

CHARTERED RETIREMENT PLANNING COUNSELOR (CRPC) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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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 measures a mutual fund's risk-adjusted return as indicated by total risk?**
 - A. The fund's average return
 - B. The fund's beta
 - C. The fund's standard deviation
 - D. The fund's total expenses
- 2. Which statement regarding living wills is accurate?**
 - A. They must be orally communicated
 - B. They must be signed and witnessed
 - C. They are only effective for terminal illnesses
 - D. They do not require a signature
- 3. Under what condition are Social Security payments considered taxable?**
 - A. If your income exceeds a specific threshold
 - B. If you are under the age of 60
 - C. Only if you are not employed
 - D. It is never taxable
- 4. What type of care is covered under Part A of Medicare?**
 - A. Outpatient surgery
 - B. Psychiatric hospital care
 - C. Preventive services
 - D. Physical therapy
- 5. What is considered a long-term liability by industry standards?**
 - A. One year
 - B. Five years
 - C. One month
 - D. More than one year
- 6. What typically happens to living expenses during retirement?**
 - A. All living expenses increase
 - B. Most living expenses decrease
 - C. Transportation costs remain stable
 - D. Insurance costs significantly rise

- 7. Which statement is true regarding Medicare Advantage plans?**
- A. Everyone is eligible regardless of health status
 - B. Individuals with End-Stage Renal Disease (ESRD) are eligible
 - C. Beneficiaries must live within the health plan's service area
 - D. They are open to all Medicare recipients without restrictions
- 8. What is the average of the highest consecutive salaries for determining a pension benefit if they were \$90,000, \$100,000, and \$110,000?**
- A. \$90,000
 - B. \$100,000
 - C. \$110,000
 - D. \$300,000
- 9. Which type of nonqualified plan is exempt from the vesting requirements of ERISA?**
- A. Funded excess benefit plans.
 - B. Unfunded excess benefit plans.
 - C. Qualified profit-sharing plans.
 - D. Cash balance plans.
- 10. What is a potential drawback of target benefit plans?**
- A. They allow for extensive 401K contributions
 - B. The uncertainty of the amount of retirement benefit
 - C. They cannot include employer contributions
 - D. They are limited to certain employee demographics

Answers

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

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Explanations

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1. What measures a mutual fund's risk-adjusted return as indicated by total risk?

- A. The fund's average return
- B. The fund's beta
- C. The fund's standard deviation**
- D. The fund's total expenses

The measure of a mutual fund's risk-adjusted return concerning total risk is represented by the fund's standard deviation. Standard deviation quantifies the amount of variation or dispersion from the average return of the fund. A higher standard deviation indicates a higher level of risk, as the returns are more spread out from the mean, suggesting that the fund experiences greater fluctuations in performance over time. In terms of assessing risk-adjusted returns, standard deviation is useful because it helps investors understand the volatility associated with a fund's returns. When comparing different mutual funds, those with a similar average return can be assessed more effectively by considering their standard deviations, providing insight into which fund might pose more risk relative to the returns generated. While the average return provides some insight into performance, it does not account for the variability of those returns, which is critical for a holistic understanding of risk. Beta measures systematic risk in relation to the market but does not capture total risk, which includes both systematic and unsystematic risks. Total expenses are relevant for determining the net return to investors, but they do not directly reflect the risk associated with a fund's returns. Standard deviation remains the key metric for understanding the relationship between risk and return in the context of mutual funds.

2. Which statement regarding living wills is accurate?

- A. They must be orally communicated
- B. They must be signed and witnessed**
- C. They are only effective for terminal illnesses
- D. They do not require a signature

Living wills are indeed formal documents that must be signed and often require witnesses to validate their authenticity. The necessity for a signature helps ensure that the person creating the living will has explicitly expressed their wishes regarding medical treatment in the event they are unable to communicate these wishes due to illness or incapacity. Witnessing also adds an additional layer of verification, helping to prevent any potential disputes regarding the intent behind the document. Other forms of advance directives may have differing requirements, but in the context of living wills, the signing and witnessing are critical components that uphold the legal and ethical standards for such documents. This ensures that the wishes of the individual regarding their medical care and treatment decisions are respected and honored by healthcare providers and family members.

