Five New Ways to Improve America’s Retirement Security

1. All of the following statements describing possible changes to improve America’s retirement security are correct EXCEPT:
   A. A tax exemption could be created to assist employees if their employer provides longevity contracts as an employee benefit.
   B. Mandatory counseling and/or spousal consent would help avoid premature claiming of Social Security benefits.
   C. The dissemination of information on financial elder abuse to financial planners and consumers could help reduce efforts needed on the federal and state level.
   D. Trimming the deficit and limiting the risk of runaway inflation would help promote retirement financial security.

2. Which statement(s) about the possibility of expanding summary plan descriptions (SPD) to include retirement planning concepts is (are) correct?
   I. A reengineered SPD could include model language provided by the Department of Labor (DOL) on combatting threats to a successful retirement.
   II. Incorporation of standard language provided by the DOL might increase the risk of litigation based on planning suggestions.
   A. I only    C. Both I and II
   B. II only    D. Neither I nor II

How Reliable Is Your Risk-Tolerance Questionnaire?

3. All of the following statements about risk-tolerance questionnaires are correct EXCEPT:
   A. Nearly all financial advisors use some form of risk-tolerance test or questionnaire to assess a client’s willingness to take risk.
   B. Financial advisors typically use either a revealed-preference test or a propensity measure when evaluating the risk tolerance of clients.
   C. Some financial advisors choose the revealed-preference tests because they can be mapped to portfolio recommendations in a traditional portfolio optimization model.
   D. Revealed-preference methodology requires a client to select an answer to a question that best represents that client’s attitude or belief.

4. Which statement(s) about the reliability of risk tolerance methodologies is (are) correct?
   I. A highly reliable test is one that results in a similar score if given to several different people at two different points in time.
   II. With test-retest reliability, pre- and posttest scores are evaluated with a correlation coefficient.
   A. I only    C. Both I and II
   B. II only    D. Neither I nor II

Estate Planning with Retirement Assets after the SECURE Act

5. Which statement(s) about the need for estate planning review for clients with substantial funds in a qualified retirement plan following implementation of the SECURE Act is (are) correct?
   I. The entire value of an inherited IRA must be distributed by the beneficiary no later than 10 years after the year in which the plan owner died.
   II. Under the SECURE Act, rules governing distributions of a plan to a spouse, or the choice of a spouse to roll over plan assets to an IRA, remain unchanged.
   A. I only    C. Both I and II
   B. II only    D. Neither I nor II
6. All of the following statements about conduit and accumulation trusts are correct EXCEPT:
A. Payments to a conduit trust made according to the life expectancy of a minor must be made over 10 years when the beneficiary reaches the age of majority.
B. Similar to the case when an individual is named a beneficiary of a retirement plan, the trustee of a conduit trust, together with the beneficiary, can decide when distributions will be made during the 10-year period following the beneficiary’s age of majority.
C. An accumulation trust allows a distribution from a plan to be retained by the trust with distribution to the beneficiary made as the trustee decides.
D. An accumulation trust is a taxable trust, which in 2020 is taxable at the highest tax bracket of 37 percent for taxable income in excess of $12,950.

7. Which statement(s) about the beneficiary deemed owner trusts (BDOT) is (are) correct?
I. Under the SECURE Act, it is not possible to have a plan benefit paid to an accumulation trust in which the beneficiary, rather than the trust, is taxed because the beneficiary has the right to withdraw all of the taxable income of the trust.
II. Under the BDOT arrangement, the power of the beneficiary to withdraw all of the taxable income of the trust must be exercised.
A. I only C. Both I and II
B. II only D. Neither I nor II

Fiduciary Standard Battle Fatigue
8. All of the following statements about fiduciary standards are correct EXCEPT:
A. The main argument for eliminating the Department of Labor fiduciary rule was that brokers and annuity agents serve as salespeople as well as advisors.
B. The ongoing struggle between sales and advice, and what standard should apply—suitability or fiduciary—has been disruptive to many financial services professionals.
C. The Regulation Best Interest (BI) standard has been challenged in the courts and its fate remains uncertain.
D. The CFP Board of Standards released new standards of conduct in 2019 requiring all CFP professionals to act as fiduciaries when providing any sort of advice involving financial assets, not just financial planning.

