

FINAL EXAM – Annuity 8-Hour Training Course

1. How do *immediate and deferred annuities* differ?
 - A. In the timing of benefit payments
 - B. Only deferred contracts are guaranteed
 - C. Immediate plans offer long-term growth
 - D. Deferred plans create current income
2. Concerning the risk of *variable annuities*, which of the following are important to keep in mind
 - A. The insurance company
 - B. The fluctuating nature of investments
 - C. The guaranteed death benefit
 - D. A&B
3. In *owner-driven annuity* contracts, benefits are based on something happening to the _____.
 - A. Annuitant
 - B. Owner
 - C. Beneficiary
 - D. Insurance Company
4. The *downside* of buying annuities in retirement is _____.
 - A. Too many could negatively effect liquidity
 - B. Scams are may convince seniors they are safer than bank CDs
 - C. Solicitors often pose as experts to sell what a senior doesn't need
 - D. All of the above
5. Knowing the difference between *two products* you sell is a legal responsibility as proved in
 - A. Acme v. Bolter
 - B. Benton V. Paul Revere
 - C. Sargent v. Rollins
 - D. Jason v. Conner
6. In a *fixed annuity*, *investment* authority and risk are the responsibility of
 - A. The agent
 - B. The annuitant
 - C. The insurance company
 - D. The owner
7. When the owner of a non-qualified annuity dies, his entire *death benefit* must be distributed within _____ years.
 - A. 3 Years
 - B. 5 Years
 - C. 7 Years
 - D. 9 Years
8. The *Rule of 72* is useful to quickly tell how long it will take invested money to double with _____.
 - A. Taxes already removed
 - B. No tax or deferred tax
 - C. Capital gains applied
 - D. Double digit interest rates
9. *Advertising to seniors* is defined as the use of envelopes, stationary, business cards or other materials designed to _____.
 - A. Attract attention
 - B. Mislead consumers
 - C. Describe or encourage the purchase of an annuity
 - D. Tell a story
10. *Disadvantages* of owning annuities for people over 60 years include:
 - A. They have less time for tax-deferred growth to work
 - B. They are closer to the age when they may need to withdraw funds
 - C. They are not subject to the IRS 10% penalty
 - D. A & B
11. Which of the following are *symptoms* that a senior's judgment and mental capacity is reduced or impaired:
 - A. Problems remember recent events
 - B. Difficulty following simple directions
 - C. Disorientation of time and place
 - D. All
12. A *refund option* provides that the company will pay out an amount equal to _____.
 - A. \$10,000
 - B. Total dollars paid as premiums
 - C. One-half the death benefit
 - D. Double the death benefit
13. Agents *advertising a seminar* or class about annuities must also add the words _____.
 - A. Free lunch
 - B. Free advice
 - C. And insurance sales presentation
 - D. No investment required

FINAL EXAM – Annuity 8-Hour Training Course

14. *Gain from variable annuities*, like mutual funds, is kept by the owner. If investments plummet then _____.
- A. No one makes up the difference
 - B. The state guaranty fund kicks in
 - C. The insurance company chips in
 - D. The annuitant must resign
15. *Portfolio annuity renewal rates* are based on _____.
- A. Earnings of the portfolio
 - B. A pre-determined rate
 - C. The prevailing prime rate
 - D. Whatever is agreed between the parties
16. The *exclusion ratio* computes the amount of each annuity payment that _____.
- A. Must be taxed
 - B. Won't be taxed
 - C. Receives capital gains
 - D. Is distributed at death
17. The concept behind *dollar cost averaging* is that spreading purchases over time will average out _____.
- A. The payout
 - B. Potential highs and lows
 - C. Tax deductions
 - D. The mix
18. A *crisis waiver* allows the waiver of _____ should an owner illness of develop.
- A. Taxes owed
 - B. All surrender charges
 - C. Certain fees
 - D. Nonforfeiture
19. *Reasonable expectation* theory states that if coverage or benefits are implied to a reasonable person, but not in the language of the policy, then _____.
- A. Coverage / benefits extend to the policyholder
 - B. Only the attorneys get paid
 - C. A lawsuit can commence
 - D. The insurance company wins
20. The *distribution of an annuity contract* owned inside a qualified plan _____.
- A. Is the same as other qualified plan distributions
 - B. Allows for special tax breaks
 - C. Is not allowed
 - D. Must occur over five years
21. The *Rule of 108* calculates the amount of time it takes for _____.
- A. A non-taxable account to double
 - B. A taxable account to double
 - C. A taxable account to triple
 - D. A non-taxable account to triple
22. To *justify the replacement* of a contract, experts believe there should be _____ because of the associated costs.
- A. No commissions involved
 - B. No tax
 - C. Multiple reasons and benefits
 - D. An escrow
23. *Post-retirement planning* doesn't end when a client retires, because he must _____.
- A. Maximize income
 - B. Refine goals
 - C. Minimize taxes and withdrawal penalties
 - D. All of the above
24. *Needs analysis* helps the agent sell the right amount of insurance or product _____.
- A. For the right amount of commission
 - B. In the least amount of time
 - C. For the right reasons
 - D. With little resistance
25. *Variable annuity free look* provisions require that premiums during the first 30 days should be _____.
- A. Placed in a trust
 - B. Held by the owner
 - C. Invested in fixed-income investments
 - D. Invested for maximum return
26. An *annuitant-driven contract* bases benefits on something happening to the death, disability or age of the _____.
- A. Annuitant
 - B. Owner
 - C. Beneficiary
 - D. Insurer
27. The *NAIC* recommends that *annuities* sold into a qualified retirement plan include a disclosure that _____.
- A. The tax-deferred feature is unnecessary
 - B. All proceeds could be lost
 - C. Annuities are high-risk investments
 - D. Double taxation could result

