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Question: 1

Under what circumstances can an individual recontribute funds to a retirement account after taking a withdrawal?

- A. The individual experienced financial hardship.
- B. The individual received an inheritance.
- C. The individual is over the age of 75.
- D. The individual made excess contributions in the previous year.

Answer: AD

Question: 2

Which of the following statements is true regarding the contribution deadline for a Traditional IRA for the tax year 2023?

- A. The deadline is April 15, 2023.
- B. The deadline is the taxpayer's tax filing deadline, including extensions.
- C. The deadline is October 15, 2023, with no extensions allowed.
- D. The deadline is December 31, 2023.

Answer: B

Question: 3

A taxpayer took a distribution from their Traditional IRA to cover medical expenses. Which of the following is true regarding the tax treatment of this distribution?

- A. The distribution is exempt from taxes and penalties.
- B. The distribution is exempt from penalties but subject to regular income tax.
- C. The distribution is subject to the 10% early withdrawal penalty, but the taxpayer can deduct the medical expenses on their tax return.
- D. The distribution is subject to both regular income tax and the 10% early withdrawal penalty.

Answer: B

Question: 4

Which of the following individuals can withdraw earnings from a Roth IRA tax-free and penalty-free, even if they are under 59 ½?

- A. Individuals who are using the funds for a qualified higher education expense.
- B. Individuals who are using the funds for a first-time home purchase.
- C. Individuals who are using the funds for unreimbursed medical expenses that exceed a certain threshold.
- D. Individuals who are using the funds to pay off credit card debt.

Answer: AC

Question: 5

Which of the following individuals may be subject to a penalty for excess contributions to their IRA?

- A. An individual who accidentally contributed more than the annual limit to their Traditional IRA.
- B. An individual who contributed to both a Traditional IRA and a Roth IRA, exceeding the overall annual limit.
- C. An individual who made an IRA contribution for the previous tax year after the tax deadline.
- D. An individual who contributed to their IRA, but their total earned income for the tax year was less than the contribution amount.

Answer: AB

Question: 6

Which of the following statements are true regarding employer tax benefits for contributing to a SIMPLE IRA plan?

- A. Employer contributions are tax-deductible as a business expense.
- B. Employers are eligible for a tax credit for establishing a SIMPLE IRA plan.
- C. Employers are required to match employee contributions dollar-for-dollar.
- D. Employer contributions are tax-exempt and not subject to any limits.

Answer: AB

Question: 7

What is the potential advantage of naming a spouse as the primary beneficiary of a retirement account?

- A. The spouse can avoid paying income tax on the inherited funds.
- B. The spouse can delay taking Required Minimum Distributions (RMDs) until age 75.
- C. The spouse can roll over the inherited IRA into their own IRA.
- D. The spouse can inherit both Traditional and Roth IRAs without tax consequences.

Answer: CD

Question: 8

Under what circumstance can an IRA account owner withdraw funds before the age of 59 ½ without incurring an early withdrawal penalty?

- A. To pay for qualified higher education expenses
- B. To purchase a first home
- C. To cover medical expenses that exceed a certain threshold
- D. To make a charitable donation

Answer: C

Question: 9

A taxpayer who inherits an IRA from a deceased relative has the option to disclaim the inheritance. Which of the following statements is true regarding disclaiming an inherited IRA?

- A. By disclaiming the inherited IRA, the taxpayer can avoid paying taxes on the inherited funds.
- B. Disclaiming an inherited IRA allows the funds to pass to the next eligible beneficiary.
- C. The taxpayer can only disclaim the inherited IRA if it has already been distributed to them.
- D. Disclaiming an inherited IRA is considered a prohibited transaction.

Answer: B

Question: 10

Which of the following transactions allows an individual to undo a previous Roth IRA conversion and move the funds back to a Traditional IRA?

- A. 60-day rollover
- B. Recharacterization
- C. Direct transfer
- D. Roth IRA conversion

Answer: B

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