

Test your knowledge of investing and tax laws

Let's see how up-to-date you are on various financial information as well as recent tax law changes. I am going to ask you a series of questions and the first person with their hand up will be called on, the person with the most correct answers will win a \$25 Visa gift card. I will let the manager determine who gets called on. If the person gives an incorrect answer the question will be skipped and re-asked later.

ARE YOU READY...? Manager ready? ok here we go....

- 1) **Q:** What is the name of our current Federal Reserve chairperson?
A: Janet Yellen
- 2) **Q:** What insurance products rate structure to a change in actuarial tables?
A: Life Insurance
- 3) **Q:** What are current long term capital gain tax rates?
A: 20%
- 4) **Q:** What type of mortgage allows you to receive money while reducing the equity in the home over time?
A: A reverse mortgage
- 5) **Q:** What 2 retirement plans allow set-up after the end of the tax year, and funding until April 15th or tax filing with extensions?
A: SEP- IRA, and IRA's
- 6) **Q:** What commodity often rises with anticipated inflation? (Source: Monex.com Precious Metals Review 07/19/2013)
A: Gold
- 7) **Q:** If you had a hypothetical net return of 6% from the time of your initial investment, how long would it take you to double your money?
A: 12 years (*explain rule of 72*)
- 8) **Q:** Now that estate tax laws have changed how much can a single individual gift in 2013 without paying federal estate taxes?
A: \$5,250,000...how much was it in 2010? \$1.5 million
- 9) **Q:** In the 1960's what was the top marginal tax bracket?
A: 91% (Source: National Bureau of Economic Research January 2004)

- 10) **Q:** Is a bond considered equity or debt?
A: debt
- 11) **Q:** Knowing the rule of 72, and using a hypothetical bank CD rate of 2% how long would it take to double your money?
A: 36 years
- 13) **Q:** Are you entitled to a free credit report? And if so how often and when?
A: once a year and if you are turned down for credit
- 14) **Q:** If you lose money in your 401 k plan is the loss tax deductible?
A: No, since you were never taxed on the money.
- 15) **Q:** If you buy a boat with sleep-in quarters, can this be considered a second home for tax purposes?
A: Yes, and the interest on the loan to purchase it will be tax deductible to IRS limits
(Source: Internal Revenue Code)
- 16) **Q:** True or False: Roth-IRA's allow an up front tax deduction.
A: False, they are funded with after tax dollars
- 17) **Q:** True or False: Anyone can have a Roth-IRA, no matter how much income they have.
A: False, there are income restrictions governing eligibility for a Roth.
- 18) **Q:** Are there any retirement plans that have Roth-IRA's inside them that are not subject to income restrictions?
A: yes, some 401 k plans including solo plans can have Roth-IRA provisions inside them, and are not subject to income limitations
- 19) **Q:** If inflation moves higher what does it impact?
A: Purchasing power
- 20) **Q:** Who controls monetary policy in the US?
A: Federal Reserve

Bonus round used for tie breakers

- 1) **Q:** What type of insurance replaces your lost income if you're sick or injured?
A: Disability income insurance
- 2) **Q:** Are you more likely to die or become disabled during your working years?
A: disabled, you're actually 5 times more likely to be disabled than die during normal employment years (Source: Statistical information derived from: The Society of Actuaries, the National Safety Council, the Million Dollar Round Table, the National Underwriter-May 2002, The JHA Disability Fact Book – 2003-2004 Edition – Need for Disability Insurance)
- 3) **Q:** True or false: All mutual funds whether no load or loaded funds have fees?
A: True
- 4) **Q:** Based on last night's close to the Dow Jones Industrial average, what were the closing numbers?
A: ? (open ended question: what was the closing numbers of the Dow Jones industrial average last night)

As you can see financial matters can be complex and ever changing. Tax rates change, interest rates change, policies change and each of you have needs that vary. I hope these questions challenged you to take a moment and meet with me to discuss answers to your personal questions and your current goals and needs.

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