

CANADIANS RESIDENT ABROAD

CRA

magazine

Canada's Expat Quarterly

FALL 2000 | \$3.95



OUT OF THIS WORLD

**BUTTERFIELD
& ROBINSON TRAVEL**

**TAKING CONTROL
OF YOUR RETIREMENT**

**CANADIANS LOVE RETIREMENT
TRIMARK SURVEY**

SHOCK TREATMENT

**AJM Ad
from Film**



MOROCCO COVER PHOTO: Charlie Scott
Courtesy of Butterfield and Robinson Travel

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Out Of This World

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Butterfield & Robinson Travel In 1972, "B&R" sent out 20,000 pamphlets promoting their first bicycling trip (Munich to Innsbruck, \$199 standard, \$299 deluxe). There wasn't a single reply. This year, following the motto "Slow down and see the world," 7,000 fortunate travellers will bike & hike their way on one of B&R's 90 exotic trips spread over 35 countries. Today, by the way, they're all deluxe.

Taking Control of Your Retirement

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Retirement comes with a natural set of challenges: major changes in routine, a lot more time to yourself and family, managing a new financial situation. For Canadians living abroad, or those considering moving abroad when the big day comes, these challenges are magnified. Garry Duncan helps us explore some of retirement's *terra incognita*.

Canadians Love Retirement

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Trimark Survey "Retirement dreams can come true," says Jade Hemeon of Trimark Investment Management Inc. Trimark's recent survey presents reassuring news to baby boomers who in the near future will begin hitting retirement age: retired Canadians are less stressed, more physically active, and happier in their relationships than when they were working. There's more to life!

Shock Treatment

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Hostility, frustration, irritability, anxiety: to a greater or lesser degree, we've all been there - a state called Culture Shock. When you travel or re-locate, it comes with the territory. The good news is there's treatment. Dr. Mark Wise writes us a prescription.



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FROM THE

Editor



*W*elcome to the inaugural issue of CRA Magazine, Canada's first magazine designed specifically for Canadians who are presently living abroad, who have done so in the past, or who are contemplating an out-of-country sojourn in the future.

Canadians are on the move. For employment or retirement, to escape the taxes or escape the weather - successful relocation overseas is a major undertaking. With 10 years' experience advising Canadians around the globe through our UPDATE newsletter, we can assure you the reliable information you need to take your overseas adventure from dream to reality. We'll help you make the most of your experience living abroad and, should you decide to return home to stay, we'll provide advice on preparing for repatriation.

CRA Magazine will cover everything from offshore employment, vacation/travel and international real estate information to country profiles, medical/insurance matters and education options for your children. And, of course, we'll continue to provide sound and timely advice in the investment and tax arenas.

We are off to a great start! In this debut issue our feature stories explore the delights of touring the world à la B&R Travel, retirement overseas through the eyes of BDO Dunwoody's Garry Duncan and dealing with the demons of culture shock with the help of world-traveller Dr. Mark Wise. Mike McKee and Olli Reinikka of Canadian Investment Consultants, Gordon Laight, President of Bayside Consultants, and Gary Jung of RCOC Wealth Management provide insightful investment strategies. In other departments, Josephine Boyle of PBB Corporate Travel has tips on doing business in China, Helen Ziegler of Ziegler & Associates prepares you for working overseas and Lalescka Schreier of AMJ Campbell International tells the longest moose story ever - at least in terms of miles travelled!

CRA Magazine is designed with your interests and needs in mind. It's meant to be friendly, fun and informative for Canadian expats (or expats-to-be). Once you've perused this premiere issue, let us know what you think! We're open to your questions, suggestions and contributions.

Keep in touch,

ELIZABETH J. PECK
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Be Enriched by the Experience

Let Bayshore Administer Your Assets

Bayshore Bank & Trust, a Barbados chartered bank, is the offshore legacy of a 30 year old Canadian firm. We provide private banking and comprehensive wealth management services to corporations and individual investors. Our clients receive proprietary access to some of the finest portfolio managers in the world that are selected with and monitored by Smith Barney and the Frank Russell organization.

Barbados has the second oldest Parliament in the Western Hemisphere. The judiciary is structured on English common Law. Investors have been protected here for generations. In addition to our banking services, we feature trusts, corporate services and segregated and non-discretionary trading accounts. Call our management team at (246) 430-8650 or toll free from North America at (888) 324-5456 for a friendly, informal chat.





Photo: Robert Minnes

Out of this

NEPAL PHOTO: Robert Minnes

It was on a drizzly afternoon in early May when a mud-splattered George Butterfield, a 57-year-old oenophile, businessman, ex-lawyer and co-founder and president of Butterfield & Robinson (B&R), discovered that his Trek 21-speed touring bicycle had a flat tire. We were biking through a veritable wine list, pausing now midway between Pommard and Volnay, on our way to Puligny-Montrachet, surrounded by neatly-walled and carefully tended vineyards where the knobby forearms of grape stalks were just coming into leaf. As Butterfield upended his bike on stony land worth more than retail space on the Champs Elysées it was obvious that not even the driving force behind what is arguably the world's best bicycling and walking company was exempt from mechanical indignities.



GEORGE BUTTERFIELD

"I think I remember how to do this," said Butterfield, as he pried the soft rubber tire off the rim. Born in Canada and raised in Bermuda, Butterfield possesses old-school

World

BUTTERFIELD & ROBINSON TRAVEL

By Everett Potter

charm and engaging modesty, but it comes with a welcome streak of zaniness. Who else would bother to name each and every one of the 2,000 bikes in B&R's fleet with monikers like San Secondo, Tarte Tatin and Lake Moeraki?

"Now note that my guides are supposed to be able to do this in less than 10 minutes," Butterfield said, as he inserted a new tube into the tire. Watching him in action, I could hear the musical clock that ticks away the seconds on "Jeopardy." Would he make it? Or would we have to call B&R's toll-free number and deal with the ignominy of a white van driven by a indefatigably cheery twenty-something coming to our rescue?

Ten minutes later Butterfield was again leading us along winding roads through some of France's prettiest 14th century villages, where purple lilacs and wisteria hung in full bloom and dozens of discreet signs announced local wine producers with a modesty usually reserved for Swiss banks. Ahead of us lay the promise of a "simple" lunch of duck paté, pork rillettes, local cheeses like the pungent and runny Epoisses, and the "dégustation" of 18 different wines at négociant Olivier LeFlaive's modest restaurant in Puligny-Montrachet. Then we'd bike back to the medieval town of Beaune, the heart and soul of Burgundy's best vintages and the European headquarters of B&R. It was, in short, not unlike a typical afternoon on a typical B&R trip.

"Slow down and see the world" is B&R's motto, a gentle clarion call to the many fast-lane types who return each year for their B&R fix. In this, the company's 35th year, some 7,000 lucky souls will bike and walk through the lavender-scented fields of Provence and the rice paddies of Bali, visit Byzantine ruins in Turkey and trek along the sand dunes of Morocco. For an average price of

\$4,000US per person, with airfare extra, B&R promises travellers an exciting, pampered and unforgettable trip to some of the most beautiful places in the world. Trips that run in pretty seamless fashion, with hotels chosen to please demanding clients, daily distances designed to energize but not enervate, and meals aimed to satisfy both the gourmand and the dieter.

In fact, George Butterfield, the man who invented the yuppie bicycling vacation, has made it look like one of the easiest and most enjoyable ways to gross \$25US million a year you could think of, spawning he thinks, close to 500 competitors. But like all such enterprises, the success lies in the details. Which is why B&R, like the fittest rider in the Tour de France, has managed to stay ahead of the pack.

"I like to say that the competition caters to bikers who travel, while we attract travellers who bike," Butterfield says. Indeed, while being fit doesn't hurt, a B&R trip is hardly a warmup for a tri-athalon. The average daily distance is as little as 25 miles on the easiest trips and the support van is never far away, ready to pick up a weary cyclist or winded walker. Fitness is important, but so is one's capacity to handle prodigious quantities of foie gras and Meursault. But if you, like one recent guest to the Loire Valley, eat only mini-wheats, skim milk, skinless chicken and steamed vegetables, you're welcome as well.

George Butterfield himself looks well fed, hardly the two per cent-body-fat type that you might expect. He does ride bicycles a lot, especially in rural Ontario, where he has a weekend house. On a very long climb one afternoon in the Dordogne, with the sun beating down on us, he seemed to find a granny gear on his bike that was lacking on mine and simply shot up the hill.



Butterfield, his wife Martha and her brother Sidney Robinson began B&R in 1966 after spending summers leading groups to Europe. Both Butterfield and Robinson were lawyers, but running B&R appealed to Butterfield more than law did and in 1969 he quit his practice. In 1972, B&R offered their first bicycling trip, from Munich to Innsbruck, for \$199 standard, \$299 deluxe.

"We sent out 20,000 pamphlets and didn't get a single reply," Butterfield remembers. "People weren't ready for it."

He tried again in 1980 with a bike trip to Burgundy. It sold out. The next year he offered three trips. They sold out. By 1987, there were 125 trips and biking had taken over the business. They added walking tours and "expeditions" that employed Land Rovers. In 2001, B&R is offering 90 trips in 35 countries.

"In the old days, we used to bicycle a lot farther," Butterfield remarks. "Maybe thirty-six miles a day on average, using ten-speed, dropped-handlebar road bikes. And we never made any money. It took us years before we figured out how to do that. The company's very profitable now, but we took a big hit in 1991 with the Gulf War, when we took just 3,500 people instead of 5,200."