3. Under what condition are Social Security payments considered taxable?

A. If your income exceeds a specific threshold

B. If you are under the age of 60

C. Only if you are not employed

D. It is never taxable

Social Security payments are considered taxable when your total income exceeds a specific threshold set by the IRS. This threshold includes not only your Social Security benefits but also your other income sources, such as wages, salaries, and certain other types of income. If the combined amount reaches certain limits, a portion of your Social Security benefits may be subject to federal income tax. The decision on whether Social Security benefits are taxable is based on a formula that considers both the individual's income and the filing status. For example, if an individual's combined income exceeds \$25,000 for single filers or \$32,000 for married couples filing jointly, they may have to pay taxes on a portion of their Social Security benefits. Other conditions mentioned, such as age and employment status, do not determine the taxability of Social Security payments. Age 60 does not have any impact on the tax status of Social Security, and being unemployed does not exempt an individual from taxation on benefits if they have other income sources that exceed the thresholds. Furthermore, the assertion that Social Security is never taxable is incorrect, given that many beneficiaries do indeed pay taxes on a portion of their benefits if their income exceeds the specified limits.

4. What type of care is covered under Part A of Medicare?

A. Outpatient surgery

B. Psychiatric hospital care

C. Preventive services

D. Physical therapy

Part A of Medicare primarily covers inpatient care, which includes services provided in hospitals and skilled nursing facilities. Among the options listed, psychiatric hospital care is indeed covered under Part A. This includes inpatient mental health services received in a psychiatric hospital, allowing beneficiaries access to important treatment options for mental health disorders. Other types of care mentioned in the options, such as outpatient surgery, preventive services, and physical therapy, do not fall under the Part A coverage. Outpatient surgery and preventive services are generally covered under Part B. Physical therapy may also be included under both Part B for outpatient services and Part A if done in a skilled nursing facility following a qualifying hospital stay, but the specific context of the question leans towards the inpatient nature of Part A. Thus, psychiatric hospital care stands out as the correct answer within the scope of Part A coverage.

5. What is considered a long-term liability by industry standards?

- A. One year
- B. Five years
- C. One month
- D. More than one year**

A long-term liability is defined as an obligation or debt that is due to be settled beyond the current operating cycle, typically longer than one year. This classification is important because it helps assess a company's financial health and its ability to manage its obligations over time. By distinguishing between short-term and long-term liabilities, stakeholders can better understand the company's financial commitments and liquidity position. In contrast, the other options represent time frames that do not align with the industry standard for long-term liabilities. A time frame of one year would place obligations into the short-term liability category, reflecting debts that need to be paid off within the next accounting period. Similarly, five years, while generally considered a longer horizon, does not capture the essential criterion that liabilities must exceed one year to be classified as long-term. One month is definitely too short a term to qualify as a long-term liability, making it clear that liabilities need to be longer-term commitments. Thus, a liability considered long-term by industry standards is appropriately identified as one that extends for more than one year.

6. What typically happens to living expenses during retirement?

- A. All living expenses increase
- B. Most living expenses decrease**
- C. Transportation costs remain stable
- D. Insurance costs significantly rise

During retirement, it's often observed that most living expenses decrease. This reduction can stem from various factors. Firstly, retired individuals typically have different lifestyles compared to their working years, which can lead to reduced costs. For instance, they may no longer have commuting expenses associated with full-time employment, which can significantly lower transportation costs. Additionally, retirees might downsize their living arrangements, resulting in lower housing and utility costs. Healthcare can sometimes present an exception, where some retirees may experience rising expenses due to increased medical needs; however, overall, many find that their discretionary spending declines as they shift their focus from work-related expenses to more fixed costs, like housing and utilities, which can also stabilize or decrease. Overall, the trend indicates a broad decrease in expenses as spending habits change during retirement.