FINAL EXAM – Annuity 8-Hour Training Course

28. A *misleading advertisement* might include which of the following:
- A. Coverage is somehow associated with a government agency
 - B. Wording that implies the reader might lose a right unless he acts
 - C. Use of an address that disguise the true identity of the agent
 - D. All of the above
29. *Direct mailers* designed to produce leads from seniors must now disclose that _____ if it is the case.
- A. An agent may contact the applicant
 - B. All annuities are purchased on a buyer beware basis
 - C. Annuities are risky investments
 - D. Annuities are not liquid
30. A *period certain annuity* option refers to a guarantee of payments for _____, even if the annuitant dies before the end of this period.
- A. Long period of time
 - B. Undetermined time frame
 - C. Specified number of years
 - D. Less than five years
31. New, *in-home solicitation* rules require agents to _____.
- A. Give written notice 24 hours before visiting
 - B. Notify the senior that a sales presentation will be given
 - C. End a meeting when requested
 - D. All of the above
32. A *death waiver* passes on the full account value if an owner dies _____.
- A. Without warning
 - B. Before annuitizing
 - C. Without a will
 - D. During the first year
33. A *banded* or new money annuity company is described by which of the following:
- A. Segregates different bands of contracts assigning different rates to each
 - B. Old contracts earn one rate, new contracts another
 - C. More advantageous in a rising rate market
 - D. All of the above

34. One *investor consideration* of variable annuities is the fact that they have the potential to be _____ than conventional savings or fixed annuities.
- A. Safer
 - B. More liquid
 - C. More responsive to economic trends
 - D. Easier to buy
35. A typical *living benefit guarantee* from an insurer might promise to _____ regardless of how the investment account performs.
- A. Pay a reduced death benefit
 - B. Pay a guaranteed retirement income
 - C. Pay all associated taxes
 - D. Refund any surrender charges

--END EXAM--

201	Annuity 8-Hour Training Course Final Exam	8 Hours	Instructions
------------	--	----------------	---------------------

Fill-in information below if you plan to fax or mail answers. Or, Submit Answers & get Certificates online at CEclass.com—click My Account

Name _____ E-Mail _____

Address: _____ Phone (_____) _____

City _____ State _____ Zip _____

Calif. License # _____ Type: ___ Life ___ Health ___ P&C Renewal Date _____

I certify I have reviewed the course book and completed this exam on my own. I agree to all [course conditions](#) at [www.CEclass.com](#).
If I have not paid yet, I enclose a check or authorize you to charge the credit / debit card below or one you may already have on file.

X _____ Dated _____
Signature (Required)

Visa MC AE Disc Credit Card # Expires \$ _____ Amount

- More Exams & Books at CEclass.com**
1. Review book.
 2. Fill-in answers below.
 3. Choose How To Send below.
 4. Get results in 10 days by mail or quicker via CEclass.com at My Account.
 5. Credits sent to DOI Tue & Fri.

How To Send

3 Ways To Send When Finished: 1) ONLINE (quickest): [www.CEclass.com](#) (choose My Account) **or** 2) FAX to (951) 296-3004 **or** 3) MAIL to Affordable Educators at PO Box 2048, Temecula, Ca 92593 or 4) email to orders@ceclass.com

Quicker Results

INSTANT GRADING & CERTIFICATE: Grade your test and get an instant Certificate of Completion ONLINE using **My Account** at www.CEclass.com

DOI CREDIT RUSH: CE hours are posted by DOI in approximately 48 hours (NO holidays & weekends). Check below or choose this service online.
___ YES. Charge \$15 to rush ALL my DOI credits.

Mark Your Answers With a Dark Pencil

If You Mail This Sheet, Make a Copy Before Sending

A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D	A	B	C	D
1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	9	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	17	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	25	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	33	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	10	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	18	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	26	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	34	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	11	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	19	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	27	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	35	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	20	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	28	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				
5	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	13	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	21	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	29	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				
6	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	14	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	22	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	30	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				
7	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	15	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	23	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	31	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				
8	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	16	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	24	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	32	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				