

Certified Financial Planner (CFP) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.

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.

7. Use Other Tools

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

- 1. What was one of Salina's significant ethical violations during her engagement with Rodriquez?**
 - A. She prepared a financial plan without his consent.**
 - B. She failed to communicate with the CFP Board properly.**
 - C. She did not disclose the risks of the investment.**
 - D. She charged fees without providing a service.**
- 2. If a client expresses their emotions verbally and appears to enjoy listening, what is their likely learning style?**
 - A. Auditory.**
 - B. Visual.**
 - C. Both auditory and visual.**
 - D. None of the choices.**
- 3. What aspect is crucial in determining if an advisor acted with competence?**
 - A. The ability to provide product recommendations.**
 - B. The advisor's professional experience in the market.**
 - C. The quality of communication and respect in client relationships.**
 - D. The advisor's knowledge of legal regulations.**
- 4. What does a client's "Emergency Fund Ratio" indicate?**
 - A. The ability to meet all current obligations immediately.**
 - B. The overall debt financing the client's lifestyle.**
 - C. The preparedness for job loss or short-term disability.**
 - D. The client's savings and spending patterns over time.**
- 5. Under the Board's revised policy regarding bankruptcy, which statement about Jonathon's situation is correct?**
 - A. Jonathon's behavior falls on the presumed unacceptable list and he could be denied the right to use the marks.**
 - B. Jonathon will automatically receive a waiver due to his bankruptcy being over four years old.**
 - C. His license suspension will exempt him from consideration by the CFP Board.**
 - D. The bankruptcy will have no bearing on his CFP application.**

- 6. Which principle is NOT included in the ethical guidelines for a CFP® certificant?**
- A. Diligence**
 - B. Experience**
 - C. Competence**
 - D. Integrity**
- 7. How should a CFP® professional address a client's retirement objectives when they are off track?**
- A. Tell the clients to increase their monthly savings.**
 - B. Recommend no changes as the market will recover.**
 - C. Discuss alternatives currently available.**
 - D. Suggest postponing their retirement date.**
- 8. Regarding investment adviser registration, which statement is true?**
- A. No one is exempt from the fraud provisions**
 - B. Accountants must always register under the Investment Advisers Act**
 - C. Bank holding companies are exempt from registration**
 - D. Brokers with only 1 client in a neighboring state need not register**
- 9. If a CFP® professional violates the Code of Ethics, what action can the CFP Board take?**
- A. Impose a monetary fine**
 - B. Hold a public trial**
 - C. Issue a public letter of admonition**
 - D. Terminate the certification immediately**
- 10. Which of the following does a CFP® professional not need to disclose to their client?**
- A. Renewal commissions on an insurance product**
 - B. 12b-1 fees received from a broker/dealer**
 - C. A personal inheritance from an uncle**
 - D. First-year commissions on mutual funds**

Answers

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

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Explanations

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- 1. What was one of Salina's significant ethical violations during her engagement with Rodriquez?**
- A. She prepared a financial plan without his consent.**
 - B. She failed to communicate with the CFP Board properly.**
 - C. She did not disclose the risks of the investment.**
 - D. She charged fees without providing a service.**

One significant ethical violation during Salina's engagement with Rodriquez involved failing to communicate with the CFP Board properly. In the context of professional ethics for Certified Financial Planners, maintaining transparent communication with the governing body is crucial for upholding the standards of the profession. This communication ensures that any necessary disclosures, concerns, or compliance issues are addressed appropriately. Proper communication with the CFP Board reflects the planner's commitment to ethical standards and accountability, which is paramount in maintaining the trust and integrity of the financial planning profession. While the other options also reflect potential ethical dilemmas that a financial planner could face, the emphasis on communication with the governing body highlights the responsibility planners have to uphold ethical standards and regulations set forth by the CFP Board. Violations like lacking consent for a financial plan, failing to disclose investment risks, or charging fees without rendering a service are significant as well, but the failure to communicate effectively with the Board can have broader implications for a planner's professional standing and accountability.

- 2. If a client expresses their emotions verbally and appears to enjoy listening, what is their likely learning style?**
- A. Auditory.**
 - B. Visual.**
 - C. Both auditory and visual.**
 - D. None of the choices.**

The description indicates that the client expresses their emotions verbally and enjoys listening, which points towards an auditory learning style. Individuals with an auditory learning style tend to learn best through listening to information and engaging in discussions. They often enjoy speaking and sharing their feelings verbally, as well as processing information through sounds, such as lectures or podcasts. This contrasts with the visual learning style, where individuals prefer to see information, such as charts, graphs, or written notes. The combination of both auditory and visual styles would not fully capture the specific verbal expression and enjoyment of listening highlighted in the scenario. Consequently, the focus on verbal communication and auditory engagement reinforces the conclusion that the client is more aligned with an auditory learning style.