The expedition trips, Butterfield points out, came about because he and his partners wanted to develop tours outside of Europe that weren't suitable for biking or walking, due to the distances between lodgings. These trips use Land Rovers to cover greater

distances, and they offer more of a cultural experience. Similarly, B&R has developed an extensive North American business as well. In 2000, B&R bought an established rafting and kayaking company called Rivers & Oceans. B&R has used its experience with superior service to create the most luxurious whitewater rafting and ocean kayaking trips around.

Butterfield says he never wanted to be the biggest company, only "the best." Hence B&R's twice-yearly guide gatherings in Beaune, when dozens of new and returning guides, as well as key staff from the Toronto home office, convene for a weekend of workshops surrounding a group bike and walk trip.

Energetic, enthusiastic and filled with a sense of pride that would be the envy of any company, the 140 guides lie at the heart of B&R's success.

But it's work that involves far more than being able to read a map.

Guiding for B&R has been likened to hosting a cocktail party seven nights in a row. Not to mention being able to drive a van, move baggage, attend to struggling cyclists and walkers, keep chefs attuned to vegetarians, keep singles from feeling neglected on a trip full of couples, and do a hundred other things with wit and good cheer. To be like George in other words.

"We're like swans," suggests Phillipe Brown, who guides in France, Spain and Vietnam. "We may look elegant but we're paddling like hell underwater."

At the Beaune guides' gathering are a physical therapist, a medical student, an engineer, a handful of teachers, a couple of graduate students from Johns Hopkins and some cheerful defrocked lawyers. To a person,



GEORGE & MARTHA — AZAY-LE-RIDEAU, LOIRE VALLEY

they are well-travelled, reasonably fluent in at least French or Italian and athletic, but not hard-core jocks. Their ability to carry on an intelligent conversation with a 50-year-old Wall Street banker or a San Diego doctor is valued far more than being able to bike 100 miles a day. With an average age of 27, they're the best and the brightest of the 2,500 applicants who vie for approximately 100 new B&R guide positions each year. They tend to stay less than two years, returning to school or careers, recruited by guests into the business world, or burning out in a demanding job that requires their services 24-hours a day.

"I won't hire professional guides," says Butterfield. "They get jaded and exhausted after years of guiding. And I have to say that I'm not generous about incompetence. We want freshness and enthusiasm."

It's the same enthusiasm that Butterfield himself has, whether he's waxing poetic over a bottle of 1985 Clos St. Denis that he had the night before or schmoozing with the owner of a local hotel who, in deference to his riders, now has corn flakes as well as croissants available for breakfast.

When Butterfield encounters the hotelier at Hotel Le Cep in Beaune, she beams as he kisses her on both cheeks, and they carry on in French, which is *pas mal* in his case. A local restaurateur greets the Canadian like a long-lost brother, a bar owner brings over a glass of marc for Monsieur Butterfield. It may look easy, but this kind of respect is hard-won from the French.

"It's all about details," says Butterfield, pointing to the massive wall charts in the loft-like B&R Beaune headquarters, where dozens of trips and the whereabouts of 140 guides are tracked as if in some war room. "People have made a big investment in these trips and this is not group travel. It's about individuals getting individual treatment. It's about great planning. And you've got to be light years ahead of anyone else." That means dropping a beloved hotel in the Dordogne because the rooms



INDIA PHOTO: Charlie Scott

no longer meet clients' expectations. It means having six full-time mechanics keep the European allotment of 2,000 Trek touring and hybrid bikes finely tuned and ready to go in an adjacent warehouse. It means making each pair of guides do a pre-trip for every single trip, following the route and visiting each and every hotel and restaurant before the start of the actual journey. And then debriefing them when the trip is over. For every trip, there is a trip manual, which contains the feedback of guests and guides alike. Hotels that lacked hot water, wine tastings that were rushed, or guests complaining about village church bells pealing every 15 minutes.

Tuscany and Provence are the company's biggest sellers, but the guides prefer the scenery, itinerary and experiences in Conques, Corsica and Umbria. Looking for new destinations to keep repeat clients happy had B&R trip planners fanning out to Barcelona, the Spanish Pyrenees, the Baja, Belize, Ecuador, Cuba, Norway and Sicily in the last year alone. Assembling a new trip is not unlike putting a Rubik's cube in perfect order.

"We often find that the hotels aren't good enough, or the distances between them is too far to go in one day, or it's too hilly," says Ian Newall, the Director of Europe. "If we could just make Tuscany flat, then everyone would be happy."

On the final night of the gathering, dinner is held deep under Beaune, in the candle-lit caves of wine négociant Bichot. Kir, made with local aligote and cassis, the best in the world, is flowing. It's pure B&R style.

"You know, there's only one way to tell if we're staying on top," confesses Butterfield, scanning his chattering troops. "It's when someone opens our catalogue to any page and says, 'If I could only take one last trip, it's this one.'"

Butterfield & Robinson has been creating remarkable journeys for 35 years. In 2001, they will offer 90 different itineraries by bicycle, by foot, by raft, kayak and luxury ship to 35 countries around the world. Wherever they lead you, their goal remains the same: to provide an extraordinary, unforgettable travel experience unobtainable any other way.

Everett Potter is a freelance journalist who contributes to numerous magazines including Food & Wine, Diversion and Outside. He is also a syndicated columnist in the New York Times. An avid cyclist and outdoorsman, Everett shares George Butterfield's passion for Burgundian wine.

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BY MIKE MCKEE & OLLI REINIKKA

Portfolio

KNOW WHEN TO HOLD THEM, WHEN TO FOLD THEM

Practising Strategic Portfolio Management

The risks of market timing become increasingly apparent as market volatility leads investors to follow the crowd to this week's hot fund, only to find that a correction is in store. Spectacular market swings in some sectors, specifically the dot.com and biotechnology areas, have created unreasonable short-term expectations that sometimes turn to bitter disappointments as investors end up buying high and selling low. Many investors switch funds recklessly on a downturn or disappointing quarterly return, giving little regard to the longer term growth potential of their existing investments. All they may know about the new purchase is that it appears "hot" at the time. Although we all recognize the behaviour as irrational, studies have shown that this is exactly what investors are doing in their efforts to catch and ride the wave to spectacular returns. The end result is that investors, as a group, do not do nearly as well as they might have done had they stayed the course with their original portfolio.

The foregoing comments notwithstanding, it is important to realize that every now and then it is necessary to make changes in your investment portfolio. Your portfolio may have become "unbalanced," with too much weight in one market sector because of recent

gains in that area. In that kind of a situation the risk profile of the total portfolio can change and may no longer reflect your needs and objectives.

Changes may also be needed when a particular fund has under-performed the market for some time because its investment style is out of sync with the current market environment. We have seen examples of giant conservative funds that have returned on the average just two per cent in the past three years while other conservative funds have returned many times more.

Your portfolio should also be "balanced" among different management styles; your investment advisor is well placed to assist you in choosing the investment style that fits your risk profile and investment objectives. Some of the core investment styles used by managers are value, growth, small capitalization stocks, earnings growth. Style management funds use different management styles in response to different market situations.

Figures from a recent study done by AGF Mutual Funds show that for the period from March 1990 to December 1999, investors in domestic Canadian equity funds had on average a cumulative return of 97 per cent, compared with 193 per cent for the TSE 300 total return index. Expressed in annual compound returns, the average fund investor received a 7.15 per cent return over the period, far behind the TSE 300 index's 11.53 per cent. This difference is partly attributable to poor market timing by the mutual fund investors, market timing triggered in part by impatience.

We all know that short-term trading decisions are more aptly described as speculation rather than investing, and

that market timing does not work in real life. If you try to time the market you may be right once or twice, but you will almost certainly make wrong calls as well. Changes in your portfolio make-up should be carefully considered and executed based on a rational strategy. This means that the composition of the total portfolio should be the number one factor to consider when thinking about making changes.

You may want to take larger positions in certain sectors such as telecommunications, for example, because you believe value will continue to be built in the area in the long run. If you believe the sector represents longer term value, then recent declines should serve as a buy signal, not a sell signal to you. You should not make changes to your portfolio based on the expected "hot" sector in the coming six months. You should be looking at a time horizon of years, not just months. It may sound boring, but it works.

Your investment advisor will be able to help you in reconfiguring your portfolio and recommend what to sell and to buy among the thousands of funds available. Your advisor should also give you advice on the various business sectors and their future prospects.

We believe in the long-term growth potential of the technology sector and offer two fund recommendations for the more aggressive investor who wishes to participate in the growth in the technology sector both here in Canada and the United States. Talk with your investment advisor to determine if they would be appropriate additions to your

Portfolio, continued on page 12



BY GORDON LAIGHT

The Laight Edition

DEAR PRUDENCE

The phenomenon that was day-trading and the idea of investing in a company based solely on its "story," regardless of the multiples and zero-projected revenues (or in many cases just plain losses), has passed, and by some accounts it appears that people are growing weary of the Tech world. Never over the past five years has the need to invest wisely and with a disciplined eye on your financial future (future meaning years not months) been more apparent than now. The signs are everywhere that the North American economy is beginning to slow from its breakneck pace of the recent past. Retail sales are weakening, U.S. industrial output is slowing, and mortgage rates in Canada have risen three percentage points in the past 30 months. How can individual investors wade through the reams of information and rhetoric in order to make an informed and - most important - a comfortable financial decision? With professional assistance.

