

## 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

Once you have read the material, please print the ANSWER SHEET, AFFIDAVIT and QUESTIONS that follow this page. IDOI requires that all continuing education test be proctored by and currently licensed Indiana insurance agent. 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 an "X" on the Affidavit, have the test proctor complete the bottom of the Affidavit. Completed Answer Sheet and Affidavit may be emailed, faxed or mailed to:

Emailed to:	<a href="mailto:info@commonwealthschools.com">info@commonwealthschools.com</a>
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 AFFIDAVIT 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***

***\$99.00***

### NOTICE

***The material contained herein may not be duplicated without the express written permission of Commonwealth Schools of Insurance.***

***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.***

**INDIANA DEPARTMENT OF INSURANCE  
AFFIDAVIT OF PERSONAL RESPONSIBILITY**

*Instructions to Course Provider: This document does not replace Certificate of Completion. The original affidavit is to be returned to you with finished examination and must be retained in your files for seven (7) years.*

I affirm, under penalties of perjury, that I personally completed the entire text of the self-study course(s) listed below. I also affirm, under penalties of perjury, that I completed the exam without assistance from any source. I understand that it is my responsibility to file or maintain my Certificate of Completion as required by the Indiana Department of Insurance.

X \_\_\_\_\_  
AGENT'S SIGNATURE

X \_\_\_\_\_  
DATE

X \_\_\_\_\_  
AGENT'S LICENSE NUMBER

**AFFIDAVIT OF EXAM COMPLETION**

I hereby certify, under penalty of perjury, that I am a duly licensed insurance agent in the State of Indiana and that I administered the **closed book final examination** for the course listed below and that it was completed without assistance or outside help of any kind, including the study material.

Name of Student X \_\_\_\_\_ License Expiration Date X \_\_\_\_\_

Address X \_\_\_\_\_ City/State/Zip X \_\_\_\_\_

Social Security No. X \_\_\_\_\_ Date of Birth X \_\_\_\_\_

Name of Course:           Annuity Suitability-Best Interest - 4 hrs - 44406          

Name of Course Provider: **Commonwealth Schools of Insurance**

Location Exam was taken \_\_\_\_\_

Date Exam was taken \_\_\_\_\_

\_\_\_\_\_  
\*\*\*Printed Name of Exam Witness

\_\_\_\_\_  
Signature of Exam Witness

\_\_\_\_\_  
\*\*\*License Number of Witness

\_\_\_\_\_  
Business Phone Number of Witness

Witness' Business Mailing Address \_\_\_\_\_

**\*\*\*Your test must be proctored by an actively licensed Indiana Insurance Agent.**

**Please Note: This form must be completed before your course will be graded and submitted to INDOI.**

# Annuity Suitability-Best Interest

(4 credit hours – This course is approved by IDOI to meet your Annuity requirement.)

PLEASE PRINT CLEARLY

First Name	M.I.	Last Name	DOI# and NPN#
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	

**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**

**Simply complete and return all 24 hours of CE at the same time.  
Regardless of the prices listed, your total charge will be \$99.00**

**CHECKS AND ALL MAJOR CREDIT CARDS ARE ACCEPTED:**

**COURSE FEE \$29.00** or  **Check Here for Yellow Card Special**

**CARD NO.** \_\_\_\_\_ **EXP DATE** \_\_\_\_\_

**CREDIT CARD BILLING ADDRESS** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_

*Thank you for choosing CSI for your training requirements.*



12. In today's volatile investment climate, annuities might represent a \_\_\_\_\_ and that is exactly what retirees and near-retirees may be seeking.
- A interest-free investment                      C gift investment  
B payment investment                              D safe haven investment
13. Deferred charitable gift annuities are those in which the annuitant defers the receipt of income to a specified date at least \_\_\_\_\_ in the future, but realizes an immediate federal income tax charitable deduction.
- A six months                      B one year                      C two years                      D five years
14. A \_\_\_\_\_ annuity is one purchased separately from, or "outside of," a tax-favored retirement plan.
- A nonqualified                      B qualified                      C gift                      D tuition
15. \_\_\_\_\_ annuity provides income for the remaining life of a person
- A A gift                      B A lifetime                      C A single payment                      D An immediate
16. There are \_\_\_\_\_ parties to an annuity.
- A three                      B five                      C four                      D two
17. The \_\_\_\_\_ is the person designated by the owner to receive annuity payments and may be either the annuitant or some other person or entity including a trustee or a bank account.
- A payee                      B beneficiary                      C contract owner                      D annuitant
18. The \_\_\_\_\_ is like a vice president of a country because he or she is of little value until the death of a certain individual.
- A the insurer                      B contract owner                      C annuitant                      D beneficiary
19. \_\_\_\_\_ available under some annuity contracts, lets an individual arrange to receive designated amounts and change those amounts from time to time.
- A Unspecified withdrawal                      C Systematic withdrawal  
B Monthly withdrawal                      D Beneficiary withdrawal
20. A Transfer Payout Annuity (TPA) is an annuity option that provides for transfers and withdrawals of accumulated funds in \_\_\_\_\_ annual installments
- A 15                      B 12                      C 10                      D 5
21. The \_\_\_\_\_ phase is the time period when money is added to the annuity.
- A distribution                      B accumulation                      C annuitization                      D maturation
22. Annuities can be purchased by single payments or flexible payments or as an
- A immediate annuity.                      B deferred annuity.                      C tuition annuity.                      D fixed annuity.
23. Due to the 10% IRS penalty for money taken out before one reaches age 59 ½, most insurance companies allow the individual to withdraw up to \_\_\_\_\_ of assets before they impose a surrender charge.

