

# **CURRENT DEVELOPMENTS PERSONAL FINANCIAL PLANNING VERSION 103**

The *Current Developments in Personal Financial Planning* is a series of continuing education course for Certified Financial Planners, Chartered Professional Accountants, life agents and other financial services professionals. We recommend 6 hours of continuing education credits for each offering of the Course. You should check to ensure that the Course meets the continuing education requirements of the organization for which you are acquiring continuing education credits.

Completion of the course requires reading certain chapters of the quarterly update to The Personal Financial Planner's Manual and correctly answering 60% or more of the 10 questions on a multiple-choice examination.

## **How to proceed**

This course must be completed, and your answers submitted by December 31, 2021.

Read the following chapters and topics and make note of the amount of time that you spend reading the material. You can expect to spend at least 6 hours doing so.

### **Section 2 – Financial Management**

Chapter 3 – Home Ownership

### **Section 3 – Income Tax and Compliance Planning**

Chapter 2 – Personal Tax Rates and Credits

### **Section 7 – Retirement Planning**

Chapter 2B – Canada Pension Plan

Chapter 3B – More RRSPs and RRIFs

Chapter 5 – Other Savings Plans

Note that:

- you should not look at the questions until you are ready to start answering them;
- this is an open-book examination, and you may refer to the course material;
- you do not require an invigilator, but must complete the examination without assistance from another person;
- you have only 30 minutes to answer the 10 questions;
- the minimum pass mark is 60%; and
- there are no rewrites.

Complete the examination of 10 questions within 30 minutes. Finally, complete the Response Form and email only the Response Form to Gobeil & Associates. Upon passing the examination, you will receive an email confirming your successful completion.

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**RESPONSE FORM**

**Your answers must be submitted by December 31, 2021.**

Name: _____ Date: _____
E-mail: _____

Question	Your Answer			
1.	A	B	C	D
2.	A	B	C	D
3.	A	B	C	D
4.	A	B	C	D
5.	A	B	C	D
6.	A	B	C	D
7.	A	B	C	D
8.	A	B	C	D
9.	A	B	C	D
10.	A	B	C	D

**Examination agreement** - I spent at least 6 hours reading the course material. I personally completed the examination in 30 minutes without assistance from another person. As permitted, I may have referred to the material.

Signature: \_\_\_\_\_

**Scan only this page and email it to [info@gobeil.ca](mailto:info@gobeil.ca)**

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1. Your client, Helen Richard, has just begun living separate and apart from her spouse as a result of a breakdown in their marriage. Her spouse occupies their former residence, which is jointly owned. Her spouse is buying out Helen's share of the residence. Using the *Home Buyers' Plan (HBP)*, Helen would like to withdraw \$35,000 from her registered retirement savings plan (RRSP) to purchase a home. You advise her that there are changes to the rules for 2020.

In considering her eligibility to use the Home Buyers' Plan (HBP), what would you advise your client?

1. Helen must live separate and apart from her spouse for a period of at least 180 days.
  2. Helen's outstanding HBP balance must be nil at the beginning of the year in which she makes an HBP withdrawal.
  3. Helen must dispose of her interest in her previous principal place of residence no later than two years after the end of the year in which she makes the HBP withdrawal.
  4. Helen must dispose of her interest in her previous principal place of residence at least 31 days before the date of the HBP withdrawal.
- (A) 1 and 2
- (B) 1 and 4
- (C) 2 and 3
- (D) 3 and 4
2. For 2021, your client, Bee Late, has a net income of \$191,000. For 2021, the minimum basic personal amount (BPA) is \$12,421, the maximum basic personal amount (BPA) is \$13,808, the taxable income above which the 29% bracket begins of \$151,978, and taxable income above which the 33% bracket begins of \$216,511.

What amount can she claim as a basic personal amount?

- (A) \$12,669.30
- (B) \$12,769.30
- (C) \$12,869.30
- (D) \$12,969.30

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3. Daniel had a dependent child, Andrew who was 21 years of age and had net income of \$6,900. Daniel paid \$14,800 in medical expenses for Andrew. For 2021, the **3% of net income ceiling** is \$2,421 and the **threshold for the net income ceiling** is \$80,700.

What is the amount of the medical expenses tax credit that Daniel can claim for Andrew?

