

Certified Employee Benefit Specialist (CEBS) - Group Benefits Associate (GBA) / Retirement Plans Associate (RPA) Course 3 Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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.

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

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- 1. What is a key fiduciary duty when purchasing an annuity contract for an ERISA plan?**
 - A. Document conclusions on how annuity provider meets the criteria outlined in the regulations**
 - B. Negotiate pricing and terms with the annuity provider**
 - C. Ensure the contract includes a confidentiality clause**
 - D. Conduct a price comparison with other providers**

- 2. Which statement about white label funds represents a genuine concern?**
 - A. Lower fees and easier administration**
 - B. They require less time to manage**
 - C. They have no regulatory concerns**
 - D. Significant cost and burdens; higher recordkeeping fees and audit fees**

- 3. Which statement correctly describes Closed End Funds?**
 - A. They redeem shares at scheduled intervals**
 - B. They generally do not redeem shares, but may at certain intervals; investors sell shares on the market; they tend to be actively managed and therefore more expensive**
 - C. They are always passively managed**
 - D. They are not traded on exchanges**

- 4. Which of the following is listed as an eligibility category for Social Security retirement benefits?**
 - A. Unmarried grandchildren**
 - B. Unmarried siblings**
 - C. Unemployed workers**
 - D. Spouses with dependent children younger than 16 (or a disabled child)**

- 5. Which Part C plan is designed for individuals eligible for both Medicare and Medicaid?**
 - A. Local Coordinated Care Provider**
 - B. Regional PPO**
 - C. Private Fee-for-Service**
 - D. Special Needs Plans**

- 6. Which describes the effect of working an additional year on Social Security benefits?**
- A. It adds another year of earnings to the earnings record**
 - B. It reduces benefits**
 - C. It resets the full retirement age**
 - D. It eliminates the delayed retirement credit**
- 7. Which statement describes a state retirement plan approach as discussed?**
- A. It is a private, voluntary market with individual contracts**
 - B. It involves outsourcing all responsibilities to external vendors**
 - C. It is a state insurance market in which participants make payments into the state's insured funds**
 - D. It eliminates all government oversight**
- 8. Chile and New Zealand retirement plans are characterized by what?**
- A. A government- or state-approved provider system with some degree of investment choice**
 - B. A government-mandated guaranteed return**
 - C. Open-architecture funds with multiple investment options**
 - D. Personal pension brokers**
- 9. Which is a reason for Social Security to be fully funded?**
- A. The program will operate indefinitely and not terminate in the predictable future, full funding is unnecessary.**
 - B. Social Security program is compulsory, new workers will always enter the program and pay taxes to support it.**
 - C. The federal government can use its taxing and borrowing powers to raise additional revenues if the program has financial problems.**
 - D. From an economic viewpoint, full funding would require substantially higher Social Security taxes, which would be deflationary and cause substantial unemployment.**

10. Which option describes a RIG that delays Social Security to increase total retirement income?

- A. Systematic Withdrawal Plan (SWP)**
- B. Guaranteed lifetime annuities**
- C. Temporary payout from plan assets that delays Social Security**
- D. QLAC**

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Answers

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

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Explanations

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1. What is a key fiduciary duty when purchasing an annuity contract for an ERISA plan?

- A. Document conclusions on how annuity provider meets the criteria outlined in the regulations**
- B. Negotiate pricing and terms with the annuity provider**
- C. Ensure the contract includes a confidentiality clause**
- D. Conduct a price comparison with other providers**

When selecting an annuity for an ERISA plan, the fiduciary duty focuses on showing that the chosen provider meets the regulatory criteria and that the decision is well-supported by a written analysis. The fiduciary must evaluate the provider's ability to fulfill benefit obligations, comply with applicable regulations, and deliver on promises, then document the conclusions and the evidence behind the choice. This documentation creates an audit trail that demonstrates prudent decision-making and helps protect participants' interests over time. While negotiating terms and prices is part of due diligence, and comparing providers is a normal step, these actions are secondary to ensuring the provider meets the required criteria and that there's a clear, documented rationale for the selection. A confidentiality clause is not a fiduciary duty, and a price comparison alone does not satisfy the obligation to document regulatory compliance.

