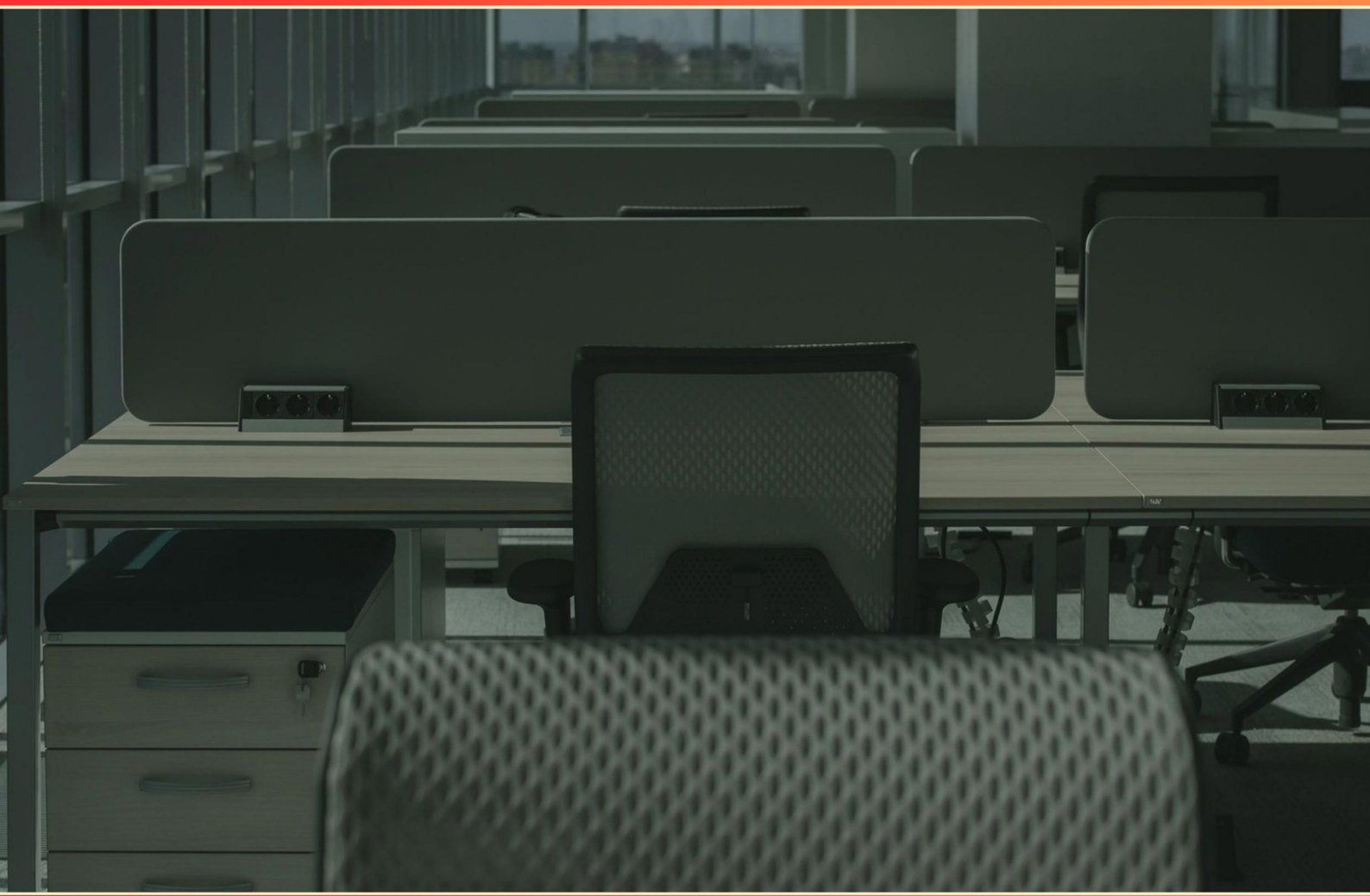
CUNA FINANCIAL COUNSELOR PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. During which step do counselors help members create actionable financial plans?

A. Gaining agreement on a budget

B. Offering confidentiality

C. Assessing progress

D. Encouraging goal setting

2. What is the first step in reducing debt?

A. Analyze existing debt

B. Use credit wisely

C. Stop creating debt

D. Set financial goals

3. Which financial document is NOT typically gathered after a death?

A. Marriage certificate

B. Retirement statements

C. Sports club membership

D. Life insurance policies

4. What situation may require an individual to file a new W-4?

A. The stock market improves

B. They receive a large tax refund

C. They inherit money

D. They get a promotion

5. What does the SCRA primarily cap interest rates at for military members?

A. 5%

B. 6%

C. 10%

D. 12%

6. Which statement accurately describes financial counselors?

A. They are expert financial planners with extensive training

B. They assist and educate members but are not financial planners

C. They provide investment management services

D. They solely focus on retirement planning

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7. Which action is NOT recommended for establishing credit?

