

TEST YOURSELF ON YOUR KNOWLEDGE!

1. If your beneficiaries inherit IRA monies from you, the income tax due will be ... ?
 - a. There will be no tax, IRAs pass to the beneficiary in a step-up basis
 - b. They will pay long-term capital gain tax
 - c. They will pay ordinary income tax, but only on the earnings
 - d. All the money is subject to ordinary income tax

2. If your beneficiaries inherit non-qualified Annuity monies from you, what will be the tax due by them?
 - a. The Annuity funds will pass free to my heirs, unless the estate is large enough to trigger federal estate taxes
 - b. They will pay long-term capital gains tax only on the gains
 - c. They will pay ordinary income tax only on the gains
 - d. They will not pay taxes

3. If your beneficiaries inherit life insurance or Roth IRAs from you, which of the following is true?
 - a. These funds get a step-up basis and are tax free
 - b. All of the interest is taxable when my heirs receive these accounts
 - c. My heirs will pay long-term capital gains tax
 - d. My heirs will not pay income tax on these accounts

4. If one spouse survives the other, and both were drawing Social Security (his is \$1,000.00 and hers is \$500), which of the following is generally true?
 - a. The household will lose \$750 a month from Social Security
 - b. The household will lose \$1,000 a month from Social Security
 - c. The household will lose \$500 a month from Social Security
 - d. The income will remain the same

5. Under most pension plans, if you are married, you must typically choose what type of an annuity option?
- Single life annuity
 - Joint and survivor annuity
 - Certain and continuous annuity
6. Women live an average of how many more years than men?
- 2 years
 - 3 years
 - 5 years
 - The same as men
7. Using the Rule of 72 (a financial "rule of thumb" stating that in order to find the number of years required to double your money at a given interest rate, you divide the compound return into 72. The result is the approximate number of years that it will take for your investment to double), your money would double in 8 years if you earned which of the following interest rates?
- 6 percent
 - 7 percent
 - 8 percent
 - 9 percent
8. If an individual dies in 2015, approximately how much of his estate may pass to beneficiaries before they must pay federal estate taxes?
- \$1 million
 - \$2.5 million
 - \$5.42 million
 - There is no estate tax in 2015

9. Does Medicare cover long term care (LTC) expenses?
- a. Yes, Medicare covers all LTC expenses
 - b. Yes, but Medicare does not cover all LTC expenses
 - c. No, Medicare does not cover LTC
10. A revocable living trust protects my estate from liability lawsuits.
- a. True
 - b. False

Key: 1. D 2. C 3. D 4. C 5. B 6. C 7. D 8. C 9. C 10. B

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