9. True or False. A recent study by the University of Georgia and the College for Financial Planning showed that more than two-thirds of respondents felt that Regulation BI could provide more clarity to clients, and it would positively benefit the financial services profession.
A. True
B. False

Integrating Work into a Retirement Plan: Some Considerations
10. True or False. According to recent statistics, men with a college degree or more on average can expect to have 21.4 disability-free years after they turn 50.
A. True
B. False

11. Which statement(s) about the advantages of working longer before retirement is (are) correct?
I. Projections are that in 2026, one in four workers will be over age 55 and they are predicted to fill over 45 percent of available new jobs.
II. The Gen X demographic is smaller than the boomer generation, and in 2026, it is predicted that this will result in a dip in the number of workers available, creating greater demand.
A. I only C. Both I and II
B. II only D. Neither I nor II
12. All of the following statements discussing challenges to working longer are correct EXCEPT:
   A. In the absence of appropriate legislative initiatives, age discrimination still exists when it comes to retaining older workers and hiring new applicants.
   B. According to a survey by AARP, 76 percent of older workers see age discrimination as a hurdle to getting a new job.
   C. Older workers may leave a job prematurely because they are unable to keep up with new and changing technology.
   D. A person’s planned retirement date can be affected by unplanned circumstances, such as health issues, or the need to care for a spouse or elderly parent.

13. Which statement(s) about the role of financial advisors in helping clients with the retirement planning process is (are) correct?
   I. In addition to providing financial guidance, financial advisors can make referrals to recruiters or career counselors or suggestions about local job-training programs.
   II. Financial advisors can engage with their clients in conversations about meaning and purpose in retirement and discuss community resources that could help clients think through their options.
   A. I only    C. Both I and II
   B. II only    D. Neither I nor II

Consumer Navigation in Health Insurance

14. Which statement(s) about value-based purchasing of health insurance plans is (are) correct?
   I. Public and private insurers describe value-based purchasing as a key strategy for transforming the health care delivery system.
   II. Value-based purchasing uses a variety of approaches such as bundled-payment models for specific treatments and reimbursement models that tie payments to measurable aspects of value.
   A. I only    C. Both I and II
   B. II only    D. Neither I nor II

15. All of the following statements about payment mechanisms for health care are correct EXCEPT:
   A. Current payments for integrated care are mostly disease-specific.
   B. It is approximated that just under 40 percent of health care payments are made using a traditional fee-for-service model.
   C. Estimates are that over 75 percent of payments for health care are based on a fee-for-service platform with adjustments based on quality metrics.
   D. Reimbursements through health care organizations facing global budgets or a fixed per member per month payment are estimated to be only 5 percent of total health care payments made.

16. All of the following statements about third-party patient advocacy and navigator firms are correct EXCEPT:
   A. Some of the services offered by patient-advocacy firms include advising patients on the quality of providers, offering price transparency tools, identifying high-risk enrollees, and offering access to appropriate services.
   B. Patient-advocacy firms act as the face of the employers’ health benefits and can assist consumers in identifying in-network providers.
   C. Third-party health navigator firms use data analytics to create apps to help consumers utilize tools needed to manage their health and health care.
   D. Third-party patient advocacy organizations are often associated with higher consumer costs and a reduction in adherence to medical treatments.
Caveats to Investing in Opportunity Zones

17. All of the following statements about investing in qualified opportunity zones (QOZs) and qualified opportunity funds (QOFs) are correct EXCEPT:
A. All capital gains invested in QOFs are eligible for the tax benefits associated with qualified opportunity zones.
B. A QOF is a partnership or corporation that is used as a vehicle for investing in a QOZ.
C. QOFs are intended to spur growth in economically depressed communities.
D. For an investor to benefit from the tax incentives associated with QOZs, the underlying investment needs to be viable on its own.

18. All of the following statements regarding the QOZ timeline are correct EXCEPT:
A. For investments made prior to January 1, 2022, after the investment is held for 5 years, 10 percent of the deferred gain is excluded from taxation.
B. The 7-year holding period required to receive the 15 percent exclusion is still attainable if the investment is made prior to January 1, 2022.
C. Within 180 days of a capital transaction, an investor can invest the capital gain amount in a QOF and elect to defer tax on that gain until December 31, 2026.
D. To recognize the gain exclusion on the sale of the QOF, the investment must be sold by December 31, 2047.

19. Which statement(s) about tax considerations that must be made when investing in a Qualified Opportunity Zone Business (QOZB) is (are) correct?
I. Any ordinary income generated by the QOZB is subject to higher ordinary tax rates, but that ordinary tax is eligible for exclusion or deferral.
II. Due to the 10-year holding period, any taxes associated with the QOF investment must be paid with outside funds.
A. I only
B. II only
C. Both I and II
D. Neither I nor II

Bitcoin’s IRS, SEC, and CFTC Treatment:
The Current State of Affairs

20. Which statement(s) about the volatility of cryptocurrency is (are) correct?
I. From April 1, 2019, to June 30, 2019, the quoted price for one bitcoin rose 165.40 percent.
II. Registered investment advisors or registered representatives should document their disclosure of the very risky nature of cryptocurrency investments to their clients.
A. I only    C. Both I and II
B. II only    D. Neither I nor II

21. All of the following statements about the federal tax treatment of bitcoin are correct EXCEPT:
A. Long-term capital gains apply to bitcoin held for investment over 5 years.
B. The tax treatment of bitcoin depends on whether it was acquired as income or as an investment.
C. Bitcoin held for investment can be considered either short-term or long-term capital gains.
D. The Internal Revenue Service considers bitcoin to be property.

