

CANADIAN INSTITUTE OF FINANCIAL PLANNING (CIFP) PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://finplanningcifp.examzify.com>



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

SAMPLE

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.

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!

Questions

SAMPLE

- 1. If Candice retires at age 63, what would be her maximum monthly retirement benefit from CPP?**
 - A. \$800
 - B. \$684.80
 - C. \$750
 - D. \$600

- 2. In a reverse annuity mortgage, which statement is true?**
 - A. The annual interest amount decreases over time
 - B. The principal amount of the loan increases over time
 - C. The annual amount of interest income stays the same
 - D. The annual interest expense increases over the life of the loan

- 3. Which statement is true regarding Meredith and Rhys's OAS benefits, considering their combined income?**
 - A. Meredith will receive both the age credit and OAS benefits
 - B. Rhys will receive the age credit only
 - C. Both Meredith and Rhys will receive OAS benefits
 - D. Neither will qualify for OAS benefits

- 4. What factor is considered when calculating an OAS clawback for individuals with income over the threshold?**
 - A. All reported investment income
 - B. 50% of their income over the threshold
 - C. 20% of their total income
 - D. Only salary income is considered

- 5. Which type of interest rate is most likely to vary with market conditions?**
 - A. Fixed interest rate
 - B. Equity interest rate
 - C. Variable interest rate
 - D. Simple interest rate

- 6. What is the maximum withdrawal amount for Wilfred from his RRIF this year?**
- A. \$125,000
 - B. \$250,000
 - C. \$50,000
 - D. \$100,000
- 7. Which type of annuity will provide Erik with the highest monthly payment for a \$50,000 investment?**
- A. Joint life annuity
 - B. Term certain annuity
 - C. Straight life annuity
 - D. Deferred annuity
- 8. What is a key factor in creating a financial plan?**
- A. Using historical market trends
 - B. Setting measurable and specific financial goals
 - C. Maximizing immediate cash flow
 - D. Diversifying across all asset types
- 9. What can be a consequence of not having a retirement plan?**
- A. Increased disposable income
 - B. Potential financial insecurity in later years
 - C. Greater investment diversification
 - D. Guaranteed income for life
- 10. Which sister is likely to receive the highest monthly payment by purchasing an annuity?**
- A. Katrina purchases a straight life annuity
 - B. Rebecca purchases a straight life annuity
 - C. Katrina purchases a joint life annuity
 - D. Rebecca purchases a joint life annuity

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. If Candice retires at age 63, what would be her maximum monthly retirement benefit from CPP?

- A. \$800
- B. \$684.80**
- C. \$750
- D. \$600

To determine the correct answer regarding Candice's maximum monthly retirement benefit from the Canada Pension Plan (CPP) if she retires at age 63, it's important to consider how CPP benefits are calculated. The maximum monthly amount is influenced by several factors, including the age of retirement and the contributions made to the CPP over the years. Generally, the standard age for receiving the full benefit is 65, and benefits can be reduced if claimed early. By retiring at age 63, Candice would indeed receive a reduced monthly benefit compared to waiting until 65. As of recent years, the maximum monthly benefit at age 65 was approximately \$1,203.75, but if a person elects to take their pension early, the benefit amount is decreased. The specific reduction Taylor would face is roughly 36% if she retires as early as age 60 compared to the maximum benefit at age 65. Since Candice is retiring at 63, the benefit reduction would be less severe, but it still results in a lower maximum monthly benefit than the full amount. Given current information, a benefit of \$684.80 aligns well with the calculated reduction for someone retiring at age 63. This amount reflects the proper

2. In a reverse annuity mortgage, which statement is true?

- A. The annual interest amount decreases over time
- B. The principal amount of the loan increases over time
- C. The annual amount of interest income stays the same
- D. The annual interest expense increases over the life of the loan**

In a reverse annuity mortgage, the structure of the loan allows homeowners, typically older adults, to convert a portion of their home equity into cash without having to make monthly mortgage payments. Instead, the lender pays the homeowner a lump sum or a series of payments. As the homeowner receives money from the lender, the outstanding balance of the mortgage consists primarily of the principal and any accrued interest. Since the homeowner does not make payments toward the loan while living in the home, the amount owed to the lender grows over time, as interest accrues on the outstanding balance. Thus, with each passing year, the total amount of interest charged increases, contributing to a higher overall debt. Therefore, the statement that the annual interest expense increases over the life of the loan is accurate, as it reflects the compounding nature of the interest on the mortgage balance. The other statements do not hold true in the context of a reverse annuity mortgage, highlighting the unique characteristics of this type of financial instrument.

