

Commonwealth Schools of Insurance

P.O. Box 22414, Louisville, KY 40252-0414 • 502.425.5987 • FAX 502.429.0755

E-mail: info@commonwealthschools.com

INSTRUCTIONS TO COMPLETE THE CONTINUING EDUCATION COURSE

Thank you for choosing the Commonwealth Schools of Insurance to fulfill your continuing education requirements.

Please follow the instructions below to complete the course:

STEP 1

Please print out the ANSWER SHEET, CERTIFICATE and QUESTIONS that follow this page. After printing the ANSWER SHEET, please fill out the requested information clearly and completely.

STEP 2

TEST QUESTIONS must be answered on the page that follows. You must score 70% or better to receive credit for this course.

STEP 3

After completing the TEST and STUDENT INFORMATION marked with a "X" on the Certificate of Completion, the completed Answer Sheet and Certificate may be emailed, faxed or mailed to:

Emailed to:	info@commonwealthschools.com
Faxed to:	502.429.0755
Mailed to:	Commonwealth Schools of Insurance, Inc. P O Box 22414 Louisville, KY 40252-0414

Please note that your ANSWER SHEET and CERTIFICATE will not be processed without payment. Payment arrangements are listed on the ANSWER SHEET.

YELLOW CARD SPECIAL

*Simply complete and return all 24 hours of CE at the same time.
Regardless of the prices listed, your total charge will be*

\$110.00

NOTICE

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The material contained in this course cannot be used as an original source of authority on legal matters. Any references made to laws and regulations in this material have been edited and summarized for clarity; and changes in these laws and regulations may have occurred since this course was published. The reader should always consult legal counsel as appropriate.

Commonwealth of Kentucky

Department of Insurance - Agent Licensing Division

P. O. Box 517 - Frankfort, Ky. 40602

502-564-6004 <http://insurance.ky.gov>

APPROVED CONTINUING EDUCATION COURSE

CERTIFICATE OF COMPLETION

STUDENT NAME: **X** _____

CONTINUING EDUCATION COURSE IDENTIFICATION

Course Title: Financial Planning Process

Course Certification Number: C44573

Course Completion Date: _____ Number of Hours: 12

Instructor Name: (PLEASE LEAVE BLANK)
(Required if certification is for a classroom course)

Provider Name: **Commonwealth Schools of Insurance, Inc.**

Provider Certification Number: **S12128/PROV0085**

PROVIDER CERTIFICATION:

I hereby certify that this course was conducted as approved by the Commonwealth of Kentucky Department of Insurance. I further certify that the person whose name appears above did personally complete this course on the date indicated. Also, I acknowledge that fraudulent certification of this document will result in immediate withdrawal of approval of the provider, plus penalties, and simultaneous withdrawal of approval of all of the provider's courses (KRS 304.9-295 and 806 KAR 9:220).

Name: James F Davis
Authorized Provider Representative

Signature: _____ Date: _____

STUDENT CERTIFICATION:

I hereby certify that I personally completed the course listed above in the manner required to satisfy Kentucky's continuing education laws and regulations. Also, I acknowledge that fraudulent certification of completion of this course will result in cancellation of my agent, adjuster, and/or life settlement broker licenses (KRS 304.9-295 and 806 KAR 9:220).

Name: **X** _____ DOI# or NPN: **X** _____

Signature: **X** _____ Date: **X** _____

*The provider is required by law to give the student who successfully completes any continuing education course the original of this form upon completion of the course and to retain a copy in the provider's records for at least five years.
For a classroom course, the provider is required by law to submit the Continuing Education Course Attendance Roster (Form CE-300) to the Department of Insurance within thirty days through eServices electronic submission. Students must verify that credit has been recorded for this class by visiting our website at: <http://insurance.ky.gov>. If credit does not appear, please verify with the provider that the Roster has been submitted. If the Roster has been submitted and you do not receive credit, please forward this original document to the Department directly, and keep a copy for your file.
For all correspondence credits, the provider must submit the Course Completion to the Department through eServices, or the student must mail this original form to DOI and verify credit on our website, as required by KRS 304.9-295(10)(11).*

FINANCIAL PLANNING

(This course is approved in KY for 12 credit hours – LOA is Life & Health)

PLEASE PRINT CLEARLY

First Name	M.I.	Last Name	NPN# and DOI#
Home Mailing Address		City	State Zip Code
Business Name			
Business Address		City	State Zip Code
Home Telephone		Business Telephone	Email Address
Date of Birth	Month	Year	FAX#

Please send COMPLETED ANSWER SHEET, CERTIFICATE and PAYMENT VIA:

Emailed to: info@commonwealthschools.com
 Faxed to: 502.429.0755
 Mailed to: Commonwealth Schools of Insurance, Inc.
 P O Box 22414
 Louisville, KY 40252-0414