22. Which statement(s) about the retail component of bitcoin is (are) accurate?
I. Some retailers are accepting cryptocurrencies through third-party payment processors that convert consumers’ cryptocurrencies into cash for purchases.
II. Despite fluctuations in the value of bitcoin, the actual price in dollars of retail purchases will be easy to quantify as reporting and tracking methods are used.
A. I only
B. II only
C. Both I and II
D. Neither I nor II

23. True or False. The best advice for registered investment advisors or registered representatives is to encourage their clients to invest as early as possible in exchange-traded cryptocurrency funds.
A. True    B. False
Environmental, Social, and Governance Investing: Investor Demand, the Great Wealth Transfer, and Strategies for ESG Investing

24. All of the following statements about the Morningstar research results gauging interest in ESG investing are correct EXCEPT:
   A. Out of 948 respondents, 72 percent of the overall population expressed medium to high interest in ESG investing.
   B. A comparison of generational preferences revealed that scores for millennials and Generation Xers were statistically equivalent.
   C. Research results supported the traditional belief that women and millennials express significantly higher interest in ESG investing.
   D. When evaluating the results of the study focusing on generational preferences, researchers found that baby boomers expressed the lowest interest in ESG investing out of the age groups surveyed.

25. All of the following are examples of environmental, social, and governance issues EXCEPT:
   A. Climate change and greenhouse gas emissions
   B. Income inequality
   C. Wealth management
   D. Accident and safety management

26. Which statement(s) about the research conducted by Deloitte Center for Financial Services estimating how generational wealth may evolve from 2015 to 2030 is (are) correct?
   I. Until at least 2050, there will be nearly 61 million baby boomers and they are projected to remain at the top of the wealth rankings.
   II. By 2030, millennials are estimated to have a new wealth of $37 trillion, and they will be poised to overtake baby boomers as America’s wealthiest generation.
   A. I only
   B. II only
   C. Both I and II
   D. Neither I nor II

27. All of the following statements about the great financial advisor transfer are correct EXCEPT:
   A. An InvestmentNews survey found that 94 percent of children leave their parents’ financial advisor after the children inherit their wealth.
   B. According to Cerulli Associates, the two most cited reasons for clients leaving high-net-worth practices were clients’ deaths and the beneficiaries opting to leave after receiving inheritances.
   C. Results of an Accenture survey showed that 86 percent of advisors believe they understand the needs of their clients’ heirs, but only 32 percent said they currently work with those heirs.
   D. Research has shown that the most effective strategy for stemming losses due to client mortality is building strong intergenerational bonds with a client’s heirs.

28. All of the following statements about ESG investing options are correct EXCEPT:
   A. According to a study by TD Ameritrade, almost half of millennials, a third of Gen Xers, and a quarter of all baby boomers would move their investment account to a different firm to gain broader access to ESG offerings.
   B. A recent Morningstar Research study on the availability of sustainable funds in 2018 reported an increase of nearly 50 percent from 2017 to 2018.
   C. Research by Riedl and Smeets showed that although investors hold ESG mutual funds to achieve social impact, financial motives have come to play a greater role in ESG investing decisions.
   D. The 351 ESG funds listed in the Morningstar landscape report, on average, outperformed on a relative basis in 2018.
Does It Matter How One Gets Gold Exposure? For Sure!

29. All of the following statements about investing in gold are correct EXCEPT:
A. Gold is often seen as a safe haven asset that will likely perform relatively well in times of economic or political peril.
B. Many investors have little investment in gold and may not know the differences between gold bullion funds and gold miners’ funds.
C. China has been investing in gold as a way to reduce USD exposure.
D. Although gold generates no positive cash flow, investors have found the means to assign an intrinsic value for gold.

30. Which statement(s) about the performance of gold bullion funds versus gold miners’ funds is (are) correct?
I. Gold bullion will not always outperform gold miners’ funds.
II. Gold miners’ funds are not only exposed to gold prices, but are also exposed to the costs associated with extracting gold.
A. I only    C. Both I and II
B. II only    D. Neither I nor II