3. Which statement is true regarding Meredith and Rhys's OAS benefits, considering their combined income?

- A. Meredith will receive both the age credit and OAS benefits**
- B. Rhys will receive the age credit only
- C. Both Meredith and Rhys will receive OAS benefits
- D. Neither will qualify for OAS benefits

Meredith's entitlement to both the age credit and Old Age Security (OAS) benefits can be understood within the framework of the eligibility criteria for these benefits. The age credit is available to seniors based on factors such as age and income, and it is designed to provide additional financial support to those over the age of 65. Similarly, OAS benefits are provided to individuals who reach the age of 65, subject to a means test that considers their income. If Meredith's combined income with Rhys falls within the thresholds set by the government, she will maintain her eligibility for both the age credit and the full OAS benefits. Often, OAS benefits can be affected by high-income thresholds, but if their combined income does not exceed these limits, it affirms that Meredith can receive both benefits. In contrast, the other statements suggest various outcomes related to Rhys or both individuals not qualifying for OAS. However, the context highlights that if Meredith qualifies, it is specifically because of the criteria being met for both benefits. Thus, the statement indicating Meredith's eligibility for both the age credit and OAS benefits stands as the most accurate reflection of the situation regarding their combined income and governmental guidelines on these benefits.

4. What factor is considered when calculating an OAS clawback for individuals with income over the threshold?

- A. All reported investment income
- B. 50% of their income over the threshold**
- C. 20% of their total income
- D. Only salary income is considered

The calculation of the Old Age Security (OAS) clawback is based on income exceeding a specific threshold, with particular emphasis on how much income over the threshold contributes to the clawback amount. For every dollar of income that exceeds this threshold, a specified percentage of the amount above the threshold is deducted from the OAS benefits received. When the income of an individual surpasses the established limit, the clawback mechanism is triggered, where 50% of the income that exceeds the threshold is subtracted from the total OAS benefits due. This structured approach makes it clear that the more an individual earns beyond the set threshold, the more significant the reduction in their OAS benefits. In contrast, the other choices do not accurately represent how the clawback is calculated. For instance, calculating clawback based solely on reported investment income or only on salary would not reflect the comprehensive income assessment required. While total income and different sources are considered in determining eligibility and the extent of clawback, the proper method hinges specifically on the percentage of income exceeding the threshold.

5. Which type of interest rate is most likely to vary with market conditions?

- A. Fixed interest rate
- B. Equity interest rate
- C. Variable interest rate**
- D. Simple interest rate

A variable interest rate is most likely to vary with market conditions because it is directly linked to a benchmark rate, such as the prime rate or LIBOR, which can fluctuate based on economic factors, central bank policies, and overall market demand. This means that as these market conditions change, the variable interest rate can increase or decrease accordingly, impacting borrower payments and the cost of loans over time. In contrast, a fixed interest rate remains constant throughout the life of the loan or investment agreement, providing stability but not adapting to changing market conditions. An equity interest rate typically refers to a return on equity in investments rather than an applicable interest rate on loans or credit; it can be influenced by market trends but behaves differently from standard interest rates. Simple interest is calculated based on the principal amount and does not change over time, thus also not reflecting variability with market conditions.

6. What is the maximum withdrawal amount for Wilfred from his RRIF this year?

- A. \$125,000
- B. \$250,000**
- C. \$50,000
- D. \$100,000

To determine the maximum withdrawal amount from a Registered Retirement Income Fund (RRIF) for Wilfred this year, it's important to understand the rules regarding RRIF withdrawals in Canada. Withdrawals from a RRIF are not capped in the same way that contributions to a Registered Retirement Savings Plan (RRSP) are. Instead, the amount Wilfred can withdraw depends on a percentage of the value of the RRIF at the beginning of the year. However, there are exceptions that allow for larger withdrawals. In certain circumstances, the government allows individuals aged 65 and older, or those facing specific financial needs, to withdraw an increased amount. For the year 2023, the government temporarily increased withdrawal limits to help Canadians access their funds in light of economic concerns, allowing for larger withdrawals of up to \$250,000 without facing the usual taxation. The choice indicating a maximum withdrawal of \$250,000 reflects this special provision, which is applicable under certain conditions. This higher limit enables individuals to draw significantly from their RRIF funds, allowing for better financial maneuverability, particularly in times of need or for major expenses. Understanding these nuances surrounding RRIF withdrawals, including age factors and current regulations, is essential for making informed decisions regarding retirement income and investment strategies.

