



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.pass4itsure.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

- ⚙️ **Instant Download** After Purchase
- ⚙️ **100% Money Back** Guarantee
- ⚙️ **365 Days** Free Update
- ⚙️ **800,000+** Satisfied Customers



**QUESTION 1**

Yvette is a recently-widowed 63-year-old. The couple had no children, and when her husband died, she was the beneficiary of his \$45,000 life insurance policy. She also receives benefits from his retirement plan and social security, but this income falls about \$300 short of covering her regular monthly expenses, which includes a sizeable amount for health insurance. In the months since her husband's death, she sold their larger home and purchased a condominium, netting \$80,000 from the combined transactions. Yvette was a homemaker all her life, and her husband handled all their finances, so Yvette is just learning how to balance her checkbook. One thing she does know is that she is going to have to purchase a new car within the next few months. Yvette is in good health and expects to live at least another 25 years.

Which of the following types of investments should be included in recommending an asset allocation to Yvette?

- A. life insurance policy
- B. money market fund
- C. aggressive growth stock fund
- D. municipal bond fund

Correct Answer: B

Explanation: Given her age, her stated need to buy a new car within the next few months, and the fact that she is experiencing a monthly cash shortfall, Yvette has a need for liquidity, which the money market fund will provide. She will need the cash to buy a car, and she needs to have cash readily available to pay for some unexpected expenses as well since her income stream is fixed and isn't currently covering her needs. A life insurance policy is definitely not an appropriate choice since it doesn't appear that there is anyone dependent on Yvette for his well-being. An aggressive growth stock fund would be too risky, given her age and background, and based on the facts, her marginal tax rate should be extremely low, which does not make the municipal bond fund a good choice since she would be earning a lower return with little or no benefit.

QUESTION 2

As her college graduation present, Jennifer's grandmother gave her 200 shares of the stock of IBM. Her grandmother had purchased the shares for \$54 a share in October 2002, and the stock was selling for \$132 a share on the day of

Jennifer's graduation eight years later. Eight months after her graduation,

Jennifer decides to sell the shares to get money to help with the down payment on a condo she is purchasing.

If IBM is selling for \$125 on the day of the sale, what are the tax consequences of this sale for Jennifer?

- A. Jennifer will have taxable income of \$15,600, which will be taxed as long-term capital gain income at a tax-preferred rate.
- B. Jennifer will have taxable income of \$14,200, which will be taxed as long-term capital gain income at a tax-preferred rate.
- C. Jennifer will have a loss of \$1,400, which will be treated as a short-term capital loss for tax purposes.
- D. Jennifer will have taxable income of \$14,200, which will be taxed as long-term capital gain income at a tax-preferred rate.



Correct Answer: B

Explanation: If Jennifer's grandmother gave her stock that she had purchased for \$54 a share on a day it was selling for \$132, and Jennifer then sold it eight months later for \$125, Jennifer will have taxable income of \$14,200, which will be taxed as long-term capital gain income at a tax-preferred rate. The cost basis of a gift is the price that the donor paid for it --\$54, in this case. Jennifer's gain is, therefore, $(\$125 - \$54) \times 200 \text{ shares} = \$14,200$. The holding period of the donor also becomes the holding period for the gift's recipient, so the \$14,200 will be treated as long-term capital gain income since her grandmother had owned the stock for eight years prior to gifting it.

QUESTION 3

A table providing detailed information on the various fees and expenses charged by a mutual fund can be found in the fund's:

- A. Statement of Additional Information (SAI).
- B. prospectus.
- C. financial statements.
- D. annual report.

Correct Answer: B

Explanation: A table providing detailed information on the various fees and expenses charged by a mutual fund can be found in the fund's prospectus. The other choices provide a wealth of information regarding such items as investment strategies, fund holdings, and financial statements, however.

QUESTION 4

Under current tax law, in order for the profits from the sale of any investment to be considered long-term capital gain income, the investment must have been held for:

- A. longer than 6 months.
- B. longer than 12 months.
- C. longer than 18 months.
- D. longer than 24 months.

Correct Answer: B

Explanation: Under current tax law, in order for the profits from the sale of any investment to be considered long-term capital gain income, the investment must have been held for longer than 12 months.

QUESTION 5

Which of the following actions can be expected to result in a decrease in stock and bond prices, all else equal?

- I. The Federal Reserve announces a decrease in the discount rate.



II. Congress votes to decrease payments to Social Security recipients.

III. Congress votes to decrease taxes.

IV.

The Federal Reserve announces that it will sell some of the Treasury securities it owns on the open market.

A.

I and III only

B.

II and IV only

C.

I, II, and III only

D.

II and III only

Correct Answer: B

Explanation: Only Selections II and IV will result in a decrease in stock and bond prices, all else equal. If Congress votes to decrease payments to Social Security recipients or if the Federal Reserve announces that it will sell some of the Treasury securities it owns on the open market, a decrease in stock and bond prices can be expected. A vote by Congress to decrease payments to Social Security recipients results in a decrease in money supply in our economy. Since interest rates can be thought of as the “price” of money, a decrease in the money supply will result in higher interest rates, which results in lower prices in the stock and bond markets. Similarly, if the Federal Reserve sells some of the Treasury securities it owns on the open market, a decrease in the money supply results, leading to an increase in interest rates and a decrease in securities’ prices. When the Federal Reserve decreases the discount rate and when Congress decreases taxes, the money supply is increased. The interest rate-the price of money-subsequently decreases (all else equal), and prices of stocks and bonds increase as a result.

[Latest FINRA-SERIES-6
Dumps](#)

[FINRA-SERIES-6 Practice
Test](#)

[FINRA-SERIES-6 Exam
Questions](#)