


	<p><b>Chapter 14: 0 / 0</b></p> <p><b>Learning Objective 4: 0.4 / 0.4</b></p> <p><b>Learning Objective 3: 0.8 / 0.8</b></p> <p><b>Learning Objective 2: 0.4 / 0.4</b></p> <p><b>Learning Objective 1: 0.8 / 1.2</b></p> <p><b>Chapter 13: 0 / 0</b></p> <p><b>Learning Objective 6: 0.4 / 0.4</b></p> <p><b>Learning Objective 5: 0.4 / 0.4</b></p> <p><b>Learning Objective 4: 0.4 / 0.4</b></p> <p><b>Learning Objective 3: 0.4 / 0.8</b></p> <p><b>Objectives 1 and 2: 0.8 / 0.8</b></p> <p><b>Chapter 8: 0 / 0</b></p>
<b>Total Grade:</b>	10.8 / 12 (90%) 

## Learning Objective 4

**Question 1: Which statement is incorrect with respect to intervivos trusts?**

(0.4 Point) **The trust is for the sole benefit of the spouse.**  
 The assets of the trust no longer form part of the grantor's estate.  
 The trust is established during the grantor's lifetime.  
 Assets are transferred to the trust at their fair market value.

**Question 2: In order for the income of an inter vivos trust to be taxed in the hands of a disabled beneficiary, what must be invoked?**

(0.4 Point) **The preferred beneficiary election.**  
 The inseizability clause.  
 The tax deferred election.  
 The irrevocability clause.

### Learning Objective 3

**Question 3:** The witness to a will cannot be which of the following?

- (0.4 Point)
- A lawyer.
  - A trustee.
  - An executor.
  - A beneficiary.

**Question 4:** Which types of wills must be witnessed?

- (0.4 Point)
- I. Holographic.
  - II. Notarial.
  - III. Formal.

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

**Question 5:** What are you likely to describe in your letter of last instruction?

- (0.4 Point)
- Who you appoint as an executor.
  - To whom you wish to leave your assets.
  - Details of funeral arrangements.
  - The guardian for your minor children.

### Learning Objective 2

**Question 6:** The will of a widower leaves his primary residence and furniture to his brother and the remainder of his assets to be divided equally between his two adult children. Which terms refers to the children's inheritance?

(0.4 Point) **Residual.**  
Life interest.  
Survival.  
Specific.

**Question 7:** 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 husband.  
**Her descendants (e.g. children).**  
The two remaining nieces.  
The state.

## Learning Objective 1

**Question 8:** Which is/are excluded from the equal division of assets in the event of divorce?

(0.4 Point) **I. Inheritances received during the marriage.**  
**II. A matrimonial home brought into the marriage.**  
**III. A vehicle purchased uniquely by one spouse.**

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

## 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) \$645  
\$1,074  
\$337  
\$61

## Learning Objective 5

**Question 10:** 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) \$5,221  
\$3,529  
\$4,604  
\$2,302

**Question 11:** 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.  
Cash cannot be held in your RRSP.  
Participation in a registered pension plan will reduce an individual's ability to contribute to an RRSP.

**Question 12:** Which option to deregister an RRSP would result in the highest personal income tax obligation?

(0.4 Point) Full withdrawal.  
Transfer to a Life Income Fund (LIF).  
Purchase of a life annuity.  
Transfer to a Registered Retirement Income Fund (RRIF).

**Question 13:** Which term refers to an employee's right to benefits under an employer-sponsored pension plan in the event that she leaves the company's employment?

(0.4 Point)

- Accrual.
- Pension reversal.
- Vesting.
- Allowance.

### Learning Objective 3

**Question 14:** The inflation factor for 3% annual inflation over 20 years to retirement is 2.0. If your estimated retirement income today is \$30,000, what would be your total annual inflated retirement income?

(0.4 Point)

- \$15,000
- \$30,000
- \$45,000
- \$60,000

### Learning Objective 2

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

- (0.4 Point)
- 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 received under a reverse mortgage may reduce the individual's Old Age Security benefits due to the "claw-back".
  - Funds granted under a reverse mortgage are received tax-free.
  - A reverse mortgage can be paid out as a lump sum or as a monthly income.