3. What aspect is crucial in determining if an advisor acted with competence?

- A. The ability to provide product recommendations.**
- B. The advisor's professional experience in the market.**
- C. The quality of communication and respect in client relationships.**
- D. The advisor's knowledge of legal regulations.**

The aspect that centers on the quality of communication and respect in client relationships is essential in determining if an advisor acted with competence because effective communication fosters trust and understanding between the advisor and the client. A competent advisor is not only knowledgeable but also able to convey complex financial concepts in a clear and respectful manner, ensuring that clients feel heard and understood. This relationship is crucial for guiding clients through their financial decisions and ensuring they are comfortable with the strategies proposed. Moreover, strong communication skills enhance the advisor's ability to assess a client's needs accurately and address any concerns, leading to better financial planning outcomes. While other factors—such as product knowledge, professional experience, and understanding legal regulations—are important, the advisor's relationship management and communication skills play a pivotal role in establishing their overall competence. A positive and respectful client-advisor relationship can lead to long-term success and client satisfaction.

4. What does a client's "Emergency Fund Ratio" indicate?

- A. The ability to meet all current obligations immediately.**
- B. The overall debt financing the client's lifestyle.**
- C. The preparedness for job loss or short-term disability.**
- D. The client's savings and spending patterns over time.**

The Emergency Fund Ratio is a crucial financial metric that reflects a client's preparedness for events that could lead to a loss of income, such as job loss or short-term disability. This ratio essentially measures how many months a client can cover their essential living expenses using their emergency savings. A higher ratio indicates better financial security, suggesting that the client is well-prepared to handle short-term financial disruptions without incurring additional debt or financial strain. Determining whether one can sustain their expenses during such unforeseen circumstances is central to financial planning, emphasizing the importance of having sufficient liquid assets readily available. This concept directly connects to the client's ability to navigate unexpected life events while remaining financially stable. The other choices focus on different financial aspects that do not directly relate to the purpose or definition of the Emergency Fund Ratio. The first option involves immediate obligations, which does not capture the essence of preparedness over time. The second option addresses debt financing, which is a separate issue from emergency savings. Finally, the last choice discusses savings and spending patterns, which do not specifically indicate how well a client can cope with sudden income loss.

5. Under the Board's revised policy regarding bankruptcy, which statement about Jonathon's situation is correct?
- A. Jonathon's behavior falls on the presumed unacceptable list and he could be denied the right to use the marks.**
 - B. Jonathon will automatically receive a waiver due to his bankruptcy being over four years old.
 - C. His license suspension will exempt him from consideration by the CFP Board.
 - D. The bankruptcy will have no bearing on his CFP application.

The correct statement regarding Jonathon's situation is that his behavior falls on the presumed unacceptable list, which could lead to denial of the right to use the marks. This reflects the CFP Board's policy that views certain behaviors, including filing for bankruptcy, as potential indicators of a lack of financial responsibility or professionalism. In the context of the CFP Board's review process, any behavior that raises concerns about a candidate's ability to uphold the standards required for certification is taken seriously. Bankruptcy can be considered a red flag in assessing a candidate's financial conduct and, therefore, can impact the ability to obtain or retain the CFP marks. The Board's approach is grounded in ensuring that all certified professionals maintain a high level of integrity and trustworthiness in their financial practices, which is crucial for the profession. The other options suggest scenarios in which either a waiver would automatically be granted, a suspension would negate consideration of his bankruptcy, or that bankruptcy would not affect his application at all; however, none of these accurately reflects the rigorous evaluation process employed by the Board concerning behavioral and financial issues.

6. Which principle is NOT included in the ethical guidelines for a CFP® certificant?
- A. Diligence
 - B. Experience**
 - C. Competence
 - D. Integrity

The principle of experience is not explicitly included in the ethical guidelines for a CFP® certificant. The CFP® Board emphasizes several key principles that focus on the ethical conduct of financial planners, including diligence, competence, and integrity. Diligence highlights the importance of putting in the necessary effort and care when serving clients. Competence ensures that financial planners possess the requisite knowledge and skills to provide appropriate advice and services. Integrity is fundamental to building trust with clients, as it signifies honesty and adherence to moral and ethical principles. While experience can shape a financial planner's ability to perform their duties effectively, it is not a standalone ethical guideline within the CFP® Board's framework. Instead, the guidelines focus on the quality of service and behavior expected from financial planners rather than their breadth of experience.

