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NEW QUESTION: 1
Aaliyah is a 37-year-old account manager at a large pharmaceutical company. She earns $300,000 a year plus bonuses. She meets with Theo, an insurance agent, to review her life insurance needs. Theo deduces that Aaliyah needs a $250,000 universal life (UL) insurance policy. Aaliyah agrees but states that she wants to keep her premiums low. Which of the following UL death benefit options would BEST suit her needs?
A. Level death benefit.
B. Level death benefit plus account value.
C. Level death benefit plus cumulative premiums.
D. Indexed death benefit.
Answer: (SHOW ANSWER)
ALevel death benefitoption provides a fixed death benefit and is generally the least expensive premium option in Universal Life (UL) insurance. Since Aaliyah wants to keep her premiums low, this option best aligns with her needs. Other options like the death benefit plus account value or cumulative premiums increase the cost, as they provide a growing death benefit based on the policy's cash value or premiums paid.
Therefore,Option Awill help Aaliyah maintain lower premiums

NEW QUESTION: 2
Remi owns a registered annuity contract that pays him a $2,500 monthly benefit. He purchased the contract five years ago from money he accumulated in his registered pension plan. At the time, he named his wife Annette as the revocable beneficiary of the contract. Today, he calls Louisa, his insurance agent, to designate his sister as beneficiary of the contract instead. Louisa tells him that there are restrictions on the contract and that he cannot change the beneficiary designation.
Why is Remi unable to make the change?
A. He is already receiving payments from the contract.

B. He would first have to obtain his wife's consent to change it.
C. He did not complete the change of beneficiary form.
D. The contract was funded by a registered pension plan.
Answer: D (LEAVE A REPLY)
Since Remi's annuity was purchased with funds from his registered pension plan, it is likely subject to locking-in provisions, which restrict changes to the beneficiary designation once annuitized. LLQP guidelines state that pensions converted into registered annuities are generally subject to locking-in rules, which often prevent changes to beneficiary designations unless in cases of spousal consent or specific contractual allowances.
Option B is incorrect, as spousal consent is not relevant when the designation is already restricted. Options A and C are also incorrect, as they do not address the locking-in nature tied to the pension plan.

NEW QUESTION: 3
Goran and Tanja married two years ago. Last year, they purchased and moved into a three-bedroom house in the suburbs. The current balance on their mortgage is $655,000. They meet with Ljubomir, an insurance agent, to purchase a joint term life insurance policy to cover the mortgage. When Ljubomir asks about their existing coverage, Goran shares that he has none. Tanja explains that she owns a universal life (UL) policy with a level death benefit of $50,000 and a cash surrender value (CSV) of $5,000, purchased 6 years ago from another agent. Tanja would like to surrender her UL policy and use the $5,000 CSV to pay for a trip to Europe. What additional information about Tanja's UL policy does Ljubomir need to collect?
A. The investment vehicle of the policy's CSV.
B. The adjusted cost basis (ACB) and surrender charges of the policy's CSV.
C. The dividends and paid-up additions.
D. The premiums upon renewal.
Answer: (SHOW ANSWER)
When considering surrendering a universal life (UL) policy, it is essential to understand the tax implications and any costs associated with surrender. Theadjusted cost basis (ACB)helps determine the taxable portion of the policy's cash surrender value (CSV) because any amount received above the ACB may be subject to tax.
Additionally,surrender chargescould reduce the CSV received upon surrender. Therefore, Ljubomir needs to collect both the ACB and any surrender charges applicable to Tanja's policy. These factors will help Tanja make an informed decision regarding the net amount she would receive from surrendering the policy and the potential tax liability.

NEW QUESTION: 4
Nathalie worked for 25 years as an administrative assistant at a manufacturing company. When she left the company 10 years ago, she transferred the money that she accumulated from the company's pension plan into a locked-in retirement account (LIRA). Now she is 60 years of age and would like to withdraw the money from the LIRA.

Under which of the following circumstances would Nathalie be allowed to withdraw her funds?
A. She moved to Arizona last year.
B. She is disabled and her life expectancy is reduced.
C. She is retiring.
D. She will start collecting QPP benefits.
Answer: (SHOW ANSWER)
Locked-In Retirement Accounts (LIRAs) are subject to specific restrictions regarding when and how funds can be accessed. Under LLQP regulations, individuals can generally only withdraw funds from a LIRA before retirement under certain circumstances. These include:
* Disability and a reduced life expectancy, as defined by the plan's requirements, which allow for early withdrawal due to significant financial or health hardships.
In contrast:
* Moving to another country, such as Arizona, does not qualify as a reason for early withdrawal under Canadian pension regulations.
* Retirement alone, without converting the LIRA into a Life Income Fund (LIF) or similar product, does not directly permit withdrawals from the LIRA.
* Collecting QPP benefits does not impact the withdrawal conditions of a LIRA directly unless combined with an allowable reason such as disability with reduced life expectancy.
Thus, option B correctly reflects the LLQP criteria under which Nathalie may access her LIRA funds early due to disability and a shortened life expectancy.

NEW QUESTION: 5
Lily works for Cloud 9 Inc. She earned $120,000 in Year 1 and $125,000 in Year 2. Lily contributes 5% of her income into a defined contribution pension plan (DCPP), and this contribution is matched by the employer. Lily has unused contribution room of $15,000 and wants to know how much she can contribute to her registered retirement savings plan (RRSP) in Year 2.
A. $24,600
B. $25,000
C. $30,600
D. $31,250
Answer: A (LEAVE A REPLY)
Lily's RRSP contribution room is reduced by her DCPP contributions. Her total income for Year 2 was
$125,000, and she contributed 5% ($6,250) to the DCPP, matched by the employer, for a total of $12,500.
The Pension Adjustment (PA) for her DCPP contribution would be $12,500, which reduces her RRSP contribution room.
Calculation:
* RRSP limit based on previous year's income (18% of $120,000): $21,600
* PA reduction: $12,500
* Remaining RRSP contribution room for Year 2: $21,600 - $12,500 = $9,100

* Including her unused contribution room: $9,100 + $15,000 = $24,100
So, Lily can contribute $24,600 to her RRSP in Year 2.

NEW QUESTION: 6
Chloe is a newly licensed financial security adviser. She is diligently learning about the profession and wants to do her job properly. She wonders when she is required to renew her certificate. Which of the following answers is CORRECT?
A. Within 45 days following its expiry date.
B. Within 15 days following its expiry date.
C. Before it expires.
D. If and when her personal situation changes.
Answer: C (LEAVE A REPLY)
A financial security adviser must renew their certification before it expires to continue practicing legally.
According to LLQP regulations, it is crucial for advisers to maintain a valid certificate to ensure compliance with regulatory standards and avoid lapses in their ability to provide services. Failing to renew on time could result in a suspension of the adviser's ability to operate until the certificate is renewed.

