CURRENT DEVELOPMENTS
PERSONAL FINANCIAL PLANNING
VERSION 104

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 March 31, 2022.

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 4 – Investment Planning
Chapter 8 –Tax-Free Savings Accounts

Section 5 – Education Planning
Chapter 4 – Registered Education Savings Plans

Section 8 – Estate Planning
Chapter 7 – Charitable Donations
Chapter 9A – Death and Taxes

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 12/2020.

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

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1. Your client, Arnold, has established a family RESP for his daughter, Absinthe, who is 5 years of age; and his son, Clydewell, who is 7 years of age. Arnold has rights as the subscriber of the RESP.

   In funding the post-secondary education of his children, what would you advise Arnold?

   1. Arnold has the right to name the beneficiary or beneficiaries of the RESP.

   2. Arnold can establish a second RESP on Absinthe's behalf at a different financial institution.

   3. Arnold can withdraw his capital from the RESP at any time and pay tax on it at his effective tax rate.

   4. The contributions to the RESP must be split equally between Absinthe and Arnold.

   (A) 1 and 2

   (B) 1 and 3

   (C) 2 and 4

   (D) 3 and 4

2. Your client, Veronica Verry, set up an individual RESP for her son, Justin, but she is worried about what will happen to the funds in the plan if Justin does not enroll as a student in a specified educational program.

   What would be the consequences if Justin does not enroll as a student in a specified educational program?

   (A) Veronica could withdraw her contributions to the RESP without having to report the amount of the withdrawal as taxable income.

   (B) The Income Tax Act would not allow Veronica to substitute another beneficiary.

   (C) Veronica might be able to rollover the contributions and accumulated investment income into her RRSP.

   (D) If Veronica withdraws her contributions from the RESP, her contributions would be taxed at her top effective tax rate plus a penalty of 20%.

3. Your client, Homer Simpson, established an individual RESP for his son, Bart, who is 8 year of age. After reading his latest report card, Homer is wondering whether Bart will complete elementary school. He might be wasting his money by contributing to an RESP.

   What is a consideration for Homer's use of the RESP?

   (A) If Bart does not pursue a post-secondary education and Homer cannot change the beneficiary, the trustee will pay the accumulated income to beneficiaries of other RESPs offered by the same promoter.

   (B) If Bart does not pursue a post-secondary education by the time that he is 18 years of age, Homer can receive the accumulated income payments himself, subject to certain taxes.

   (C) If Bart pursues a trade, instead of attending college or university, Bart may be able to receive educational assistance payments while he is in training.

   (D) If Bart does not pursue a post-secondary education and Homer has enough RRSP contribution room, Homer can rollover up to $50,000 of his contributions and accumulated income to his RRSP.

4. Your client, Scott who is a Canadian resident and 45 years of age, has a tax-free savings account (TFSA). The fair market value of the TFSA is $88,950. Scott's unused TFSA contribution room at the end of last year was $12,000. Last year, Scott took a distribution from his TFSA of $4,000. Scott has never made a qualifying transfer or taken a prescribed distribution. Scott has not yet made any TFSA contributions for 2021.

   What is the amount of Scott's unused TFSA contribution room?

   (A) $16,000

   (B) $17,500

   (C) $22,000

   (D) $26,000

5. Your client, Martin, passed away last year leaving his surviving spouse, Elizabeth, as the sole beneficiary of his estate. At the time of his death, he had a tax-free savings account (TFSA) with a fair market value of $35,000. In his TFSA contract, he had not filled out the part about a successor holder, but he named Elizabeth as the beneficiary of his estate. The named beneficiary of the TFSA is Martin's estate. The estate will be settled this month. The fair market value (FMV) of Martin's TFSA is now $49,000.

   In considering the disposition of the proceeds from the tax-free savings account, what would you advise Elizabeth?

   (A) Elizabeth will become the successor holder of the TFSA.

   (B) Elizabeth may contribute the fair market value of the assets at the time of Martin's death to her own TFSA.

   (C) Elizabeth may contribute any payments that she receives from Martin's TFSA to her own TFSA.

   (D) Elizabeth will have to use her TFSA contribution room in order to contribute any payments from Martin's TFSA to her own TFSA.

6. This year, your client, Catherine Swift, a single woman, made a charitable donation of $30,000 to a registered charity. She expects to have a taxable income and net income of $236,511 for the year. She lives in a province where the conversion rate for the first $200 of donations is 11% and the conversion rate for annual donations in excess of $200 is 15%. She has claimed the Charitable Donations Tax Credit for each of the last 5 years.

   What would be the amount of her federal and provincial tax credits for donations and gifts?

   (A) $13,964

   (B) $14,164

   (C) $14,364

   (D) $14,564

7. Your client, Lisa Lampshade, wanted to find out how she could make her favorite charity, Homes for Hummingbirds, the beneficiary of the death benefit of her life insurance policy.

   What conditions must be met in order for the death benefit from an insurance policy to qualify as a charitable donation in the year of death?

   1. The policy must be a Canadian or U.S. life insurance policy under which, immediately prior to Lisa's death, Lisa's life was insured.

   2. Immediately prior to Lisa's death, the donee must be neither a policyholder under the policy nor an assignee of the taxpayer's interest under the policy.

   3. The proceeds must be transferred to a qualified donee as a direct consequence of Lisa's death, in fulfillment of the insurer's obligations under the policy.

   4. The transfer must not occur more than 48 months after Lisa's death.

   (A) 1 and 3

   (B) 1 and 4

   (C) 2 and 3

   (D) 2 and 4

8. Your client, Armand Almond, has been putting his estate in order. Armand is considering the purchase of a gift annuity from the Save the Shrew Foundation for a payment of $60,000. The annuity would pay $4,000 per year and have a term of 10 years. He could have purchased a 10-year term annuity of $4,000 per year from an arm's length third party for $30,000. He wants to make some significant charitable donations but finds the tax treatment of donations to be quite complex. He asks you for guidance.

   In acquiring a charitable gift annuity, what would you not advise Armand?

   1. If Armand were to acquire personal-use property as part of an arrangement in which the property is donated as a charitable gift, the $1,000 floor rule would apply.

   2. If Armand were to donate his RRSPs by way of a named beneficiary designation, his personal representative would be able to claim a charitable donation tax credit on Armand's final return.

   3. If Armand were to donate his life insurance proceeds by way of a named beneficiary designation, his personal representative would be able to claim a charitable donation tax credit on Armand's final return.

   4. Armand's charitable donation to Save the Shrew was $20,000.

   (A) 1 and 2

   (B) 1 and 4

   (C) 2 and 3

   (D) 3 and 4

9. After Desmond died, his executor sold his apartment building in accordance with the terms set out in Desmond's Will. The building was sold for $80,000, the ACB was $140,000 and the UCC was $110,000. The land was sold for $80,000 and the ACB was $110,000.

   What are the income tax consequences?

   1. Desmond has a terminal loss of $30,000.

   2. Desmond has a recapture of $30,000.

   3. Desmond has a capital loss of $30,000.

   4. Desmond has terminal loss of $60,000.

   (A) 1 and 3

   (B) 1 and 4

   (C) 2 and 3

   (D) 2 and 4

10. Your client, Emmanuel, is acting as personal representative for his deceased brother, Eamon. Emmanuel is preparing an optional return for rights and things.

    What could Emmanuel not include?

    (A) Vacation pay owed to Eamon by his employer prior to his death

    (B) Dividends that have been declared, but are not payable until after Eamon's death

    (C) Uncashed matured bond coupons

    (D) Bond interest that has been earned, but is not payable until after Eamon's death

