

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

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. 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
- 2. How does a defined benefit plan typically handle contributions for older workers compared to younger employees?**
 - A. They are the same due to fairness.
 - B. Contributions are greater for older workers.
 - C. Younger employees receive higher contributions.
 - D. Contributions are based solely on compensation.
- 3. What does strategic asset allocation involve?**
 - A. A completely random investing approach
 - B. A balance of different risk assets
 - C. A target allocation plan for specified asset classes
 - D. A focus on short-term market fluctuations
- 4. What is the maximum net capital loss that can be deducted in a year?**
 - A. \$1,500
 - B. \$2,500
 - C. \$3,000
 - D. \$5,000
- 5. What impacts the ability to suspend Social Security payments?**
 - A. The payments received must be repaid within a year.
 - B. They can only be suspended once.
 - C. Beneficiaries must have dependent children.
 - D. Individuals must not have received benefits yet.

- 6. Which doctrine may lead to tax liability for unfunded nonqualified deferred compensation plans?**
- A. Constructive receipt doctrine
 - B. Economic benefit doctrine
 - C. Cash equivalency doctrine
 - D. All of the above
- 7. What is the total amount Sally and Joe are allowed to contribute to their Roth IRAs?**
- A. \$9,000
 - B. \$11,000
 - C. \$0
 - D. \$5,500
- 8. What can Henry and Etta expect to receive from Social Security at their Full Retirement Ages?**
- A. Only Henry will receive a reduced amount.
 - B. They will both receive their respective primary insurance amounts.
 - C. They cannot receive benefits until they are 70.
 - D. They will receive a combined amount of \$2,500.
- 9. What does a non-springing durable power of attorney do?**
- A. Only takes effect when the principal dies
 - B. Gives authority to act after the principal becomes incapacitated
 - C. Offers temporary powers until the principal regains capacity
 - D. Ceases to exist upon the principal's incapacity
- 10. What is true of a fixed benefit plan?**
- A. It guarantees a specific benefit at retirement
 - B. It allows for variable contributions based on profits
 - C. It typically involves after-tax contributions
 - D. It has no specific payout at retirement

Answers

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

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Explanations

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1. 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.

2. How does a defined benefit plan typically handle contributions for older workers compared to younger employees?

- A. They are the same due to fairness.
- B. Contributions are greater for older workers.**
- C. Younger employees receive higher contributions.
- D. Contributions are based solely on compensation.

A defined benefit plan is designed to provide a predetermined payout at retirement, often based on factors such as salary history and years of service. In this structure, contributions for older workers are typically greater compared to younger employees. This practice is rooted in the urgency of securing sufficient retirement benefits for older employees, who have less time until retirement. As individuals near retirement age, the plan often increases the actuarial contributions to ensure that they can adequately fund the retirement benefits based on the shorter time frame until those benefits will be distributed. This means that older workers—who have fewer years to accumulate benefits and may be closer to drawing on their retirement funds—will generally see higher contributions allocated to their accounts to ensure they receive the intended retirement income. In contrast, younger employees, who have a longer time horizon until retirement, may have lower contributions. This approach allows the pension fund to balance its liabilities by ensuring more immediate funding for older employees while allowing time for younger workers' accounts to grow over a longer period with lower contributions. This age-based contribution strategy also reflects an acknowledgment of the different retirement planning needs of workers at various stages in their careers, emphasizing the focus on funding the retirement benefits for those who are approaching retirement.

3. What does strategic asset allocation involve?

- A. A completely random investing approach
- B. A balance of different risk assets
- C. A target allocation plan for specified asset classes**
- D. A focus on short-term market fluctuations

Strategic asset allocation involves creating a target allocation plan for specified asset classes, which is designed to meet an investor's long-term financial goals while managing risk. This method emphasizes setting a consistent allocation among various asset classes, such as stocks, bonds, and cash, based on factors such as the investor's risk tolerance, investment horizon, and overall financial objectives. By defining target percentages for each asset class, strategic asset allocation provides a structured framework that helps investors maintain their desired risk level over time. This approach aims to enhance potential returns while also minimizing the impact of market volatility, enabling investors to stay focused on their long-term investment strategy rather than reacting to short-term market changes. In contrast, the other options illustrate approaches that are not aligned with the principles of strategic asset allocation: employing a random investing approach lacks structure, focusing solely on short-term market fluctuations can lead to impulsive decision-making, and only considering a balance of different risk assets does not incorporate a systematic target allocation for each asset class.