2. Which statement about white label funds represents a genuine concern?

- A. Lower fees and easier administration**
- B. They require less time to manage**
- C. They have no regulatory concerns**
- D. Significant cost and burdens; higher recordkeeping fees and audit fees**

White-label arrangements can seem convenient, but the real concern is the ongoing costs and administrative burden they can impose on the plan sponsor. These funds often lead to higher recordkeeping and audit fees and add complexity to governance and compliance, because the plan must manage extra layers of administration and disclosures associated with the rebranded or subadvised product. That accumulation of fees and administrative workload is the genuine worry, making the option describing significant cost and burdens the best choice. Statements about lower fees, less time to manage, or having no regulatory concerns don't align with how these arrangements typically function in practice.

3. Which statement correctly describes Closed End Funds?

- A. They redeem shares at scheduled intervals
- B. They generally do not redeem shares, but may at certain intervals; investors sell shares on the market; they tend to be actively managed and therefore more expensive**
- C. They are always passively managed
- D. They are not traded on exchanges

Closed-end funds raise a fixed amount of capital and issue a fixed number of shares that trade on a securities exchange. Because of that structure, they generally do not redeem shares at net asset value on a routine basis. Instead, investors buy and sell shares in the market, with prices that reflect supply and demand and can trade at a premium or discount to the fund's NAV. Many closed-end funds are actively managed, which often leads to higher expense ratios compared to passive funds. Some funds may offer periodic redemption options or tender offers, but such redemptions are not the norm. This combination—no regular redemption by the fund, market trading of shares, potential premiums/discounts to NAV, and often active management with higher costs—best describes closed-end funds.

4. Which of the following is listed as an eligibility category for Social Security retirement benefits?

- A. Unmarried grandchildren
- B. Unmarried siblings
- C. Unemployed workers
- D. Spouses with dependent children younger than 16 (or a disabled child)**

The concept being tested is how Social Security retirement benefits can extend to eligible family members, not just the worker themselves. A valid eligibility category is for a spouse who is married to the worker and has a dependent child under 16 (or a disabled child). This reflects how the program supports the family unit: the spouse can receive benefits based on the worker's record when there is a dependent child in the picture. The other options don't describe recognized family-eligibility categories for retirement benefits—unmarried grandchildren or siblings aren't eligible in this context, and simply being unemployed isn't a basis for retirement benefits.

5. Which Part C plan is designed for individuals eligible for both Medicare and Medicaid?

- A. Local Coordinated Care Provider**
- B. Regional PPO**
- C. Private Fee-for-Service**
- D. Special Needs Plans**

Special Needs Plans are a type of Medicare Advantage plan designed to coordinate care for people who qualify for both Medicare and Medicaid. These plans specifically target dual eligibles, offering integrated benefits and enhanced care coordination to align Medicare and Medicaid services. They often provide dedicated care managers, networks focused on coordinating Medicaid benefits with Medicare-covered services, and supports for long-term services and supports. This targeted approach helps navigate the complexities of having both programs and can lead to more seamless access to needed care and supports. The other plan types are standard Medicare Advantage options that don't specifically focus on dual eligibility and thus don't provide the same level of integrated coordination with Medicaid.

6. Which describes the effect of working an additional year on Social Security benefits?

- A. It adds another year of earnings to the earnings record**
- B. It reduces benefits**
- C. It resets the full retirement age**
- D. It eliminates the delayed retirement credit**

Working an extra year changes your Social Security picture by updating the earnings record that the program uses to compute benefits. The benefit amount isn't based on one year alone; it's calculated from the 35 highest-earning years (adjusted for inflation). When you work another year, that year's earnings are added to your record. If you have fewer than 35 years, that new year fills a missing spot and typically increases the average, boosting benefits. If you already have 35 or more years, the new year only raises your benefit if its earnings exceed the lowest year currently in your top 35; otherwise it may have little or no effect. In any case, the immediate effect described by the option is that it adds another year of earnings to the earnings record, which is the first step in potentially increasing benefits.