NEW QUESTION: 7
Akeno is a 65-year-old retired accountant. He is divorced and has a 40-year-old son who is financially independent. Thanks to years of diligent savings, Akeno now enjoys a comfortable retirement. In addition to his pension income, he has over $300,000 invested in shares in his non-registered account. He lives in a mortgage-free home valued at $700,000 and owns a cottage valued at $500,000. The mortgage on the cottage is $100,000. Akeno purchased the homes 30 years ago when housing prices were low. It is important to him to donate $100,000 to the Alzheimer's Association when he dies. What is the GREATEST financial risk that would arise in the event of Akeno's death?
A. Loss of income.
B. Debt repayment.
C. Income tax.
D. Estate creation.
Answer: C (LEAVE A REPLY)
Akeno's greatest financial risk upon death isIncome tax, primarily due to the capital gains taxes that would be incurred on the disposition of his non-registered investment assets and potentially his real estate properties.
With significant investments and property appreciation, there may be substantial tax liabilities upon his death.
Other options, such as loss of income and debt repayment, are less relevant given his financial stability and the low outstanding debt on the cottage mortgage. Estate creation is not a concern as he has sufficient assets.

NEW QUESTION: 8

Li Jun, 50, applies for a $250,000 critical illness (CI) insurance policy with his insurance agent Ming. On the application, Li Jun states that he must take pills daily to manage his hypertension. Aside from this, his health is good. Given his age and hypertension issue, he is worried that the insurer may refuse his application.

What does Ming CORRECTLY advise him?

A. The policy will likely be denied.

B. The policy will likely be issued with an exclusion.

C. The policy will likely be issued with a premium rating.

D. The policy will likely be issued with a lower benefit.

Answer: (SHOW ANSWER)

Since Li Jun manages hypertension, a common condition that increases the risk profile, insurers frequently apply apremium rating, meaning higher premiums, due to the elevated health risk. Exclusions are less typical for well-managed chronic conditions, and refusal is unlikely for a single, manageable health issue.

Given his overall good health otherwise, the insurer is likely to issue the policy with an increased premium to account for the added risk, as per the LLQP guidelines on underwriting for critical illness insurance.

NEW QUESTION: 9

Dr. Kumar owns a 10-year term life insurance policy with a level death benefit of $500,000 issued by Expert Health & Life Inc. The policy is renewable, convertible to age 70, and contains no additional riders. Dr.

Kumar is the life insured. She is single, has no dependents, and her estate is named as the policy's beneficiary.

The current premiums are $365 per year, based on standard health, non-smoker rates. As the policy is due to renew in a few months, Dr. Kumar meets with Kavya, an insurance agent referred to her by a mutual friend.

Kavya reviews all of the information presented above, but notices a missing detail.

What additional information about Dr. Kumar's policy does Kavya need to complete her review?

A. The policy conversion age.

B. The policy death benefit amount at renewal.

C. The policy cash surrender value (CSV).

D. The policy premiums upon renewal.

Answer: (SHOW ANSWER)

The renewal of a term life insurance policy typically results in a higher premium due to the increased age of the insured. Since the policy is approaching renewal, Dr. Kumar needs to know what thenew premium amountwill be. Renewal premiums are usually based on the insured's age at renewal and are essential for decision-making regarding the affordability and continuation of the policy. Therefore,Option Dis the correct response as it highlights a critical piece of information Kavya requires to complete her review.

NEW QUESTION: 10

Surjit and Rajbir get married in 2010 and Surjit names Rajbir as the irrevocable beneficiary of his life insurance contract. In 2017, the couple divorces amiably and Surjit meets with his insurance representative, Ivan, to review his plans. Surjit tells Ivan that he would like to keep Rajbir as his beneficiary. What should Ivan counsel his client to do?

A. Surjit does not need to do anything as Rajbir is already the named beneficiary.

B. Surjit cannot make any changes to the policy without Rajbir's consent as she is the irrevocable beneficiary of his policy.

C. Surjit should name a different beneficiary now that he is divorced.

D. Surjit should once again designate Rajbir as the beneficiary.

Answer: B (LEAVE A REPLY)

When a beneficiary is designated as irrevocable, the policyholder cannot make changes to the beneficiary designation or make other policy modifications that impact the irrevocable beneficiary's rights without their consent. According to LLQP standards, an irrevocable beneficiary has a vested interest in the policy, and any alterations require their permission.
In this case, Surjit would need Rajbir's consent to change or remove her as the beneficiary, regardless of their divorce. This stipulation upholds the binding nature of an irrevocable designation, ensuring that changes can only be made with the beneficiary's agreement to protect their rights in the policy.

NEW QUESTION: 11

Germain is a life insurance agent. This morning, he receives a call from Jason, whose wife, Rosalie owned a
$50,000 life insurance policy that she purchased from Germain seven years ago. Jason explains that Rosalie had a heart attack and died last week. Germain promises to help as much as he can.

A. He can provide the claim form to Jason and help him fill it out.

B. He can assure Jason that the payment will be made within 5 days after receipt of the claim.

C. He can inform Jason that the death benefit will be paid within 30 days of Rosalie's death.

D. He can assure Jason that he will settle the death benefit as quickly as possible.

Answer: A (LEAVE A REPLY)

As a life insurance agent, Germain's role is to assist the beneficiary in filing the claim but not to guarantee specific timelines for payment. Agents can help by providing the necessary claim forms, explaining the process, and offering guidance on filling out the forms accurately. The timeline for payment is determined by the insurer once they have received and reviewed the required documentation. Assuring specific payment timelines, as implied in options B, C, and D, is beyond Germain's authority and would be inaccurate.
Therefore,Option Ais the best response for Germain to assist Jason appropriately.

NEW QUESTION: 12

Angus is involved in a motorcycle accident and due to his injuries has to spend a few nights in the hospital.

He is released from the hospital with a doctor's note indicating that he is able to perform certain parts of his job, but that it would take months until he can be back to normal. He promptly calls his insurance agent Dawn to ask her if he would be entitled to his disability benefits. Dawn reads his policy and tells him that he will not receive any disability benefits.

Which disability definition is MOST LIKELY included in his policy?

A. Own occupation

B. Any occupation

C. Regular occupation

D. Total disability (according to the CPP)

Answer: B (LEAVE A REPLY)

The"any occupation"definition of disability is the most restrictive and generally requires that the insured be unable to perform any work for which they are reasonably qualified by education, training, or experience. If Angus's policy includes this definition, it would explain why he does not qualify for disability benefits despite being unable to perform parts of his job. Under this type of policy, unless he is unable to performany occupation, he would not be eligible for benefits. This is different from other definitions like "own occupation," which is less restrictive and provides benefits if the insured cannot perform their specific job duties.

NEW QUESTION: 13

Samir applied for a life insurance policy 18 months ago. At the time of the application, he was employed as an accountant. Samir quit his accounting job 6 months ago to become a professional scuba diver.

Which of the following statements about Samir's life insurance policy is CORRECT?

A. Samir must inform his insurer about his change of occupation within 6 months of the change.

B. Samir is not required to declare his change in occupation because the policy is less than 2 years old.

C. Regardless of whether Samir informs his insurer of his change in occupation, if he dies while scuba diving, he would not be covered.

