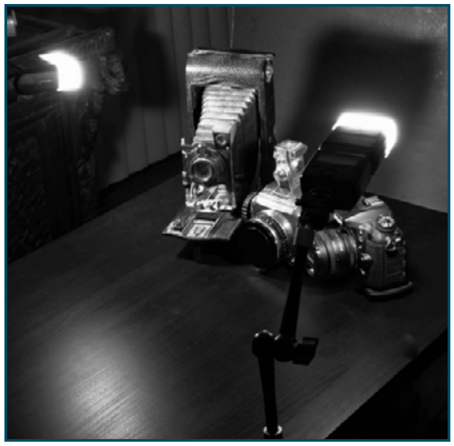
is that the existence of a specialized solution does not necessarily dictate the need for specialized gear. Let me give an example. Nikon's mid-range cameras (approx. $800) with Nikon's 200-500 F5.6 lens (approx. $1800) is great for shooting many insects, most birds and a lot of other nature subjects, as well as outdoor daytime events. Upgrade the body and focus is faster and surer. You can get by without a tripod in most cases, as the lens has built-in stabilization. Cheaper solutions may exist with third party lenses, but generally speaking good telephoto lenses are very expensive. The Nikon lens above is considered one of the better birding lenses.

A starter DSLR or mirrorless with a 50mm lens is a great way to decide where you want to go. Or buy a kit (camera and lens); it may not be a quality lens, but it will be a pretty good start. In future articles I plan to write about how to approach different types of photography to do different things, and for each I will most likely talk about what gear might be needed. You can spend a lot of money on close-up filters only to discover that putting extension tubes between the lens and camera is cheaper and works better.



How I took the image, with very inexpensive Godox flashes.

The first photograph in this article is of a Kodak bellows camera from the 1900s, a post-war 7 cm tall Japanese Steki, a medium format Bronica and my Nikon D7200. The Kodak still works with film you can buy at any camera store. The Steki requires specialized film, but it's still made; the Bronica has given up the ghost, and my D7200 is a workhorse. The second photo shows how I took the image, with very inexpensive Godox flashes. Both photos were take with a Fuji mirrorless camera.

Victor Rakmil now exhibits his work on his website: https://rakmilphotography.wordpress.com

Tax-Efficient Investing

By Robert Todd

Philosophers may debate the inevitability of Death and Taxes, but retired Foreign Service Community members prepare for these with knowledge and planning. While inevitable, taxes may be flexible, depending on your situation, so tax planning advice can be beneficial if your situation is even mildly complicated. Tax planning also allows you to identify ways to reduce your total tax through investing in instruments that attract a lower tax charge, that is by 'tax efficient investing'.

Three well known means to reduce taxes owed are generally available:

1. Pension income splitting with your spouse, available once you receive a pension;
2. Registered Retirement Savings Plan (**RRSP**) contributions until age 71 (up to a calculated annual maximum) defer tax until Registered Retirement Income Fund (**RRIF**) income is received as the RRSP investment fund is wound down;
3. Tax Free Savings Account (**TFSA**) tax paid annual contributions (up to a fixed maximum) including reinvested dividends and capital gains, can be withdrawn tax free.

A financial adviser can determine whether an RRSP or TFSA is more advantageous, based on your personal situation. Factors can include your age, life expectancy, life projects, etc.

Taxable income is treated differently, depending on its source. Knowing this, you can manage your tax liability from different investment types. A dollar earned as ***interest*** (from savings, bonds or GICs) is taxed at a higher rate than a dollar earned as an eligible ***dividend*** from a Canadian stock or mutual fund. If the dollar of interest or dividends is earned from ***non-Canadian sources***, then it has no favourable tax treatment. More 'efficient' (for taxable income over $98,040) may be the dollar earned from ***capital gains*** arising from the sale of stocks or mutual funds or similar investments included at 50%. The most efficient dollar is that from '***Return of Capital***' (ROC) - in other words, a dollar that was part of your original investment rather than its increase in value (capital gain). This dollar has a zero tax rate under certain conditions: ROC reduces the 'Adjusted Cost Base' (ACB) of your investment (original investment plus reinvested dividend). Once the ACB has been reduced to zero, ROC payment are taxed at the full rate.

For tax efficiency, to protect future growth, 'registered' plans are recommended over 'non-registered' investment accounts. Canada Revenue Agency limits permitted investment types in registered plans to cash, GICs, bonds, mutual funds, securities listed on a designated stock exchange, and "certain shares of small business corporations". There are also two other registered savings plans: for persons with disabilities, and for post-secondary education.

For purposes of capital preservation or income, interest-bearing investments (GICs, bonds) are an important element of a diversified portfolio. Placed in an RRSP/RRIF, they are least impacted by taxes, as all eventual withdrawals are fully taxed regardless of taxable income type. Investment growth (dividends and capital gains) is protected from taxation while within a TFSA, and as such highest expected return investments should be held first in TFSA to maximize lifetime tax savings.

If you have more to invest than is allowed in your 'registered' accounts, the choice is to seek the most tax efficient investments, such as certain types of mutual funds designed to offer higher levels of tax efficiency called 'Corporate Class' funds in contrast to most mutual funds that are legally established as *trusts*. Corporate class funds are held inside a mutual fund *corporation*, which provides additional tax benefits for investors. Although each corporate class fund within the corporation has its own investment objective and strategy, together they are treated as a single entity for tax purposes.

A mutual fund trust will make distributions to its investors that could include interest and foreign income which are the least favourable from a tax perspective. A Corporate Class Structure does not distribute interest or foreign income to its investors and is able to offset any income or gains earned within the Corporate Class Structure against expenses from anywhere within the mutual fund corporation. The Corporate Class Structure is able to further offset any remaining income or gains against loss carry-forwards of the mutual fund corporation.

To further improve the tax efficiency of non-registered investments, a 'T Class' fund is offered by many firms within their range of corporate class mutual funds. This allows for the regular withdrawal of income from the original capital amount (ROC) that is not liable to taxation, since it arises from funds for which tax had originally been paid before the investment had been made. You can switch from the non-distributing version held during asset accumulation to 'T Class' without triggering a taxable capital gain without cost, depending on the dealer you choose. The amounts paid out monthly can be adjusted to reflect need or capacity.

There are various ways to produce tax efficiency while respecting your risk tolerance and your investment objectives. You should seek advice from a financial adviser on the best way to make your personal investment situation efficient for you. ■

Robert Todd started with External Affairs in 1973. He was a Director of Tradex, an Ottawa-based mutual fund company. Tradex was established in 1960 by employees of the Departments of Trade and Commerce and of External Affairs. http://www.tradex.ca

For more information, the Mutual Fund Dealers Association, the industry's self-regulating organization, offers a range of educational links and documents: https://mfda.ca/investors/investor-education/