- A 5%                      B 10%                      C 15%                      D 30%
24. Most annuities allow one to withdraw either interest earnings or up to \_\_\_\_\_ per year without a penalty
- A 5%                      B 15%                      C 20%                      D 25%
25. An individual can avoid any taxes or penalties, however, by making a \_\_\_\_\_ to another annuity, regardless of age.
- A 1045 Tax-Free Exchange                      C 1035 Tax-Free Exchange  
B 1025 Tax-Free Exchange                      D 1065 Tax-Free Exchange
26. The final disadvantage of annuities is that if a person had to take his money out before age 59½, he would incur a \_\_\_\_\_ penalty in addition to ordinary income taxes.
- A 5%                      B 15%                      C 20%                      D 10%
27. Life With Period Certain could have specified time periods such as
- A 3 or 9 years.                      B 10 or 20 years.                      C 1 or 5 years.                      D 5 or 8 years.
28. An annuity rider is a feature on an annuity that provides an additional benefit such as nursing home costs. A bonus rider would give an extra \_\_\_\_\_ of an investment upon buying the annuity.
- A 2 to 7%                      B 5 to 8%                      C 3 to 5%                      D 1 to 5%
29. Annuity surrender charges do not apply to \_\_\_\_\_ annuities because, once an individual has purchased the contract, it cannot be surrendered.
- A deferred                      B tuition                      C immediate                      D split
30. The \_\_\_\_\_ is a fixed charge per premium payment or other transaction.
- A charge fee                      B payment fee                      C annuity fee                      D transaction fee
31. \_\_\_\_\_ is the placement of a certain amount of one's investment capital within different types of asset classes
- A Dollar Allocation                      C **Asset Allocation**  
B Capital Allocation                      D Investment Allocation
32. \_\_\_\_\_ replaces emotion with consistency and helps reduce market risk.
- A Domestic Equity                      C Underlying Portfolio  
B Valuation                      D Dollar Cost Averaging
33. The actively managed portfolio seeks high current income and, secondarily, growth of capital by investing primarily in
- A high-yielding corporate bonds.                      C high-yielding stock bonds.  
B low-yielding corporate bonds.                      D low-yielding government bonds.
34. An investor should review an annuity portfolio at least
- A once a month.                      B once a year.                      C twice a year.                      D weekly.

35. Most of these annuities credit around to the cash values remaining in the annuity while the annuitant is receiving the income.
- A 6%                      B 3%                      C 9%                      D 12%
36. One of the best vehicles to accumulate funds to supplement retirement income from Social Security and qualified retirement plans is a
- A funded annuity.                      C retirement annuity.  
B qualified annuity.                      D nonqualified annuity.
37. The amount that is taxable will be determined at the time he or she elects to annuitize the policy. A calculation will be made by the insurance company to determine the \_\_\_\_\_ which will determine the percentage of each payment that will be excluded from income tax.
- A taxable ratio              B payment ratio              C exclusion ratio              D deductible ratio
38. A tax-deferred annuity offers the same benefits as a non-deductible IRA, but without the \$6,000 contribution limit, the mandatory withdrawal requirement at age \_\_\_\_\_, and without all of the record keeping and reporting requirements.
- A 69½                      B 72                      C 59½                      D 65.
39. At the annuitant's death, the death benefit will be paid to the non-spousal beneficiaries who have been designated so the transfer will avoid
- A accumulation.              B distribution.              C taxation.              D probate.
40. The Required Minimum Distribution amounts generally must be withdrawn each year beginning after an individual reaches age \_\_\_\_\_ and severe penalties are imposed if he or she fails to withdraw the full Required Minimum Distribution amount from a pre-tax plans and policies.
- A 64½                      B 59½                      C 70½                      D 60½
41. As regards new agents, which of the following is the number of training hours required under the Best Interest Regulation?
- A 12                      B 4                      C 3                      D 2
42. Situations when Duty of Care Obligation does NOT apply would include which of the following?
- A No recommendation was made  
B A recommendation was made but later found to have been based on inaccurate information provided by the customer  
C The customer had a previous annuity transaction not recommended by the agent  
D All of the above
43. In a replacement or exchange situation, all of the following should be considered EXCEPT:
- A Surrender charges  
B Loss of Benefits  
C The customer had a previous annuity exchanged/replaced within the last ten (10) years  
D The replacement should benefit the customer when compared to the contract being replaced

44. An important consideration is whether the customer has previously exchanged/replaced an annuity within the previous how many years?
- A 3                                      B 5                                      C 8                                      D 10
45. Producer Relationship Disclosure requires which of the following to be disclosed to the potential customer?
- A How the producer is to be compensated  
B Has the producer changed insurance companies within the past five years  
C Is the producer single or married  
D Does the producer have at least seven (7) years experience in the business
46. In order to market variable products which of the following must be true?
- A The agent must have five (5) years experience  
B The agent must be life insurance licensed only  
C The agent must be both life and securities licensed  
D The agent must be securities licensed only
47. As regards Consumer Profile Information, which of the following are important in order to make a suitable recommendation?
- A Financial situation and needs                      C Financial objectives  
B Financial experience                                      D All of the above
48. All of the following are important in making a recommendation that is suitable EXCEPT
- A Age                                      B Tax Status                                      C Liquidity Needs                      D Place of Residence
49. When a potential customer refuses to provide relevant information needed to make a suitable recommendation, the agent is required to do which of the following?
- A Have the customer sign the Customer Refusal to Provide Information Form  
B Refer them to the agent's supervisor  
C Have the Kentucky Replacement Form completed  
D Do nothing and proceed with the sale
50. Which of the following statements is correct?
- A How the producer is compensated is none of the client's business  
B Best Interest reduced Annuity Suitability requirements  
C The agent/producer has no additional training requirements under the new Best Interest regulation  
D Best Interest added additional requirements to Annuity Suitability