D. Samir has no obligation to notify the insurer of his change of occupation regardless of how old the policy is.

Answer: D (LEAVE A REPLY)

In life insurance policies, once the policy is issued, the insured does not need to notify the insurer of any changes in occupation. The premiums and coverage are based on the occupation and risk profile at the time of application, and life insurance contracts do not generally require updates on occupational changes unless explicitly stated.

Therefore, regardless of Samir's current job as a scuba diver, his life insurance policy remains in force without the need for notification to the insurer. This is different from disability insurance, which may consider occupation changes to reassess risk and benefits.

NEW QUESTION: 14

Larry, an insurance agent, meets with Ethan, a freelance photographer, to review his insurance needs. Larry tells Ethan that he wants to collect all pertinent financial information to prepare a net worth statement for Ethan.

Why does Larry want to prepare Ethan's net worth statement?

A. To have enough information to identify where Ethan spends his money.

B. To determine Ethan's various sources of income.

C. To determine how much Ethan can spend on accident and sickness insurance premiums.

D. To determine if Ethan has enough resources to cover medical expenses if he had a medical emergency.

Answer: D ([LEAVE A REPLY])

Anet worth statementassesses an individual's total financial assets and liabilities, providing insight into their overall financial health. For Ethan, as a freelance photographer, understanding his net worth is essential to determine whether he has sufficient resources to manage unexpected expenses, such as medical costs from a potential emergency. This assessment helps Larry gauge Ethan's ability to withstand financial shocks, which is crucial when planning for accident and sickness insurance coverage. While cash flow statements provide details on income and expenses, net worth statements are specifically used to evaluate financial resources available for emergencies.

NEW QUESTION: 15

Kalei owns a $250,000 life insurance policy with an accumulated cash surrender value of $75,000. She meets with her insurance agent Pamela to inform her that she quit her job last week. She wants to start an online business and needs $40,000 to fund the inventory and cover her living expenses for a few months. She heard that it was possible to obtain a loan using her policy at a 5% interest rate. Which of the following statements about collateral assignment is CORRECT?

A. Upon Kalei's death, the insurance company will only reimburse the bank the entire $40,000 that she borrowed.

B. Kalei is prohibited from doing anything with her policy that could affect the value of the security.

C. Kalei must name the bank as an irrevocable beneficiary of the policy until the debt is paid off.

D. The bank is the new policyholder and beneficiary of the policy.

Answer: B ([LEAVE A REPLY])

When a life insurance policy is used as collateral for a loan, the policyholder retains ownership but must avoid actions that could reduce the value of the policy as collateral, such as reducing the cash value or cancelling the policy. This restriction ensures that the lender's security interest in the policy remains protected until the debt is repaid.

In collateral assignments, the policyholder does not transfer ownership to the lender, nor is there a requirement to designate the lender as an irrevocable beneficiary. The assignment simply grants the lender a right to claim the policy proceeds to cover the loan amount if the policyholder defaults or passes away.

NEW QUESTION: 16

Vladimir is a new insurance agent with Family-Assure Inc. He and his supervisor Petros are reviewing the information collected during Vladimir's first meeting with Vanessa, a restaurant owner looking to add to her existing disability insurance (DI) coverage. Petros notices an overlap among sources, although the existing coverage appears adequate. Petros reminds Vladimir to explain to Vanessa how she would be impacted if she were to claim disability benefits.
What should Vladimir tell Vanessa?

A. Her DI benefits may be scaled back accordingly.
B. It is more prudent to leave current coverage in place regardless of the overlap.
C. Overlapping among sources may result in longer waiting periods.
D. The insurer may refuse payment due to the appearance of fraud.

Answer: (SHOW ANSWER)

Disability insurance benefits can be subject tointegrationoroffset provisions, especially if multiple sources of DI coverage exist. These provisions prevent the insured from receiving a total disability benefit amount that exceeds a certain percentage of pre-disability income. Vladimir should inform Vanessa that her benefits might be adjusted to avoid over-insurance and to align with her income levels. This aligns with the LLQP materials, which emphasize that overlapping coverage sources may lead to reductions in benefits from one source to maintain proportionality with earned income.

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NEW QUESTION: 17

Gino, an insurance of persons representative, is cleaning his office and going through old files. He comes across a file from a former client, Nathan, who owned a 20-year term insurance policy that was cancelled 3 years ago. Nathan now has a different representative and Gino no longer has any contact with him. Gino would like to know if he can destroy Nathan's file.
Which of the following options is CORRECT?

A. Yes, because Nathan transferred his affairs to another representative.
B. Yes, because Nathan cancelled his policy 3 years ago.
C. No, because he must wait until the file has been closed for at least 5 years.
D. No, because he must wait until the file has been closed for at least 7 years.

Answer: C (LEAVE A REPLY)
Insurance records must generally be retained for a minimum period to comply with provincial regulatory requirements, which is often five years from the date of termination. This helps ensure compliance with record-keeping mandates and allows for any legal, financial, or administrative review if needed. Gino is obligated to retain Nathan's file until it has been closed for at least five years, despite the change in representation or policy status.

NEW QUESTION: 18
Harold is a 66-year-old retired school bus mechanic. He receives $900 a month from his defined benefit pension plan (DBPP). His husband Karl is also retired and receives his own pension benefit. Harold would like to know the minimum monthly pension benefit from his DBPP that Karl will receive upon Harold's death.
A. $0
B. $450 to $495 depending on the province they reside.
C. $540 to $594 depending on the province they reside.
D. $900
Answer: A (LEAVE A REPLY)
Defined Benefit Pension Plans (DBPPs) provide a guaranteed income stream to the plan member after retirement, based on a formula considering factors like years of service and salary history. Generally, unless explicitly set up with survivor benefits, DBPPs do not automatically transfer income to a surviving spouse upon the member's death. In Harold's case, if no survivor benefit option was selected during retirement setup, Karl would not receive any income from Harold's DBPP. Therefore, the correct answer isA. $0as no automatic provision ensures Karl receives benefits unless Harold had chosen and paid for survivor benefits.

NEW QUESTION: 19
Larson, an insurance agent, meets with Julia, a real estate agent, to review her insurance needs. Julia has $500 in her savings account and does not own a tax-free savings account (TFSA) or registered retirement savings plan (RRSP). She earns an average of $150,000 a year in sales commissions and rental income from two condo units she owns. The combined value of her income properties is $1,000,000, and the mortgage is
$200,000.
Larson recommends that Julia open a TFSA and use it to invest $400 a month in a money market fund.
Which of the following personal risks is Larson trying to mitigate with this advice?
A. Risk of job loss.
B. Risk of bankruptcy.
C. Risk of leveraging.
D. Risk of unforeseen expenses.
Answer: D (LEAVE A REPLY)

Larson's recommendation for Julia to open a TFSA and invest in a money market fund is a strategy aimed at building a readily accessible emergency fund. This fund can help mitigate the risk of unforeseen expenses, which is a common financial risk. According to LLQP principles, creating anemergency fund within a TFSA provides tax-free growth and easy access to funds for unexpected costs, such as repairs, medical expenses, or temporary income loss.
Options A, B, and C are incorrect as they relate to specific risks not directly addressed by the creation of an emergency fund. A TFSA primarily provides liquidity for unexpected expenses rather than addressing job loss, bankruptcy, or leveraging.