A. Pay bills on time
B. Ignore credit reports
C. Set up a repayment plan
D. Open a secured credit card

8. Which financial action must be taken with caution to avoid tax penalties?

A. Taking out a loan against a 401K
B. Making an early withdrawal from a 403B
C. Deferring income from a job
D. Investing in stocks before retirement

9. What is NOT typically a task to be completed after a death?

A. Adjusting insurance needs
B. Distributing assets immediately
C. Visiting an estate attorney
D. Protecting business interests

10. What does liquidity refer to in the context of investments?

A. The ease of turning the investment into cash
B. The total amount invested over time
C. The overall performance compared to the market
D. The fees associated with selling an investment

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Answers

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1. A
2. C
3. C
4. B
5. B
6. B
7. B
8. B
9. B
10. A

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Explanations

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1. During which step do counselors help members create actionable financial plans?

A. Gaining agreement on a budget

B. Offering confidentiality

C. Assessing progress

D. Encouraging goal setting

Gaining agreement on a budget is the step when counselors assist members in creating actionable financial plans. At this stage, counselors work collaboratively with members to identify their financial situation, set realistic goals, and establish a budget that reflects their priorities and resources. This process ensures that the plan is not only developed based on ideal circumstances but is also practical and actionable, allowing members to implement the financial strategies effectively in their day-to-day lives. By establishing an agreed-upon budget, members can visualize their financial path, measure their progress, and make adjustments as needed, thereby enhancing their financial management skills. This step is crucial as it translates broad financial goals and aspirations into specific, manageable actions that individuals can follow.

2. What is the first step in reducing debt?

A. Analyze existing debt

B. Use credit wisely

C. Stop creating debt

D. Set financial goals

The first step in reducing debt is to stop creating additional debt. This foundational action is crucial because it prevents the current financial situation from worsening. By ceasing to accumulate new debt, the individual can focus more effectively on managing existing obligations. This proactive measure allows for a clearer view of one's financial landscape, enabling better planning and allocation of resources towards repayment of existing debts. Once this step is taken, it becomes easier to analyze current debt, set financial goals, and use credit wisely. Each of these subsequent steps can remain ineffective if new debt continues to pile up, making the process of reducing overall debt much more challenging. Therefore, halting the creation of additional debt is not only the first step, but also a necessary prerequisite for effective debt management.

3. Which financial document is NOT typically gathered after a death?

A. Marriage certificate

B. Retirement statements

C. Sports club membership

D. Life insurance policies

The financial document that is not typically gathered after a death is the sports club membership. When a person dies, the primary focus is on settling their estate, which involves addressing legal and financial matters such as determining rightful heirs, settling debts, and claiming any benefits that are due. Documents like marriage certificates, retirement statements, and life insurance policies are essential for this process. The marriage certificate is often needed to confirm marital status and can influence inheritances and claims to benefits. Retirement statements provide insights into the decedent's retirement accounts, which may require distribution processing. Life insurance policies represent potential payouts to beneficiaries and are critical for financial planning and settling the estate. In contrast, a sports club membership does not hold the same significance in the context of estate settlement and financial responsibilities after death. While it may have personal value, there is generally no financial obligation or asset tied to a sports club membership that would affect the distribution of the deceased's estate.

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4. What situation may require an individual to file a new W-4?

A. The stock market improves

B. They receive a large tax refund

C. They inherit money

D. They get a promotion

Filing a new W-4 may be necessary when there is a significant change in an individual's financial or personal situation that impacts their tax withholding needs. A large tax refund typically indicates that too much tax has been withheld throughout the year. This surplus arises when an individual's withholding allowances do not accurately reflect their actual tax liability. By adjusting their W-4 form after receiving a large tax refund, an individual can reduce the amount of tax withheld from their paycheck, which can result in having more disposable income throughout the year rather than waiting for a refund after filing taxes. This adjustment helps align tax withholding more closely with expected tax liability, making personal financial management more effective. In the context of the other options, while improvements in the stock market or inheriting money can impact finances, they do not necessarily lead to immediate changes in taxation that require a new W-4. Getting a promotion can also alter tax situations, especially if it leads to increased income, but it's the large tax refund scenario that most directly suggests a need to reassess withholding.