Investors now need to have discipline and patience when tending to their financial well-being. Example: An associate of mine was recently asked by a client when he could expect the markets to return to "normal," meaning the equity markets' ability to consistently hit new highs. My associate responded, "This type of activity is normal. The past few years of phenomenal growth in the equity markets have been a statistical anomaly." Investors who get caught up in the overly bullish enthusiasm at every new high and fail to weigh the possibility of a contraction

and the effects that may have on them personally will find the future challenging.

Comfort & Joy

Warren Buffet's comment, "I'd rather be assured of a good return than hopeful of a great one," best reflects the current investment environment. The investment world is littered with the broken portfolios of individuals who have spent their investing lives pursuing out-performance. Good or even great returns are only part of the puzzle. Chasing them exposes an investment portfolio to a greater

Investors now need to have discipline and patience when tending to their financial well-being.

degree of risk than someone who takes the time to seek professional advice, weighs that advice against financial needs (not wants), invests wisely and leaves it alone.

Your motivating factor in making any investment is what I like to call the "Swan Factor" ("sleep well at night"). You have to be comfortable as well as confident about investments you have and investments you make. If an investment is going to give rise to a higher than normal consumption of Pepto-Bismol or result in sleepless nights, forgo it. It is better to be invested in funds, securities or asset classes that provide you with comfortable returns and risk parameters that you can live with than invest in the latest "whisper" stock or "rocket fund" that you heard

about from friends, neighbours or your favourite chat rooms.

Research, Research, Research

The world of wealth management has become more complex than ever before. It is important not only to understand personal investment needs, but also to adjust the domiciliation (location) of assets in terms of global finance, personal convenience and ease of access and communication. For investors whose financial planning needs have been carefully looked after at home, investment planning as a non-resident can mean the potential for real diversification and a whole new world of investment opportunities. The questions usually associated with an individual investor's international quest are: Whom do I talk to? What type of advisor do I need? Will I, or do I need a trust? What type of institution should I deal with?

In turn, the answers to these questions invariably raise more questions. Remember logic, not emotion, should govern the decision making process in this area. Finding the right advisors internationally usually starts with questioning an onshore specialist in the area of international tax/financial planning to determine planning and structural issues. Once the structural issues have been determined (e.g., trust, corporation, foundation, etc.), the next step is to determine the investment options available. At this point, the world literally is your oyster. It will be imperative that the investments made be commensurate with your risk/return parameters, provide you with effective global, sector and asset class diversification, and be as

tax-efficient as possible.

It doesn't end there, as the world of banking and financial services continues to grow in size and scope. Services such as internationally-accepted debit and credit cards tied directly to a given account are gaining in popularity with the travelling set. These cards allow you to access your financial assets from most anywhere in the world, and the balance on the card can be paid directly from its associated cash account with a simple phone call or fax. Also, international brokerage services where global securities can be bought and sold through one institution are rising in both prominence and popularity. Offshore venture capital sources and lending facilities, almost unheard of in the past, are another area of expansion. Many of the larger financial institutions with international ties are beginning to broach this area for the international entrepreneur and small business owner/operator.

If you are looking to establish an international presence with your investment assets, and you want to conduct your affairs in a diligent manner, you must come to the table armed with a plan. You should be open to guidance from your potential advisors. You also have a series of questions to be answered, and information provided, before you proceed.

- How long has the company been in operation?
- Who owns the company?
- What is the capitalization of the company?
- What are the total assets under administration & management?
- What is the company's area of expertise?
- How familiar is the company and its representatives with Canada's tax laws and how they pertain to individuals?
- What structures would they recommend for your plan and why?
- What type of investment management services do they provide or have

access to? (This is very important: I have met clients who are invested in products or programs they were unfamiliar with or that were simply not suitable to the client's investment parameters).

- How would the company communicate with clients, in what manner and with what regularity?
- Ask to see sample statements.
- Ask to see their fee structure.
- Talk to the regulatory bodies in your chosen jurisdiction for information on potential advisors. Remember, these are your assets and your future that you are planning for. Many advisors appreciate organized clients who have thought out their plan and have a good idea what they want to accomplish: it makes their work that much easier.

Gordon Laight is President of Bayside Consultants and author of *Offshore Advantage - A Canadian Guide to Wealth Creation, Estate Planning and Asset Protection*, published by Prentice-Hall. He may be contacted at: 416.818.8524 or <glaight@bayshore-international.com>.

Portfolio, continued from page 10

portfolio. These mutual funds may not be suitable for everybody, but they might be just right for your portfolio.

Synergy Extreme Canadian Equity Fund:

This is a very actively managed fund, anticipated to have a turnover ratio of around nine times a year. The fund was launched in April 2000, and is up around 12 per cent since its inception. Its top five holdings by percentage of total fund assets are: Nortel - 9.7 per cent, Silicon Storage - 7.3 per cent, JDS Uniphase - 5.8 per cent, Mitel - 5.6 per cent, Cognos - 5 per cent.

This investment is a basket of about 25 stocks that are selected by a multi-manager team. The investment managers look for Canadian companies that exhibit strong growth momentum and offer significant performance potential and that are also the catalysts in their sector. These would include Initial Public Offerings (IPOs), companies involved in merger and acquisition activity, special situations and themes. The

investment style is multi-layered. Managers use a bottom-up style in stock selection, concentrating on earnings momentum, strong growth prospects, small to large cap stocks and value. This is a very unique investment in the Canadian marketplace and should benefit from the earnings momentum that is driving the stock market and the technology sector in Canada.

BPI American Opportunities Fund:

For investors looking for some U.S. equity exposure and a fund that not only offers some protection in a down market, but also outperforms its peers and benchmarks in an up market, look no further than BPI American Opportunities Fund. The fund employs hedge strategies using long and short positions to protect the portfolio and enhance investors' returns. A hedge fund can make money even when the markets are going down. The fund typically holds about 50 to 100 positions focusing on tactical opportunities and buy and sell options as forms of risk control and return enhancement. The fund was launched in November 1999. It is up around 45 per cent since its inception and up 38 per cent so far this year. The fund follows a bottom-up value stock selection style for its core holdings when seeking investment opportunities for its long portfolio, and companies with high volatility and poor industry position for its short portfolio. This fund invests only in stocks that trade in the U.S. Offered through private placement and offering memorandum, it is geared towards the more sophisticated investor looking for U.S. exposure with the opportunity to hedge against any market volatility. Minimum investment for this fund is \$150,000CDN or \$100,000US.

Mike McKee and **Olli Reinikka** are investment representatives for Canadian Investment Consultants (888) Inc., helping Canadians around the world with their investment and financial planning. They may be contacted at 416.368.9888 or <cic@canadiansresidentabroad.com>.

*We dream about it, talk about it, plan for it
and, finally, it happens: Retirement!*

TAKING CONTROL OF YOUR RETIREMENT

BY GARRY R. DUNCAN, C.A., CFP



It can be as simple as a change of lifestyle (work less and enjoy the time you have left) or a total withdrawal from the “get up/go-to-work, come home/go-to-bed routine.”

The latter choice is an extreme change, especially for married couples. Just imagine: One day you work eight to ten hours, sleep six to eight hours and spend the time left over cohabiting with your spouse; the next day - the day of retirement - you still sleep six to eight hours, but potentially the rest of the time is spent helping your spouse maintain the same nest he or she maintained alone while you were working. And your spouse likely accomplished this task while also holding down a job. Now you think your help is needed? I have news for you! Your mate can cope quite nicely without your guidance or advice and you should - let's make

that *must* - find something new to keep you occupied. Don't take offence: I merely suggest that if you don't, you could become a pest!

But enough of the home issues, let's get to the tax and financial matters. When you retire you may be a Canadian resident or a non-resident already living and working abroad. As a Canadian resident, your freedom to choose a retirement destination may be hampered by the myriad tax rules our government has created to persuade you to stay in Canada. Canadian residents face numerous problems associated with migrating from Canada including deemed realization of certain assets, non-resident withholding taxes and health insurance, to name a few. On the other hand, if you are currently a non-resident, you have already run the gauntlet of migration and probably enjoy a more favourable tax status, which you may not relish giving up in order to retire back home.

Regardless of your current residency status, you will have a number of issues to deal with on retirement. These can range from where you want to reside, to whether you can really afford to retire at all.

The "Where shall we live?" question is by far the most important consideration if you wish to either shake off the bonds of Canadian authority or maintain the current non-resident life, free of the Canadian tax scene.

Possible retirement destinations range from countries that have more oppressive tax systems than Canada to those with no tax at all. Some will have tax treaties to reduce double taxation, while others lack treaties but have a more favourable tax regime, and only tax income earned in or remitted to the country. If you live in a country that levies a tax, make certain you take advantage of any tax law or treaty that either reduces or eliminates that tax.

As well, inquire about local taxes, custom duties, sales tax and death

tax. Yes, many countries have a death tax which will merely shift your wealth to some other grateful government. The ideal country will have low or no taxes. It will be easy to become a resident there. The cost of living should be reasonable. Remember, you only have so many resources and now that you have retired, you have to live on them.

You should undertake a thorough investigation of your proposed destination before making any permanent change. In fact, it is advisable to live there to see if the grass is really greener. Some countries will be greener due to nothing more than the fact they have more rainfall. Those who have migrated to Ireland will attest to this. Other countries will allow you to keep more money (no tax) and line your pockets with the other "green stuff." As for climate, who would object to living in the green lush tropics of most tax havens while Canada is blanketed in frigid snow? But maybe it rains too much, or the cost of living eats into the non-taxed money you receive, or the sunny days of a Canadian summer aren't as bad as July in the tropics. Yes, the grass may appear greener, but it may depend on which side of the fence you to choose to live.