NEW QUESTION: 20
Abishola purchases segregated funds from her insurance agent Bob. Before finalizing the transaction, she tells Bob that she will need the funds in a few months to make a down payment on a condo. Later, when Abishola calls to withdraw her funds, Bob informs her that she will incur a fee for withdrawing her funds prematurely.
Abishola complains to Bob, and then to Bob's supervisor, without receiving a satisfactory response. To which organization can Abishola escalate her complaint?
A. Office of the Privacy Commissioner of Canada.
B. Assuris.
C. Canadian Council of Insurance Regulators.
D. OmbudService for Life and Health Insurance.
Answer: D (LEAVE A REPLY)
The OmbudService for Life and Health Insurance (OLHI) provides a platform for consumers to resolve disputes related to life and health insurance products in Canada. If Abishola is dissatisfied with the responses from her insurance agent and his supervisor, she can escalate her complaint to the OLHI, which offers a neutral and independent review of disputes concerning insurance products like segregated funds.
Other organizations mentioned, such as Assuris, focus on protecting policyholders in cases of insurer insolvency, not individual complaints.

NEW QUESTION: 21
Kadiha invested $10,000 in a balanced fund 10 years ago, which she put into a non-registered account. At the time, her insurance agent sold her the fund with a 75% maturity and death benefit guarantee. Today, when the fund expires, the market value is $5,000.
How much will Kadiha receive, and how will her funds be treated for tax purposes?
A. $7,500, tax free.
B. $7,500, of which $2,500 will be taxed as capital gain.
C. $7,500, of which $2,500 will be taxed as interest income.
D. $7,500, of which $2,500 will be taxed as interest, dividend, and capital gain.
Answer: A (LEAVE A REPLY)
Kadiha's investment in a segregated fund with a 75% maturity guarantee means that upon maturity, she is guaranteed to receive 75% of her original investment, which would be $7,500

(75% of $10,000). The payment is considered part of the maturity guarantee under segregated fund contracts, and the difference paid out by the insurer to meet the guarantee ($2,500 in this case) is not subject to capital gains or interest income tax as it' s part of the guaranteed benefit. According to LLQP guidelines, segregated funds with such guarantees only tax the difference as capital gains if the payout exceeds the original investment, which is not applicable here.

NEW QUESTION: 22
Kaamil meets with Omar, his insurance agent, to purchase a whole life insurance policy. Kaamil wants to name his wife Ofra as the irrevocable beneficiary of the policy. Before proceeding, which of the following considerations should Omar CORRECTLY ask his client to reflect on?
A. Ofra will be able to make a cash withdrawal without Kaamil's consent.
B. Ofra will be able to withdraw funds from Kaamil's cash surrender value.
C. Kaamil can surrender the policy without obtaining Ofra's consent.
D. Kaamil will need to obtain Ofra's consent if he would like to revoke her as a beneficiary.
Answer: (SHOW ANSWER)
When an irrevocable beneficiary is designated, the policyholder must obtain the beneficiary's consent for any changes that affect the beneficiary's rights, such as revoking their status or making policy alterations. By naming Ofra as an irrevocable beneficiary, Kaamil would be restricted from unilaterally changing this designation or withdrawing policy funds without her agreement. This requirement protects the irrevocable beneficiary's interests, ensuring they retain certain rights in the policy.

NEW QUESTION: 23
Enzo meets with his insurance agent Theo to discuss his investment needs. When Theo asks Enzo about his liabilities, Enzo tells him that he purchased a house for $750,000 four years ago and his current mortgage balance is $600,000. He has a fixed interest rate on the mortgage of 3.5% for 5 years.
Which of the following statements about his mortgage is TRUE?
A. A mortgage is considered a bad debt.
B. An increase in interest rates will increase the mortgage cost when the mortgage is renewed.
C. The mortgage will contribute positively to Enzo's net worth.
D. The mortgage balance should not be included in the review of liabilities.
Answer: B (LEAVE A REPLY)
Enzo's fixed-rate mortgage protects him from rate fluctuations during the current term. However, upon renewal, if interest rates have risen, his mortgage payments could increase due to a higher rate being applied to his remaining balance. LLQP resources emphasize that fixed-rate mortgages are impacted by prevailing interest rates at the time of renewal, which can influence future costs.
Option A is incorrect as mortgages are generally considered good debt due to their potential for equity growth. Option C is misleading as the mortgage itself is a liability, although the property

value could contribute positively to net worth. Option D is incorrect because liabilities like mortgages are essential components of a financial review.

NEW QUESTION: 24

Paola, an employee at Horizon Pharmaceuticals, was recently diagnosed with depression. She is unable to work and is receiving tax-free disability insurance benefits due to her condition. Paola is deeply indebted, and her creditors have been garnishing a portion of her pay for the last year. She is worried about her creditors also garnishing her disability benefit.

Can her disability benefits be seized by her creditors?

A. Yes, disability insurance benefits are seizable.

B. Yes, but creditors can only seize up to 50% of her benefit.

C. No, because the benefits are tax-free.

D. No, because she is disabled.

Answer: D (LEAVE A REPLY)

In Quebec, disability insurance benefits are generally protected from seizure by creditors. This protection is designed to ensure that disabled individuals retain access to essential income for their well-being during their period of disability. Since Paola's benefits are designated as disability income, they are exempt from garnishment.

This aligns with Quebec's laws on disability and insurance benefits, which prioritize financial protection for individuals facing health-related work absences. Thus, her benefits remain protected, regardless of her tax status or existing debts.

NEW QUESTION: 25

Josephine visits her dentist in downtown Victoria, BC, to have a cavity filled. The procedure costs her $550 but the maximum fee for a standard filling, according to the provincial dental schedule, is $400. Josephine works for a company that offers employees group dental coverage with a yearly maximum of $1,000 and an

80% co-insurance factor.

How much will Josephine receive from the insurer for her procedure?

A. $0

B. $320

C. $400

D. $440

Answer: B (LEAVE A REPLY)

Josephine's group dental plan pays a percentage (80%) of theprovincial dental schedulefee, not the actual cost. For her filling, the schedule maximum is $400. Therefore, the insurer will cover 80% of $400, which amounts to $320. Although the procedure costs her $550, her coverage only applies to the schedule rate, meaning she will receive $320 from the insurer, while she covers the remainder out of pocket.

NEW QUESTION: 26

Seven years ago, Amber invested $150,000 in a non-registered equity segregated fund. Her investment grew, and today, the market value of her fund is $165,000. She places an order to redeem her fund and she wants to know how her investment will be taxed.

A. The $15,000 of capital gains will receive preferential tax treatment.

B. The $15,000 of capital gains will be 100% taxable.

C. The entire $165,000 will be taxed as income.

D. The investment will not be taxed.

Answer: A (LEAVE A REPLY)

In a non-registered equity segregated fund, capital gains are only 50% taxable under Canadian tax rules.