5. What does the SCRA primarily cap interest rates at for military members?

A. 5%

B. 6%

C. 10%

D. 12%

The Servicemembers Civil Relief Act (SCRA) primarily caps interest rates at 6% for military members who are called to active duty. This cap applies to a variety of financial obligations, including credit cards, mortgages, and other loans, which helps to alleviate the financial burden on service members by preventing excessive interest rate increases during their time of service. The SCRA is designed to protect military personnel and their families by ensuring that they do not face unnecessary financial strain while they are serving their country. This provision aims to provide peace of mind and financial stability, allowing service members to focus on their duties without the added stress of unmanageable debt due to high interest rates.

6. Which statement accurately describes financial counselors?

A. They are expert financial planners with extensive training

B. They assist and educate members but are not financial planners

C. They provide investment management services

D. They solely focus on retirement planning

Financial counselors primarily assist and educate individuals about managing their finances effectively, helping them make informed decisions about budgeting, debt management, and financial planning. Their role is centered around providing guidance and support rather than offering comprehensive financial planning services typical of certified financial planners. They focus on establishing a strong financial foundation for their clients rather than providing specialized investment management services or concentrating exclusively on retirement planning. This makes them particularly valuable for individuals seeking help with day-to-day financial challenges and achieving short- to mid-term financial goals.

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7. Which action is NOT recommended for establishing credit?

A. Pay bills on time

B. Ignore credit reports

C. Set up a repayment plan

D. Open a secured credit card

Ignoring credit reports is not a recommended action for establishing credit, which is why this choice is correct. Regularly reviewing credit reports is crucial as it allows individuals to confirm the accuracy of the information reported and identify any errors or fraudulent activity. Being proactive in monitoring credit can also help individuals understand their credit score and the factors that influence it. On the other hand, paying bills on time is a fundamental practice for building a positive credit history. Timely payments reflect reliability and responsibility, which lenders look for when assessing creditworthiness. Setting up a repayment plan can also show lenders that an individual is committed to managing their debts effectively, thus positively impacting their credit profile. Opening a secured credit card is another recommended strategy for establishing credit, especially for those with limited credit history, as it allows users to demonstrate their ability to handle credit responsibly while minimizing risk to lenders.

8. Which financial action must be taken with caution to avoid tax penalties?

A. Taking out a loan against a 401K

B. Making an early withdrawal from a 403B

C. Deferring income from a job

D. Investing in stocks before retirement

Making an early withdrawal from a 403B plan must be approached with caution to avoid tax penalties because such withdrawals typically incur a 10% additional tax penalty if taken before the age of 59½, along with the regular income tax that applies to the distribution. The tax implications can be significant, as it might not only affect the individual's tax bracket for the year but also reduce the funds available for retirement, which can have long-term financial repercussions. In contrast, taking out a loan against a 401K usually does not incur immediate tax penalties as long as the loan is repaid according to the terms. Deferring income from a job, such as through retirement accounts or health savings accounts, is beneficial for tax purposes and generally does not lead to penalties. Investing in stocks before retirement, while carrying market risk, does not inherently result in tax penalties, provided that capital gains are managed properly. Thus, the specific nature of early withdrawals from a 403B makes this financial action particularly sensitive to tax consequences.

9. What is NOT typically a task to be completed after a death?

A. Adjusting insurance needs

B. Distributing assets immediately

C. Visiting an estate attorney

D. Protecting business interests

Distributing assets immediately is generally not a typical task to be completed right after a death. After someone passes away, there are several legal and procedural steps that need to be undertaken before assets can be distributed to beneficiaries. This process usually involves handling the estate's debts, taxes, and any probate requirements. Instead of immediate distribution, it is essential to assess the estate's financial obligations and ensure that all necessary documentation, such as a will or trust, is in order. Additionally, the executor of the estate may need to work with an estate attorney to understand the distribution process correctly and ensure compliance with legal requirements. In contrast, adjusting insurance needs, visiting an estate attorney, and protecting business interests are proactive tasks that may be considered in the aftermath of a death but don't involve the immediate disbursement of the deceased's assets. These tasks are more about managing ongoing obligations and ensuring that any business interests or family needs are addressed appropriately.

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10. What does liquidity refer to in the context of investments?

A. The ease of turning the investment into cash

B. The total amount invested over time

C. The overall performance compared to the market

D. The fees associated with selling an investment

Liquidity in the context of investments refers specifically to the ease with which an investment can be converted into cash without significantly affecting its market value. When an asset is highly liquid, it can be sold quickly at a transparent price, ensuring that the investor can access their funds without delay. This is crucial for investors who might need to sell their assets in response to urgent financial needs or market conditions. For example, cash is the most liquid asset because it can be used immediately without any conversion process. Conversely, real estate or collectibles are considered less liquid, as selling them may take time and may not guarantee that the seller receives the expected value right away. The focus on the ability to quickly turn an asset into cash without a substantial loss in value is the defining characteristic of liquidity in investments.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://cunafinancialcounselor.examzify.com

We wish you the very best on your exam journey. You've got this!

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