

CFP Ethics 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. When a client requests a scope change, what is the recommended step to take?**
 - A. Do nothing**
 - B. Terminate the relationship**
 - C. Prepare a new written agreement defining the new scope**
 - D. Schedule a meeting**

- 2. During implementation, with whom should the planner coordinate?**
 - A. Other professionals**
 - B. The client only**
 - C. Regulators**
 - D. The public**

- 3. Which of the following are material elements of financial planning?**
 - A. I**
 - B. All of the above**
 - C. II, III, V**
 - D. None of the above**

- 4. Which statement about continuing education is true for CFP certificants?**
 - A. There is no ongoing CE requirement**
 - B. CE hours are not specified**
 - C. 30 hours of CE are required in each 2-year period**
 - D. CE must be completed before certification is granted**

- 5. Practice Standard 600 of the financial planning process addresses which aspect of the planning process?**
 - A. Implementing the plan**
 - B. Monitoring the plan**
 - C. Presenting financial planning recommendations**
 - D. Selling the client products**

- 6. Which of the following is a permissible reason to disclose confidential information without client consent?**
- A. All of the above**
 - B. To defend against charges of wrongdoing**
 - C. To comply with legal process**
 - D. In connection with civil dispute between certificant and client**
- 7. If a CFP professional is approached with an investment-related tax problem and does not have tax expertise, which actions are appropriate?**
- A. IV**
 - B. I, III**
 - C. II, IV**
 - D. I, II, III**
- 8. Does the CFP Board fiduciary duty apply to all CFP professionals regardless of whether they provide financial planning services?**
- A. Yes, always**
 - B. Yes, but only when providing financial planning services**
 - C. No, never**
 - D. Only when the client signs a contract**
- 9. Which of the following is not a prescribed form of discipline for a CFP practitioner?**
- A. CFP Certification Examination retake**
 - B. Private censure**
 - C. Public letter of admonition**
 - D. Permanent revocation**
- 10. Can a financial planner be sued for failing to deliver services or plans required by a written agreement with a client?**
- A. Yes, it is a contract.**
 - B. Yes**
 - C. No, it is not a contract.**
 - D. No**

Answers

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

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Explanations

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1. When a client requests a scope change, what is the recommended step to take?
 - A. Do nothing
 - B. Terminate the relationship
 - C. Prepare a new written agreement defining the new scope**
 - D. Schedule a meeting

When a client requests a change in scope, the best practice is to memorialize those changes in a written agreement. Preparing a new written agreement (or a formal amendment to the engagement letter) clearly defines the revised scope, deliverables, timeline, and any adjustments to fees or responsibilities. This written document creates a concrete, shared understanding between the adviser and client, helps prevent misunderstandings or disputes about what is included, and ensures that the scope change is handled in a compliant, professional manner consistent with fiduciary duties. Merely scheduling a meeting doesn't provide the necessary formal documentation, and doing nothing leaves the existing scope in place with the risk of miscommunication or later disputes. Terminating the relationship is not a required or appropriate response to a reasonable request for scope adjustment.

2. During implementation, with whom should the planner coordinate?
 - A. Other professionals**
 - B. The client only
 - C. Regulators
 - D. The public

Implementation hinges on coordination with other professionals who actually execute the plan's components. The planner acts as the integrator, bringing together specialists such as attorneys, accountants, tax advisors, investment managers, and insurance professionals to ensure that each recommendation is carried out correctly and in harmony with the client's goals and constraints. For example, if the plan involves a trust, tax optimization, and changes to investments, the planner coordinates with the attorney to draft documents, with the tax advisor to address implications, and with the investment professional to adjust holdings. The client remains informed and approves steps, but the execution happens through these professionals under the planner's oversight. Regulators provide oversight rather than handling execution, and the public has no role in implementing a client's plan.

3. Which of the following are material elements of financial planning?

A. I

B. All of the above

C. II, III, V

D. None of the above

In financial planning, material elements are those pieces of information or conditions without which the plan could be misled or incomplete. The first item represents an input that is essential for shaping the plan—providing the fundamental context, goals, or engagement scope that drive all recommendations. Without this element, the planner wouldn't have a solid basis to tailor advice to the client's situation, so any conclusions or actions could be inappropriate. The other items, while they may describe steps or aspects of the process, do not by themselves constitute information that would change the plan's validity or direction. They can be addressed as the engagement progresses, but their presence or absence doesn't render the plan incomplete in the same sense as the foundational input captured by the first element. Therefore, choosing only the first element aligns with the idea that material elements are those essential inputs that determine the plan's relevance and correctness.

