COLLEGE SUCCESS, FINANCIAL LITERACY, AND KEY CONCEPTS FOR STUDENTS PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED 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. 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. **Describe the STAR method for answering behavioral interview questions.**
    - A. Situation, Task, Action, Result
    - B. Setup, Task, Analysis, Result
    - C. Situation, Task, Action, Result
    - D. Scenario, Task, Request, Result

2. **How frequently can credit card interest be charged?**
    - A. Daily
    - B. Weekly
    - C. Monthly
    - D. Only on late payments

3. **What is the difference between needs-based scholarships and merit-based scholarships?**
    - A. Needs-based awards are determined by financial need; merit-based awards are based on achievements like grades or talents. Some have both criteria.
    - B. Needs-based awards are based on athletic ability; merit-based awards are based on community service.
    - C. Needs-based awards are only for graduate students; merit-based awards are only for undergraduates.
    - D. Both types are determined solely by income level.

4. **Which statement best identifies two major factors that influence a credit score and two strategies to build it responsibly?**
    - A. Factors: payment history and credit utilization; Strategies: pay on time; keep balances low.
    - B. Factors: income and employment status; Strategies: open many new accounts; maximize spending.
    - C. Factors: number of mortgages only; Strategies: close old accounts; ignore statements.
    - D. Factors: length of credit history and new credit; Strategies: monitor credit reports; limit new accounts; use credit wisely.

5. What is the correct order of the five steps in the financial planning process?

A. Develop Personal Goals, Identify and Evaluate Alternatives for Achieving Goals for My Situation, Write My Financial Plan, Implement The Plan, Monitor and Adjust The Plan

B. Write My Financial Plan, Develop Personal Goals, Identify and Evaluate Alternatives for Achieving Goals for My Situation, Implement The Plan, Monitor and Adjust The Plan

C. Develop Personal Goals, Write My Financial Plan, Identify and Evaluate Alternatives for Achieving Goals for My Situation, Implement The Plan, Monitor and Adjust The Plan

D. Identify and Evaluate Alternatives for Achieving Goals for My Situation, Develop Personal Goals, Write My Financial Plan, Implement The Plan, Monitor and Adjust The Plan

6. What is the main idea of the summary for chapters 1.1-1.4?

A. It introduces the transition to college by asking why you are there and what a degree can do for you

B. It outlines specific course schedules

C. It emphasizes building a social network first

D. It focuses on dorm living options

7. For a cautious budgeting approach, which of the following would align with the guidance?

A. Keep the credit limit equal to two weeks of expenses.

B. Ask for a credit limit equal to annual income.

C. Let the issuer set the limit with no discussion.

D. Ignore the limit and spend freely.

8. Do credit unions have a profit motive?

A. Yes

B. No

C. Sometimes

D. Not sure

9. **Do banks sometimes offer investment services that pay higher interest but involve risk?**

A. Yes, they can carry higher interest but risk your money.

B. No, all bank investment services are risk-free.

C. Only after retirement.

D. They pay lower interest than savings.

10. **Do credit cards charge interest daily?**

A. Yes

B. No

C. Only if you miss a payment

D. Only for cash advances

Answers

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

Explanations

1. Describe the STAR method for answering behavioral interview questions.

A. Situation, Task, Action, Result

B. Setup, Task, Analysis, Result

C. Situation, Task, Action, Result

D. Scenario, Task, Request, Result

This question tests your ability to tell a past-behavior story in a clear, complete way using a four-part structure: Situation, Task, Action, Result. The Story begins with the Situation, which sets the context and background. Then you describe the Task, what needed to be accomplished or the challenge you faced. Next comes the Action, the specific steps you took, the skills you applied, and your personal contribution. Finally, the Result shows the outcome, the impact of your actions (ideally with numbers or concrete evidence), and any lessons learned or follow-up effects. This structure is effective because it gives interviewers a concise, evidence-based narrative that connects what you did to real results and to the requirements of the role. It highlights your initiative, problem-solving, and how your actions led to tangible benefits, rather than just talking in generalities. Other naming schemes tend to shift focus away from the core elements that matter most in behavioral questions. They may describe context or analysis without clearly showcasing your concrete actions and measurable results. When you use the STAR format, pick a relevant example, keep it tight, and emphasize your specific contributions and the outcomes, using metrics when possible.

2. How frequently can credit card interest be charged?

A. Daily

B. Weekly

C. Monthly

D. Only on late payments

Credit card interest accrues daily. The APR is converted into a daily rate, so each day the outstanding balance earns a little interest. Those daily amounts are totaled over the billing cycle and shown as interest on your monthly statement. If you pay the full balance by the due date, you typically avoid interest on new purchases due to the grace period; but if any balance is carried, interest continues to accrue daily and will appear on future statements.

3. What is the difference between needs-based scholarships and merit-based scholarships?

A. Needs-based awards are determined by financial need; merit-based awards are based on achievements like grades or talents. Some have both criteria.

