

FREEFELLOW

LIMITS & THRESHOLDS

# SERIES 65

NASAA · Investment Adviser Rep.

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LIMITS

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TOPICS

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## LIMITS &amp; THRESHOLDS

## ECONOMIC FACTORS AND BUSINESS INFORMATION

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An ISM Manufacturing Index reading below **50** signals **contraction** in the manufacturing sector.

Form **10-K** is the annual audited report, Form **10-Q** is the quarterly unaudited report, and Form **8-K** is filed for material events.

By the Rule of 72, money invested at **6%** doubles in approximately **12 years**.

A recession is commonly defined as **two** consecutive quarters of declining **GDP**.

## INVESTMENT VEHICLE CHARACTERISTICS

16 items

T-notes have maturities of **2-10 years**, while T-bonds have maturities of **20-30 years**.

Commercial paper matures in **1-270 days** and is issued only by **investment-grade** corporations.

FDIC insures deposits up to **\$250,000** per depositor, per insured institution, per **ownership category**.

The lowest investment-grade rating is **Baa** (Moody's) / **BBB** (S&P); one notch below is junk.

RSI signals overbought above **70** and oversold below **30**, while Bollinger Bands measure volatility, not momentum.

The green shoe (overallotment) option lets underwriters sell up to **15%** more shares to stabilize the price if demand exceeds the offering.

SPAC IPOs price the trust at approximately **\$10** per share, and sponsors typically receive a **20%** promote that dilutes public shareholders.

To guarantee one board seat under cumulative voting, you need (**shares outstanding** / (**seats + 1**)) + 1 shares.

REITs must distribute at least **90%** of taxable income, and most REIT dividends are taxed as **ordinary income**, not qualified.

Hedge funds typically charge "2 and 20": a **2%** management fee plus **20%** of profits.

Accredited investor: net worth over **\$1,000,000** (excluding primary residence) OR income over **\$200,000** (**\$300,000** joint).

12b-1 fees are capped at **0.25%** for a fund to be called no-load and **1%** total.

Annuity surrender charge periods typically last **5 to 8 years** with a declining schedule, separate from the IRS **10%** early withdrawal penalty.

Non-qualified annuity withdrawals follow **LIFO**, meaning **earnings** come out first and are fully taxable as ordinary income before cost basis.

Non-qualified annuity withdrawals before age **59½** trigger a **10%** IRS early withdrawal penalty on the taxable portion.

Collectibles (gold, art, rare coins) are taxed at a maximum long-term capital gains rate of **28%**, versus the standard **20%** rate for stocks.

Under CAPM with risk-free rate **4%**, market return **11%**, and beta **0.6**, expected return =  $4\% + 0.6 \times 7\% = \mathbf{8.2\%}$ .

A private foundation must distribute at least **5%** of its net investment assets annually for charitable purposes.

An accredited investor needs income of **\$200,000** individually (**\$300,000** jointly) for **2 years**, or net worth of **\$1,000,000** excluding primary residence.

An S corporation is limited to **100** shareholders and **one** class of stock, with income passing through to shareholders.

RMDs from Traditional IRAs begin at age **73** (**75** for those born in 1960 or later), and the excise tax on a shortfall is **25%**.

The wash sale window is **61** days total — **30** days before plus the sale date plus **30** days after.

The 2026 federal estate tax exemption is **\$13.99 million** per person taxed at **40%**, and the annual gift exclusion is **\$19,000** per recipient.

457(b) distributions are never subject to the **10%** early withdrawal penalty regardless of age.

529 superfunding allows front-loading **5** years of annual gift exclusions, up to **\$95,000** per contributor in one year with no gift tax.

Reg T initial margin is **50%** of purchase price; FINRA maintenance margin minimum is **25%** of current market value.

Coverdell ESA contributions cap at **\$2,000** per beneficiary annually and phase out for single filers above **\$110,000** MAGI.

2026 HSA contribution limits are **\$4,300** individual and **\$8,550** family, with a **\$1,000** catch-up at age 55+.

## LAWS, REGULATIONS, AND GUIDELINES

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Form ADV Part 2A must be delivered **48 hours** before signing OR at signing with a **5 business day** cancellation right.

An SEC-registered adviser whose AUM drops below **\$90 million** must switch back to state registration within **180 days**.

Investment advisers register with the state under **\$100 million** AUM and must register with the SEC at **\$110 million** or above.

State-registered IAs must retain books and records for **5 years**, with the most recent **2 years** kept at the principal office.

The USA civil statute of limitations is the earlier of **2 years** after discovery of the violation or **3 years** after the transaction.

Performance-based advisory fees require a qualified client with **\$1.1 million** AUM with the adviser or **\$2.2 million** net worth.

Regulation A+ Tier 1 caps offerings at **\$20 million** in 12 months while Tier 2 caps at **\$75 million** in 12 months.

SARs are filed with FinCEN for suspicious transactions of **\$5,000** or more while CTRs are filed for cash transactions exceeding **\$10,000**.