CURRENT DEVELOPMENTS
PERSONAL FINANCIAL PLANNING
VERSION 110

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

Your answers must be submitted by December 31, 2023.

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

Due to the changes that were made to the First Home Savings Account (FHSA) and the Underused Housing Tax Act (UHT) between the proposed legislation and the legislation that received Royal assent, please respond to these questions using the Chapter 3 – Home Ownership that was released with Update 111 to the Manual and has the dates in the footers of the pages of 12/2022.

Section 2 – Financial Management

Chapter 3 – Home Ownership dated 12/2022

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 40 minutes to answer the 10 questions;
- the minimum pass mark is 60%; and
- there are no rewrites.

Complete the examination of 10 questions within 40 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, 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

Examination agreement - I spent at least 6 hours reading the course material and completing the exam ination. I personally completed the examination in 40 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, 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.

   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. Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

   What would you advise your clients?

   1. Your contributions to an FHSA would be deductible, income earned in an FHSA would not be subject to tax, and qualifying withdrawals from an FHSA to purchase a first home would be non-taxable.

   2. If you have made a non-taxable withdrawal to purchase a home, you would only be eligible to open another FHSA if you have not owned a home during the preceding 4 calendar years.

   3. To open an FHSA, you must not have lived in a home that you owned either: at any time in the year that the account is opened or during the preceding 6 calendar years.

   4. Amounts that you withdraw for purposes other than to make a qualifying first home purchase would be subject to tax.

   (A) 1 and 2

   (B) 1 and 4

   (C) 2 and 4

   (D) 3 and 4

3. Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

   What would you advise your clients?

   1. As a couple, your combined lifetime limit on contributions is $40,000, subject to an annual contribution limit of $8,000.

   2. Any unused annual contribution room may be carried forward.

   3. You are permitted to hold more than one FHSA, but the total amount that you may contribute to all of your FHSAs may not exceed your annual and lifetime FHSA contribution limits.

   4. Once you have made a non-taxable withdrawal to purchase a home, you are required to close your FHSAs within a year from the first withdrawal.

   (A) 1 and 2

   (B) 1 and 3

   (C) 2 and 4

   (D) 3 and 4

4. Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

   What would you advise your clients?

   1. At any time before the year that you turn 71, either of you may transfer funds from an FHSA to a registered retirement savings plan (RRSP).

   2. Transfers to your RRSP would reduce your RRSP contribution room. Withdrawals and transfers would replenish your FHSA contribution limits.

   3. If you have not used the funds in your FHSA for a qualifying first home purchase within 10 years of first opening an FHSA, your FHSA would have to be closed.

   4. You would be allowed to transfer funds from an RRSP to an FHSA on a tax-free basis, subject to the $40,000 lifetime and $8,000 annual contribution limits.

   (A) 1 and 2

   (B) 1 and 4

   (C) 2 and 3

   (D) 3 and 4

5. Your clients, Sarah and Andrew Stone, are currently renting an apartment in Dartmouth. They aspire of home ownership. Andrew works as a financial advisor earning $65,000 per year. Sarah is a registered nurse earning $67,000 per year. Each of them has about $40,000 saved in an RRSP. They have not opened TFSAs. They do not yet have any children but plan to start a family in 3 years. They have asked you about opportunities to save for a home using the Tax-Free First Home Savings Account (FHSA). They have quite a few questions.

   What would you advise your clients?

   1. The Home Buyers' Plan (HBP) allows you to borrow up to $35,000 from an RRSP to purchase a home without having to pay tax on the loan.

   2. You may transfer funds from an RRSP to an FHSA on a tax-free basis, subject to the lifetime and annual contribution limits.

   3. You are not permitted to make both an FHSA withdrawal and an HBP withdrawal in respect of the same qualifying home purchase.

   4. An FHSA contribution allows you to avoid income tax on up to $40,000 of earned or other income; while the Home Buyers' Plan (HBP) allows you to avoid income tax on up to $35,000 of income.

   (A) 1 and 2

   (B) 1 and 4

   (C) 2 and 3

   (D) 3 and 4

6. Your clients, Andrea and Andrew Anderson, are currently renting an apartment in Halifax. They aspire to home ownership and expect it could take them 5 years to accumulate a downpayment. Andrew works as a financial advisor earning $72,000 per year. Andrea is a registered nurse earning $74,000 per year. Each of them has $20,000 saved in a TFSA. They have not opened RRSPs, but each has $38,000 of contribution room. They do not yet have any children but plan to start a family in 3 or 4 years. They plan to save about $18,000 this year after tax. They each have a marginal tax rate of 26% on a deduction of $9,000. They expect that they can earn 8% on their savings. They have asked you about opportunities to save for a home including using the Tax-Free First Home Savings Account (FHSA). They can each contribute $5,000 at the start of the year.

