift fund is right for you, please contact us.

3. Be kind and give in kind

You normally pay tax on a portion of capital gains triggered by the sale of a stock or bond, but this tax rate is reduced to 0% when you

instead donate the securities directly in kind to a qualified donee, as follows:

Donating cash vs. donating shares

	SELL SHARES AND DONATE CASH	DONATE SHARES DIRECTLY
FMV OF DONATION (A)	\$2,000	\$2,000
ADJUSTED COST BASE	\$1,000	\$1,000
CAPITAL GAIN	\$1,000	\$1,000
TAXABLE CAPITAL GAIN	\$500	\$0
TAX ON CAPITAL GAIN (\$500 x 50%) (B)	\$250	\$0
DONATION TAX CREDIT (\$2,000 x 46%) (C)	\$920	\$920
TOTAL COST OF DONATION= (A)+ (B)- (C)	\$1,330	\$1,080

Lots of phish in the sea

How to avoid “phishing” emails and cyber fraud

Phishing is the cybercriminal behaviour of sending emails purporting to be from legitimate companies that induce individuals or businesses to reveal personal, financial or business information, such as passwords, account and credit card numbers. These fake emails can be difficult to recognize as fraudulent, but there are certain things you should look out for.

The Phishy Five:

Five things we will never ask you to do or to provide us

To help protect yourself from cybercriminals, look out for these five things, which RBC will never ask you to do or to provide. If you see an email asking for them, hit “Delete”, and call us to ensure all is well.

- 1. Provide online banking codes like your secure key, four-digit PIN or password:** RBC will NEVER ask you to provide your password to confirm your identity or anything else. If you call into the RBC Banking call center, a banking representative might ask you to confirm your identity with your four-digit security PIN, but only when speaking to you directly, and never via email.

- 2. Confirm a transaction you didn’t complete is “authorized”:** RBC will never send such a request – period. We do not confirm transactions after the fact, not to mention via unsecure email.
- 3. Send money or purchase gift cards:** A popular way for cybercriminals to get money from their victims without any way to trace it is to have you send money through a wire service or by purchasing gift cards and providing those to an agent of the fraudsters. We will NEVER ask you to wire us money or to provide us with payment using gift cards.
- 4. Transfer funds to a different account for “safekeeping”:** This scam is growing, and often represents a breach of your email account. Using your email, the cybercriminals

Continued on Pg 4

Report Card

Positive Developments ✓

- Core inflation finally falling (at least in the U.S.)
- Inflation should decline from here, though not necessarily smoothly
- U.S. economy holding up surprisingly well so far
- Anticipated medium-term returns for both equities and bonds are both attractive
- COVID-19 cases low and stale despite new variants (ex-China)

Negative Developments ✘

- Surging China COVID cases and broadening lockdowns
- Monetary tightening continues, but at a decelerating pace
- Recession remains likely over the coming quarters
- High level of uncertainty

Interesting !

- Chinese lockdown protests; slight easing of housing and COVID rules
- U.S. midterms resulted in divided Congress
- Fiscal finances in focus
- Peak population (barely) in sight

Continued from Pg 3

know you have a legitimate transaction underway (e.g., a house purchase or RRSP contribution), and their aim is to divert the funds you are providing us to an account that looks official, but which is actually under their control.



5. **Click on a document or link:** We will NOT send you documents and/or links to click on, and that includes to do so via file-sharing services such as DropBox and iCloud. We will only do so when you have advance awareness that such a document or link will be directed to you (for example, if your Investment Advisor shares a link with you or provides you with a newsletter containing links in it).

Call before you click!

Despite their increasing audacity and cleverness, cybercriminals can't bypass one very important validation step: contacting your advisor and/or their team, or calling the Call Centre support number on the back of your bank or Visa card. And, using secure platforms to correspond and transact, such as RBC Wealth Management Online, will help you avoid being compromised. To learn more, check out the RBC Cyber Security site (don't worry – it's safe!) for helpful insights to defend against cybercrime, while keeping you up to date on the latest scams.

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