Many important factors will influence your decision. How is your health? Can you get adequate health insurance, or are you even insurable? And don't forget the children and grandchildren. They can create the greatest obstacle to any permanent move.

Do your health research before you migrate. If you end up with some tropical or life-threatening ailment you may want the comfort of knowing that curing it will not prove more costly than the government taxes you left behind.

Children and grandchildren can pose an emotional dilemma. To date, your life has been spent working and educating your children who, in

turn, will likely take the plunge into parenthood and provide you with those lovely creatures that make us all proud grandparents.

If you move, when will you see them again? Can you afford to pay their way to see you? Remember, you are not next door or across the city now. More likely, you are across an ocean, or at least a three- to four-hour plane flight away. Not the most attractive situation as you start getting too old to travel yourselves.

How sophisticated is your chosen country? Today, communication is made easy and relatively cheap with computers and e-mail. Make certain all the necessities are available to permit cheap and easy communication with the outside world.

Transportation is another important issue. How many of your friends have encountered island fever and then found it too expensive or difficult to escape from paradise?

Your ability to cope with all of the above will depend on the resources you have been able to put away for this time of life. Your government is aware of this and will do its best to retain a sizeable share. Thus, you need to do considerable planning and choose a place that will leave you with sufficient funds to do all those things you thought you would like to do when you retire, and still have something left over for your grateful beneficiaries.

Canada does not tax capital gains realized by non-residents on investments such as Canadian mutual funds and stock. However, pensions will be subject to a non-resident withholding tax of 25 per cent or something less if a treaty exists. RRIFs, annuities and LIFs will also bear a Canadian tax and possibly tax in your retirement country. Fortunately, the overall tax burden on these can be reduced and even eliminated if proper planning occurs.

For example, Ireland imposes tax on income remitted rather than

earned. If the payments are directed to an account in the Channel Islands, there is no Irish tax. As well, if you reside in Ireland, pension payments and RRIF payments can be free of Canadian tax. It may sound too good to be true, but as long as the current Canada-Ireland tax agreement exists, this will occur.

If you move to any jurisdiction that levies income tax, you should crystallize any unrealized gains in your RRIF or RRSP prior to becoming a resident of the jurisdiction. This can be accomplished by selling and buying back the investments in your RRIF or RRSP. You may then only have to pay tax on what is earned from the time you become resident in your chosen country. This result arises because most countries view the RRSP and/or RRIF as an unsheltered investment portfolio. Only Canada recognizes the tax-sheltered feature of the RRSP and RRIF. This is only

one of the many planning points one should consider. Needless to say, it is important to sit down with your professional advisor before you make your move and consider what, if anything, you should do to preserve your current wealth so that you can enjoy a long and financially viable retirement.

You may be tempted to withdraw your RRSP when you become a non-resident. It is important to review the results of this action before doing it. Remember that once you remove the funds from an RRSP, you will have less money to invest offshore. Normally Canada takes 25 per cent of your hard-earned money, leaving you with 75 cents on the dollar to invest. As well, if you decide to return to Canada, you can't put that money back into your RRSP. You may be better advised to crystallize the gains in your RRSP, transfer the RRSP funds to an RRIF and receive amounts to minimize Canadian with-

holding tax thereon. Then, if you decide for whatever reason to return to Canada and you are still under 69 years of age, you can put the balance of the RRIF back into your RRSP and defer the tax until you reach 69.

In summary, determine if you want to live somewhere other than Canada. Review your current assets and determine if you can afford to live abroad. Consider all aspects of the move - family ties, health, ease of becoming a resident of the chosen country, communication, cost of living, both Canadian and the foreign taxation, and lifestyle expenses (golf, tennis, sailing and so forth). Retirement comes to everyone, but not everyone may achieve nirvana. Plan and choose wisely.

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Leaving or coming to Canada?

Beware

The tax man may want more than you think...

If you are planning on making a long term move, don't ignore your tax issues. Without proper planning, these tax liabilities can become an unwelcome surprise.

We deal with such questions as:

- ◆ Have you severed enough ties to become a non-resident?
- ◆ Do you have continued responsibility for Canadian tax as a non-resident?
- ◆ Do you know all the tax consequences of migrating to or from Canada?
- ◆ Will your tax returns be properly prepared?

Talk with **Garry Duncan**, Co-author of *Canadians Resident Abroad*, at **416-369-3062**.

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Canadians Love Retirement

PLANNING FOR EMOTIONAL AND FINANCIAL NEEDS CAN ENSURE A HAPPY RETIREMENT FOR BABY BOOMERS, TOO

Pack up your job and get set for the time of your life in your retirement years! The consensus found in a recent survey for Trimark Investment Management* shows that retired Canadians are less stressed, more physically active, and happier in their relationships than

when they were working.

The survey revealed that 59 per cent of individuals who consider themselves to be retired or partially retired found the transition from full-time work to retirement "not at all difficult."

Twenty-three per cent reported finding the transition "somewhat" or

"very difficult." When asked what was the most difficult part of reaching retirement, 18 per cent blamed financial constraints and money problems, and 10 per cent cited boredom and having too much time on their hands.

"Retirement dreams can come true," says Jade Hemeon, assistant vice-president, Communications, Trimark Investment Management Inc. "But for almost one in five retirees in Canada, finances are still an issue. A little planning today can go a long way for future retirees who have a certain retirement lifestyle in mind. Thinking about what you want to do in your retirement - whether it's wintering in the south, pursuing a hobby, or working part-time - can help you plan your finances accordingly and prepare emotionally for one of the biggest changes in your life."

THE WORKING RETIREE
According to the survey, 25 per cent of retirees engage in some form of paid work. Of those working, 31 per cent say they work for the social interaction. Another

29 per cent of retirees work because they need the extra money on top of their retirement income to maintain their pre-retirement lifestyle; 17 per cent work simply because they want the extra money, on top of their retirement income, to enjoy a better lifestyle than before they retired; 15 per cent work for the intellectual enrichment.

"Retirement is really a misnomer - your life can be as active as you want it to be," says Rhonda Katz, a Toronto-based family therapist. "This will hold especially true for the baby boomers when they reach retirement since, as the largest segment of the population, it is likely that a variety of companies will seek to accommodate their needs even more. Giving some serious thought to how you want to spend the first ten years of retirement is an important way to avoid any potential disappointment, not just financially but also emotionally."

While the majority of retirees (68 per cent) are confident they will have enough money to maintain

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a nice lifestyle, 29 per cent are concerned about running low on money later in life and as a result are reluctant to spend too much now. Since retirement goals will impact the amount of money needed for retirement, it is important for future retirees to consider the financial costs of their retired lifestyle. By discussing retirement dreams with a financial adviser, tomorrow's retirees can gain a better sense of how much money they realistically need to fulfill their dreams and can map out a financial plan to achieve those goals.

MENTAL PREPAREDNESS

The survey reveals that contrary to popular opinion, Canada's workers don't spend much time thinking about their impending leisure life as retirement approaches. Of those surveyed, 45 per cent of retirees say they spent less than five years considering what they were going to do during retirement; 20 per cent of retirees say they spent less than one year and 33 per cent did not make any plans at all. Only 12 per cent of retirees mentally prepared for retirement by consulting a health professional to discuss their retirement goals and activities prior to retiring.

THE HAPPY RETIREE

Life for today's retiree in Canada couldn't be much better. The survey shows:

- 55 per cent of retirees say stress decreased after

retirement and 29 per cent said it stayed the same;

- 42 per cent of retirees said their boredom level stayed the same, 35 per cent said it decreased;
- 43 per cent of retirees said their intellectual stimulation level increased;
- 45 per cent of retirees said their physical activity increased, 29 per cent said it decreased;
- 57 per cent of retirees said family conflict stayed the same, 31 per cent said it decreased;
- 46 per cent of retirees said their self-esteem stayed intact, 37 per cent said it increased;
- 72 per cent of retirees feel that retirees are well respected within the community, while 19 per cent reported being treated like they are "past their prime";
- 54 per cent of retirees said that being retired and spending more time with their spouses has had a positive effect on their relationships; only 3 per cent reported a negative effect; it is worth noting that women are more likely to report that retirement has had a positive impact on their relationship with their spouse at 59 per cent, compared to 49 per cent of men who think so.

KEEPING BUSY

Leisure activities such as reading, hobbies or sports take up the largest share of retirees' time, according to 47 per cent of those polled. Taking care of family ranks second, cited by 28 per cent of retirees, and volunteer activities rank third, mentioned by 10 per cent.

PLANNING FOR RETIREMENT

To help with the transition, Trimark has released *Retirement starts - Then what?* - a guide to getting the most out of retirement. Designed to help future retirees determine what they want to do for the first ten to fifteen years of retired life, the guide suggests ways to

prepare for retirement financially and emotionally. For a copy of the guide, individuals can contact their financial advisers or Trimark at 1-800-874-6275. *Retirement starts - Then what?* is part of *Talking About Money™*, a Trimark educational initiative designed to help families begin talking about sensitive subjects that can impact their finances.

The survey for Trimark was conducted by Environics Research Group. Telephone interviews were conducted from December 22, 1999 to January 16, 2000. Results from the nationwide sample of 681 respondents are considered accurate to within 3.8 per cent, 19 times out of 20.

*On Aug. 1, 2000, Trimark was purchased by AMVESCAP PLC, and Trimark has been merged with AMVESCAP's Canadian arm, AIM Fund Management Inc.

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BY JOSEPHINE BOYLE

Business Class

TRAVELLING TO CHINA ON BUSINESS?

