

CURRENT DEVELOPMENTS PERSONAL FINANCIAL PLANNING VERSION 108

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 at least 60% of the 10 questions on a multiple-choice examination.

How to proceed

This course must be completed, and your answers submitted by March 31, 2023.

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 Compliance and Planning

Chapter 3 – Taxation of Employees

Chapter 5 – Taxation of Property Income

Section 4 – Investment Planning

Chapter 5 – Analysis, Derivatives, Crypto

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 March 31, 2023.

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

<p>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.</p> <p style="text-align: center;">Signature: _____</p>

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1. On January 18, 2022, Marionette made an RRSP withdrawal under the Home Buyers' Plan (HBP). Her HBP balance is now \$11,850.

What are the income tax implications?

1. If Marionette were to die, Marionette would have to repay her withdrawal immediately.
 2. If Marionette were to sell the house, Marionette would have to repay her withdrawal immediately.
 3. If Marionette were to become a non-resident, Marionette would have to repay her withdrawal immediately.
 4. If Marionette were to attain 70 years of age, Marionette would have to repay her withdrawal immediately.
- (A) 1 and 2
- (B) 1 and 3
- (C) 2 and 4
- (D) 3 and 4
2. Leo, Od'San, Zelda, and Thomas have all rented out their homes. Each of them has filed an election under Section 45(2) of the Income Tax Act to continue designating their property as a principal residence.

Who will not have a deemed disposition when reoccupying their homes?

- (A) Leo, who worked in the Yukon before reoccupying his home after an absence of 37 months.
- (B) Od'San, who became a resident of Japan for two years for income tax purposes before returning to Canada to reoccupy his home.
- (C) Zelda, who claimed capital cost allowance (CCA) while the house was rented
- (D) Thomas, who purchased a condo in another province and reported it as his principal residence when he sold it before reoccupying his original home.

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3. Dino's effective tax rate (ETR) on ordinary income is 37.23%. This year, he received a cash dividend of \$3,000 from a Canadian-controlled private corporation that was not paid from the corporation's general rate income pool (GRIP). He lives in a province with a conversion rate for the dividend tax credit for non-eligible dividends of 6.40%.

What is Dino's effective tax rate (ETR) on the dividend?

- (A) 21.87%
 - (B) 25.07%
 - (C) 26.80%
 - (D) 46.54%
4. Opco Inc. is a Canadian-controlled private corporation (CCPC). For the corporation's year ending March 31, the corporation had taxable income of \$600,000, the corporation's tax rate on income up to the small business limit was 18%, and the corporation's tax rate on income in excess of the small business limit was 26%. Opco Inc. did not pay any dividends. All of the corporation's retained earnings are invested in the business and the corporation does not have any passive investment income.

By how much did the corporation's general rate income pool (GRIP) increase?

- (A) \$74,000
- (B) \$136,000
- (C) \$320,000
- (D) \$400,000

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5. A number of stores in the Really Big Mall give price breaks to their employees. You have four clients who are employed by the Really Big Mall. In managing their affairs, what would you advise them?
1. Susan, an employee of Kitchens Plus, who was allowed to purchase a set of dishes below cost, incurred a taxable benefit.
 2. Sally, who took advantage of the 15% discount available to all employees to purchase a reference book from The Reading Nook, incurred a taxable benefit.
 3. Jessica, who took advantage of the opportunity available to senior employees to purchase merchandise at 5% above cost to purchase a sofa at The Furniture Factory, incurred a taxable benefit.
 4. Emily, whose employer gave her 80% off on purchase of some damaged linens, incurred a taxable benefit.
- (A) 1 and 2
- (B) 1 and 3
- (C) 2 and 4
- (D) 3 and 4
6. Last year, your client, Vanessa, worked for XYZ Liquidation Services for 6 months. One day, Vanessa found the doors locked and an out-of-business sign on the door. This year, Vanessa spent \$500 in legal fees trying to recover \$2,000 in lost wages. While the lawyer was able to prove that Vanessa was owed back wages, she did not receive payment because XYZ was bankrupt. What would you advise your client?
- (A) Vanessa can deduct the legal fees on her tax return for last year.
- (B) Vanessa can deduct the legal fees on her tax return for this year.
- (C) Vanessa cannot deduct the legal fees on either her tax return for this year or last year because she was not successful in recovering the lost wages.
- (D) Vanessa cannot deduct the legal fees on either her tax return for this year or last year because legal fees are never deductible from employment income.

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7. The current price of a share of BetaTech Inc. is \$12. Carla believes that this stock will drop in the near future, so she wrote a call option for 300 shares of BetaTech Inc.

Which of the following would not cause an increase in the value of Carla's call option?

- (A) An increase in the price of the BetaTech stock
 - (B) An increase in the strike price of Carla's call option
 - (C) An increase in the time to expiry of Carla's call option
 - (D) An increase in the variability of the BetaTech stock
8. Dilbert wrote naked June 20 calls for \$1.50 per share when the share price was also \$20. By mid-June, the price of the shares had risen to \$35, and the call option was exercised.

In managing these call options, what should Dilbert consider?

- 1. The maximum loss on the call option is limited to the premium less the strike price.
 - 2. Dilbert will have to purchase the stock at a price of \$35 per share or settle for cash of \$35 per share.
 - 3. The loss on a naked call increases as the price of the underlying security increases.
 - 4. Dilbert suffered a net loss of \$15 per share.
- (A) 1 and 3
 - (B) 1 and 4
 - (C) 2 and 3
 - (D) 2 and 4

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9. Your client, Francis Bacon, bought 225 units of Ethereum. For this purchase, Francis used 3.50001 Bitcoins, which were trading at \$16,700 per unit on that day. Francis originally bought those Bitcoins for \$23,000. The cryptocurrency in question was held as an investment on account of capital. Francis originally bought those Bitcoins for \$23,000.

What is the amount of the taxable capital gain that Francise must report?

- (A) \$17,725
 - (B) \$19,745
 - (C) \$35,450
 - (D) \$39,490
10. Your client, Francis Bacon, bought 225 units of Ethereum. The cryptocurrency in question is held as an investment on account of capital. He wants to know whether any of the following activities would have tax consequences.

Which of the following activities would you advise your client would have tax consequences?

- 1. Using his cryptocurrency to buy goods or services.
 - 2. Transferring his cryptocurrency to another wallet.
 - 3. Converting his cryptocurrency to Canadian dollars.
 - 4. Transferring his cryptocurrency to an alter ego trust.
- (A) 1 and 2
 - (B) 1 and 3
 - (C) 2 and 4
 - (D) 3 and 4