Amber's investment grew by $15,000, which represents a capital gain. As per LLQP guidelines, capital gains on non-registered investments are subject to preferential tax treatment, meaning only half of the gain is added to taxable income. Therefore, only $7,500 of the gain will be taxable. This treatment is consistent with capital gains taxation principles outlined in the LLQP material, where only the taxable portion of the capital gain is reported, resulting in reduced tax liability compared to regular income.

NEW QUESTION: 27

Kimeni meets with Orion, an insurance agent, to purchase segregated funds. After assessing Kimeni's needs, Orion suggests an index segregated fund. Kimeni agrees to invest $5,000 in the fund now and $200 every month.

With relation to this transaction, which of the following options is CORRECT about the Fund Facts document?

A. Orion must deliver the document to Kimeni within 3 days after the purchase.

B. Kimeni must acknowledge that he received the document.

C. Orion can only deliver the document to Kimeni electronically.

D. It is Kimeni's responsibility to ask for the document.

Answer: B (LEAVE A REPLY)

It is a regulatory requirement for the client, Kimeni, to acknowledge receipt of the Fund Facts document when purchasing segregated funds. This ensures that he has been informed about the key aspects of the investment, such as fees, risks, and performance, prior to purchase. LLQP guidelines mandate that documentation like Fund Facts must be provided to clients and that they acknowledge receipt to confirm informed consent.

Option A is incorrect as the document must be delivered before the purchase. Option C is inaccurate as the document can be delivered in various formats, not exclusively electronic. Option D is incorrect because it is the agent's responsibility to provide the document, not the client's to request it.

NEW QUESTION: 28

Candace, an insurance agent, met with her client Rebecca on March 15th to complete a life insurance application form. Rebecca applied for a T-10 $200,000 life insurance policy, she told

Candace that she will wait for her policy to be accepted before making a premium payment. On April 10th, the application was accepted by the insurance company and Candace promptly called Rebecca to give her the good news.
Candace delivered the policy to Rebecca on April 15th during the meeting, Rebecca gave Candace a cheque to cover her first premium and a void cheque to cover subsequent premium payments. Candace submitted the cheques to her manager on April 21st. When did Rebecca's policy come into force?

A. March 15th

B. April 10th

C. April 15th

D. April 21st

Answer: (SHOW ANSWER)

A life insurance policy generally comes into force when the policy is delivered to the applicant and the first premium is paid. In this case, Rebecca's policy was officially delivered on April 15th, at which time she paid the initial premium. As per LLQP guidelines, the contract becomes effective upon the meeting of these two conditions: delivery of the policy and payment of the first premium. Therefore, since Rebecca met both conditions on April 15th, that is the date her policy came into force.

NEW QUESTION: 29

Jasper is the sole breadwinner in his family. His wife Stephanie has chosen to dedicate all of her time to raising their 3 young children. Luckily, Jasper earns a monthly after-tax income of $25,000 working as a family doctor in the local clinic. Jasper meets with his insurance agent Odda to purchase a life insurance policy that will ensure his family will be able to continue to enjoy their current lifestyle in the event of his death. If his average tax rate is 40% and the investment return is 4%, how much life insurance should Jasper purchase based on the income replacement approach?

A. $625,000

B. $1,041,666

C. $7,500,000

D. $12,500,000

Answer: D (LEAVE A REPLY)

The income replacement approach calculates the amount of life insurance needed to replace Jasper'safter-tax income for his dependents over a given period, accounting for an investment return. To maintain the family's current lifestyle, we need to determine the capital required to generate a monthly after-tax income of $25,000.

* Calculate the Annual Income Needed:Monthly income required: $25,000Annual income required:

$25,000 × 12 = $300,000

* Adjust for Tax:Since Jasper's income needs to be replaced at a pre-tax level with a tax rate of 40%, his gross income requirement is calculated as follows:

A close-up of a math Description automatically generated

$$\text{Gross annual income} = \frac{300,000}{1 - 0.4} = 500,000$$

3. Calculate Capital Required for Income Replacement:

Using the formula for the capital needed to replace income:

$$\text{Capital required} = \frac{\text{Gross annual income}}{\text{investment return rate}} = \frac{500,000}{0.04} = 12,500,000$$

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Thus, Jasper needs a life insurance policy worth$12,500,000to replace his income, allowing his family to maintain their lifestyle with a 4% investment return. This calculation aligns with LLQP principles, ensuring that the income replacement fully addresses both current lifestyle needs and tax implications.

NEW QUESTION: 30

Patricia is a laboratory technician who normally earns $4,000 a month. A few months ago, she injured her leg rollerblading and was unable to work for four months. Since she owns a disability insurance policy with a residual benefit option, she received $2,400 a month from the insurer. Now that she is recovered, her doctor has cleared her to slowly return to work. Since she cannot work her regular full-time hours, her pay has decreased to $3,000 a month.

How much will she receive from her residual benefit when she returns to work?

A. $0

B. $600

C. $1,000

D. $2,400

Answer: B (LEAVE A REPLY)

A residual benefit in a disability insurance policy provides partial benefits if the insured returns to work in a reduced capacity and suffers a loss of income. Patricia's income has decreased from $4,000 to $3,000, representing a 25% reduction in income ($1,000 loss out of $4,000). Since her policy provides a residual benefit, she will receive 25% of her original monthly benefit, which is 25% of $2,400, amounting to $600.

This is calculated to supplement her reduced earnings, aligning with the guidelines on residual benefits provided by LLQP.

NEW QUESTION: 31

Last week, at a dinner party, Dario, an insurance agent, met Andrew, a successful businessperson with a net worth of over $10 million. Dario spent the evening following Andrew around, telling him how he could help him manage his finances. The day after the meeting, Dario sent a fruit basket to Andrew's office. Every day since, Dario has been calling and urging Andrew to meet with him and take advantage of his services and insurance products.

Which duties and obligations did Dario break?

A. Duties and obligations towards the public

B. Duties and obligations towards clients
C. Duties and obligations towards other representatives, firms, independent partnerships, insurers and financial institutions
D. Duties and obligations towards the profession
Answer: A (LEAVE A REPLY)
Dario violated his duties and obligations towards the public by engaging in aggressive and unsolicited solicitation tactics. According to LLQP ethical guidelines, insurance agents must conduct themselves in a manner that upholds the integrity and reputation of the profession. This includes respecting the public's privacy and avoiding high-pressure sales tactics.
The behavior described, where Dario persistently contacts Andrew and sends unsolicited gifts, can be seen as harassment, which is inconsistent with the standards expected of insurance representatives when interacting with the public. LLQP guidelines emphasize the importance of professionalism, transparency, and respect towards potential clients.

