

NISM Series XVII: Retirement Adviser Certification Examination

Sample Questions

Chapter 1

- 1. *The retirement benefit in a Defined Contribution plan depends upon:***
 - a. The corpus accumulated in the scheme**
 - b. The last drawn pay of the employee
 - c. The terms of employment at the time of recruitment
 - d. The average rate of return in the debt markets

- 2. Which of the following is a consequence of inflation?**
 - a. It increases the value of money in the future
 - b. It leads to appreciation in the purchasing power of money
 - c. It reduces the purchasing power of money**
 - d. It decreases the current value of money

- 3. Life expectancy directly affects which of the following features of the retirement goal?**
 - a. *Period in retirement***
 - b. Monthly expenses in retirement
 - c. Remaining working years
 - d. Returns earned on the retirement corpus

- 4. Which of these is a non-financial concern in retirement?**
 - a. *Finding interests to occupy time***
 - b. Dealing with living on a tight budget
 - c. Making investment decision in retirement
 - d. Dealing with the risk of longevity

Chapter 2

Sample Questions

1. Which of the following is true about retirement goal?
 - a. It has to be built out of owned funds
 - b. It requires a large corpus
 - c. It is long term in nature
 - d. **All of the above**

2. Which of the following is a sub-asset class under equity?
 - a. **Large cap Equity**
 - b. Total return stocks
 - c. Low risk stocks
 - d. Volatile stocks

3. Which of the following asset classes' returns are only from the appreciation in price?
 - a. Real Estate
 - b. Equity
 - c. Bonds
 - d. **Gold**

4. Which of the following is essential for efficient investing in equity?
 - a. Large investment amount
 - b. Ability to time the entry and exit into the market
 - c. **Long investment horizon**
 - d. Short investment horizon

Chapter 3

1. **At which stage is it good to reduce the proportion of growth assets in the portfolio?**
 - a. Middle earning years
 - b. Young earning years
 - c. Pre-retirement stage**
 - d. Young families

2. **Which of these expenses are likely to be higher in retirement?**
 - a. Housing
 - b. Transportation
 - c. Personal needs
 - d. Health related expenses**

3. **What should be the investment objective of the portfolio assigned to accumulating the retirement corpus?**
 - a. Growth**
 - b. Lowering risk
 - c. Regular income
 - d. Maximising returns

4. **Which of the following features of growth assets make them unsuitable to hold in the portfolio as retirement comes close?**
 - a. High level of returns
 - b. Income-orientation of returns
 - c. Low level of returns
 - d. Volatility in returns**

Chapter 4

1. *The National Pension System provides what type of retirement benefit to its subscribers?*

- a. *Defined contribution***
- b. Guaranteed pension
- c. Defined benefit
- d. Voluntary pension

2. *Who defines the eligibility norms of the intermediaries in the NPS?*

- a. Ministry of Finance
- b. SEBI
- c. PFRDA**
- d. NPS Trust

3. *In which of the following models of the NPS is the contribution always solely by the subscriber?*

- a. Government model
- b. State government model
- c. Corporate model
- d. All citizens model**

4. *A subscriber to the NPS receives the pension for income in retirement from*

- a. An Annuity purchased on retirement**
- b. The Corporate employer
- c. PFRDA
- d. the government

Chapter 5

- 1. CAGR considers which of the following in the calculation**
 - a. Compounding of returns**
 - b. Volatility in returns
 - c. Composition of the returns
 - d. Holding period of the investment

- 2. Which of the following risks is a systematic risk affecting an investment?**
 - a. Increasing costs of production
 - b. Fall in demand for goods or services
 - c. Increase in inflation**
 - d. Management issues

- 3. The risk and return in a fund can be explained by _____**
 - a. Asset class in which the fund invests
 - b. The investment strategy used to manage the fund
 - c. The investment style of the fund manager
 - d. All the options given here**

- 4. Which of the following are features of investments suitable in the distribution stage?**
 - a. Income orientation
 - b. Protection from inflation
 - c. Stable returns
 - d. All the options given here**

Chapter 6

- 1. How is the Gratuity due paid to the employee?**
 - a. As an annuity
 - b. In a lump sum**
 - c. 1/3rd is commuted and the rest used to purchase an annuity
 - d. It is credited to the EPFO account each year

- 2. Which of the following needs to be assessed before investing in a corporate bond for retirement savings?**
 - a. Risk of low returns
 - b. Inflation risk
 - c. Market risk
 - d. Credit risk**

3. What is the maximum tenure of the Reverse Mortgage Scheme?

- a. 30 years
- b. 25 years
- c. 20 years**
- d. For the life of the borrower

4. Which of the following features make Government securities suitable for accumulation of the retirement corpus?

- a. Interest is not paid out but cumulated till maturity
- b. Long tenor**
- c. High guaranteed returns
- d. All the options given here

Chapter 7

- 1. The retirement goal value will be affected by which of the following changes in the individual's life?**
 - a. Early retirement
 - b. Increased expenses
 - c. Reduced savings
 - d. All the options given here**

- 2. What are the decisions that the individual has to make while signing up for a systematic investment or withdrawal plan?**
 - a. Fixed amount to be invested each period
 - b. The periodicity of the installments
 - c. The number of installments
 - d. All the options given here**

- 3. What is the maximum holding period that a risk averse investor is likely invest his funds in the first bucket under the 'Bucket Strategy'?**
 - a. 5 years**
 - b. 4 Years
 - c. 3 years
 - d. 2 Years

- 4. Which of the following facilities bring discipline to the investing activities of individuals?**
 - a. Online Investment
 - b. Standing Instructions
 - c. Systematic Investment Plans
 - d. All the options given here**

Chapter 8

- 1. Which of the following ratio reflects the debt situation of the individual?**
 - a. Interest servicing ratio
 - b. Current assets to Current liabilities ratio
 - c. Debt to Income ratio**
 - d. Asset to Debt Ratio

- 2. Which of these factors is likely to affect the health situation of an individual in retirement?**
 - a. Hereditary factors
 - b. Lifestyle choices
 - c. Gender
 - d. All the options given here**

- 3. Which of the following documents is registered to establish ownership and title to a property?**
 - a. Katha certificate
 - b. Sale Deed**
 - c. Sale Agreement
 - d. Possession letter

- 4. In maintaining documents related to health, including health insurance, which of the following is of primary importance?**
 - a. Safety of the documents
 - b. It should be maintained with the issuer/health care provider
 - c. Easy access to the information**
 - d. All the documents should be registered

Chapter 9

- 1. Which of the following is a responsibility of a Self Regulatory Organisation (SRO)?**
 - a. Make regulations on specific areas allowed by the regulator
 - b. Enforce the regulations made by the regulator of the industry
 - c. Encourage best practices amongst members**
 - d. Create a code of ethics to be followed by its employees

- 2. Who manages the issuance of Central and State Government securities?**
 - a. Securities and Exchange Board of India
 - b. Ministry of Finance
 - c. The central government
 - d. The Reserve Bank of India**

- 3. Who is the chief regulator of securities and commodities markets in India?**
 - a. Pension Fund Regulatory and Development Authority
 - b. Securities and Exchange Board of India**
 - c. Reserve Bank of India
 - d. Ministry of Finance

- 4. The maximum time within which the Ombudsman shall pass an award after an appeal is filed with it under the NPS is**
 - a. 3 weeks
 - b. 4 weeks
 - c. 90 days**
 - d. 30 days