Top Ten Tips From An Expert

Business is booming in China. Over the past few years the opportunity for western companies and entrepreneurs to profit from the world's largest market has increased significantly. China's recent entrance into the World Trade Organization (WTO) has helped escalate this accessibility.

With these extended opportunities come formidable challenges. The Chinese culture is still very different from the North American way of life. It's one of the reasons why travelling and doing business in China is so exciting.

When I first started planning and leading corporate missions to China some ten years ago, I remember the big questions when planning for my first visit:

- What paperwork is needed to get into the country?
- How do you develop and then access a network of key contacts?
- How do you ensure the investment in the trip (i.e., travel costs) is offset by measurable returns?
- What about daily issues – food, lodging, language, business culture?

Understanding the Chinese culture, the Chinese business "modus operandi," establishing a network of reliable

contacts and key alliances - the answers to these and other questions only came with experience. Based on a decade of frequent trips to China, here's my top ten list of practical tips for the business traveller in China:

(1) Never travel to China without proper medical insurance: I remember this tip every time we organize a trade mission or take a group to China. On a previous trip, a member of our group fell ill and we took him by ambulance to a hospital in Hong Kong. He stayed for just a few hours, yet the bill (he did

The Chinese culture is still very different from the North American way of life. It's one of the reasons why travelling and doing business in China is so exciting.

not have insurance) was breathtakingly high. Should you get sick, you'll want to go to a private hospital or clinic.

(2) Get your shots!: Consult a travel medical professional for the proper inoculations. China is a big country; you'll need different shots depending on your travel itinerary. It's also recommended that you bring a handy medical kit with you, including some over-the-counter medications, just in case. Often the Chinese equivalents of Western over-the-counter medications are hard to come by. It's always

best to keep the medication in labelled packaging or bottles.

(3) Valid passport: This seems to be an obvious consideration, but in fact the Chinese require your passport to be valid for at least six months after your visit. For instance, if you're travelling in January 2001, keep in mind that you'll need a passport that is valid through June 2001.

(4) Know your numbers: Make sure you have addresses and phone numbers for your country's consulates in the Chinese cities you are visiting. These numbers can come in handy in case of an emergency.

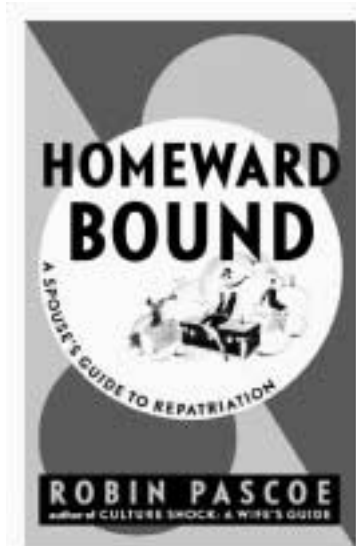
(5) You'll need an invitation: In order to conduct business while travelling in China, you require a personal invitation from the Chinese government and a valid visa.

(6) Personal relationships are key: Without access to a network of qualified contacts in China, your business trip will be futile. In China, personal relationships are not just important – they are absolutely necessary. If you don't have these contacts, your travel professional must have the ability to identify the required business partner and set up the appointments.

(7) Proven experience in China is critical: Make sure your travel professional/trip organizer has extensive experience organizing and arranging travel in China. Knowledge of the country's business culture, logistics issues and other matters is a valuable bonus, too.

(8) Get cultured: The Chinese business culture is far different from

Business Class, continued on page 28



Author: Robin Pascoe
Expatriate Press, Vancouver 2000
\$16.95US

HOMEWARD BOUND: A SPOUSE'S GUIDE TO REPATRIATION

The absence of a truly useful treatment of the issues of reentry has finally been filled by this book, *Homeward Bound: A Spouse's Guide to Repatriation*, by Canadian author Robin Pascoe.

For those who live the rotational life, the very prospect of the act of moving internationally is dreaded. Dismantling the familiar accoutrements of everyday existence, and deciding what must be left behind and what can be transported entails endless decisions, lists and, inevitably, exhaustion. What is equally difficult is coming to terms with the knowledge that nothing will ever be the same again, that after this move, this grouping of friends in this particular place where knowledge and understanding were hard-won will forever be changed.

It is ironic that the move back home - the actual reentry process - is frequently much more painful and more complicated for the family than was the

Under Review

move overseas, particularly for the spouse who is probably in charge of managing it. It is this fact that Robin Pascoe, a long-term Canadian foreign service spouse and now an internationally-known lecturer and author on expatriate issues, has chosen to address with her well-honed journalistic skills in this her latest book. Those who are familiar with Pascoe's two earlier books in the *Culture Shock!* series - *A Wife's Guide* and *A Parent's Guide* - will recognize her humorous style of writing about the very serious issues that must be addressed repeatedly by those who divide their lives into international segments; new readers have a treat in store.

Logic would seem to dictate that preparing to live in a totally unfamiliar cultural environment would present more challenges than returning home. If only that were so. The very challenges of addressing the unknown carry their own impetus; the real shocks come when the "familiar" environment in the home country most definitely isn't! And when the spouse is expected to function effectively and immediately, to unpack and re-assemble a home with children who are less than happy or cooperative, even as the employee is trotting off to his or her vaguely familiar job while questioning the reason the spouse is so slow to start contributing to family income - all this can load on stresses, resentments and rage that may never be overcome.

The organization of this book is chronological, so no matter in what stage readers are involved, it's possible to connect to the issues that are affecting them, and to go back or forward to contemplate what came before or is

lying in wait. The chapter titles address concerns that occur even before the family leaves their international setting ("So You Have Decided to Move Home: Things to Contemplate Before You Leave the Post"), all the way through to the final chapter: "Reentry Rage and Resentment; Get Over It!"

Mechanisms to cope with all the issues that will present themselves in both the short- and long-term, are provided. Ms Pascoe identifies problems often faced by spouses who have chequered employment histories, reflecting their peripatetic existence, and suggests that international experience has value that may not have been considered by the job-seeking spouse.

At every turn, the successes and mistakes made by others are included, and contributions and advice from experienced spouses who responded to an extensive survey are freely quoted. Included in the author's valuable insights are some that relate to the impact of the stage the family is in as they traverse the readjustment road. As well, she examines the effects such personal jolts as professional downsizing, retirement, divorce, ill-health or death will have on any adaptation process.

Nevertheless, as understanding of and cozy with the vicissitudes of reentry as this author is, her tough-love



AUTHOR
Robin Pascoe

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BY SIMEON MITROPOLITSKI

Nice Place

world for the software exports per capita (just after the United States) and hopes to soon be holding the pole position.

Real estate prices are going only in one direction - sky high. In the last year alone prices and rents for luxurious houses and first class offices in the capital of Dublin nearly doubled. If you want to buy a large house in the capital, get ready to pay some \$3,000 per sq.metre (1 sq.metre = 10 sq.feet). If you want to rent a small condo, \$600 per month will be a great deal for you. It is like the Wall Street "ups," the local dealers joked several months ago. But even after the New York Stock Exchange (NYSE) and Nasdaq hit a series of painful corrections beginning last March, the Irish real estate market continued to grow.

There is only one thing to worry about in this bright picture - inflation. was 4.6 percent last year, the highest level among the countries which adopted the Euro, in particular, and in the European Union, in general. Ireland



has been overheating and that puts it in line with the American economy. But no one has found a way to slow down and cool the real estate market in Ireland, and that is the big difference comparing it to the other side of the Atlantic. Ireland is a member of the European Monetary Union which means that decisions on interest rate changes and currency exchange rates are made not in Dublin, but in Frankfurt (Germany) at the European Central Bank.

On one hand, Europe needs stronger economic growth, so the European bankers won't dare to suffocate it with much higher interest rates, similar to these in the United States. On the other hand, the Irish government lowered taxes in this year's budget by some \$1 billion. These cuts especially concern the real estate-related taxes. So the economic forecasts are brighter than ever and even Irish migrants who return to their homeland after decades abroad find it difficult to settle because of the skyrocketing prices and rents.

There is one additional economic factor that will further inflate the prices on the local real estate market: immigration. Ireland has been known worldwide for its emigration (people going

IRELAND

One Hot Real Estate Market

The real estate market in Ireland may be the hottest investment you can make nowadays, with almost no fear of losing your money in the long run. Or at least it seems so if we look at the economic trends of this tiny European country.

Don't think so? The economy of the "Celtic Tiger" (with a population of barely 3.6 million) goes up and up at a pace that equals the Chinese growth (8.7 per cent annually in recent years) and the growth seems limitless. Unemployment is almost nonexistent. Ireland is already number two in the



Nice Place, continued on page 25



BY HELEN ZIELGER

Working Away

SO, YOU'RE THINKING OF WORKING ABROAD?

When people ask me what I like about international recruitment, the most obvious thing that comes to mind is that I enjoy finding people jobs. But when it comes down to it, international recruitment is about a lot more than hiring people. International recruitment is about providing information - the type of information that is crucial to a smooth transition between an employee's home country and destination country.

Most people who go abroad to work have been thinking about it for some time. They are bored with the status quo, or are seeking adventure and are eager to explore any opportunity that is placed in front of them.

However, after the initial excitement and euphoria of accepting a job offer abroad has died down, what often follows is a sense of being completely overwhelmed. The person who has so bravely chosen to move suddenly questions their decision, and wonders how they will ever prepare themselves for the great event.

