	Chapter 14: 0 / 0 **Learning Objective 4:** 0.4 / 0.4 **Learning Objective 3:** 0.8 / 0.8 **Learning Objective 2:** 0.4 / 0.4 **Learning Objective 1:** 0.8 / 1.2 **Chapter 13:** 0 / 0 **Learning Objective 6:** 0.4 / 0.4 **Learning Objective 5:** 0.4 / 0.4 **Learning Objective 4:** 0.4 / 0.4 **Learning Objective 3:** 0.8 / 0.8 **Objectives 1 and 2:** 0.8 / 0.8 **Chapter 8:** 0 / 0
Total Grade:	9.6 / 12 (80%)

Learning Objective 4

Question 1: (0.4 Point)

Which assets pass outside of a will (i.e. are not subject to the terms of the will)?

I. The asset has a named beneficiary.
II. The asset is held in joint tenancy.
III. The isssets held in tenancy in common.

I, II and III.
II and III, only.
I and II, only.
I and III, only.

Question 2: **What is/are advantages of an intervivos trust?**

(0.4 Point)

I. An intervivos trust receives preferential tax treatment.
II. Assets held in the trust are not subject to probate.
III. The grantor can dictate how assets transferred to the trust are managed.

I, only.
II and III, only.
I, II and III.
III, only.

Learning Objective 3

Question 3: **Identify the incorrect statement.**

(0.4 Point)

A power of attorney only has effective during your lifetime.
A power of attorney is automatically revoked in the case of legal incapacity.
In order to handle diverse tasks, your attorney requires a specific power of attorney.
A general power of attorney grants a broader range of powers than a specific power of attorney.

Question 4: **Who manages the assets left in trust for your minor children?**

(0.4 Point)

The liquidator.
The guardian.
The executor.
The trustee.

Question 5: **A senior wishes his adult daughter to make decisions on his behalf with respect to his investment portfolio during his lifetime. Which document would empower her to do so?**

(0.4 Point)

Power of attorney.
Living will.
Formal will.
Codicil.

Learning Objective 2

Question 6: **Your aunt died recently and left her assets divided equally amongst her three nieces "per stirpes". If one of the nieces has predeceased the aunt, who inherits her part?**

(0.4 Point)

Her descendants (e.g. children).
The two remaining nieces.
The state.
Her husband.

Question 7: **When is your will revoked automatically (except in Quebec)?**

(0.4 Point)

When you separate.
When you divorce.
When you marry.
When you die.

Learning Objective 1

Question 8: **Which statement concerning estate planning is correct?**

(0.4 Point)

Estate planning is distinct from and unrelated to retirement planning.
Estate planning deals with what happens to your property after your death.
An estate plan is usually implemented by a will and one or more trust agreements.
Estate planning benefits primarily the wealthy.

Chapter 15

Learning Objective 6

Question 9: **Refer to Exhibit 14-11. If you start your retirement with a nest egg of $100,000. how much can you withdraw each year for 10 years before your nest egg disappears based on an interest rate of 5.5%?**

(0.4 Point)

$1,074
$645

$337
$61

Learning Objective 5

Question 10: **For retirement planning purposes, which registered pension plan provides the most predictable retirement income?**

(0.4 Point)

Defined Contribution Pension Plan.
Deferred Profit Sharing Plan.
Defined Benefit Pension Plan.
Group RRSP.

Question 11: **According to the textbook, how much would an employee contribute to the Canada Pension Plan if her gross salary is $50,000?**

(0.4 Point)

$3,529
$4,604
$2,302
$5,221

Question 12: **Which statement is false?**

(0.4 Point)

Your RRSP contribution room is calculated as 18% of your prior year's earned income, less your pension adjustment, plus unused contribution room from prior years.
The maximum RRSP over-contribution that is permitted without penalty is $2,000.
Participation in a registered pension plan will reduce an individual's ability to contribute to an RRSP.
Cash cannot be held in your RRSP.

Question 13: **To which plan can an employee not contribute?**

(0.4 Point)

Defined Contribution Pension Plan.
Group RRSP.
Deferred Profit Sharing Plan.
Defined Benefit Pension Plan.

