FREE SERIES 6 KEY FACTS

We offer an online video Series 6 exam prep course that includes over 16 hours of online video instruction. Our full pdf study manual and over 800 questions are also included. Please go to www.testeachersonline.com/series6 for more information.

- Regulation S-P requires that a Privacy Notice be given at the time of opening a new account and again annually.
- Mutual Fund dividends may be taxed at long term capital gain rates or as ordinary income, as determined by the fund.
- 100% of an investor's short term capital gain is taxed at the investor's tax bracket. For example, if an investor had a short term capital gain of $1,000, the entire $1,000 would be taxable as ordinary income. If he was in a 25% tax bracket, $250 would be the tax due.
- Common stocks are the most risky.
- Aunts and uncles are NOT considered to be immediate family unless they are dependent upon the RR for support.
- An 'equity' mutual fund has a portfolio of common and preferred stocks.
- A change in interest rates will affect the prices of a portfolio of long term bonds the most.
- Warrants are longer to maturity than rights or stock options.
- An income mutual fund with a portfolio of bonds has purchasing power risk.
- The indenture of a callable bond must state both the call date and the call price.
- A client who annuitizes a variable annuity over a fixed period will receive a variable amount for a fixed time.
- The AIR (assumed interest rate) is also known as the assumed investment rate.
- The assumed investment rate is the rate that a variable annuity separate account must earn in order for the monthly payment to remain the same as it was last month.
- Applications for variable life insurance must be sent to the issuer promptly.
- The fee an insurer charges an annuitant to cover expenses due to increased longevity is called the 'mortality' fee.
- Mutual funds must send shareholders a check within 7 calendar days of redemption.
- The fee an insurer charges an annuitant to cover the expenses of operating the company is called the 'administrative' fee.

- The two main types of Municipal bonds are General Obligation (backed by taxes) and Revenue Bonds (backed by user fees).

- Variable/Universal life insurance has a flexible premium and a death benefit that can increase beyond the minimum guaranteed in the policy.

- Variable annuities have an IRS 10% penalty that applies to cash surrender prior to age 59 ½, but Variable life insurance doesn't.

- The beneficiary designation will not affect the rate of return on a variable annuity during the accumulation period.

- On a variable annuity, the annuitant bears the investment risk since the insurer invests the money in the separate account.

- RRs may invite their pre-qualified accredited investors to a seminar discussing the merits of purchasing a private placement of Variable/Universal life insurance.

- Regulation D regarding private placements prohibits any advertising.

- You could set up 529 College Savings Plans for your 35 year old sister and her children to help them with their college expenses.

- You can contribute to a 529 College Savings Plan and name yourself as beneficiary.

- There are no income limitations on making contributions to a 529 College Savings Plan.

- Required Minimum Distribution rules apply to Traditional IRAs, but NOT Roth IRAs.

- Required Minimum Distribution (RMD) rules require that participants begin withdrawals on a Traditional IRA no later than April 1st of the year after they turn age 70 ½.

- Under RMD rules, there is a 50% IRS penalty levied upon the amount that should have been withdrawn, but wasn't.

- Contributions to a Roth IRA may be withdrawn at any time without tax or penalty.

- On a Roth IRA, 'qualified' (tax and penalty free) distributions may be made if the participant has been in the IRA at least 5 years AND they are paid out after age 59 ½, due to death or disability, OR for 1st time homebuyer expenses (up to $10,000).

- On a Traditional IRA, it is the 10% premature distribution penalty that is waived for 1st time homebuyer expenses, not the taxes.

- On a Mutual Fund, it is the Transfer Agent who is responsible for the disbursement of dividends and capital gains distributions to shareholders.

- On a Mutual Fund, it is the Board of Directors who sets the investment objectives of the fund, oversees the balance of the portfolio and decides how much cash to keep on hand.