- (A) \$2,188.95
  - (B) \$2,288.95
  - (C) \$2,388.95
  - (D) \$2,488.95
4. In 2009, Matthew bought a house for \$162,000 and rented it to a third party. In July 2018, Matthew moved into the house and filed an election under ITA 45(3) and complied with the 3 conditions for the election. In 2021, Matthew sold the house for net proceeds of \$232,000.

What are the income tax consequences?

- 1. When he sold his home, Matthew had to complete a form T2091, Designation of a Property as a Principal Residence and report a capital gain of \$35,000.
  - 2. Matthew had to report a deemed disposition at FMV when the rental property became his principal residence.
  - 3. When he sold his home, the principal residence exemption allowed Matthew to reduce his taxable capital gain by \$24,230.
  - 4. When he sold his home, Matthew had to report a taxable capital gain of \$10,770.
- (A) 1 and 2
  - (B) 1 and 4
  - (C) 2 and 3
  - (D) 3 and 4

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5. Your clients, Amanda and Sven Svenson, have been married for 17 years. Sven has been making CPP contributions for 30 years, while Amanda has been making contributions for 26 years. Sven is eligible for a CPP retirement pension of \$680 per month; while Amanda is eligible for a pension of \$330 per month. They have assigned their pensions to reduce their total tax payable.

Each month, Amanda will receive:

- (A) \$414.81
  - (B) \$300.56
  - (C) \$505.00
  - (D) \$385.36
6. Jean wants to receive a disability pension benefit under the Canada Pension Plan.
- In arranging her affairs, what should Jean consider?
- 1. Jean must suffer from a prolonged and severe medical impairment, such that she is medically incapable of performing her regular job.
  - 2. Jean must have made CPP contributions in at least four of the last five calendar years.
  - 3. Jean may be required to undergo a special medical examination.
  - 4. Jean must be able to provide medical evidence of her disability.
- (A) 1 and 2
  - (B) 1 and 3
  - (C) 2 and 4
  - (D) 3 and 4

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7. Your clients, Dave and Dawn Day, have been married for 12 years. This year, and in the previous two years, Dave has contributed \$10,000 to a spousal RRSP naming his wife, Dawn as the annuitant. This year, Dawn contributed \$10,000 to the same RRSP and Dawn withdrew \$1,000 from the RRSP.

What would you advise your clients?

- (A) Dawn will have to include \$1,000 in her income for the current year.
  - (B) Dawn will have to include \$1,000 in her income next year.
  - (C) Dave will have to include \$1,000 in his income for the current year.
  - (D) Dawn will have to include \$500 in her income for the current year and Dave will have to include \$500 in his income for the current year.
8. Krang is a member of his employer's deferred profit-sharing plan (DPSP). His DPSP account consists only of shares of his employer with an average cost of \$12. Krang just terminated his interest in the DPSP and received all of the company shares directly when the shares had a fair market value (FMV) of \$18. Krang is preparing his income tax return.

What is the minimum amount that Krang must report as taxable income?

- (A) The FMV of the shares at the time that he withdrew them from the DPSP
- (B) The cost amount of the shares
- (C) 50% of any excess of the FMV of the shares at the time that he withdrew them over the cost amount of the shares
- (D) \$zero

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9. This year, Angela received a severance payment of \$230,000. On this amount of taxable income, her effective tax rate (ETR) would be 40%. Angela could transfer the severance payment to a Retirement Compensation Arrangement (RCA). If Angela were to withdraw \$57,500 per year from an RCA, her effective tax rate (ETR) would be 30%.

By passing the severance payment through an RCA and withdrawing the funds at the rate of \$57,500 per year, how much income tax would Angela save on the \$230,000?

- (A) \$20,000
  - (B) \$23,000
  - (C) \$26,000
  - (D) \$29,000
10. Your client, Michael Hope, has only a few months left to live. He has hired you to review his estate plan. Michael has a spouse, Monica, who is 57 years of age and has a net income of \$65,000. Michael has a physically disabled daughter, Jacqueline, who is 28 years of age and has a net income of \$12,000 per year. Michael has a granddaughter, Elizabeth, who is 12 years of age, has lived with them since the death of her parents and has net income of \$7,000 per year. Michael has \$450,000 in an RRSP and other investment assets of \$1,500,000. After his death, Michael expects the RRSP funds to earn 8%.

Whom should Michael name as the beneficiary or beneficiaries of his RRSP?

- (A) Monica
- (B) Jacqueline
- (C) Elizabeth
- (D) Jacqueline and Elizabeth