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YELLOW CARD SPECIAL

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CHECKS AND ALL MAJOR CREDIT CARDS ARE ACCEPTED:

COURSE FEE \$64.00 or Check Here for Yellow Card Special

CARD NO. _____ EXP DATE _____ CV2 NO. _____

CREDIT CARD BILLING ADDRESS _____

SIGNATURE: _____

FINANCIAL PLANNING PROCESS

EXAMINATION

1. While division of marital property generally is governed by state domestic relations law, any assignments of "pension interests" must also comply with:

A Federal law (ERISA)	C A & B
B Internal Revenue Code of 1986	D A only

2. Who or what parties must be a part of a property settlement agreement before it can be a qualified "Domestic Relations Order" under ERISA:

A A judgment decree or order by a state authority
B Made pursuant to state domestic relations law
C Relates to child support, property rights, alimony payments
D All of the above

3. Who can be an alternate payee?

A Spouse	C A & B only
B Former spouse	D Any relative

4. May a QDRO be part of a divorce decree or property settlement?

A Yes
B No

5. Which of the following are examples of "Defined Contribution Plans":

A 401k	C Money Purchase Plans
B ESOP's	D All of the above

6. The Uniform Services Former Spouse's Protection Act (USFSPA) contains its own jurisdictional requirement. It limits the amount of a member's retired pay which can be paid to a former spouse to ____:

A 25%	C 40%
B 50%	D 33%

7. Military retired pay is legally defined as a ____:

A Qualified Pension Plan	C Regular Pension Plan
B Federal Pension Plan	D Federal Entitlement

8. For a division of retired pay as property award to be enforceable under the USFSPA, the former spouse must have been married to a military member for a period of ____years or more during which the member performed at least ____years of creditable service:
- A 10 years -- 10 years C 15 years -- 10 years
B 10 years -- 12 years D 5 years – 5 years
9. Disposable military retirement pay is now subjected to state law regarding division of marital assets in a dissolution proceeding by virtue of the federal Uniformed Services Former Spouses Protection Act. The courts now adhere to the ____ formula for calculation a spouse's share of military pay.
- A Jones C Commonwealth
B Forgie D Poe
10. Which of the following wills is spoken but not written?
- A Testamentary C Holographic
B Noncurative D Simple
11. A Revocable Trust gives the donor ____ flexibility with ____ tax advantages:
- A Great; no C Great; great
B Limited; great D No; great
12. To keep an irresponsible beneficiary from getting all the money at one time, a ____ trust could be prudent:
- A Testamentary C Irrevocable
B Revocable D Spendthrift
13. Which Trust gives the trustee permission to distribute income and principle among various beneficiaries or to a single beneficiary?
- A Living Trust C Revocable Trust
B Charitable Trust D Discretionary
14. Which Trust, bearing the word "Trust" in its title is not really a Trust, but simple bank accounts that pass to a beneficiary upon your death?
- A Totten Trust C Irrevocable Trust
B Spendthrift Trust D Support Trust
15. Which Trust enables you to put your assets in a trust while still alive? You can wear all the hats – donor, trustee, and beneficiary:
- A Revocable Trust C Living Trust
B Discretionary Trust D Wealth Trust

16. This Trust is used for tax savings purposes designed to benefit several generations of descendants:
- A Testamentary Trust
 - B Wealth Trust
 - C Support Trust
 - D All of the above
17. Reasons a Trust could be more useful than a will:
- A Trusts are generally more difficult to contest than wills
 - B Trusts can be helpful when making a major charitable gift, but wishing to retain use of the property
 - C Trusts can be used in a divorce, e.g., to provide for education of the children
 - D All of the above
18. Personal property or money on hand or in a bank in the amount of \$_____ shall be exempt from distribution and sale and shall be set apart by the District Court having jurisdiction over the estate on application to the surviving spouse or children if no surviving spouse:
- A 10,000
 - B 15,000
 - C 20,000
 - D 25,000
19. When the Civil War erupted, Congress passed the Revenue Act of 1861 which restored excise taxes and imposed a tax on personal incomes. The income tax was levied at _____% on all incomes higher than \$_____ a year:
- A 2% -- \$500
 - B 3% -- \$600
 - C 3% -- \$800
 - D 2% -- \$800
20. The need for Federal revenue declined sharply after the war and most taxes were repealed. By 1868, liquor and tobacco were the main source for taxes. From 1868 to 1913 almost _____% of all revenue was collected from the remaining excises:
- A 90%
 - B 80%
 - C 75%
 - D 50%
21. By 1913 _____ states had ratified the 16th Amendment to the Constitution:
- A 25
 - B 26
 - C 36
 - D 40
22. One of the problems with the new income tax law was how to define "lawful" income. In _____, Congress addressed this problem by amending the law by deleting the word "lawful" from the definition. All income became subject to tax.
- A 1914
 - B 1915
 - C 1916
 - D 1917