As their recruiter, I become not just a source of information, but their counsellor and someone to whom they can confide their worst fear:

maybe they aren't cut out for the job at hand. Soon, and with increasing frequency, I receive questions about taxes, banking, health care, culture, clothing, shipping, visas, flights, pets and - my personal favourite - "I'm single, but am on a married status contract; do I need to find somebody to marry before I go?"

We do our best to provide answers to these questions, but I always recommend to my candidates a little fact finding of their own. If you are going abroad to work, I cannot emphasize enough the importance of doing research beforehand: not only will it make life easier once you arrive in your new country, but it will

Most people who go abroad to work have been thinking about it for some time.

make the move less daunting before you go.

Your first step should be to find out more about the country you have chosen as your new home. This will prepare you for what is ahead and remind you of why you are going - whether it's because the job market is better, the climate sunnier, or the culture more intriguing.

You will be amazed at how much information can be found on the

Internet about nearly any location in the world. In addition to a map of the city in which you will be working, you may just find the name of an English language bookstore and the location of what might just become your favourite gym. Finding this information will allow you to visualize what to expect in your new country and allow you to mentally prepare for the transition.

The next step is finding out information about banking, housing, transportation and health care in your new home country (important considerations for any new resident). Many recruitment companies and international employers will help you in this regard, but again you should do a little preparation of your own. Gather letters of reference from your banking and credit institutions in Canada and letters from previous landlords, if you have them. Research driving regulations in your destination country, and obtain an international driver's permit from your local Canadian Automobile Association (CAA) office.

Health care insurance should be obtained before you go, but before you do so, find out what coverage you will have, if any, from both the government of your destination country and/or from your new employer.

And finally, make sure to bring copies of every document you might need, including: your Canadian driver's license, your passport, your birth certificate, your marriage license, your degrees and certifications, and letters of reference for employment. And it never hurts to carry a few

Working Away, continued on page 25

Shock Treatment!



BY DR. MARK WISE

When you travel, remember that a foreign country is not designed to make you comfortable. It is designed to make its own people comfortable.

- CLIFTON FADIMAN

Imagine being dropped into a foreign place where the language is incomprehensible, the people dress differently, the food burns your stomach, the temperature is 45°C in the shade, you have no friends, most people's skin is of a different colour, they drive on the wrong side of the road, corruption is rampant, the water is always cold (when it's running), and even the stars and the moon seem out of whack! This is the worst-case scenario! Sounds a bit disconcerting? Perhaps many of you and your families have already experienced this. Why don't we talk about culture shock, so that it doesn't get the better of you?

What is culture shock?

Culture shock is a syndrome that is brought on by the stress that results from the loss of all the familiar signs, symbols and surroundings that we have grown up with and taken for granted when we plunge into a totally unfamiliar environment. We go from air conditioning, nearby friends and family, a familiar language, civilized drivers, microwaves, 24-hour electricity, 20 varieties of bagels and coffee to

something totally different. We are like a fish out of water. Culture shock is something that may be experienced by all travellers, though it is probably most significant in those who spend a longer time away from home. As well, it is a bit like jet lag or motion sickness in that not everyone suffers to the same extent or in the same way.

Upon arrival in a foreign country, we usually experience a "honeymoon phase" for several weeks or even a few months. Everything is new and exciting. The local people are polite and gracious, and anxious to help out. It's not unlike the first few days at summer camp or university.

This may be followed by stage 2, the "What am I doing here?" stage. This can be characterized by a hostile and aggressive attitude towards the host country and its people. This hostility grows out of the genuine difficulty that you may experience in the process of adjustment. In spite of one's good intentions, feelings of frustration, irritability and anxiety may occur. Changes in mood, sleep patterns, energy level, sex drive and appetite may also be noticeable. Your sense of humour, one of your most valuable assets, may disappear.

You may feel guilty about these negative feelings, but they have real

causes, for example, problems with the phones, no fresh fruit available, cobras on your porch, you're suffering from diarrhea, you've been robbed, your job is not quite what you expected, you can't get the hang of the language...and to top it off the local people seem indifferent to these problems. Your interpretation? They're being insensitive and unsympathetic to your problems, so you decide, "I just don't like them." Ready to exacerbate this alienation is the fact that expatriates often tend to congregate together in their own little "cocoon." While this may provide a sense of security and a convenient forum for complaining, it doesn't help much with integration into the local way of life. (Let me add, however, that there is nothing wrong with having a sense of security and enjoying your friends.)

Finally comes stage three, typically after about six months, when you accept the customs and other quirks of the host country as just another way of living. At this point, one not only understands and accepts all of the cues of social intercourse - the food, drink, habits and customs - you actually enjoy them. Your sense of humour resurfaces. Adaptation to your new job may help.

In someone taking a much briefer trip, the same stages probably occur, but much more quickly and superficially. Imagine a one-week trip to Mexico. The first day or two are filled with anticipation and new experiences. Midweek may be plagued with water shortages, a bit of diarrhea and other frustrations. But by the time you're ready to board your plane back home, you wish you could stay for another week.

What can we do about it?

It is important to be aware of the existence of culture shock and other mental health problems, and to recognize that these are natural processes through which many people go. There are several ways in which you can

make your adjustment to life overseas a bit easier:

- realize that culture shock may occur
- take time to acclimatize - to the jet lag, the food, the living conditions, the weather
- develop a social life
- keep in touch with family and friends and events back home
- remember your personal goals
- make the most of your work - set small realistic goals, tolerate what you cannot change
- make use of and offer peer support
- deal with stress as it arises
- be proactive about your physical health; pay attention to your diet and hygiene, get regular rest, exercise and relaxation
- ask for help if you need it

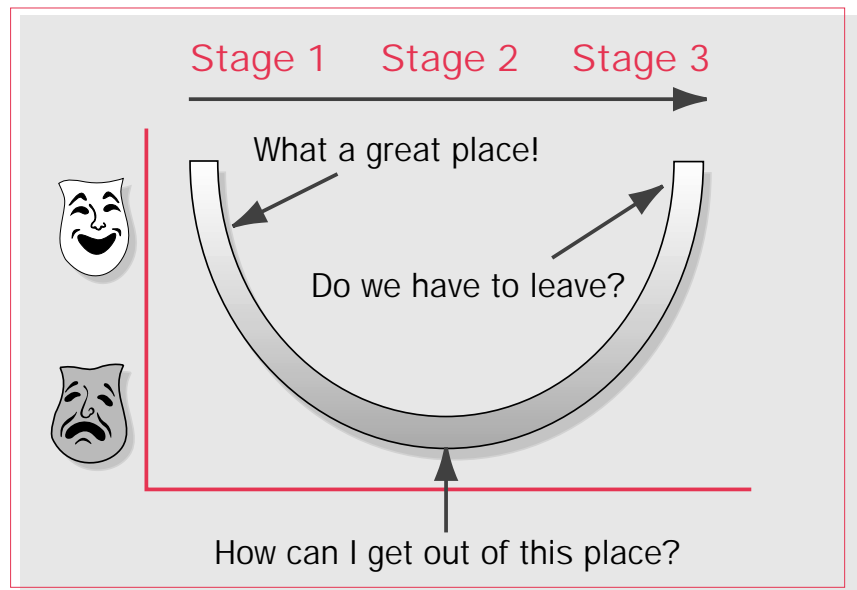
E-mail has made communication with family and friends back home

quite easy. But I have seen travellers spend most of their days glued to a computer at the local Internet café. Here the danger is that by staying too connected with events and people back home you may limit your incentive to get involved with events happening locally, and hence prolong your culture shock. So take advantage of e-mail, but use it in moderation.

It is important that you learn as much as you can about the country and its culture before you leave home. They say that 10 per cent of your job success will depend upon your particular skill, and the other 90 per cent upon how well you communicate with others. It is difficult to communicate with those whose customs, traditions and ways of operating you do not understand. This underscores the need for at least some basic language training, prior to your departure, as well as early on at your destination.

What if I have problems?

Depression is a common occurrence, no matter on which side of whatever ocean you may find yourself. It is one of the most common reasons for expatriates to return home prematurely. The symptoms of depression may include mood swings, crying spells, irritability,



fatigue, lack of appetite, loss of motivation or get-up-and-go, feelings of worthlessness or guilt, and thoughts of death or suicide. If you feel yourself falling into this pattern, it is essential that you get help.

Substance abuse, particularly alcohol, is sometimes a problem for those working abroad. Whether it is the hot weather, the cheap beer, the local custom or peer pressure, it may end up affecting your job and relationships while abroad. As well, it will undoubtedly lower your inhibitions, which in turn may lead to the dangers of unsafe sex and unsafe driving. Once again, if this appears to becoming a problem, seek help.

If you have had emotional or substance abuse problems in the past, be sure that you find out what support services, if any, are available at your destination.

How about returning home?

For some, the re-entry adjustment upon returning home may be even more difficult than the move abroad. You have just had to return from a place and people that you had grown to love. The new values that you may have acquired abroad seem a bit out of place back home. People would love to hear your stories and see your slides, but they don't have time (an estimate from a recent returnee is that, aside from family, most acquaintances will listen to your stories for up to five minutes and then begin to talk about themselves). Then there's all that snow, you're not sure what the future holds and, finally, you may have to get used to your mother's cooking again!

So what can you do? In fact, it's much the same as when you arrived in Mongolia, Malawi or wherever you went. Be aware that re-entry shock can occur. Reestablish your social life. Get involved with work. Keep in touch with your friends

overseas. Offer to give a talk or slide show about your experience to anyone willing to listen. Look after your mental and physical health.

But don't worry about that for now. Remember, culture shock is as natural as that first bout of diarrhea. Anticipate it. Understand it. And it will get better.

