Q&A

Exam : **CISP**

Title : IRA Services Professional

Version : DEMO

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

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

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

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

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