4. What is the maximum net capital loss that can be deducted in a year?

- A. \$1,500
- B. \$2,500
- C. \$3,000**
- D. \$5,000

The maximum net capital loss that can be deducted in a single tax year for individuals is \$3,000. This applies to taxpayers filing as single or married filing jointly. The \$3,000 limit is set by the IRS and allows taxpayers to offset ordinary income with their net capital losses, which can aid in reducing their overall tax burden. If a taxpayer has net capital losses exceeding this amount, the losses can be carried forward to future years to offset future capital gains or ordinary income, subject to the same \$3,000 annual deduction limit in those subsequent years. This provision effectively allows individuals to maximize the tax benefits from their investment losses over time. In contrast, lower figures listed in the other options do not reflect the current limit established by tax regulations, which specifically allows for up to \$3,000 to be deducted against ordinary income.

5. What impacts the ability to suspend Social Security payments?

- A. The payments received must be repaid within a year.**
- B. They can only be suspended once.
- C. Beneficiaries must have dependent children.
- D. Individuals must not have received benefits yet.

The ability to suspend Social Security payments is primarily influenced by the requirement that any payments received must be repaid within a year. This regulation allows individuals to temporarily suspend their benefits while ensuring that, if they reapply, they account for the amounts received during the suspension period. This feature can be particularly relevant for those who want to boost their future benefits by postponing them—essentially allowing for a strategy to maximize their overall Social Security payout. The other options do not accurately reflect the rules surrounding the suspension of Social Security payments. For example, while there are guidelines around how often benefits can be suspended, individuals are not confined to a single opportunity. Additionally, the presence of dependent children is not a critical factor affecting the ability to suspend benefits. Lastly, an individual can indeed suspend benefits even if they have started receiving them, as long as they meet the repayment criteria. This understanding of the policies concerning the suspension of Social Security payments is crucial for beneficiaries looking to make informed decisions regarding their retirement planning.

6. Which doctrine may lead to tax liability for unfunded nonqualified deferred compensation plans?

- A. Constructive receipt doctrine
- B. Economic benefit doctrine
- C. Cash equivalency doctrine
- D. All of the above**

The correct answer is that all of the doctrines mentioned may lead to tax liability for unfunded nonqualified deferred compensation plans. Each of these doctrines plays a crucial role in how the Internal Revenue Service (IRS) views deferred compensation arrangements. The constructive receipt doctrine indicates that an individual must report income when it is made available to them, regardless of whether they have taken possession of the income. In the context of a deferred compensation plan, if the employee can access the funds or has control over their use, the IRS may require taxation even if they have not actually received the funds. The economic benefit doctrine states that if an employee has an economic benefit from deferred compensation that is not contingent on future services, the employee may be taxed on that value. This would apply in cases where the benefit is currently available, even if the actual payment is postponed, resulting in immediate tax liability. Lastly, the cash equivalency doctrine posits that if a nonqualified deferred compensation plan leads to cash or cash-like benefits available to the employee, the value of those benefits is subject to taxation. This means that if the deferred compensation has attributes that resemble cash, it may be taxed as income even before it is actually distributed. Considering these doctrines collectively provides a comprehensive understanding of the tax implications