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NEW QUESTION: 32
Harper owns a disability insurance policy that will pay her a monthly benefit if she becomes unable to work.
At the time she applied for the policy, Harper was a new graduate with an annual income of $60,000, and she qualified for a monthly benefit of $3,000. Instead of taking the maximum benefit, she focused on paying off her student loans and keeping her insurance premiums low. She elected to purchase a monthly benefit of
$2,500 and add the future purchase option (FPO) rider for up to $500 a month of additional coverage. Now she is further along in her career, Harper earns $100,000 a year, and she meets with her insurance agent Trish to increase her coverage. Harper would like her new monthly benefit to be $5,000.
Which of the following statements about Harper's coverage is TRUE?
A. If Harper wants to increase her coverage, she will have to apply for an additional $2,500 of monthly benefit with full medical underwriting.
B. Harper cannot apply to receive an additional $2,000 of coverage, but she can exercise the FPO and increase her monthly benefit by $500.
C. Harper can exercise the FPO and increase her monthly benefit by $2,500.
D. Harper can exercise the FPO, increase her monthly benefit by $500, and apply for an additional $2,000 of monthly benefit with full medical underwriting.

Answer: D (LEAVE A REPLY)

Harper has aFuture Purchase Option (FPO)rider on her disability insurance policy, which allows her to increase her coverage by a predetermined amount (in this case, $500) without undergoing additional medical underwriting, provided she exercises this option at specific intervals. Given her increased income, Harper wishes to increase her monthly benefit to $5,000. By exercising the FPO, she can automatically add $500 to her current benefit, raising it from $2,500 to $3,000 without medical underwriting. To reach her desired benefit of $5,000, she would need an additional $2,000. For this portion, she would need to go through medical underwriting as it exceeds the FPO amount. Thus, option D is correct, as it accurately reflects the process and options available to Harper under the LLQP guidelines for utilizing the FPO rider along with additional underwriting for further increases.

NEW QUESTION: 33

Maxine meets with Toshiko, an insurance agent for United Life, to purchase a $10 million universal life insurance policy. Once United Life reviews Maxine's file, they agree to insure her for $3 million. United Life then contacts Extra Life Company, who agrees to insure Maxine for the additional $7 million. Toshiko asks his supervisor Bob how the death benefit will be paid to Maxine's beneficiary when she dies.

A. United Life and Extra Life will each directly pay the beneficiary.
B. Extra Life will issue a cheque for $10 million.
C. United will issue a cheque for $10 million.
D. The full death benefit will be paid by Assuris.
Answer: A (LEAVE A REPLY)

In cases where multiple insurers are involved in covering a large sum assured, it is common practice for each insurer to pay their respective portion of the death benefit directly to the beneficiary. Here, United Life insures $3 million and Extra Life insures the remaining $7 million. Upon Maxine's death, each company is responsible for paying out their portion, meaning United Life will pay $3 million and Extra Life will pay $7 million directly to the beneficiary. Assuris, mentioned in Option D, is an industry-backed entity that provides protection in case of an insurer's insolvency but does not issue death benefits.

NEW QUESTION: 34

Melissa owns a disability insurance policy from Clarity Life. She makes her premium payment on the second day of each month, but this month, she misses the payment deadline. A week passes before she realizes her oversight. She makes a frantic call to Jonathan, a Clarity Life customer service representative. Jonathan explains about notices of termination. Which of the following responses is CORRECT?

A. Melissa's policy was cancelled 24 hours after she missed her payment, and Clarity mailed her a notice of termination.
B. Melissa's policy would only be cancelled 30 days after the due date of her missed premium payment.

C. Melissa's policy has a grace period and would not be cancelled until 10 days after Clarity Life mails her a notice of termination.
D. Melissa's policy has a grace period and would not be cancelled until 15 days after Clarity Life mails her a notice of termination.
Answer: B (LEAVE A REPLY)
Disability insurance policies generally include a grace period of at least 30 days from the premium due date, during which the policyholder can make a late payment without losing coverage. This grace period ensures that minor payment delays do not immediately result in policy cancellation. Therefore, Melissa's policy would remain active and would only be subject to cancellation if she fails to pay within 30 days of the missed premium deadline.
Notices of termination are issued only after the grace period has lapsed, giving the policyholder additional time to remedy any missed payments.

NEW QUESTION: 35
Laekyn purchased an individual disability insurance policy 3 years ago from Awah, her insurance agent.
Today, Awah receives a call from Laekyn, who says she is hospitalized following a suicide attempt. Laekyn says her doctor diagnosed her with bipolar disorder and expects she will be able to return to work in 3 months.
Will Awah be able to help Laekyn receive disability benefits?
A. Yes, because the event occurred more than 2 years after the policy was purchased.
B. Yes, because Laekyn contacted her as soon as she received her diagnosis.
C. No, because the minimum waiting period on an individual disability policy is 90 days.
D. No, because she is disabled due to a suicide attempt.
Answer: (SHOW ANSWER)
Most individual disability insurance policies include atwo-year incontestability clause, after which the insurer cannot deny claims due to misrepresentations on the application, unless they involve fraud. Since Laekyn's policy was purchased over three years ago, and assuming there was no fraudulent application, she should be eligible for benefits. The fact that her disability is related to a suicide attempt is not an automatic disqualification beyond this period unless specifically excluded by the policy. Therefore, the insurer should process her claim under the standard disability terms of the policy.

NEW QUESTION: 36
Juniper, 69, suffered a stroke a few weeks ago which left her partially paralyzed and has severely reduced her mobility. Since the stroke, she is unable to leave her home. She benefits from regular visits from nurses, massage therapists, and housekeepers. Juniper wants to claim the services on her long-term care (LTC) insurance policy and would like to know how the claim will be processed and paid.
Which of the following answers is CORRECT?

A. The insurer will pay the nurse and the massage therapist directly and Juniper will have to pay thehousekeeper out of pocket.
B. Juniper will have to pay for all of the services first and then submit the receipts for all qualifying expenses to her insurer for reimbursement under the home care clause of her LTC policy.
C. The insurer will pay for all of the services directly.
D. Juniper will have to pay for all the services, but she could only claim for reimbursement of the costs of the nursing care, under the home care clause of her LTC policy.
Answer: (SHOW ANSWER)
Long-term care (LTC) insurance policies with home care benefits typically require the insured to cover the costs upfront and then submit receipts for reimbursement. Juniper, having regular services from nurses, massage therapists, and housekeepers, would need to pay for these services initially and then file a claim for reimbursement of qualifying expenses, as per the terms of her LTC policy. Generally, such policies cover medically necessary services like nursing care, and possibly massage therapy, but may not include housekeeping as a reimbursable expense. This approach ensures that only eligible services as defined by the policy are reimbursed.

NEW QUESTION: 37
Konrad is the owner of CrossBoy, a manufacturing company employing over 50 employees. Konrad recently took out a $500,000 loan to expand his business. Terrence works as a sales manager and is responsible for roughly 40% of the company's revenue. Konrad recognizes the importance of Terrence's contributions to the success of the company. Therefore, in addition to a sizeable basesalary, CrossBoy also pays Terrence regular performance-based bonuses. Konrad understands that if Terrence dies prematurely, CrossBoy would suffer financially. What should he do to protect his company?
A. Offer Terrence group life insurance plan.
B. Purchase business-owned buy-agreement with Terrence.
C. Purchase key person life insurance on Terrence.
D. Purchase criss-cross insurance with Terrence.
Answer: C (LEAVE A REPLY)
Key person life insurance is designed to protect a business from financial losses resulting from the death of a key employee. In this case, Terrence's role is crucial to CrossBoy's success due to his substantial contribution to the company's revenue. By purchasing key person insurance on Terrence, Konrad can ensure that the company has the necessary funds to cover the financial impact of Terrence's potential loss. Other options, like offering a group life insurance plan (A), do not directly address the specific financial risk associated with the loss of a key employee.Therefore,Option Cis the appropriate choice.

