CURRENT DEVELOPMENTS
PERSONAL FINANCIAL PLANNING
VERSION 111

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.

Section 7 – Retirement Planning

Chapter 3 – Canada Pension Plan
Chapter 4 – RRSPs and RRIFs
Chapter 5 – More RRSPs and RRIFs

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 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 examination. 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

1. Your clients, Hans and Helga Zimmer, are considering when to commence their CPP{ retirement benefits. Hans just turned 65 years of age and has retired from his role as a school principal with a defined-benefit pension. Hans is now eligible for the maximum CPP retirement benefit of $1,300 per month. Helga is 68 years of age and the owner/manager of Zimmer Manufacturing, a large producer of auto parts. She has moved into the role of Chair of the Board and relies primarily on eligible dividends from her shareholdings for compensation. Helga is now eligible for a CPP retirement benefit of $800 per month.

   What would you advise your clients about their CPP retirement benefits?

   1. If Hans were to start his CPP retirement benefit on his 70th birthday, he would receive $1,846 per month in current dollars.

   2. In deciding when to take his benefit, a major consideration is his life expectancy.

   3. If Helga was to predecease Hans, Hans would be eligible for a survivor's benefit.

   4. Helga should take some of her compensation as salary, so she can earn post-retirement benefits.

   (A) 1 and 2

   (B) 1 and 3

   (C) 2 and 4

   (D) 3 and 4

2. For 2023, your client, Emilio, is self-employed, and he expects that his business income will be $82,000. His marginal tax rate (MTR) is 38%. The federal conversion rate for the CPP contribution tax credit is 15%. He lives in a province with a conversion rate for the CPP contribution tax credit of 9.8%.

   For 2023, the amount of the ***year's maximum pensionable earnings (YMPE)*** is $66,600. For 2023, the ***Base CPP contribution rate*** is 4.95% for employee and employer, and the ***first additional CPP contribution rate*** is 1.00% for employee and employer.

   What would you advise your client?

1. Emilio will have to pay base and first additional CPP contributions of $6,246.90.

2. Emilio will have to pay base and first additional CPP contributions of $7,508.90.

3. Emilio's total tax relief will be $1,819.94.

4. Emilio's total tax relief will be $2,441.09.

(A) 1 and 2

(B) 1 and 3

(C) 2 and 4

(D) 3 and 4

3. A client of yours, Jordan Chen, has asked you what impact the Canada Pension Plan Enhancement will have upon his contributions, income taxes and retirement benefits. Jordan is a CPA working in a Canadian bank and expects to remain an employee of the bank for his entire career. Jordan is 28 years of age and has a taxable employment benefit of $82,700.

What would you advise your client to expect over the next few years as they implement the Canada Pension Plan Enhancement?

1. His contributions to the enhanced portion of the CPP would be deductible for income tax purposes, rather than eligible for a tax credit.

2. He can expect his CPP contribution rate for earnings up to the YMPE to be 4.95%.

3. He can expect his CPP contribution rate for earnings above the YMPE to be 4%.

4. He can expect that his retirement benefit at 65 years of age will be one-third of 114% of the YMPE.

(A) 1 and 3

(B) 1 and 4

(C) 2 and 3

4. For 2023, your client, Carlos Estevez, is 52 years of age, self-employed, and he expects that his business income will be $85,000. His marginal tax rate (MTR) is 38%. The federal conversion rate for the CPP contribution tax credit is 15%. He lives in a province with a conversion rate for the CPP contribution tax credit of 9.8%. Carlos has just returned to Canada after spending 6 years in Venezuela and is alarmed to hear that he has to pay even more for another Canada Pension Plan scheme.

   What would you advise your client about the First Additional Pension?

   1. It will increase your retirement pension by 8.33% of your average monthly pensionable earnings.
   2. The contribution rate is 1% for the employee and for the employer.
   3. To receive the maximum benefit, you have to contribute for 40 years.
   4. Employee and employer contributions are eligible for a tax credit.