7. How should a CFP® professional address a client's retirement objectives when they are off track?

- A. Tell the clients to increase their monthly savings.**
- B. Recommend no changes as the market will recover.**
- C. Discuss alternatives currently available.**
- D. Suggest postponing their retirement date.**

When a CFP® professional identifies that a client's retirement objectives are off track, discussing alternatives currently available is essential because it allows for a comprehensive review of the client's situation and provides them with actionable options to realign their goals. This approach fosters a collaborative dialogue between the professional and the client, helping to identify other strategies, such as adjusting investment allocations, exploring new savings methods, or considering alternative retirement income sources. This conversation can also encompass risk tolerance assessments, lifestyle adjustments, and diversifying retirement strategies. By considering the client's unique circumstances and market conditions, the CFP® professional can propose tailored solutions that align with the client's long-term financial health. In contrast, simply telling clients to increase their monthly savings may not address the underlying issues, such as market performance or changes in personal circumstances that could be impacting their retirement strategy. Recommending no changes assumes a static market environment and neglects the proactive steps that may be necessary during fluctuations. Suggesting a postponement of the retirement date may not always be feasible for clients who have specific retirement plans that they wish to achieve, and this course of action may lead to distress or dissatisfaction without exploring other viable alternatives first.

8. Regarding investment adviser registration, which statement is true?

- A. No one is exempt from the fraud provisions**
- B. Accountants must always register under the Investment Advisers Act**
- C. Bank holding companies are exempt from registration**
- D. Brokers with only 1 client in a neighboring state need not register**

The statement that no one is exempt from the fraud provisions is true because the securities laws are designed to protect all investors from fraudulent activities, regardless of the registration status of the investment adviser. This applies to all agents and entities dealing with securities, including registered investment advisers and those who are not registered. Even if an adviser is exempt from registration based on certain criteria, such as being below an asset threshold or providing advice to a limited number of clients, they are still bound by the general anti-fraud provisions of the law. This ensures that unfair trading practices, misleading information, and other forms of fraud are not tolerated in the investment landscape. The other statements involve specific circumstances under which certain entities might or might not need to register, but they do not accurately represent the comprehensive application of the fraud provisions across the board. For example, accountants may not always need to register depending on the services they provide or if they are solely offering advice incidental to their professional services. Bank holding companies may also have specific exemptions that allow them to operate without registering under certain conditions. Similarly, brokers might have specific registration requirements based on their client base and locations, which means they might need to register even if they have just one client in a neighboring state.

9. If a CFP® professional violates the Code of Ethics, what action can the CFP Board take?

- A. Impose a monetary fine**
- B. Hold a public trial**
- C. Issue a public letter of admonition**
- D. Terminate the certification immediately**

The action that the CFP Board can take upon a violation of the Code of Ethics is to issue a public letter of admonition. This formal warning serves as a way to notify the professional that their conduct has not met the ethical standards set forth by the CFP Board. A public letter of admonition is particularly significant because it not only reflects the seriousness of the violation but also remains part of the professional's public record, which can impact their reputation and future practice. While other punitive measures like imposing a monetary fine or holding a public trial may seem plausible, the CFP Board does not typically engage in these practices within its disciplinary processes. Similarly, although termination of certification is a potential consequence, it usually follows more egregious violations rather than being the immediate action taken. The issuance of a public letter of admonition stands out as a measured approach that reinforces the importance of ethical conduct in financial planning.

10. Which of the following does a CFP® professional not need to disclose to their client?

- A. Renewal commissions on an insurance product**
- B. 12b-1 fees received from a broker/dealer**
- C. A personal inheritance from an uncle**
- D. First-year commissions on mutual funds**

A Certified Financial Planner (CFP®) professional is required to maintain transparency and uphold a fiduciary standard when dealing with clients. This includes disclosing any financial incentives or compensation structures that could influence their recommendations. Renewal commissions on insurance products, 12b-1 fees received from broker/dealers, and first-year commissions on mutual funds all represent forms of compensation that could affect the CFP® professional's advice or recommendations regarding investment products. Disclosing this information ensures that clients are fully aware of any potential conflicts of interest, allowing them to make informed decisions based on complete transparency. On the other hand, a personal inheritance from an uncle does not relate to the CFP® professional's financial relationship with the client or affect the advice being provided. This type of personal financial matter does not pose a conflict of interest in the professional-client relationship, and thus does not need to be disclosed. Maintaining privacy over unrelated personal finances allows the CFP® professional to focus on serving the client's interests without unnecessary distractions or complications.

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://certifiedfinancialplanner.examzify.com>

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