Factors Important to Successful Intercultural Adjustments

1| Open Mindedness: The ability to keep one's opinions flexible and receptive to new stimuli seems to be important to intercultural adjustment.

2| Sense of Humour: A sense of humour is important because in another culture there are many things which lead one to weep, get angry, be annoyed, embarrassed, or discouraged. The ability to laugh off things will help guard against despair. As I was recently told by a volunteer in Kenya, "If you don't laugh, you'll cry."

3| Ability to Cope with Failure: The ability to tolerate failure is critical because everyone fails at something overseas. People who go overseas are often those who have been the most successful in their home environments and have rarely experienced failure, thus may have never developed ways of coping with failure.

4| Communicativeness: The ability and willingness to communicate one's feelings and thoughts to others, verbally or non-verbally, has been suggested as an important skill for successful intercultural communicators.

5| Flexibility and Adaptability: The ability to respond to or tolerate the ambiguity of new situations is very important to intercultural success. Keeping options open and judgmental

behaviour to a minimum describes an adaptable or flexible person.

6| Curiosity: Curiosity is the demonstrated desire to know about other people, places, ideas, etc. This skill or personality trait is important for intercultural travellers because they need to learn many things in order to adapt to their new environment.

7| Positive and Realistic Expectations: It has been frequently shown that there are strong correlations between positive expectations for an intercultural experience and successful adjustment overseas.

8| Tolerance for Differences and Ambiguities: A sympathetic understanding of beliefs or practices differing from one's own is important to successful intercultural adjustment.

9| Positive Regard for Others: The ability to express warmth, empathy, respect and positive regard for other people has been suggested as an important component of effective intercultural relations.

10| A Strong Sense of Self: A clear, secure feeling about oneself results in individuals who are neither weak nor overbearing in their relations with others. People with a strong sense of themselves stand up for what they believe, but do not cling to those beliefs regardless of new information, perspectives, or understandings which they may encounter.

Mark Wise is a Family Doctor in Thornhill, Ontario. He is the Medical Advisor to Voluntary Service Overseas (VSO), a Canadian non-government organization sending volunteers to lesser-developed countries. He runs The Travel Clinic, and is the author of *Malaria, Montezuma and Me - A Medical Guide for Travellers*, from which this is excerpted. For a copy of the book, please contact him at <markwise@home.com>.

Working Away, continued from page 21

extra passport photos with you when you go. Without this documentation, you may find yourself struggling to do what is considered to be the most basic thing here at home.

Of major concern for many people is finding employment for their spouse and schooling for their children. Helping your spouse and children find information about jobs and schooling before departure will make them feel they have some control over their new surroundings. If you are going abroad with your family, the first thing to do is research whether or not your spouse (or other family members) will be entitled to legally work in your destination country. Once you have determined that they are eligible to work, they should begin contacting as many search firms and employers dealing with your destination country as possible. Many North American search firms deal with international locations and may be able to find your spouse a job even before you leave. The Internet is also a great source for employment and schooling. Often with a few quick keyword searches, your spouse will find several sites where they can post their résumé or apply for jobs. Likewise, your children may find a school Web site with detailed information about the school's classes and facilities. And remember: book early - English language schools can fill up quickly in countries where they are at a premium!

Now that you have begun researching your destination country, don't neglect to find out key information about Canadian policies concerning Canadians working abroad. Before you leave Canada, it is important to find out for tax purposes whether you will be considered a resident or non-resident of Canada while you are abroad. The answer to this question will affect everything from whether you pay Canadian taxes on foreign earnings, to whether or not any capital gains you earn on Canadian-based investments will be tax-free while you are living abroad. We recommend you contact a consultant company with a department specializing in non-resident tax.

Once all the preparation is over, the time will come to forget the facts and figures and focus on more personal things like saying goodbye to your childhood friend and your favourite aunt. Remember that you will see them again - probably sooner rather than later - and when you do, you will be brimming over with exciting things to tell them!

Helen Ziegler is President, Helen Ziegler & Associates, Inc., a firm which has been recruiting health care professionals to work in the Middle East for the past 18 years. She may be contacted at: 416.977.6941 or <hza@hziegler.com>.

Nice Place, continued from page 20

out of the country) for more than two centuries and the phenomenon of immigration (the influx of settlers from outside) is relatively new for its people's mentality. In less than a decade the national economy (with the huge help of the American electronic and software giants like Intel) have created more than 600,000 new jobs.

Now the country is booming and needs at least 200,000 more foreign specialists, mostly in the electronic business, to fill the vacant places. If such a wave of foreigners comes to the Irish shores (most of the new immigrants are expected to be well-paid specialists), this will push prices and rents on the Irish real estate market even higher.

Simeon Mitropolitski is a Bulgarian analyst and syndicated columnist with the Bulgarian News Agency (BTA). He is the author of several hundred political and economic articles, both Bulgarian and international, some of which have been published in English (*A Royal Solution*, World Press Review, June 1997). From the late 80s he was a member of the opposition movement that finally put an end to the communist regime in Bulgaria. In 1996-97 he was part of the international team monitoring elections in Romania, Albania and Bulgaria. In 1999 he was among the few Bulgarian journalists who supported NATO military operation against Yugoslavia.

He may be contacted at: <newhope@sofiaonline.com>

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BY GARY JUNG, CA, CFP

Homeward Bound

INVESTMENT STRATEGY

Back-to-Back Prescribed Annuity Contract

Not long ago there were basically two investment options: fixed income (GIC, treasury bills and bonds) and equity investments (stocks). Either you chose the safe bet or you gambled in the stock markets. Predominantly over the past decade, several new investment products were developed to address low returns and risk: mutual funds which were less volatile but still risky, indexed GICs which at times performed no better than a low yielding GIC and segregated mutual funds which still had volatility. An alternative investment strategy is the back-to-back (B2B) prescribed annuity contract (PAC) which offers a higher guaranteed cash flow and lower taxes.

Annuities were once popular when interest rates were very high. They have lost some of their shine as interest rates plummeted from their double-digit levels over the last decade. More and more people are now turning their retirement nest eggs to mutual funds, segregated funds and the stock market seeking higher equity-like returns. Some other retirees got lucky and locked in high returns by buying long-term GICs or bonds. Many of those investments are now being reinvested

by retirees at significantly lower rates if they aren't willing to take the risks in equity markets.

A B2B PAC is a combination strategy utilizing a prescribed annuity (discussed later) which is "backed" by a life insurance policy. Used properly and planned accordingly, equity-like returns can be had without any of the risks and volatility many retirees fear. The two main objectives of this strategy are high guaranteed monthly after-tax cash flow and capital preservation for the estate.

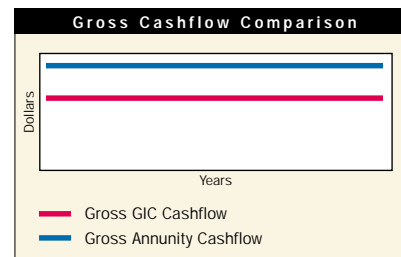
To review what an annuity is and how it works, a mortgage will be used as an analogy. A mortgage is essentially a long-term loan at a fixed interest rate. Loan repayments are

Here is an interesting option for investing your hard-earned nest egg after your return to Canada.

dependent on the principal amount of the mortgage, the interest rate, and the amortization period. In the early years, very little principal and a lot of interest is paid. An annuity is similar to this except you are the banker and the borrower is an insurance company.

The insurance company undertakes to pay you a fixed amount every month for as long as you live. The "amortization period" to an insurance company is based on your life expectancy. The older you are, the less time you are expected to live and hence the higher the payment. Similarly, the younger you are, the more time you are expected to live and hence the lower the payment.

A prescribed annuity contract (PAC) is a special type of annuity. Like a non-prescribed annuity, the Canada

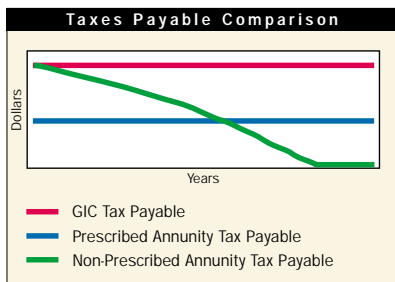


Annuities provide a return of capital in every payment, therefore provide more cashflow than a GIC.

Customs and Revenue Agency (CCRA, formerly Revenue Canada) does not tax the return of capital. However, the interest that is included in the annuitant's income is level throughout the term of the annuity. The taxable amount is lower in a prescribed annuity than a non-prescribed annuity in the early years and higher in later years. Given the time-value of money, this tax treatment is more favourable to the annuitant than is the taxation of a non-prescribed annuity.

To qualify as a PAC, only individuals, not corporations or partnerships, may own the annuity. The policy owner and the annuitant must be the same person, or the policy owner

may be a spouse trust or testamentary trust. Annuity payments must be for equal amounts. If the contract is a joint and last survivor contract, one annuitant must be the spouse, brother or sister of the other. Age plus any guarantee period cannot exceed 91. The annuitant cannot surrender or commute the annuity, except on death.



The GIC pays interest income, which is 100% taxable, hence the line is straight, and at the top of the graph.

In a non-prescribed annuity, the cash flow in the early years is considered mostly income, and in the later years, mostly return of capital. The tax consequence is a downward sloping line.

The prescribed annuity is level because the tax burden has been amortized over the life of the annuity, or, leveled out.

To recap, the two main reasons cash flow in a PAC is higher than a GIC: 1) you are getting some non-taxable principal every payment and 2) you pay less tax because the interest portion is less than with a GIC.

