FINRA-SERIES-6 Q&As

FINRA Investment Company and Variable Contracts Products Representative Examination (IR)

Pass FINRA FINRA-SERIES-6 Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

https://www.passapply.com/finra-series-6.html

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by FINRA Official Exam Center

QUESTION 1

Andy and Annie Raggedy own their own graphics art business that they operate out of their home and, happily, generate enough income to meet their current needs. The couple is planning on having children in the not too distant future,

however, and they want to start putting money aside for their children\\'s college education and also want to start saving for retirement more aggressively.

Which of the following describes one of their primary investment objectives?

A. tax-exempt income

B. preservation of capital

C. current income

D. capital appreciation

Correct Answer: D

Explanation: Since Mr. and Mrs. Raggedy\\'s stated goals are to save for their future children\\'s college education and to save for retirement, one of primary investment objectives is capital appreciation. That is, they will want to invest their monies in assets that will grow at a sufficient rate for them to be able to meet these targets. They have enough income to meet their current needs, so Choices A and C are not primary objectives, and although we'd all like to preserve capital, we need to take some risk in order to get the returns we require.

QUESTION 2

Which of the following investment companies will always be passively managed?

A. a face-amount certificate company

B. a unit investment trust

C. a mutual fund

D. a closed-end investment company

Correct Answer: B

Explanation: A unit investment trust is always passively managed. Some mutual funds, such as index funds, may also be passively managed, but not all mutual funds are passively managed.

QUESTION 3

Which of the following is not a cost associated with an investment in a variable annuity contract?

A. mortality and expense risk fee

B. investment management fee

C. state premium tax

D. All of the above are costs associated with an investment in a variable annuity contract.

Correct Answer: D

Explanation: All of the choices are costs associated with an investment in a variable annuity contract. Nor is this an exhaustive list of the costs.

QUESTION 4

After having been divorced for several years, Mrs. Blended has remarried a man with three children of his own. She has set up a revocable trust in which she deposited funds that she inherited when her mother died, so that the monies will go uncontested to her two biological children in the event of her own death. These two adult children are the only beneficiaries of the trust. Mrs. Blended has no plans to touch any of the money in the trust unless circumstances demand it in the future. The trust is invested in a mutual fund that paid $500 in dividend income and distributed $3,000 in long-term capital gain income to the trust this year.

Which of the following statements is true regarding the tax treatment of these distributions?

A. The distributions will not be taxed at this point; they will be taxed only when Mrs. Blended or her beneficiaries make withdrawals from the trust.

B. Assuming her two adult children are equal beneficiaries, each one is responsible for paying tax on 50% of the income to the trust, or $1,750.

C. Mrs. Blended must pay taxes on the $3,500 in distributions.

D. The distributions will not be taxed at this point; they will be taxed as part of the estate upon Mrs. Blended\\'s death.

Correct Answer: C

Explanation: If Mrs. Blended established a revocable trust that invested in a mutual fund that distributed $3,500 total in dividend and capital gain income this year, Mrs. Blended is responsible for paying taxes on the distributions. Whether or not any monies or assets are withdrawn from a revocable trust, the grantor of the trust-in this case, Mrs. Blended-- is responsible for any taxes due.

QUESTION 5

Eddie and Edith open a JTWROS account with you. This means that:

I. You can accept a buy or sell order from either Eddie or Edith.

II. Any check that is drafted upon a request to withdraw funds can be written to either Eddie or Edith, or both.

III. If either Eddie or Edith die, the account assets will pass to that individual\\'s estate, based on his or her percentage ownership of the account.

IV.

Correspondence concerning the account can be sent to either Eddie or Edith.

A.

I only

B.

I and II only

C.

I and IV only

D.

I, II, III, and IV

Correct Answer: C

Explanation: Only Selections I and IV are true statements. If Eddie and Edith open a JTWROS account with you, you can accept a buy or sell order from either one of them, and any correspondence concerning the account can be sent to either one of them. However, a check must be made out to both of them, in the same manner that the account is titled. A JTWROS account is a "joint tenants with rights of survivorship" account, which means that if either Eddie or Edith die, the account assets pass directly to the other one and do not go into the deceased\\'s estate.