

Annuity Quiz

1. Most Americans use annuities to give them _____?
 - a. **Stream of retirement income**
 - b. Tax deduction
 - c. Emergency fund
 - d. Income in the event of disability
2. If the participation rate is 70% and the index-linked interest calculated in an Equity Indexed Annuity policy is 6%, how much will be credited to the policy?
 - a. 4.4%
 - b. 2.4%
 - c. **4.2%**
 - d. 6%
3. Unlike other savings vehicles, the growth inside an annuity is _____?
 - a. Tax creditable
 - b. Tax deterred
 - c. Tax deductible
 - d. **Tax deferred**
4. The period of time during which there is a build-up in an annuity of interest is call the _____?
 - a. Gross up phase
 - b. Deferral phase
 - c. **Accumulation phase**
 - d. Interest phase
5. Periodic payments that begin within one year after purchase are characteristic of a(n) _____ annuity?
 - a. **Immediate**
 - b. Deferred
 - c. Tax sheltered
 - d. Qualified
6. Deferred annuities provide a great deal of flexibility in the _____ and _____ of payout benefits?
 - a. **Timing and type**
 - b. Amount and type
 - c. Timing and amounts
 - d. Growth and determination
7. A variable annuity fluctuates in accordance with the _____ of its investments?

- a. Origin
 - b. Performance**
 - c. Diversification
 - d. Expense loads
8. All of the following are phases of an annuity EXCEPT?
- a. Accumulation
 - b. Contribution
 - c. Distribution
 - d. Interpretation**
9. Split annuity combines a _____?
- a. Fixed deferred and an immediate annuity**
 - b. Variable and fixed annuity
 - c. Term life and fixed annuity
 - d. Endowment and immediate annuity
10. Premiums in fixed annuities are either _____ or _____?
- a. High or low
 - b. Fixed or variable
 - c. Single or flexible**
 - d. Taxable or deductible
11. IRS specifies age _____ as the maximum payout age for fixed annuities?
- a. 59 ½
 - b. 70 ½**
 - c. 100
 - d. No specific age
12. Generally, companies charge a _____ surrender fee?
- a. Level
 - b. Increasing
 - c. Decreasing**
 - d. Fluctuating
13. If an annuitant dies or becomes disabled, most companies _____ the surrender charges?
- a. Increase
 - b. Average
 - c. Freeze
 - d. Waive**
14. A “1035 Exchange” involves the exchange of all the following EXCEPT?
- a. Life insurance policy

- b. Endowment
 - c. Disability policy**
 - d. Annuity contract
15. IRS imposes a _____% penalty on withdrawals prior to age 59 ½?
- a. 5
 - b. 10**
 - c. 15
 - d. 20
16. Companies allow for an annuitant to “bail out” if their interest rate is _____ a pre-determined level?
- a. More than
 - b. Less than**
 - c. Unchanged from
 - d. One half of
17. An annuity that has all the guarantees of an annuity contract plus the potential for stock market returns is a(n) _____ annuity?
- a. Interest sensitive
 - b. Bond index
 - c. Equity index**
 - d. Market specific
18. Guaranteed _____ and guaranteed _____ options are characteristic of a fixed annuity?
- a. Interest / income**
 - b. Rates / options
 - c. Fees / income
 - d. Interest / investment
19. A fixed tax deferred annuity is safe due to _____?
- a. Flexibility
 - b. Dollar cost averaging
 - c. Diversification
 - d. Reserves**
20. Principal and interest can continue to grow until one becomes age _____?
- a. 85**
 - b. 90
 - c. 95
 - d. 100

21. One sum of \$'s contributed to an annuity and left to accumulate is what type of annuity?
- a. **Single premium deferred**
 - b. Single premium immediate
 - c. Single premium flexible
 - d. Single premium accumulator
22. Two types of single premium annuities are _____ and _____?
- a. Deferred / indexed
 - b. Deferred / flexible
 - c. Immediate / indexed
 - d. **Immediate / deferred**
23. Payments stop at the annuitant's death in a _____ settlement?
- a. Joint and survivor
 - b. Period certain
 - c. Joint life
 - d. **Life only**
24. An interest rate that is higher in the first year and is guaranteed for one year is a(n) _____ rate?
- a. Index
 - b. **Bonus**
 - c. Variable
 - d. Fixed
25. Almost all annuities allow for a withdrawal of _____ of their account value before a surrender charge is applied?
- a. 5
 - b. **10**
 - c. 15
 - d. 25