4. Which statement about continuing education is true for CFP certificants?

A. There is no ongoing CE requirement

B. CE hours are not specified

C. 30 hours of CE are required in each 2-year period

D. CE must be completed before certification is granted

Continuing education for CFP certificants is an ongoing obligation to stay current in the field. The CFP Board requires 30 hours of continuing education in each two-year certification cycle, with at least 2 hours focused on ethics or professional responsibility. This structure ensures certificants continually refresh and expand their knowledge rather than completing a one-time training. The two-year cycle is fixed, and CE activities can come from a variety of approved sources, such as seminars, online courses, and college courses, as long as they're approved for CFP CE. CE is an ongoing requirement after certification is granted; it is not something that must be completed before certification, and it is not optional. Therefore, the statement that 30 hours must be completed in each two-year period is the correct representation of CFP continuing education requirements.

5. Practice Standard 600 of the financial planning process addresses which aspect of the planning process?

A. Implementing the plan

B. Monitoring the plan

C. Presenting financial planning recommendations

D. Selling the client products

Practice Standard 600 focuses on monitoring the plan. After the plan is adopted, the planner has an ongoing duty to track progress toward goals, compare actual results with projections, and adjust the plan as life events, market conditions, or new information require. This continuous oversight keeps the plan aligned with the client's objectives and risk tolerance and protects the client's interests by catching drift or changes early. Regular monitoring might involve setting a review schedule, updating financial statements, checking investment performance and cash flow, reassessing assumptions, and making necessary modifications such as rebalancing, updating projections, or revisiting goals. This stage is distinct from implementing the plan (putting actions into motion), presenting financial planning recommendations (communication of the plan), or selling products (a separate activity not central to the planning process).

6. Which of the following is a permissible reason to disclose confidential information without client consent?

A. All of the above

B. To defend against charges of wrongdoing

C. To comply with legal process

D. In connection with civil dispute between certificant and client

Confidentiality isn't absolute; there are defined circumstances where you may disclose information without client consent. One such circumstance is defending yourself against charges of wrongdoing—the rules allow you to disclose what's needed to respond to disciplinary or legal accusations. Another is complying with legal process—subpoenas, court orders, or other mandatory legal requirements permit disclosure. A third is handling civil disputes between you and a client, where disclosing necessary information may be required to resolve the matter, typically under protections like relevance and any court-imposed safeguards. Because these specific, permissible situations are all recognized, the correct choice is that all of the above apply.

7. If a CFP professional is approached with an investment-related tax problem and does not have tax expertise, which actions are appropriate?

A. IV

B. I, III

C. II, IV

D. I, II, III

When a CFP professional is asked to address a tax issue and does not have tax expertise, the appropriate path is to acknowledge the limitation and involve a qualified tax professional. This protects the client and keeps the financial plan within the practitioner's competent scope, since tax matters require specialized knowledge and up-to-date rules. Start by clearly informing the client of the limitation and the need for tax-specific guidance, then coordinate with or refer to a tax advisor, obtaining the client's consent to share information and to integrate the tax advice into the overall plan. You can continue to handle investment and financial-planning aspects within your expertise, but avoid giving personalized tax advice or making tax calculations yourself.

8. Does the CFP Board fiduciary duty apply to all CFP professionals regardless of whether they provide financial planning services?

A. Yes, always

B. Yes, but only when providing financial planning services

C. No, never

D. Only when the client signs a contract

The obligation to act as a fiduciary under the CFP Board standards is tied to providing financial planning services. When a CFP professional is delivering a financial plan or ongoing planning services to a client, they must put the client's best interests first, provide full disclosure of conflicts of interest, and avoid misleading or biased recommendations. If a CFP professional is not delivering financial planning services, the fiduciary duty under the CFP Board standards doesn't apply to those other activities. So, the fiduciary duty is triggered by the act of providing financial planning services, not by simply being a CFP or by other types of work. That's why the best interpretation is that the duty applies only when you are actually offering financial planning services.

9. Which of the following is not a prescribed form of discipline for a CFP practitioner?

- A. CFP Certification Examination retake**
- B. Private censure**
- C. Public letter of admonition**
- D. Permanent revocation**

When evaluating discipline, the focus is on sanctions imposed for misconduct, not on routine credentialing steps. The board's formal sanctions include private censure (a private reprimand), a public letter of admonition (a public reprimand), and permanent revocation (loss of the credential). These are punitive or restrictive actions taken in response to ethical violations. Re-taking the CFP Certification Examination, on the other hand, is a credentialing or reinstatement requirement meant to demonstrate current knowledge and competence. It is not a disciplinary penalty for misconduct. Therefore, the exam retake is not a prescribed form of discipline.

10. Can a financial planner be sued for failing to deliver services or plans required by a written agreement with a client?

- A. Yes, it is a contract.**
- B. Yes**
- C. No, it is not a contract.**
- D. No**

The key idea is that a written agreement with a client creates a binding contract. When the financial planner commits to delivering certain services or a specific plan, there is a duty to perform as agreed. If the planner fails to provide those services, that failure is a breach of contract, and the client has a right to pursue legal remedies, typically damages or, in some cases, specific performance. The fact there is a written document is what gives rise to the contractual obligation and the ability to sue for not delivering what was promised.

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://cfpethics.examzify.com>

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

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