

Monday, June 1, 2009

Demystifying "Government Guaranteed Gas Rebate Cheques"

The Oxford Club publishes an investment newsletter but I'm pretty sure they make far more money pushing financial advisory info products than they do actually investing into the trades they talk up. I subscribed for a year, found it to be a "pay for more ads" kind of upsell machine and discontinued.

They still send me their sales letters. I guess the hardest thing to face was that at one point in time I actually responded to this stuff.

Anyhoo...today's sales letter is a 19 page opus How to Claim Your First "Gas Rebate" Check on July 15 because....

"Some smart Canadians have begun collecting checks for a little-known government-guaranteed gas rebate program. And they'll continue receiving payments until 2011. Now you can join them..."

All you have to do is put your name on the list.

And you decide how big the cheques will be!

These companies are "legally obligated to siphon off the majority of their cash flow and pass it on to everyday people"!

They even marked down the cost of obtaining their fantastic report (plus numerous "bonus" offerings) from \$1,209 to just \$99 HOW CAN I REFUSE?

But I have to act fast, or I'll miss my first payment on July 15th!

Here's the deal: Energy Trusts.

All this b.s is about energy trusts, or income trusts in the energy sector. There are lots of Canadian oil and gas companies which pay out healthy distributions (something like dividends) and are structured as income trusts. This means that the distributions flow through to the unit holders (that's you, if you buy any of these) tax-free.

This was so attractive that companies all over the place started making the filings to convert themselves into income trusts. The one that probably upset the apple-cart for everybody was BCE, you may know more commonly as Bell Canada. After they said they'd become an income trust, the Conservatives (you know, the "let's reduce taxes as much as possible" party) saw a lot of corporate tax revenues in danger and slammed the door on the whole thing: effective 2011 all income trusts (except Real Estate Income Trusts, for some reason), start paying corporate income taxes on earnings like everybody else.

But until then, all you need to do is go out and find yourself some energy trusts and buy their units and collect the distributions. I've been holding a couple for years, one started out as Viking Energy Trust and I can't even remember what it is now, it's been bought and merged so many times.

The other thing you should know about these things is they tend to be volatile. They pay above average yields for a reason. While I haven't been following them closely, I'd imagine a few of them cut their distributions when the price of oil collapsed last year. Their share prices likely followed suit.

So when looking at these, find an energy trust that maintained it's distribution through the entire oil price collapse of 2008. They'll probably have a better shot at keeping those payments up all the way until 2011.

There, I just saved you \$99 and the embarrassment of getting your name added to the Oxford Club dipshit list ("people who are dumb enough to respond to our sales letters") - like mine is.

Posted by Mark Jeftovic in AntiGuru.com at 13:03