



Take Assessment: Chapter 11 - Content Review - 3rd Edition

Name	Chapter 11 - Content Review - 3rd Edition
Instructions	Select the appropriate response and submit your answers.
Multiple Attempts	This Test allows multiple attempts.
Force Completion	This Test can be saved and resumed later.

Question Completion Status:
1 2 3 4 5
Question 1 20 points Save

17. Sam and Janet Evening wish to purchase an annuity that provides an income as long as at least one of them is alive. They have no children and no interest in passing their assets to heirs. Which of the following annuities is best suited for their purposes?

- (A) cash refund annuity
- (B) installment refund annuity
- (C) joint-and-last survivor annuity
- (D) joint-life annuity

Question 2 20 points Save
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48. Phil, aged 62, owns an individual flexible premium deferred annuity that currently has an accumulated value of \$460,000. If Phil has paid \$240,000 in premiums over the years, which of the following statements concerning tax treatment of benefits received from the annuity is (are) correct?

I. If Phil currently withdraws \$150,000 from the annuity while it is still in its accumulation period to begin construction of a lakeside cabin for his retirement years, the \$150,000 is treated as taxable income.

II. If Phil begins receiving monthly payments for life from the annuity, a portion of each monthly income payment will be treated as taxable income.

- (A) I only

- (B) II only
- (C) Both I and II
- (D) Neither I nor II

Question 3

20 points [Save](#)

60. Which of the following statements concerning the operation of a variable annuity is (are) correct?

- I. During the accumulation period, it is to the annuitant's advantage for stock prices to be relatively high.
- II. During the liquidation period, it is to the annuitant's advantage for stock prices to be relatively low.

- (A) I only
- (B) II only
- (C) Both I and II
- (D) Neither I nor II

Question 4

20 points [Save](#)

64. Which of the following statements concerning an annuitant's options at the maturity date of a deferred annuity is (are) correct?

- I. The annuitant can elect to have the accumulation applied under any annuity form the company offers.
- II. The annuitant can usually elect to take a lump-sum payment in lieu of an annuity.

- (A) I only
- (B) II only
- (C) Both I and II
- (D) Neither I nor II

Question 5

20 points [Save](#)

87. Compared with a lump-sum settlement, the advantages of a structured settlement for the injured party include all the following EXCEPT

- (A) The settlement can never be prematurely exhausted because the income payments are guaranteed for life or for a fixed period.
- (B) The risk that a settlement will be dissipated through mismanagement is significantly reduced when converted into

periodic payments.

- (C) A periodic income not only provides a degree of financial security but also allows benefits to be better matched with future needs.
- (D) A settlement paid in a lump sum is taxable income, whereas a structured settlement paid as periodic income is tax free.