Learning Objective 3

Question 14: **What percent of pre-retirement gross income do financial planners estimate a retiree will need?**

(0.4 Point)

70%
60%
80%
90%

Learning Objective 2

Question 15: **Which statement is false concerning a reverse mortgage?**

(0.4 Point)

A reverse mortgage can be paid out as a lump sum or as a monthly income.
The homeowner is never forced to sell his/her home even if the accrued value of the mortgage exceeds the market value of the home.
Funds granted under a reverse mortgage are received tax-free.
Funds received under a reverse mortgage may reduce the individual's Old Age Security benefits due to the "claw-back".

Learning Objective 1

Question 16: **Why has it become more important to plan for retirement?**

(0.4 Point)

I. Because people live longer and will spend more years in retirement. As a
result, they need more retirement savings.
II. Because fewer companies are offering generous retirement plans.

**III. Because people expect a higher standard of living in retirement than they
enjoyed during their working years.**

II and III, only.
I and III, only.
I and II, only.
I, II and III.

Chapter 14

Learning Objective 4

Question 17:

An investor wishes to receive a steady and predictable income stream from his mutual fund investment. Which type of withdrawal option would suit him best?

(0.4 Point)

Withdraw a specified dollar amount.
Withdraw a fixed percentage of asset growth.
Cash in a specified number of units.
Withdraw asset growth resulting from income dividends.

Learning Objective 3

Question 18: **Which letter indicates that a fund does not charge a load?**

(0.4 Point)

B
U
N
F

Question 19: **What type of mutual fund reports a current yield and not a net asset value per share
(NAVPS)?**

(0.4 Point)

Balanced fund.
Money market fund.
Bond fund.
Equity fund.

Learning Objective 2

Question 20: **Which type of mutual fund sacrifices diversification to seek higher returns?**

(0.4 Point)

International fund.
Money market fund.
Specialty fund.
Asset allocation fund.

Learning Objective 1

Question 21: **An active investor buys and sells investments on a daily basis. In order to discourage this investor from transacting frequently, what type of fee would likely be charged?**

(0.4 Point)

Processing fee.
Annual administrative fee.
Short-term trading fee.
Account set-up fee.

Question 22: **At the beginning of 2009, a mutual fund's net asset value per share was $5.00. It grew to $6.00 by the end of 2010 and to $7.00 by the end of 2011. The fund charges a back-end load of 5%, that drops by 1% each year until it equals zero after 5 years. How much would an investor have received per unit by selling the fund at the end of 2011?**

(0.4 Point)

$6.65
$5.70
$6.79
$5.76

Question 23: **Which are the two major reasons investors purchase mutual funds?**

(0.4 Point)

I. Mutual funds are easier to purchase than stocks or bonds.
II. Fees to acquire mutual funds are less than the commissions on stocks or bonds.
III. Mutual funds are managed by professionals.
IV. Mutual funds offer instant diversification.

I and III, only.
III and IV, only.
I and II, only.
II and IV, only.

Chapter 13

Learning Objective 6

Question 24: **Which factors will increase the cost of automobile insurance?**

(0.4 Point)

I. Volunteering to drive your son's friends to sports events.
II. Turning 75 years of age.
III. Living in a city.

I and III, only.
I and II, only.
I, II and III.
II and III, only.

Learning Objective 5

Question 25: **If you wish to insure your car for theft only, which coverage would you chose?**

(0.4 Point)

Collision.
Property damage.
Comprehensive.
All risk.

Learning Objective 4

Question 26: **The deductible on your home insurance is $1,000. You make a claim for stolen goods in the amount of $1,500. What will be your insurance settlement?**

(0.4 Point)

$2,500
$500
$1,000
$1,500

Learning Objective 3

Question 27: **If you wish additional property insurance to cover damage or loss to an item of high value, what should you purchase?**

(0.4 Point)

A personal articles endorsement.
A rider.
Cost value coverage.
Tenant's insurance.

Question 28: **Which type of insurance refers to supplemental personal liability coverage?**

(0.4 Point)

Voluntary.
Depreciated.
Umbrella.
Replacement.

Objectives 1 and 2

Question 29: **By not seeking insurance, which risk management method have you adopted?**

(0.4 Point)

Risk reduction.
Risk avoidance.
Risk assumption.
Risk shifting.

Question 30: **Asking yourself what should be insured, for how much, what kind of insurance and from whom occurs at which step of the creation of a personal insurance program?**

(0.4 Point)

Setting insurance goals.
Developing a plan to reach your goals.
Putting your plan into action.
Reviewing your results.

Chapter 8