With a PAC, the CCRA allows you to “defer” tax in the early years to the later years by allowing you to spread out the income evenly. If you die before your life expectancy, the CCRA hasn’t collected all of their tax – in effect, you have beaten the CCRA. If you live beyond your life expectancy, the insurance company loses because it continues to pay you – in effect, they continue to pay off the mortgage even though they have already paid it off. This is tantamount to a win-win situation.

So what’s the insurance policy for? To return the capital that you invested to buy the PAC. Recall that in a GIC

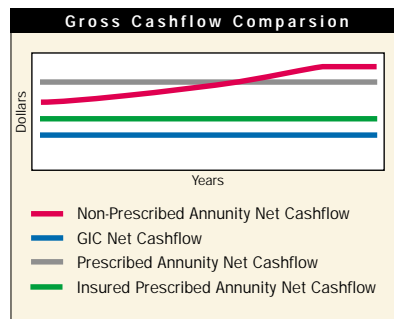
investment, the capital will always be there for your estate.

To summarize, the benefits of the B2B PAC when compared to a GIC:

- Greater after tax cash flow
- Less income and therefore less tax payable resulting in perhaps reduced claw back of old age security income and increased old age deduction
- No probate fees on the distribution of the insurance proceeds
- Guaranteed cash flow for as long as you live

With every investment, there is a downside, they are:

- Capital is returned monthly, therefore the lump sum capital is not available for emergencies
- Guaranteed fixed cash flow in an annuity is not indexed to inflation. GICs are indirectly indexed as returns generally increase as inflation increases.



The B2B PAC provides a higher guaranteed fixed after-tax monthly cash flow.

A B2B PAC is an excellent investment strategy in retirement; the key is to understand when and how it should be used in your retirement.

Gary Jung is a financial planner and advisor at RCOC Wealth Management and an associate of O’Hagan Stacey and Jung Wealth Management. He may be contacted at: 905.761.1030.

DISCLAIMER: This article provides an overview of a number of different topics. I recommend that you speak to a specialist or myself about any techniques or topics in this article. Neither Gary Jung nor RCOC Wealth Management nor O’Hagan Stacey and Jung Wealth Management accept responsibility or liability for the information provided. Reproduction of this is not permitted without written permission of the author.

CASE STUDY

Joan is 70 years of age and has \$250,000 of non-registered investments currently invested in GIC’s at a local bank earning 6% or \$15,000 per annum (\$1,250 per month). She is in the 50% tax bracket.

Monthly Cash Flow	6% GIC	B2B PAC
Return of Capital	\$ 0	\$ 1,314
Gross Income	1,250	550
Less: Income Tax Payable	(625)	(275)
Net Income	625	1,553
\$250,000 Insurance Policy Premium	0	641
Net after-tax cash flow	625	912
Pre-tax Rate of Return	6%	8.76%

**46% More Net Income
56% Less Tax
Declared Income Cut In Half**

Business Class, continued from page 18

our western society. There are small, sometimes subtle cultural differences that, if ignored, can become a deal-breaker. I have grown accustomed to providing a guide to these tips and tricks to any group we send to China. The Chinese love to combine business with pleasure - be prepared to conduct business around the dinner table. Another tip, always present your business card with both hands extended; receive your Chinese counterpart's card in the same fashion. Always take time to immediately read the card.

(9) Frequency matters: Don't expect that one trip to China will net instant returns. Remember, personal contacts are key. It may take several trips to build a trustworthy relationship with partners or vendors, before the deal can be made. However, once you gain the trust of your Chinese business associates, the opportunities are unlimited. It is also important

to extend invitations to your Chinese contacts to visit you in Canada.

(10) Don't go it alone: access an experienced China travel expert: Travelling to China is sure to be an exciting experience, but there are many serious considerations that should not be overlooked. China is a vast country with very different customs and culture - you'll need an experienced travel professional such as PBB who understands all the intricate details. We recommend travelling in a group, led by seasoned professionals and translators.

Of course, there are other key tips and pointers to consider. China has untapped potential that, when explored, can be very rewarding.

Josephine Boyle is Director of PBB Corporate Travel, a service of PBB Global Logistics. PBB has been organizing and leading business travellers to China for over a decade. In March 2001, PBB is leading China Trade Mission 2001 to select cities and regions in China. Call Josephine for more details on how you can be involved at 1.800.665.2978.

Under Review, continued from page 19

approach to finally getting on with life at home is bracing. This book is directed at the needs of the spouse; however, it is valuable reading for the other adults in the family, if only to sensitize them to the experiences and emotions that define the reentry experience of the spouse, and the impacts they will place on the entire family.

In addition, a foreword by American psychologist Carlanne Herzog, an afterword by Dr. Kirsten Thogersen, who is Danish, and the skills of British editor Joanna Parfitt ensure this book is a truly international treatment of a process that transcends boundaries. The bibliography will be helpful to readers seeking more information. It's natural to feel entirely alone when attempting to adjust to a home that feels like anything but in the midst of acquaintances who have no understanding of why their new neighbour is acting so strangely. Ms Pascoe's Web site (www.expertexpert.com) provides immediate comfort and support to those who crave connections with others who share their peripatetic experience, be those connections through chat groups or relevant articles.

To purchase the book, please contact: www.expertexpert.com or www.expatriatepress.com. Anyone who will ever come home will be delighted to have Robin Pascoe's *Homeward Bound: A Spouse's Guide to Repatriation* as a valuable resource in their library.

Nancy Fraser is a writer who specializes in issues of international living. Since 1965 she has spent more than seventeen years living on four continents. In Asia, Africa, North America and post-communist Europe she has contracted with Canadian and international concerns and businesses to examine the policies and conditions that affect the families of their expatriate employees in environments that are new to them, and on their return to home countries that frequently feel at least as strange. She may be contacted at: 613.798.1859 or <nancyfraser@cyberus.ca>.

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BY LALESCKA SCHREIER

Moving Right Along...

THE MOOSE WERE LOOSE!

This summer, hundreds of moose were loose on the streets of Toronto. These fibreglass sculptures, ingeniously decorated by local artists and measuring 8 feet tall (antlers included) and 10 feet from nose to tail, were this summer's omnipresent Toronto tourism promotional event - they *were* everywhere! A total of 325 moose sculptures were sold out by June, mostly to corporations which, at the end of the exhibition, donated them to be part of a huge auction for local charities and for Canada's olympic athletes.

The Toronto Moose Campaign generated, among other activities, "Moose Sightseeing Tours" and a spectacular "Moose Run," where a number of moose sculptures were mounted on wheels and raced by several groups of businessmen through a course of closed-off downtown streets in Toronto as part of a big summer charity fundraiser.



TUX MOOSE



BRIDE MOOSE

For special mention is a romantic pair of moose painted and decorated as Bride and Groom. He wore magnificent "tails" with striped pants, a red carnation on his lapel and top hat. She was smashing in a lace wedding gown with pearl beading and a very rich-looking diamond and pearl necklace. Even the lace garter looked real; the veil flowed and "her" makeup was very feminine. Whether for luck or for laughs, many real wedding couples had their photos taken with this very special bridal couple.

Other moose-about-town included: Tourist Moose, Chocolate Moose, Dragon Moose, Hockey Moose, Ambulance Moose, Baby Moose, Moosaic, Mountie Moose, Pizza Moose, Moozart Moose, Strawberry Moose, Golden Moose, Royal Moose, Maple Leaf Moose...you get the idea. We even had a Mel Moose, in honour of His Worship, Toronto Mayor Mel Lastman.



McMOOSE

An ignoble sport practised by certain "off-season hunters" all through summer was the pilfering of moose antlers as trophies or souvenirs. "Antler Watch" to the rescue! This grassroots vigilante group quickly formed and did its best "to serve and protect" moose headgear all over town, unfortunately without much success. Many, many moose lost their hatracks.



OLYMPIC MOOSE BEING TRANSPORTED BY AMJ CAMPBELL INTERNATIONAL

And some moose were *really* "loose": they went all the way to the Olympics! Co-sponsored by AMJ Campbell International, Official Mover for the Canadian Olympic Association, and the Toronto 2008 Olympic Bid Committee, five special "Olympic Moose" were securely fastened inside a 40-foot container and shipped to the Olympics in Sydney, Australia, to act as ambassadors promoting Toronto's bid to hold the 2008 Summer Olympics.

Once in Sydney, the moose quickly overshadowed the "Mountie" doormen to become the stars of Moose Lodge, an 850-capacity bar at Darling Harbour where Canadians, Australians and people from all over the world came in their

thousands to get a taste of Canadian beer and Canuck hospitality. Visitors were even allowed to leave their mark. "Mel's Moose," one of the five hoofers, was left bare (perhaps we should say "blank") to act as a bulletin board for the comments and suggestions of anyone who wanted to pick up a magic marker. Folks jumped at the chance. At the end of the games the moose were destined to return home, but first "Mel's Moose" had to be cut out of the herd for a little special treatment. As Dale Brazao of the Toronto Star

wrote, when it was all over, the first place that "Mel's" was going was down to the local carwash for a bath and a rubdown!

AMJ Campbell International, Moose Sponsor Extraordinaire, has supported the Canadian Olympic teams for more than 15 years and was happy to, once again, support our athletes in their efforts to make Canada proud.

Lalescka Schreier is Sales Manager at AMJ Campbell International, a moving company specializing exclusively in the international shipment of household goods and personal effects. She may be contacted at: 416.726.1192 or <lschreier@amjint.com>.



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