

**1 HOUR CLE CREDIT**

**TIPS ON TIPS – Answer each statement with “True” or “False.”**

1. The acronym “TIPS” stands for Treasury Investor Protection Securities. **TRUE OR FALSE**
2. TIPS are currently very popular with investors due to their inflation protection feature. **TRUE OR FALSE**
3. An investment in TIPS is always preferable to an investment in a regular (non-inflation-protected) Treasury security. **TRUE OR FALSE**
4. The inflation index used to determine the final value of TIPS may not match up with the actual inflation experienced by the investor. **TRUE OR FALSE**
5. The annual interest rate paid on recent issuances of TIPS is near zero. **TRUE OR FALSE**
6. TIPS can sometimes cost less than their face value. **TRUE OR FALSE**
7. TIPS can sometimes cost more than their face value. **TRUE OR FALSE**
8. The cost of a TIPS depends primarily on investors’ expectation of future inflation. **TRUE OR FALSE**
9. Recent TIPS auctions have sold at unusually large discounts from their face value. **TRUE OR FALSE**
10. An investor in TIPS should expect an inflation rate of at least 2.5 percent. **TRUE OR FALSE**
11. The Fed’s stated target inflation rate is 5 percent. **TRUE OR FALSE**
12. A TIPS investor can be liable for an annual income tax on any annual increase in the TIPS value due to the inflation index even when the investor has not received any money from the TIPS investment. **TRUE OR FALSE**
13. To offset some or all of the annual tax liability of a TIPS, an investor can amortize and deduct the premium that was paid for the TIPS. **TRUE OR FALSE**
14. The IRS has provided a TIPS premium amortization procedure that is readily adaptable to actual TIPS purchases. **TRUE OR FALSE**
15. Premium amortization affects the amount of capital gain or loss at TIPS maturity. **TRUE OR FALSE**
16. All TIPS investors should amortize any TIPS premiums paid. **TRUE OR FALSE**
17. All things considered, a TIPS investment can still be a desirable investment. **TRUE OR FALSE**
18. So long as held to maturity, an investment in a TIPS will not result in a loss. **TRUE OR FALSE**
19. TIPS are best suited for tax-free or tax-deferred accounts. **TRUE OR FALSE**

CERTIFICATION: This self-study activity has been approved for one hour of continuing legal education credit by the Nevada Board of Continuing Legal Education.

**THREE EASY STEPS TO CLE CREDIT – \$45**

**TEST 29 TIPS ON TIPS**

**1)** Read the article on pages 14-16      **2)** Answer the quiz questions above. Each question has only one correct answer.

**3)** Mail completed form and a \$45 processing fee to: STATE BAR OF NEVADA  
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