



Segregated Fund New Dividend Policy

The Hughes Trustco Group Ltd, February 27, 2006

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PR9.NET February 27, 2006 - Montreal, Canada. Ivon T. Hughes of The Hughes Trustco Group (segfunds.com) announced today that "one of the more important taxation developments in 2005 for Canadian investors, including retirees, was the proposal in the November 2005 Federal Budget to increase the dividend tax credit".

"This will have a significant impact on dividend-paying stocks, which are already quite attractive. While this proposal has yet to be enacted, it seems unlikely that the current government will not follow through on this measure," Mr. Hughes said.

"This measure is totally in keeping with the government's philosophy of lower taxes, and a commitment to push economic initiatives."

"The best way to realize the advantage of buying a segregated fund dividend policy is to see our chart at www.segfunds.com/chart.htm" said Mr. Hughes, "which compares taxation levels of various investments."

"Given the drastically reduced tax rate accorded to dividends, it becomes advantageous to also hold dividend funds outside your RRSP. That's because dividends earned inside an RRSP will be taxed as regular income upon withdrawal. But having a registered and a non registered segregated fund policy is no problem."

"Dividend segregated funds were already an excellent choice for many portfolios, and this measure obviously makes them much more so." concluded Mr. Hughes.

"If you are a retiree or drawing an income for living purposes, your main concerns are twofold. Firstly, you want the maximum income possible, commensurate with your needs and taxation level.

Secondly, you need your capital to be "safe". And by "safe" I don't mean in a GIC where the income is low and you pay the highest taxes. I mean "safe" in the country's best companies and banks, which produce greater income on a steady basis, taking any risk and taxation into consideration.

Capital invested in a segregated fund is safe; invested in a dividend portfolio just makes it that more attractive!"

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