CERTIFIED EMPLOYEE BENEFIT SPECIALIST (CEBS) – GROUP BENEFITS ASSOCIATE (GBA) / RETIREMENT PLANS ASSOCIATE (RPA) COURSE 3 PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

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

1. Which of the following is a core ERISA fiduciary duty?

A. Prudence

B. Maximizing profits

C. Self-dealing

D. Ignoring plan documents

2. Which annual form requires reporting a plan's financial condition, investments, and participation to the Department of Labor and the Internal Revenue Service?

A. Form W-2

B. Form 1099

C. Form 5500

D. Form 5500-SF

3. 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

4. In health insurance underwriting, guaranteed issue means what?

A. The insurer may require medical underwriting to determine eligibility.

B. Guaranteed issue means the insurer must offer coverage to applicants regardless of health status.

C. Guaranteed issue only applies to short-term plans.

D. The insurer can deny coverage based on income.

5. What is a top-heavy retirement plan and its effect on contributions?

A. A plan that distributes all benefits immediately

B. A plan that excludes non-key employees

C. A plan with no vesting requirements

D. A plan where key employee benefits dominate; it can trigger minimum contributions for non-key employees

6. What benefits description applies to a disabled worker under full retirement age?

A. 50 percent of the primary insurance amount.

B. 75 percent of the primary insurance amount.

C. 100 percent of the primary insurance amount.

D. 125 percent of the primary insurance amount.

7. Which statement best describes the role of plan design features in plan funding and nondiscrimination planning?

A. Design features have no impact on nondiscrimination testing.

B. Plan features such as contribution limits, eligibility rules, and safe harbors influence nondiscrimination testing outcomes.

C. Plan design only affects administrative complexity.

D. All plans automatically pass nondiscrimination tests regardless of features.

8. What happens if a 401(k) loan is not repaid?

A. The loan is forgiven without tax consequences.

B. The unpaid loan balance is automatically repaid from the participant's paycheck.

C. The unpaid loan balance is treated as a taxable distribution, possibly subject to penalties.

D. The loan is rolled into an annuity to future distributions.

9. Which of the following is NOT listed as a deficiency type in the 2014 DOL audit quality study?

A. Internal Plan Processes

B. Regulatory requirements

C. Outside Service Providers

D. Data Security Controls

10. What is a prohibited transaction in ERISA, and who enforces it?

A. Any improper transaction between a plan and a party in interest or disqualified person; enforced by the DOL and IRS.

B. Any loan from the plan to a participant; enforced by the plan administrator only.

C. A transaction between two unrelated plans; enforced by the fiduciary board.

D. A transaction that requires investment in employer securities; enforced by the Treasury.

Answers

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

Explanations

1. Which of the following is a core ERISA fiduciary duty?

A. Prudence

B. Maximizing profits

C. Self-dealing

D. Ignoring plan documents

The standard of care ERISA fiduciaries must meet is prudence—the exercise of care, skill, prudence, and diligence that a reasonably prudent person would use in similar circumstances. This means carefully evaluating investments, costs, and risks; seeking appropriate advice when needed; and documenting the decision-making process to show diligence. Fiduciaries must act in the exclusive interest of plan participants and beneficiaries, and they should diversify appropriately to manage risk. Maximizing profits isn't the defining requirement if pursuing higher gains would undermine prudent decision-making or loyalty to the participants. Self-dealing and ignoring plan documents are breaches because they put personal interests or improper directives ahead of the plan's terms and participants' best interests.

2. Which annual form requires reporting a plan's financial condition, investments, and participation to the Department of Labor and the Internal Revenue Service?

A. Form W-2

B. Form 1099

C. Form 5500

D. Form 5500-SF

The form used for annual reporting of an employee benefit plan's financial condition, investments, and participation to the Department of Labor and the Internal Revenue Service is Form 5500. This is the standard annual information return filed by most ERISA plans, providing a comprehensive view of the plan's funding, assets, and active participant data for the plan year. A shorter version, Form 5500-SF, exists for very small plans, but Form 5500 is the primary form used to report these elements to DOL and IRS.

3. 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.

4. In health insurance underwriting, guaranteed issue means what?

A. The insurer may require medical underwriting to determine eligibility.

B. Guaranteed issue means the insurer must offer coverage to applicants regardless of health status.

C. Guaranteed issue only applies to short-term plans.

D. The insurer can deny coverage based on income.

Guaranteed issue means an insurer must offer coverage to applicants regardless of health status. This ensures that a person cannot be denied a policy or charged higher premiums solely because of medical conditions or a difficult health history. The price can still reflect allowed factors like age, tobacco use, and plan level, but health status cannot be used to deny coverage. This is different from medical underwriting, which would consider health history to decide eligibility or pricing. Short-term or non-guaranteed-issue products may not follow this rule, and income alone isn't the basis for denial under guaranteed-issue protections.

