Question #1 of 36

Question ID: 1708857

Assume a married couple is funding their retirement with defined contribution (DC) assets. Which of the following *best* describes the future liabilities and income projections for a couple in the peak accumulation stage?

A) Future liabilities are known, and future income is unknown.

B) Both future liabilities and future income are unknown.

C) Both future liabilities and future income are known.

Question #2 of 36

Question ID: 1708851

Using legal tax reduction strategies with the intention of avoiding paying taxes altogether is:

A) anticipated by government taxing authorities, which prosecute such individuals for not paying taxes.

B) expected of any tax-paying entity or individual and is legal.

C) considered tax evasion, which is illegal.

Question #3 of 36

Question ID: 1708836

During the current year, Dinusha Singh's tax-deferred account (TDA) had $22,000 realized gains from its domestic equity investments and incurred $12,000 unrealized losses from its foreign equity investments. If Singh makes a $22,000 withdrawal from her TDA at the end of the year, she would be subject to:

A) capital gains taxes on the entire $22,000.

B) income taxes at her marginal tax rate on $10,000 because the losses would offset a portion of the gains.

C) income taxes at her marginal tax rate on the entire $22,000.

Question #4 of 36

Question ID: 1708825

Oscar DeLaNueva is a wealthy fashion designer based in Colombia. He is very conservative about investing in that he prefers to invest in safe securities, and he does not have a need for current income. DeLaNueva also has a very favorable view of global markets as he is undeterred by recent political turmoil in his region.

DeLaNueva's wealth manager has proposed three potential asset allocations. Allocation 1 was generated by using mean-variance optimization (MVO), while the other two asset allocations are currently used by other clients of the wealth manager.

	MVO Allocation 1	**Asset Allocation 2**	**Asset Allocation 3**
Investment-grade corporate bonds	15%	30%	10%
High-yield bonds	20%	20%	10%
Large-cap global equity	40%	5%	40%
Small-cap global equity	5%	15%	15%
Commodity index fund	5%	20%	20%
Real estate	15%	10%	5%
Total	**100%**	**100%**	**100%**
Expected return	9.0%	7.5%	8.5%
Annual volatility (standard deviation)	9.0%	7.5%	8.5%

Given this information, which asset allocation would be *most appropriate* for DeLaNueva?

A) Allocation 2.

B) Allocation 3.

C) Allocation 1.

Question #5 of 36

Question ID: 1708845

Assume that €125,000 is invested in a tax-exempt account. What is the after-tax balance in the account after 15 years if the tax rate is 28% and the pretax return is 11%?

A) €392,138.

B) €465,613.

C) €598,074.

Question #6 of 36

Question ID: 1708840

A South African citizen with investments in the Cayman Islands would *most likely* be subject to:

A) the Foreign Account Tax Compliance Act (FATCA).

B) both the FATCA and CRS.

C) the Common Reporting Standard (CRS).

Question #7 of 36

Question ID: 1708855

Based on the following information, what would be the initial impact to an investor of a share sale on January 1, Year 3 (when the share price is $130), using the highest-in, first-out (HIFO) tax lot accounting method?

(Note: Assume that the tax rate is 20% on long-term capital gains and 40% on short-term gains.)

Tax Lot Purchase Date	Shares	Acquisition Price
December 31, Year 1	1,000	$110
June 30, Year 2	1,000	$140
December 31, Year 2	1,000	$135

A) $4,000 tax benefit.

B) $4,000 tax liability.

C) $2,000 tax benefit.

Question #8 of 36

Question ID: 1708853

An investor who is looking for the greatest level of tax flexibility with the ability to offset realized gains and losses against all of his investments would benefit most from a(n):

A) exchange-traded fund.

B) mutual fund.

C) separately managed account.

Max and Gloria Smith are in their late 20s. They're married and live in a rented apartment. Gloria is a nurse, while Max works in the marketing department for a national car manufacturer. They work full-time with a combined household income of 110,000 EUR. They have a modest lifestyle and are both in excellent health. Gloria is about two years away from paying off her student debt. In her free time, she has been actively volunteering for a local charity for children with autism. Together with Max, they're considering buying a home and starting a family in the next 2 to 3 years.

Gloria and Max have been careful about their spending habits and managed to accumulate 25,000 EUR in their taxable brokerage account consisting of various public equity index funds as suggested by their robo-advisor.

The Smiths are meeting with their new financial advisor, Andrew Colins, CFA, to discuss their financial future and goals. Gloria is eager to take on more control of their portfolio and want the financial advisor to focus on selecting a few individual stocks that could generate sufficient returns in the next 2 to 3 years.

During the initial assessment with the advisor, Max mentioned,

> "We would like to retire in our mid-60s and would like to have sufficient funds to maintain a comfortable lifestyle when we are older."

Gloria added,

> "It would be ideal if I could partly retire and work part-time in my early 50s. I would like to focus more of my time on the local charity."