7. Which statement is true regarding Medicare Advantage plans?

- A. Everyone is eligible regardless of health status
- B. Individuals with End-Stage Renal Disease (ESRD) are eligible
- C. Beneficiaries must live within the health plan's service area**
- D. They are open to all Medicare recipients without restrictions

The statement that beneficiaries must live within the health plan's service area is accurate regarding Medicare Advantage plans. These plans are offered by private insurance companies and operate within specific geographic areas. This means that eligibility to enroll in a Medicare Advantage plan is contingent upon the beneficiary residing in the defined service area of that plan. If a beneficiary moves outside of a plan's service area, they may no longer be eligible for that specific plan. This is crucial for beneficiaries to consider when choosing a plan, as their place of residence directly impacts their available options for Medicare Advantage coverage. In contrast, the other statements do not reflect the eligibility criteria for Medicare Advantage plans. Not everyone is eligible regardless of health status; certain health conditions can impact enrollment options. For example, individuals with End-Stage Renal Disease (ESRD) may face limitations in joining Medicare Advantage plans, though there have been changes allowing some flexibility. Additionally, not all Medicare recipients can join these plans without restrictions, as eligibility is subject to various factors including geographic location and enrollment periods.

8. What is the average of the highest consecutive salaries for determining a pension benefit if they were \$90,000, \$100,000, and \$110,000?

- A. \$90,000
- B. \$100,000**
- C. \$110,000
- D. \$300,000

To find the average of the highest consecutive salaries, you need to total the provided salaries and then divide that by the number of salaries being averaged. In this case, the highest consecutive salaries are \$90,000, \$100,000, and \$110,000. First, you add these highest salaries together: $\$90,000 + \$100,000 + \$110,000 = \$300,000$. Next, since there are three salaries, you divide the total by 3 to find the average: $\$300,000 \div 3 = \$100,000$. This calculated average of \$100,000 represents the typical amount over the top three salary years, which is often a key factor in determining pension benefits. Therefore, the average of the highest consecutive salaries is correctly identified as \$100,000.

9. Which type of nonqualified plan is exempt from the vesting requirements of ERISA?

- A. Funded excess benefit plans.**
- B. Unfunded excess benefit plans.
- C. Qualified profit-sharing plans.
- D. Cash balance plans.

The correct choice is the type of nonqualified plan known as funded excess benefit plans. ERISA, the Employee Retirement Income Security Act, generally sets certain standards for employee benefit plans, including rules around vesting. However, nonqualified plans, such as funded excess benefit plans, are specifically designed to provide benefits that exceed the limits imposed by qualified plans, and they do not need to meet the same ERISA vesting requirements as qualified plans. Funded excess benefit plans are typically set up for key employees and can provide retirement benefits based on a formula intended to supplement the benefits from qualified plans. Since they fall outside the regulatory framework of ERISA, the specific vesting standards that apply to qualified plans do not apply to them. On the other hand, unfunded excess benefit plans may also avoid certain ERISA requirements, but they often operate under different principles and may not have the same funding characteristics, which distinguishes them from funded plans. Qualified profit-sharing plans and cash balance plans are both classified as qualified plans under ERISA, which means they are subject to strict vesting requirements to ensure that employee benefits are earned and protected.

10. What is a potential drawback of target benefit plans?

- A. They allow for extensive 401K contributions
- B. The uncertainty of the amount of retirement benefit**
- C. They cannot include employer contributions
- D. They are limited to certain employee demographics

The potential drawback of target benefit plans lies in the uncertainty surrounding the amount of retirement benefit that participants can expect to receive. Unlike traditional defined benefit plans, which promise a specific payout at retirement, target benefit plans set a target benefit amount based on certain assumptions (such as investment returns and contribution levels). However, these assumptions may not always be met, leading to variability in the actual benefits received. Participants in target benefit plans face the risk that if investment returns are lower than expected or contributions do not reach the anticipated levels, the ultimate retirement benefit could be less than the target. This uncertainty makes planning for retirement more challenging, as individuals may find it difficult to ascertain whether they will have sufficient funds to support their desired lifestyle in retirement. Therefore, the lack of guaranteed benefits is a significant drawback of target benefit plans, distinguishing them from other retirement plan types that offer more predictable outcomes.

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://crpc.examzify.com>

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

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