CE 1 hour general principles of financial planning/investment planning

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1. In "Expense Ratios and Net Alphas of Large Cap Funds: Do Expenses Add Value?" by Kaushik and Boisvert, approximately what is the average annual expense ratio charged by a fund?
   a. Less than 1%
   b. 1%
   c. Between 1% and 1.5%
   d. More than 1.5%

2. In Kaushik and Boisvert, across all funds, which category of funds display greatest potential of selectivity skills as shown by alpha?
   a. Value
   b. Growth
   c. Blend
   d. Hybrid

3. In Kaushik and Boisvert, on average, portfolio managers invest approximately what percent of funds in their top holdings:
   a. 15 percent
   b. 25 percent
   c. 32 percent
   d. More than 50 percent

4. In "Conflicted Advice About Portfolio Diversification" by Shen and Turner, which of the following asset allocation strategies is most sensitive to estimation error?
   a. Mean-variance portfolio
   b. Minimum-variance portfolio
   c. Risk parity portfolio
   d. Naïve 1/N portfolio (N is the number of risky assets)

5. In Shen and Turner, which statement about portfolio diversification is correct?
   a. Proper diversification can reduce or eliminate systematic risk.
   b. Diversification reduces the portfolio's expected return because it reduces a portfolio's total risk.
   c. As more securities are added to a portfolio, total risk typically would be expected to fall at a decreasing rate.
   d. The risk-reducing benefits of diversification do not occur meaningfully until at least 5 individual securities are included in the portfolio.

6. In Shen and Turner, modern portfolio theory as described by Markowitz is most concerned with:
   a. The elimination of systematic risk.
   b. The effect of diversification on portfolio risk.
   c. The identification of unsystematic risk.
   d. Active portfolio management to enhance return.

7. In Shen and Turner, capital asset pricing theory asserts that portfolio returns are best explained by
   a. Economic factors
   b. Specific risk
   c. Systematic risk
   d. Diversification

8. In "The Role of Perceived Quality of Personal Service in Influencing Trust and Satisfaction with Banks" by Carlander, Gamble, Gärling, Carlsson Hauff, Johansson, and Holmen, which determinant is the most important in affecting trust in a bank?
   a. Perceived competence
   b. Perceived benevolence
   c. Perceived transparency
   d. All above are about equally important

9. How many participants in Carlander et al. stated that the internet-only niche bank is their main bank?
   a) Less than 10%
   b) Approximately 50%
   c) Approximately 25%
   d) Approximately 75%

10. In Carlander et al., what is the likely level of importance of personal interaction between customers and bank employees for financial services?
    a) Low due to customers' often high levels of knowledge
    b) Low due to financial services being a credence type of service
    c) High due to financial services being an experience type of service
    d) High due to financial services being a credence type of service

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CE 1 hour retirement savings and income planning/general principles of financial planning

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1. In "Credit Usage, Payment Behavior and the Accuracy of Consumer Credit Files" by Smith, Staten, Eyssell, Karig, Feinstein, and Johnson, credit scores produced from information in the files of the major credit bureaus can misrepresent the creditworthiness of one consumer versus another because:
   a. Credit limits are not given for most revolving credit (such as credit cards); so credit utilization is difficult to estimate.
   b. It is not possible to determine from the credit-bureau data whether individuals completely pay off all their balances each month to avoid interest penalties.
   c. Major life events such as illness, underemployment, or separation are not recorded by credit bureaus
   d. All of the above.

2. In Smith et al., many American individuals and families are under financial stress because they take on too much debt in the form of student loans, automobile loans, home mortgages, credit cards, etc. Such behavior:
   a. Is highly concentrated among individuals with lower income and lower educational attainment and among ethnic minorities.
   b. Occurs across the entire socio-economic spectrum
   c. Is currently a serious threat to the solvency of financial institutions.
   d. Becomes a problem only when unexpected events such as major health expenses arise for uninsured individuals.

3. U.S. consumers may obtain a free credit report from each of the three major credit bureaus once each year and report any apparently inaccurate information at the bureaus' websites. According to Smith et al., for those who undertake such a check:
   a. It is highly likely that they will find a material error in at least one bureau file because mismatches of data inevitably occur when so many millions of transactions are involved.
   b. Improvements in credit score after reported errors are corrected are more likely to improve the terms of credit for people with credit scores in the mid-range than for people with unusually low or unusually high credit scores.
   c. It could take up to a year for the bureau to complete its investigation because there is no regulatory oversight.
   d. All of the above

4. In Smith et al., "hard pulls" of credit files by potential creditors:
   a. Can lower a person's credit score.
   b. Do not indicate the purpose for which credit may be granted.
   c. Are reported only when they are likely to result in a significant increase in the consumer's debt burden.
   d. a. and b.

5. In Smith et al., the credit-reporting system in the U.S.:
   a. Relies on individual consumers to ensure the accuracy of credit-bureau information.
   b. Greatly eases the efficiency of processing applications for credit and reduces time for consumers to acquire credit.
   c. Helps financial institutions control their credit risk while placing a small percentage of consumers at risk of adverse impact because of errors in the bureau files.
   d. All of the above

6. Smith et al. concluded that the propensity to identify alleged errors in one's credit record is primarily related to ____________ .
   a. Household income
   b. Age
   c. Gender
   d. Nature of one's credit record

7. In "Age When First Employed and Retirement Wealth of Baby Boomers" by Kim and Shin, under defined contribution plans, responsibility of retirement savings has primarily been shifted to:
   a. Employees
   b. Employers
   c. Governments
   d. Both employers and governments

8. According to Kim and Shin, starting employment as a young adult is important for retirement savings because it provides resources that can be saved for retirement, thereby providing the benefits of ____________ in early years.
   a. Stock options
   b. Compound return from savings
   c. Defined benefit pension plans
   d. Employee welfare

9. According to Kim and Shin, which of the following is not a major determinant of retirement savings outcome?
   a. Amount of retirement savings contributions
   b. Rate of return from the contributions
   c. Number of years to contribute
   d. Dissaving strategy in retirement

10. According to Kim and Shin, which of the following is true?
    a. The mean net worth between this study's college graduates and high school graduates is approximately 10%
    b. Being in management is related to lower accumulated retirement wealth
    c. Non-White and unmarried individuals have higher retirement wealth
    a. As age when first employed increases, accumulated retirement wealth declines

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