NEW QUESTION: 38
Mohammed is an employee at Optima Plus Inc. Over the years, he accumulated $15,000 in the company's group plan. He knows that his contributions into the plan are not tax-deductible, and he is not taxed on the funds when he makes a withdrawal.

What type of plan does Mohammed have with his employer?
A. A group registered retirement savings plan (GRRSP)
B. A deferred profit sharing plan (DPSP)
C. A group tax-free savings account (TFSA)
D. A group registered retirement income fund (RRIF)
Answer: C (LEAVE A REPLY)
Mohammed's plan allows him to make contributions that are not tax-deductible, and he is also not taxed on withdrawals, indicating that his employer's plan is a group TFSA. In a TFSA, contributions are made with after-tax dollars, and withdrawals (including any growth) are tax-free, consistent with the LLQP outline on TFSAs. This is distinct from other retirement accounts, such as RRSPs, which provide tax deductions on contributions but tax the withdrawals as income. Options A, B, and D are incorrect because these plans involve different tax treatments where contributions may be tax-deductible, and withdrawals are generally taxable.

NEW QUESTION: 39
Sasha is an employee at PranaTech. The company offers all employees a pension plan. PranaTech must contribute into the plan, but employee contributions are not mandatory. Sasha chooses where his funds will be invested.
A. Defined contribution pension plan.
B. Defined benefit pension plan.
C. Deferred profit sharing plan.
D. Group registered retirement savings plan.
Answer: A (LEAVE A REPLY)
Sasha's plan allows him to choose his own investments, and the company is required to contribute, while his own contributions are optional. This structure is indicative of a Defined Contribution Pension Plan (DCPP). In a DCPP, the employer contributes a fixed amount to the employee's retirement plan, and employees often have control over how their funds are invested. Employee contributions are typically voluntary, as outlined by LLQP guidelines on pension plans. Options B, C, and D do not match because Defined Benefit Plans do not provide investment choice, DPSPs usually have discretionary employer contributions, and group RRSPs are not pension plans and typically involve mandatory employee contributions.

NEW QUESTION: 40
Luisa owns a balanced segregated fund currently valued at $50,000. Her mother Linda is the current revocable beneficiary of the policy. However, Luisa has been dating Benjamin for a year and would like to name him as the new beneficiary of her policy.
Which of the following statements about modifying the beneficiary designation is CORRECT?
A. The change will take effect on the date that the insurer receives the change of beneficiary form.
B. Since Linda is Luisa's named beneficiary, she would need to consent to the change.
C. Luisa can modify the designation anytime.

D. Luisa can call the insurer's head office to notify them of the change.

Answer: A (LEAVE A REPLY)

Beneficiary changes in insurance contracts generally become effective once the insurer receives and processes the signed change form. This is supported by LLQP material, which specifies that changes to beneficiary designations must be documented and received by the insurer for the new designation to take effect. Since Linda is a revocable beneficiary, Luisa can make this change without requiring Linda's consent.

Option B is incorrect as revocable beneficiaries do not require consent for changes. Option C is too general, and D is incorrect because a formal written change form is typically required.

NEW QUESTION: 41

Kiril is the sole proprietor of a small gym with five employees. His sales manager, Antoine, is a former Olympic athlete, responsible for generating close to 50% of all revenues for the gym. Thanks to Antoine's popular social media presence, the gym is profitable and growing rapidly. However, Kiril has concerns about the future profitability of his gym should Antoine become ill or injured since the other employees are not local celebrities and would not be able to replace Antoine's contribution to the business.

Which of the following types of insurance policy would protect the gym if Antoine were unable to work?

A. Business loan protection disability insurance on Antoine.

B. Disability buyout insurance.

C. Key person disability insurance on Antoine.

D. Disability business overhead expense insurance on Antoine.

Answer: C (LEAVE A REPLY)

Key person disability insuranceprovides financial protection to a business against the loss of a crucial employee due to disability. Antoine is a critical figure for Kiril's gym, generating a significant portion of revenue and attracting clientele due to his public profile. This policy would compensate the gym for lost income and potentially cover additional costs incurred while attempting to replace Antoine's unique contributions. The LLQP materials discuss key person insurance as essential for protecting a business against the financial impact of losing a high-value employee, making this option the most suitable for Kiril's needs.

NEW QUESTION: 42

Last week, at a dinner party, Dario, an insurance agent, met Andrew, a successful businessperson with a net worth of over $10 million. Dario spent the evening following Andrew around, telling him how he could help him manage his finances. The day after the meeting, Dario sent a fruit basket to Andrew's office. Every day since, Dario has been calling and urging Andrew to meet with him and take advantage of his services and insurance products.

Which duties and obligations did Dario break?

A. Duties and obligations towards the public

B. Duties and obligations towards clients

C. Duties and obligations towards other representatives, firms, independent partnerships, insurers, and financial institutions
D. Duties and obligations towards the profession
Answer: A (LEAVE A REPLY)
Dario's conduct at the dinner party and afterward constitutes a breach of his duties and obligations towards the public. Insurance professionals are expected to maintain high standards of professionalism and respect the privacy and comfort of individuals they interact with. By persistently following Andrew and subsequently pressuring him with daily calls and unsolicited gifts, Dario failed to demonstrate respect for personal boundaries. This behavior could be seen as unprofessional and could harm the public's trust in the industry.
According to LLQP guidelines and ethical standards, agents must avoid aggressive solicitation and respect the autonomy and privacy of the public.

NEW QUESTION: 43
Ariana is a Vancouver restauranteur who owns a $250,000 universal life (UL) insurance policy with a cash surrender value that has grown considerably over the years. Unfortunately, her restaurant has fallen on hard times and in an effort to turn the business around, she takes out a string of business loans that she personally guaranteed. To protect her life insurance from creditors, she changes the beneficiary designation from her estate, naming her husband as a revocable beneficiary. Despite her efforts, the restaurant's profits do not improve, and she is forced to close her business and file for bankruptcy. Can her creditors seize her cash surrender value?
A. Yes, because she changed her beneficiary designation to hinder creditors.
B. Yes, because she has money accumulated in her cash surrender value.
C. No, because her husband is a protected class beneficiary.
D. No, because the creditors can only go after the restaurant's assets.
Answer: C (LEAVE A REPLY)
In most Canadian provinces, if a policyholder names a spouse as the beneficiary of a life insurance policy, the cash surrender value of the policy is generally protected from creditors, as long as the spouse qualifies as a
"protected class" beneficiary. By designating her husband as a beneficiary, Ariana's policy benefits and cash surrender value are typically shielded from her personal creditors, even in the event of bankruptcy.
However, if she had named her estate as the beneficiary, the cash surrender value could have been subject to claims by creditors during her bankruptcy.

NEW QUESTION: 44
Andre, an insurance agent, meets with his client Jasper to discuss his $150,000 whole life insurance policy.