- 7. Which statement describes a state retirement plan approach as discussed?**
- A. It is a private, voluntary market with individual contracts**
 - B. It involves outsourcing all responsibilities to external vendors**
 - C. It is a state insurance market in which participants make payments into the state's insured funds**
 - D. It eliminates all government oversight**

State retirement plans are government-run arrangements that pool employee (and often employer) contributions into a fund backed or insured by the state. The state administers the plan, sets benefit rules, and provides ongoing oversight to protect participants. Payments go into the state's insured fund, and benefits are paid out from that fund based on the plan's design. This distinguishes it from a private, voluntary market with individual contracts, from a setup that outsources all responsibilities to external vendors, and from any arrangement that eliminates government oversight. That combination of state backing, pooled contributions, and insured funds is why the description fits a state retirement plan.

- 8. Chile and New Zealand retirement plans are characterized by what?**
- A. A government- or state-approved provider system with some degree of investment choice**
 - B. A government-mandated guaranteed return**
 - C. Open-architecture funds with multiple investment options**
 - D. Personal pension brokers**

The key idea is that these systems run through private providers that are approved and overseen by the government, giving individuals some choice within that regulated framework. In Chile, private pension fund administrators (AFPs) manage individual accounts under government rules and offer a range of investment options within those funds. In New Zealand, KiwiSaver works with private providers that are licensed and regulated by the government, offering different fund choices for members. This combination of state approval and private administration with limited investment choice best describes how these retirement plans operate. The other options don't fit as well: there isn't a government-guaranteed return in these models, since fund performance depends on market investments. The core structure isn't driven by open-architecture funds outside a regulated provider system, nor is it primarily about using personal pension brokers; the emphasis is on government-approved providers delivering private accounts with investable choices.

9. Which is a reason for Social Security to be fully funded?

- A. The program will operate indefinitely and not terminate in the predictable future, full funding is unnecessary.
- B. Social Security program is compulsory, new workers will always enter the program and pay taxes to support it.
- C. The federal government can use its taxing and borrowing powers to raise additional revenues if the program has financial problems.**
- D. From an economic viewpoint, full funding would require substantially higher Social Security taxes, which would be deflationary and cause substantial unemployment.

Fully funding means the program's promised benefits are financed from accumulated assets rather than relying solely on current payroll tax receipts. A strong reason for this approach is that the federal government has broad tools to address any financial shortfall: it can raise additional revenues through taxation and it can borrow. If Social Security runs short in a given period, Congress can call on these powers to cover the gap, keeping the program solvent even when there are swings in demographics or investment returns. This perspective highlights why funding mechanisms can rely on public finance tools to manage long-term obligations. The other options describe consequences or structures that don't directly justify fully funding. One emphasizes ongoing PAYGO financing, which ties benefits to current workers rather than assets. Another suggests the program may be unnecessary to fund, and the last points to potential negative economic effects of higher taxes, which don't address why a funded approach is viable.

10. Which option describes a RIG that delays Social Security to increase total retirement income?

- A. Systematic Withdrawal Plan (SWP)
- B. Guaranteed lifetime annuities
- C. Temporary payout from plan assets that delays Social Security**
- D. QLAC

The idea being tested is a bridging approach: use a temporary payout from plan assets to cover living expenses now, while delaying Social Security to a later age to boost the lifetime benefit. By drawing on plan assets for the early years, you avoid taking Social Security early and lock in a higher Social Security benefit when you do start it. Since Social Security increases are earned by delaying claiming (up to age 70), this strategy can lift the total amount of retirement income you receive over your lifetime, especially if you live long and the delayed benefits compound. Compared with other options, this approach is specifically about coordinating withdrawals from existing assets to bridge the gap until Social Security kicks in at a higher level. A systematic withdrawal plan is just a way to take funds from assets and doesn't inherently align withdrawals with delaying Social Security. A guaranteed lifetime annuity provides steady income but doesn't leverage the Social Security timing increase. A QLAC can provide later-life income funded from pre-tax assets, but its primary feature is longevity protection rather than the explicit bridge that delays Social Security to maximize total income.

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://cebsgbarpa3.examzify.com>

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

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