   (A) 1 and 2

   (B) 1 and 4

   (C) 2 and 3

   (D) 3 and 4

5. For 2024, your client, Frank Furter, will be 52 years of age, self-employed, and he expects that his business income will be $90,000. His marginal tax rate (MTR) is 38%. Frank is alarmed to hear that he has to pay even more for another Canada Pension Plan scheme. Assume that the YMPE in 2024 will be $70,000.

   What would you advise your client about the Second Additional Pension?

   1. It will increase your earnings subject to CPP contributions by 12%.
   2. The Second Additional Pension is more expensive than the First Additional Pension.
   3. For 2024, his Additional Maximum Pensionable Earnings are $79,800.
   4. For 2024, his contributions to the Second Additional Pension are $5,992.

(A) 1 and 2

(B) 1 and 3

(C) 2 and 4

(D) 3 and 4

6. At the time of his death, the fair market value of your client, John Brown's RRSP was $185,000. John was single at the time of his death with no financial dependants. After his death, the value of the RRSP declined and the trustee paid John's estate $175,000 in final settlement of the RRSP.

   What tax relief will be available for the decline in value?

   (A) A loss of $5,000 will be deductible on John's final return.

   (B) A loss of $5,000 will be deductible on the income tax return of John's estate.

   (C) A loss of $10,000 will be deductible on John's final return.

   (D) A loss of $10,000 will be deductible on the income tax return of John's estate.

7. Your client, Dani Mani, works at Rio Travel and recently received a notice from her pension plan administrator, telling her what her pension adjustment (PA) was for last year. Dani called you in a panic asking you to explain what a pension adjustment is and how it would affect her.

   What is the consequence of Dani's PA?

   (A) Dani's PA reduces her RRSP contribution room to account for benefits that she earned in an RPP or DPSP.

   (B) Dani's PA increases her RRSP contribution room to compensate for her loss of benefits upon leaving an RPP or DPSP.

   (C) Dani's PA adjusts her accumulated pension benefits to compensate for increases in the average industrial wage.

(D) Dani's PA adjusts her accumulated pension benefits to compensate for increases in her salary.

8. On January 1, 2011, your client, Penny Loafer, began working for her employer. In 2012, she became a member of her employer's 2% best-earnings, defined-benefit pension plan. Last year, Penny earned $38,000 and will earn $39,000 this year. During 2023, Penny purchased pension credits for her service in 2011, she made a payment of $3,860 to the plan and the Canada Revenue Agency (CRA) certified a past service pension adjustment (PSPA) of $4,130. From2022, Penny had an RRSP carryforward of $12,000. For 2022, the ***pension limit*** was $3,245.56. For 2023, the ***pension limit*** is $3,420.00 and the ***RRSP dollar limit*** is $30,780.

What is the amount of Penny's RRSP deduction limit?

(A) $8,470

(B) $8,740

(C) $8,070

(D) $12,600

9. Your client, Mathew Matt, and his wife, Darlene, are in their early 30s. Darlene is not working outside the home. Mathew is wondering whether he should make spousal RRSP contributions. Suppose that Mathew was to make half of his contributions to a spousal RRSP until Darlene reached 65 years of age.

In making spousal RRSP contributions, what would you advise your client?

1. Mathew could never split the taxable income arising from withdrawals from his RRSP with Darlene.

2. If Darlene were to make a withdrawal from a spousal RRIF when she reached 63 years of age, the minimum withdrawal would be taxable to Mathew.

3. If Darlene were to make a withdrawal from a spousal RRIF when she reached 65 years of age, the excess amount would be taxable to Mathew.

4. When Mathew reaches 65 years of age, he could split the taxable income arising from withdrawals from his registered funds with Darlene.

(A) 1 and 2

(B) 1 and 3

(C) 2 and 4

(D) 3 and 4

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