7. What is the total amount Sally and Joe are allowed to contribute to their Roth IRAs?

- A. \$9,000
- B. \$11,000**
- C. \$0
- D. \$5,500

To determine the total amount Sally and Joe can contribute to their Roth IRAs, it's essential to consider the contribution limits set by the IRS. For the tax year 2023, individuals can contribute up to \$6,500 to a Roth IRA if they are under 50 years old. If both Sally and Joe are eligible to contribute (i.e., their combined income allows for Roth IRA contributions), each could contribute \$6,500, resulting in a total contribution of \$13,000, which exceeds the amount available in the choices. However, if one of them is over 50, they are allowed an additional "catch-up" contribution of \$1,000. In such a case, their contribution could be adjusted accordingly. Since the correct answer provided is \$11,000, this might imply that it is based on one individual being over 50 years old, contributing \$7,500 (including the catch-up contribution), and the other contributing \$3,500. Therefore, while the \$11,000 total rests on the assumption of specific age and eligibility conditions that aren't directly stated in the question, it's pertinent to focus on how contribution limits are applied to individual circumstances. It's important for individuals to consult IRS guidelines and assess

8. What can Henry and Etta expect to receive from Social Security at their Full Retirement Ages?

- A. Only Henry will receive a reduced amount.
- B. They will both receive their respective primary insurance amounts.**
- C. They cannot receive benefits until they are 70.
- D. They will receive a combined amount of \$2,500.

Henry and Etta can expect to receive their respective primary insurance amounts from Social Security at their Full Retirement Ages. This is because the Social Security Administration defines the Full Retirement Age as the age at which an individual can claim their full, unreduced retirement benefits based on their earnings history. Every individual has a primary insurance amount (PIA), which is calculated based on their highest 35 years of earnings. This amount is what they will receive if they start taking benefits right at their Full Retirement Age, without any reductions for early retirement or incentives for delaying benefits beyond Full Retirement Age. For those who choose to retire before reaching their Full Retirement Age, their benefits are reduced; those who delay benefits can earn increased monthly payments. Consequently, expecting to receive their PIAs at Full Retirement Age aligns perfectly with this understanding of how Social Security benefits work. This reflects the important concept that individuals planning for retirement should be aware of their Full Retirement Age and how it affects their Social Security benefits, ensuring they maximize their financial resources in retirement.

9. What does a non-springing durable power of attorney do?

- A. Only takes effect when the principal dies
- B. Gives authority to act after the principal becomes incapacitated**
- C. Offers temporary powers until the principal regains capacity
- D. Ceases to exist upon the principal's incapacity

A non-springing durable power of attorney is designed to give authority to an appointed agent to act on behalf of the principal even after the principal becomes incapacitated. This type of power of attorney is effective immediately upon being executed, meaning the agent has the authority to make decisions and take actions for the principal without waiting for the principal to become incapacitated. This differs from a springing power of attorney, which only becomes effective upon a specific event, usually the incapacitation of the principal. Therefore, the non-springing durable power of attorney ensures that there is no interruption in decision-making or management of affairs, providing continuity and support, especially during periods when the principal may be unable to manage their own affairs due to health reasons. The other options don't accurately reflect the functionality of a non-springing durable power of attorney; for instance, it does not cease to exist upon incapacity, nor does it function only after the principal's death or provide temporary powers. This makes option B the most accurate representation of what a non-springing durable power of attorney entails.

10. What is true of a fixed benefit plan?

- A. It guarantees a specific benefit at retirement**
- B. It allows for variable contributions based on profits
- C. It typically involves after-tax contributions
- D. It has no specific payout at retirement

A fixed benefit plan, often referred to as a defined benefit plan, guarantees a specific benefit amount at retirement based on a predetermined formula. This formula typically considers factors such as salary history and years of service. The promise of a fixed benefit provides employees with predictability regarding their retirement income, making it a valuable option for retirement planning. This structure contrasts with variable contribution plans, wherein the contributions may fluctuate based on business profits, allowing for greater variability in the retirement benefits received. In fixed benefit plans, the employer typically bears the investment risk, as they must ensure that enough funds are available to provide the promised benefits to retirees, regardless of the investment performance. Additionally, fixed benefit plans are not primarily about after-tax contributions; they often involve pre-tax contributions that can reduce taxable income in the year they are made. The statement regarding having no specific payout at retirement is also inaccurate, as fixed benefit plans specifically define the retirement benefit to be paid out. Thus, the fixed nature of the benefits is what clearly distinguishes these plans and confirms the correctness of the selected answer.

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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