5. What is a top-heavy retirement plan and its effect on contributions?

A. A plan that distributes all benefits immediately

B. A plan that excludes non-key employees

C. A plan with no vesting requirements

D. A plan where key employee benefits dominate; it can trigger minimum contributions for non-key employees

Top-heavy plans are defined by the concentration of plan value in the hands of key employees. When those key employees' benefits or account balances dominate, the plan is considered top-heavy. That situation triggers minimum contribution rules for non-key employees to ensure they receive a baseline level of benefits, so the plan doesn't disproportionately favor the key players. Understanding who counts as a key employee (owners and certain officers with substantial compensation) helps see why these minimums exist. So, the description that a top-heavy plan is one where key employee benefits dominate and it can trigger minimum contributions for non-key employees is the best fit. It's not about distributing all benefits at once, excluding non-key workers, or removing vesting requirements—the defining issue is the skew toward key employees and the resulting minimums for others.

6. What benefits description applies to a disabled worker under full retirement age?

A. 50 percent of the primary insurance amount.

B. 75 percent of the primary insurance amount.

C. 100 percent of the primary insurance amount.

D. 125 percent of the primary insurance amount.

Disability benefits for someone who is disabled while under full retirement age are equal to 100% of the primary insurance amount. The primary insurance amount (PIA) is the amount a person would receive at their full retirement age for retirement benefits, and for disability, the benefit is set at that full level rather than being reduced for starting early or increased for delaying. If the disability continues, the payment stays at the PIA, and when the person reaches full retirement age, it converts to the same retirement benefit amount without changing the total. So the description that fits is a benefit equal to 100% of the primary insurance amount.

7. Which statement best describes the role of plan design features in plan funding and nondiscrimination planning?

A. Design features have no impact on nondiscrimination testing.

B. Plan features such as contribution limits, eligibility rules, and safe harbors influence nondiscrimination testing outcomes.

C. Plan design only affects administrative complexity.

D. All plans automatically pass nondiscrimination tests regardless of features.

Plan design features determine who participates, how much they can contribute, and whether safe harbor rules are used. Nondiscrimination testing compares deferrals and contributions between highly compensated and non-highly compensated employees, so the way a plan is designed directly changes who is in the test and how large their contributions are. If you broaden NHCE participation, provide meaningful employer contributions, or adopt safe harbor provisions, the test outcomes improve and the plan is more likely to pass. Conversely, restrictive eligibility, low NHCE contributions, or designs that favor HCEs can lead to unfavorable test results. This is why design choices matter in funding and nondiscrimination planning. Options that claim there's no impact, only administrative complexity, or that all plans pass are incorrect.

8. What happens if a 401(k) loan is not repaid?

A. The loan is forgiven without tax consequences.

B. The unpaid loan balance is automatically repaid from the participant's paycheck.

C. The unpaid loan balance is treated as a taxable distribution, possibly subject to penalties.

D. The loan is rolled into an annuity to future distributions.

When you borrow from a 401(k), you're taking a loan from your own retirement funds with a plan-required repayment. If you don't repay the loan, the unpaid balance is treated as a distribution from the plan. That means it's included in your taxable income for the year, and you'll owe ordinary income tax on that amount. If you're under age 59½, you'll also typically face a 10% early withdrawal penalty, unless an exception applies. The plan administrator will usually issue a Form 1099-R reflecting this distribution. In short, an unpaid 401(k) loan becomes a taxable distribution with potential penalties, rather than simply being forgiven or repaid automatically.

9. Which of the following is NOT listed as a deficiency type in the 2014 DOL audit quality study?

A. Internal Plan Processes

B. Regulatory requirements

C. Outside Service Providers

D. Data Security Controls

The question checks which deficiency areas the DOL identified in its 2014 audit quality study. That study grouped deficiencies into three main areas: Internal Plan Processes (how the plan is operated, including recordkeeping and processing), Regulatory requirements (compliance with ERISA rules, notices, filings, and fiduciary duties), and Outside Service Providers (issues in oversight of third-party vendors). Data Security Controls, while crucial in today's environment, was not listed as a deficiency type in that particular study. The study focused on governance and administrative/operational practices rather than IT security control categories, so data security concerns aren't part of the deficiency types it enumerated. Therefore, Data Security Controls is the option that doesn't fit.

10. What is a prohibited transaction in ERISA, and who enforces it?

- A. Any improper transaction between a plan and a party in interest or disqualified person; enforced by the DOL and IRS.
- B. Any loan from the plan to a participant; enforced by the plan administrator only.
- C. A transaction between two unrelated plans; enforced by the fiduciary board.
- D. A transaction that requires investment in employer securities; enforced by the Treasury.

A prohibited transaction is an improper deal between a retirement plan and someone who has a relationship with the plan (a party in interest) or a disqualified person. This rule exists to prevent self-dealing or using plan assets for personal benefit and to protect participants' benefits. Enforcement comes from the Department of Labor under ERISA (through the EBSA) and the Internal Revenue Service as part of the tax rules that apply to plans. They oversee compliance, impose penalties, and apply any excise taxes when prohibited transactions occur.

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!