### Learning Objective 1

**Question 16: Which statement is true?**

- (0.4 Point)
- Many employer health plans cease once an employee retires.
  - Saving for retirement is only for those who plan to retire in the near future.
  - If you can't save a lot, you might as well not save anything for your retirement.
  - All pension plan benefits are indexed to inflation.

## Chapter 14

### Learning Objective 4

**Question 17: Which type of payment is made to a mutual fund's shareholders resulting from the sale of securities in the fund's portfolio?**

- (0.4 Point)
- A dividend distribution.
  - A capital gains distribution.
  - An income distribution.
  - An interest distribution.

### Learning Objective 3

**Question 18: What does the letter X beside a fund's name signify?**

- (0.4 Point)
- That the fund is not available to the general public.
  - That the fund contains foreign investments.
  - That the fund is trading ex-dividend.
  - That investors may chose between a front-end or back-end load.

**Question 19: What should investors receive from the investment company and be sure to review before they purchase a mutual fund?**

- (0.4 Point)
- The annual report.
  - The prospectus.
  - An independent assessment of mutual fund performance.
  - The financial statements.

## Learning Objective 2

**Question 20: Which type of mutual fund aims to provide a mixture of interest, dividends and capital gains?**

(0.4 Point) **Balanced funds.**  
Bond funds.  
Segregated funds.  
Money market funds.

## Learning Objective 1

**Question 21: What type of fee is paid indirectly by the investor and is included in the fund's management fee?**

(0.4 Point) A load.  
A processing fee.  
**A trailer.**  
An account opening fee.

**Question 22: An investor believes the market is efficient and that active trading serves no purpose. This type of investor would be satisfied with the return earned by a well diversified mutual fund investing in the overall market. What type of fund is she likely to purchase?**

(0.4 Point) **An index fund.**  
A segregated fund.  
A deferred fund.  
An exchange traded fund (ETF).

**Question 23: 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) Account set-up fee

Annual administrative fee.  
Processing fee.  
Short-term trading fee.

## Chapter 13

### Learning Objective 6

**Question 24:** An automobile insurance premium discount will be offered for which of the following?

- (0.4 Point)
- I. Security devices.
  - II. Insuring two or more vehicles with the same company.
  - III. Lowering deductible.

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

### Learning Objective 5

**Question 25:** Which type of coverage relates to the medical expenses for persons in your car who suffered injuries in an accident for which you were responsible?

- (0.4 Point)
- Physical damage.
  - Bodily injury.
  - Collision.
  - Accident benefits.

### Learning Objective 4

**Question 26: Which will increase the cost of home insurance?**

- (0.4 Point)
- I. Part-time fire department.**
  - II. Brick structure.**
  - III. Low deductible.**

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

### Learning Objective 3

**Question 27: Your home insurance policy requires your insurer to demonstrate that the cause of a loss is specifically excluded from coverage in order to refuse a claim. What type of policy is it?**

(0.4 Point)

Specialized coverage.  
**All risk.**  
Umbrella.  
**Named perils.**

**Question 28: Which statement(s) is(are) correct?**

- (0.4 Point)
- I. The total value of the contents of your home can be calculated as a percentage of the value of home coverage.**
  - II. Personal property coverage does not cover the theft or loss of property taken away from the home.**
  - III. The replacement value of your home for insurance purposes is its current market value.**

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

## Objectives 1 and 2

**Question 29:** Which refers to the fee paid by the insured individual to the insurance company for insurance protection?

(0.4 Point)

- Policy.
- Contract.
- Premium.
- Election.

**Question 30:** How is property risk defined?

(0.4 Point)

- Loss possibilities due to negligence.
- Uncertainties surrounding loss of income or life.
- Loss possibilities due to suffering a criminal attack.
- Uncertainties of direct or indirect losses to property.

## Chapter 8

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