7. Which type of annuity will provide Erik with the highest monthly payment for a \$50,000 investment?

- A. Joint life annuity
- B. Term certain annuity
- C. Straight life annuity**
- D. Deferred annuity

A straight life annuity is designed to provide the highest monthly payments compared to other types of annuities for a given investment amount. When Erik invests \$50,000 in a straight life annuity, he will receive regular payments for as long as he lives. This type of annuity does not make payments to any beneficiaries after his death, so the entire amount invested is utilized to maximize his monthly income during his lifetime. In contrast, other annuity options either provide payments for a set period or include additional features that reduce the monthly payment amount. For example, a joint life annuity pays out benefits for the lives of two individuals, which typically results in smaller monthly payments to account for the extended payout period. A term certain annuity guarantees payments for a specified term, such as ten or twenty years, meaning it may provide less in monthly payments if the term is shorter than the individual's life expectancy. A deferred annuity, on the other hand, starts paying after a specified accumulation period, which means Erik would not receive immediate income from his investment. Thus, the straight life annuity is optimal for Erik if his primary goal is to maximize his monthly payment from a \$50,000 investment.

8. What is a key factor in creating a financial plan?

- A. Using historical market trends
- B. Setting measurable and specific financial goals**
- C. Maximizing immediate cash flow
- D. Diversifying across all asset types

Setting measurable and specific financial goals is a crucial aspect of creating a financial plan because these goals provide direction and benchmarks for tracking progress. Clearly defined goals enable individuals to focus their efforts and resources on achieving desired outcomes, whether those involve retirement savings, purchasing a home, or funding a child's education. Specificity in goals allows for the establishment of timelines and quantifiable targets, which are essential for assessing progress and making adjustments as needed. When financial goals are measurable and specific, they help in prioritizing decisions and avoiding distractions that may compromise the plan's effectiveness. It also fosters greater commitment and motivation, as individuals can see tangible milestones as they work towards their objectives. Therefore, goal-setting is foundational to a comprehensive financial plan, guiding all subsequent actions and strategies.

9. What can be a consequence of not having a retirement plan?

- A. Increased disposable income
- B. Potential financial insecurity in later years**
- C. Greater investment diversification
- D. Guaranteed income for life

Not having a retirement plan can lead to potential financial insecurity in later years. This is because without a structured approach to saving and investing for retirement, individuals may find themselves underprepared for the financial needs that arise during that period of life. As people age, their income often declines due to retirement from full-time work, yet expenses such as healthcare can increase. Without a retirement plan, individuals may lack sufficient savings, leading to a struggle to meet basic living expenses, maintain their desired lifestyle, or cover unexpected costs. In contrast, having a retirement plan helps ensure that individuals set aside enough resources over time to secure a stable financial future. It provides a roadmap to achieve financial goals and manage risks associated with aging, which includes planning for both known expenses and potential emergencies. Proper planning can alleviate anxiety about finances in retirement and increase the chances of maintaining financial independence. The other options illustrate benefits or outcomes that are generally not linked to the absence of a retirement plan. Increased disposable income and greater investment diversification typically result from sound financial planning, not from a lack of it. Similarly, guaranteed income for life is usually a feature of solid retirement planning, often achieved through annuities or systematic payout strategies, and would not be attainable without a proper retirement plan.

10. Which sister is likely to receive the highest monthly payment by purchasing an annuity?

- A. Katrina purchases a straight life annuity
- B. Rebecca purchases a straight life annuity**
- C. Katrina purchases a joint life annuity
- D. Rebecca purchases a joint life annuity

In the context of purchasing annuities, the decision regarding the type of annuity affects the payment amounts received. A straight life annuity provides payments for the lifetime of the annuitant, typically leading to higher monthly payments compared to joint life annuities, which are designed to cover two people and generally result in lower payments because the insurance company anticipates making payments for a longer duration. When considering options that involve purchasing a straight life annuity, the monthly payments are based solely on the life expectancy of the individual purchasing the annuity. This means an individual can receive larger payments since the risk is confined to one life rather than shared between two lives in a joint life annuity scenario. In this case, Rebecca is likely to receive the highest monthly payment by choosing a straight life annuity since it optimizes her potential payouts based on her life expectancy without the burden of spreading those payments across another person's life. The nature of straight life annuities focuses the entire risk and payout on one person, making them generally more lucrative in terms of monthly payment than joint life options.

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://finplanningcifp.examzify.com>

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

SAMPLE