Jasper is deeply indebted and needs at least $40,000 to cover his debt. Andre tells him about a company he knows that will be willing to give him $75,000 if he assigns his policy to them. Did Andre act appropriately?

A. No, because Jasper is not allowed to assign his policy to an arms-length entity.

B. No, because trafficking in insurance is discouraged by the insurance industry.

C. Yes, because he is helping his client pay off his debt.

D. Yes, as long as this practice is not illegal in his province of residence.

Answer: (SHOW ANSWER)

The practice of trafficking in insurance involves selling or assigning a life insurance policy to a third party, often at a discounted rate, which is typically discouraged within the insurance industry due to ethical concerns and potential misuse. The LLQP materials warn against such practices as they can be perceived as exploiting insurance contracts for profit, rather than for their intended purpose of providing financial security. Therefore, Andre acted inappropriately by suggesting this arrangement without considering the ethical implications.

NEW QUESTION: 45

Jessica is 61 years old and has $460,000 invested in a registered retirement savings plan (RRSP). She is retiring due to health issues that are expected to reduce her life expectancy and will prevent her from working until she is 65. She would like to transfer her RRSP funds into an annuity that will pay her monthly benefits for the rest of her life.

Which of the following annuities is the BEST option for her to purchase?

A. Term annuity to age 90.

B. Life annuity.

C. Life annuity with a 20-year guaranteed period.

D. Impaired life annuity.

Answer: (SHOW ANSWER)

Due to Jessica's reduced life expectancy, an impaired life annuity would provide higher monthlypayments than a standard life annuity. This type of annuity takes her medical condition into account, offering larger payouts based on a shorter expected payment period. LLQP resources recommend impaired life annuities for individuals with significant health issues, as these provide better income compared to other types.

Options A and C offer a fixed period but don't maximize monthly income for someone with a reduced life expectancy. Option B would provide a standard income for life but not the potentially enhanced income from an impaired annuity.

NEW QUESTION: 46

Which organization provides protection for holders of segregated fund contracts in Canada if the insurer becomes insolvent?

A. Canadian Deposit Insurance Corporation

B. Canadian Insurance Services Regulatory Organizations

C. Assuris

D. OmbudService for Life & Health Insurance
Answer: C (LEAVE A REPLY)
Assuris is the organization in Canada that provides protection to policyholders, including holders of segregated fund contracts, if their insurance company becomes insolvent. LLQP guidelines state that Assuris ensures the continuation of certain benefits and provides a level of coverage to protect the assets within segregated fund contracts.
Assuris is specifically focused on protecting Canadian policyholders of life and health insurance products in cases of insurer insolvency, distinguishing it from organizations like the Canadian Deposit Insurance Corporation, which covers deposits at financial institutions.

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NEW QUESTION: 47
Genevieve and Martin, a couple in their 40s, meet with Melissa, their insurance agent, to help them plan for their retirement. Melissa tells them that they would benefit from opening a spousal registered retirement savings plan (RRSP) given their financial situation and discrepancy in theirincomes. The couple would like to know the benefits of opening a spousal RRSP.
A. A spousal RRSP is a way to move income from one spouse, who has a higher tax rate, to the other, who has a lower tax rate, during retirement.
B. Contributions to a spousal plan are based on the contribution room of the recipient and reduce his or her RRSP contribution room.
C. Contributions to a spousal plan can be made until the end of the year in which the older spouse turns 71.
D. Having a spousal RRSP can extend the tax benefit of contributions past age 71 if the contributing spouse is younger.
Answer: A (LEAVE A REPLY)
A spousal RRSP is beneficial for couples with differing income levels as it allows for income splitting during retirement. This is advantageous because it enables the higher-income spouse to contribute to the RRSP of the lower-income spouse. When the funds are eventually withdrawn during retirement, they are taxed at the lower- income spouse's rate, potentially reducing the couple's overall tax burden. This aligns with the LLQP guideline on income splitting as a tax minimization strategy.
Option B is incorrect because the contributions to a spousal RRSP reduce the contribution room of the contributing spouse, not the recipient. Option C is technically accurate but does not directly address the primary advantage of a spousal RRSP in terms of tax planning, and Option D is

correct regarding extending tax benefits but does not directly highlight the immediate benefit of income splitting for the couple.

NEW QUESTION: 48

Arianna, a healthy 61-year-old university professor, is retiring this year and wants to transfer the funds she accumulated in her registered retirement savings plan (RRSP) into an annuity. She is looking at different options and would like to know which of the following annuities will pay the highest monthly benefit.

A. A life annuity

B. A life annuity with a 10-year guarantee

C. An indexed annuity

D. A joint life annuity

Answer: A (LEAVE A REPLY)

A life annuity typically provides the highest monthly benefit compared to other annuity types because it does not include additional guarantees or features that reduce the payout, such as a guarantee period or indexing.

Since Arianna is healthy and seeking the highest monthly income, a standard life annuity, which pays a fixed income for life without any additional features, will maximize her monthly benefit.

LLQP resources confirm that adding options like guarantees or indexing typically lowers the monthly payout due to the insurer's increased liability.

Option B would provide a lower benefit than a standard life annuity because of the 10-year guarantee. Option C (Indexed annuity) would have lower initial payments due to the cost of inflation protection, and Option D (Joint life annuity) would provide less income as it is designed to continue payments to a surviving spouse.

NEW QUESTION: 49

A few months ago, Urmish filed a complaint to the Autorite des marches financiers (AMF) about the services he received from his insurance agent, Jaba. The complaint was heard by the discipline committee, and Jaba was found guilty and ordered to pay a $10,000 fine. Jaba is upset and does not agree with the verdict. She would like to appeal the verdict.

Which of the following statements is CORRECT?

A. A decision made by the discipline committee may be appealed to the Chambre de la securite financiere (CSF).

B. A decision made by the discipline committee may be appealed to the Court of Quebec.

C. A decision made by the discipline committee may be appealed to the AMF.

D. A decision made by the discipline committee cannot be appealed.

Answer: B (LEAVE A REPLY)

In the context of Quebec, decisions made by the discipline committee of professional bodies under the authority of the Autorite des marches financiers (AMF) are subject to appeal processes established by Quebec law. The Court of Quebec is the designated body for appeals concerning decisions rendered by disciplinary committees. Specifically, when an insurance agent like Jaba

disagrees with the disciplinary action taken by the AMF's discipline committee, the proper channel for appeal is the Court of Quebec, not the AMF, Chambre de la securite financiere (CSF), or any other entity.
The Chambre de la securite financiere (CSF) itself does not serve as an appellate body for these disciplinary decisions but functions as a regulatory body to oversee the ethical and professional conduct of financial services professionals in Quebec. The AMF, while overseeing the financial markets, also does not handle appeals on behalf of its discipline committee.
This appeals process aligns with professional conduct standards and legal recourses as covered under Quebec' s framework for insurance professionals. Under LLQP guidelines and relevant regulations, appeals must proceed through established legal channels, such as the Court of Quebec, ensuring that disciplinary decisions are subject to judicial review when contested.

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