   What would you advise your clients?

   (A) Each should contribute $6,081 to a FHSA, $6,081 to an RRSP, and $0 to a TFSA.

   (B) Each should contribute $8,000 to a FHSA, $5,524 to an RRSP, and $0 to a TFSA.

   (C) Each should contribute $0 to a FHSA, $12,162 to an RRSP, and $0 to a TFSA.

   (D) Each should contribute $8,000 to a FHSA, $4,162 to an RRSP, and $0 to a TFSA.

7. Your client, Andrew Jackson, is single and renting a condo in Halifax. Andrew is 63 years of age. He has no interest in owning a home. Andrew works as a financial advisor earning $212,000 per year. He has $120,000 saved in a TFSA and he has $6,500 of TFSA contribution room. He has $765,000 in an RRSP and he has $38,000 of RRSP contribution room. He plans to save $38,000 this year after tax. He has a marginal tax rate of 36% on a deduction of $38,000. He expects that he can earn 8% on his savings. He has asked you about opportunities to save for retirement. They can each contribute $5,000 at the start of the year. For 2023, the ***RRSP dollar limit*** is $30,780 and the ***earned income for the maximum contribution*** is $171,000.

   What would you advise your client?

   (A) He should contribute $8,000 to an FHSA, $30,000 to an RRSP, and $0 to a TFSA.

   (B) He should contribute $8,000 to an FHSA, $30,000 to an RRSP, and $9,880 to a TFSA.

   (C) He should contribute $0 to an FHSA, $38,000 to an RRSP, and $13,680 to a TFSA.

   (D) He should contribute $8,000 to an FHSA, $38,000 to an RRSP, and $8,560 to a TFSA.

8. Your clients, Janet and Mark Comfort, are snowbirds with a home in Mississauga, Ontario and Fort Myers, Florida. They are Canadian Citizens and Canadian residents for tax purposes. They spend 6 months of the year in each location. For estate planning purposes, they have established a joint spousal trust. The trustee owns their home in Ontario and a cottage in the Town of Trout River, Ontario, a census agglomeration having 3,000 residents. They have heard about a tax to discourage foreign ownership of Canadian residential property. However, as Canadian Citizens, a neighbor has assured them that they are not to worry about it.

   What would you advise your clients?

   1. There is no requirement for them or the trustee to file any returns under the Underused Housing Tax Act.

   2. The trustee must file an annual return to exempt their home in Mississauga from the Underused Housing Tax Act.

   3. The trustee does not need to file an annual return to exempt their cottage because there are fewer than 30,000 residents.

   4. The trustee must file an annual return to exempt their cottage in Trout River from the Underused Housing Tax Act.

   (A) 1 and 2

   (B) 1 and 3

   (C) 2 and 4

   (D) 3 and 4

9. Your clients, Alexa and Google Arch, are over 70 years of age and currently renting an apartment in Halifax. Their son has suggested that they consider moving in with him and his wife. Their home has a large unfinished basement that could be converted into an "in-law" suite. They have had 3 quotes from renovators that range from $68,000 to $102,000. They have asked you about opportunities to take advantage of the Multigenerational Home Renovation Tax Credit. They have quite a few questions.

   What would you advise your clients?

   1. A qualifying renovation is one that creates any new dwelling unit for a senior or a person with a disability.

   2. The Tax Credit may only be claimed by an individual who ordinarily resides in the eligible dwelling.

   3. The maximum value of the Tax Credit for any eligible dwelling is $7,500.

   4. The costs of financing of a renovation are not eligible for the Tax Credit.

   (A) 1 and 2

   (B) 1 and 4

   (C) 2 and 3

   (D) 3 and 4

10. Your clients, Alvin and Theodor Munk, have been flipping properties for the last decade. They purchase a rundown house, move into it as their residence, and renovate it in their spare time. They have purchased and sold 6 homes over the last 10 years. They are very concerned about the proposed new Residential Property Flipping Rule. They have asked you about the consequences of this new rule for their flipping activities. They have quite a few questions. None of the life events that would exempt the Residential Anti-Flipping Rules would not apply to their activity.

    What would you advise your clients?

    1. Profits from dispositions of residential property owned for less than 12 months are deemed to be business income.

    2. Profits from dispositions of residential property owned for less than 12 months could be eligible for the 50% capital gains inclusion rate.

    3. Profits from dispositions of residential property owned for less than 12 months could be eligible for the Principal Residence Exemption.

    4. For profits from dispositions of residential property owned for more than 12 months, it remains a question of fact whether profits would be treated as business income.

    (A) 1 and 2

    (B) 1 and 4

    (C) 2 and 3

    (D) 3 and 4