23. Before enactment of the income tax, individuals and businesses earned their profits and wealth accumulated with little interaction by government. The Income Tax changed this, giving government the right and need to know much more of individual and business life. The Government recognized this invasiveness and so in _____, it provided citizens some protection by requiring tax returns be kept confidential.
- A 1915
B 1916
C 1917
D 1918
24. By 1918, only _____% of the population paid income taxes?
- A 20%
B 15%
C 10%
D 5%
25. The Social Security Act was passed in 1935, known as unemployment compensation. The programs were financed by a _____% tax.
- A 1% from the employee's pay
B 2% from the employee's pay
C 3% from the employee's pay
D 4% from the employee's pay
26. Tax cuts following World War II reduced the Federal Tax burden as a share of GDP from its wartime high of 20.9% in 1944 to _____ per cent in 1950, but the Korean War combined with the extension of Social Security to self-employed caused the tax burden to rise to _____ per cent of GDP.
- A 14.4% -- 19.0%
B 15.0% -- 20.0%
C 12.9% -- 18.5%
D 14.4% -- 21.0%
27. High marginal tax rates coupled with rising inflation and a heavy regulatory burden caused the economy to under-perform badly which laid the ground work for the Reagan tax cut known as the Economic Recovery Act of _____.
- A 1979
B 1980
C 1981
D 1984
28. From a more neoclassical perspective, the tax rate on the _____ dollars earned has a more important effect on economic incentives than the rate on the _____ dollars earned.
- A First -- last
B Average dollars earned
C Last -- first
D No effect
29. In _____ Congress enacted the Medicare program, providing for medical needs to persons age 65 and older regardless of income.
- A 1960
B 1965
C 1966
D 1970

38. If you receive a distribution before age 59 ½ you may not have to pay the additional tax if:
- A You are the beneficiary of a deceased IRA owner
 - B The distributions are not more than the cost of your medical insurance
 - C A & B
 - D A only
39. If you and your spouse are first-time home buyers, each of you can receive distributions up to _____% for a first home without having to pay the 10% additional tax.
- A \$5,000
 - B \$10,000
 - C \$15,000
 - D \$20,000
40. If you are the owner of a traditional IRA, you must start receiving distributions from your IRA by April 1 of:
- A The year following the year in which you reach age 70½
 - B The year in which you reach 70½
41. If in any year you receive more than the required minimum distribution for that year, you _____ receive credit for the additional amount when determining the minimum required distribution for future years.
- A Will
 - B Will not
42. Congress passed the landmark Consolidated Omnibus Reconciliation Act (COBRA) health benefit provision in _____ which provides temporary continuation of group health coverage that otherwise might be terminated.
- A 1970
 - B 1976
 - C 1980
 - D 1986
43. COBRA generally applies to all group health plans maintained by private-sector employers with at least _____ employees or by state and local governments.
- A 10
 - B 15
 - C 20
 - D 25
44. One option when losing group health coverage may be to buy an individual health policy. HIPPA gives individuals who are losing group health coverage and who have at least _____ months of creditable coverage, without a break in coverage, of _____ days or more the right to buy individual health coverage that does not impose a pre-existing condition or exclusion period.
- A 12 months -- 52 days
 - B 18 months -- 63 days
 - C 12 months -- 45 days
 - D 18 months -- 30 days

45. You are entitled to continuation coverage if:
- A Your group health plan must be covered by COBRA
 - B A qualifying event must occur
 - C You must be a qualified beneficiary for that event
 - D All of the above
46. Group health plans must give each employee and each spouse who becomes covered under the plan a general notice describing COBRA rights. The general notice must be provided within the first ____ days of coverage.
- A 90 days
 - B 60 days
 - C 30 days
 - D 7 days
47. If you become entitled to elect COBRA continuation coverage, you must be given an election period of at least ____ days to choose whether or not to elect continuation coverage.
- A 30 days
 - B 45 days
 - C 60 days
 - D 90 days
48. When the qualifying event is the covered employee's termination or employment or reduction in hours of employment, qualified beneficiaries are entitled to a maximum of ____ months of continuation coverage.
- A 3
 - B 12
 - C 18
 - D 24
49. When a qualified beneficiary in the family becomes disabled and receives an 11 month extension period of coverage, the plan can charge a qualified beneficiary an increased premium up to ____ percent of the cost of coverage.
- A 50%
 - B 75%
 - C 100%
 - D 150%
50. HIPPA ____ allow the group plan or issuer to charge one individual a higher premium based on a medical condition.
- A Does
 - B Does not