B. Needs-based awards are based on athletic ability; merit-based awards are based on community service.

C. Needs-based awards are only for graduate students; merit-based awards are only for undergraduates.

D. Both types are determined solely by income level.

The main idea is distinguishing what each type of scholarship uses to decide who gets funded. Needs-based awards are awarded based on financial need—if paying for college would be a hardship, these funds help. Merit-based awards are earned for achievements—strong grades, high test scores, talents in arts or athletics, leadership, or other notable accomplishments. Many programs actually use both criteria, offering aid to students who demonstrate need and also meet a merit standard. In practice, need is typically shown by financial aid forms like the FAFSA (and sometimes the CSS Profile), which capture family income, assets, and household size. Merit is evaluated from academic records, portfolios or auditions, competitions, or proven talents. While athletic ability and community service can play a role in some scholarships, they do not define the general difference between needs-based and merit-based awards, and merit-based funds aren't limited to community service either. Scholarships exist for undergraduates and graduates, and they aren't determined solely by income.

4. Which statement best identifies two major factors that influence a credit score and two strategies to build it responsibly?

A. Factors: payment history and credit utilization; Strategies: pay on time; keep balances low.

B. Factors: income and employment status; Strategies: open many new accounts; maximize spending.

C. Factors: number of mortgages only; Strategies: close old accounts; ignore statements.

D. Factors: length of credit history and new credit; Strategies: monitor credit reports; limit new accounts; use credit wisely.

The main idea is that a credit score reflects your long-term borrowing behavior and how recently you've opened new credit. This is why identifying length of credit history and new credit as the influential factors makes sense: a longer history gives the scoring model more reliable data, while new credit activity can signal risk if it happens often in a short period. Pairing those factors with practical steps to build responsibly strengthens your profile: monitor your credit reports regularly so you can catch and fix errors or signs of fraud, limit the number of new accounts to avoid multiple hard inquiries, and use credit wisely by paying on time and keeping balances low relative to limits. These actions directly support a healthier score over time. The other options rely on factors not used in standard scoring (like income or employment status) or suggest risky or ineffective practices (opening many new accounts, maxing out cards, closing old accounts, or ignoring statements), which don't help in building a solid credit history.

5. What is the correct order of the five steps in the financial planning process?

A. Develop Personal Goals, Identify and Evaluate Alternatives for Achieving Goals for My Situation, Write My Financial Plan, Implement The Plan, Monitor and Adjust The Plan

B. Write My Financial Plan, Develop Personal Goals, Identify and Evaluate Alternatives for Achieving Goals for My Situation, Implement The Plan, Monitor and Adjust The Plan

C. Develop Personal Goals, Write My Financial Plan, Identify and Evaluate Alternatives for Achieving Goals for My Situation, Implement The Plan, Monitor and Adjust The Plan

D. Identify and Evaluate Alternatives for Achieving Goals for My Situation, Develop Personal Goals, Write My Financial Plan, Implement The Plan, Monitor and Adjust The Plan

The main idea here is that a solid financial plan starts by knowing what you want to achieve, then figuring out the best path to get there, and finally turning that path into action and keeping it on track. You begin by developing personal goals so every later choice is guided by what matters most to you. Once goals are clear, you identify and evaluate different ways to reach them—considering options like how much to save, which debt to pay off first, or which investments fit your timeline and risk comfort. After choosing the best approach, you write the financial plan to document the decisions and steps you'll take. Then you implement the plan—putting the actions into motion, such as setting up accounts, automating contributions, and adjusting spending. Finally, you monitor progress and adjust as life changes or as you learn what works, ensuring you stay aligned with your goals. Choosing this order avoids starting with actions that aren't tied to what you actually want, and it ensures you've compared viable paths before committing to a specific plan.

6. What is the main idea of the summary for chapters 1.1-1.4?

A. It introduces the transition to college by asking why you are there and what a degree can do for you

B. It outlines specific course schedules

C. It emphasizes building a social network first

D. It focuses on dorm living options

The main idea being tested is that the summary centers on entering college with a sense of purpose and a clear view of what earning a degree can offer you. It prompts you to consider why you're there and what your degree could help you achieve, tying your college experience to long-term goals and possibilities. This perspective sets the tone for the rest of the material by emphasizing motivation, direction, and the benefits of higher education rather than just practical logistics. The other options miss that core focus: one describes scheduling specifics, another centers on building a social network, and the last on dorm living options. Keeping the emphasis on why you're pursuing college and how a degree can shape your future helps you make more intentional choices about courses, time, and effort.

7. For a cautious budgeting approach, which of the following would align with the guidance?

A. Keep the credit limit equal to two weeks of expenses.

B. Ask for a credit limit equal to annual income.

C. Let the issuer set the limit with no discussion.

D. Ignore the limit and spend freely.

Using credit wisely means matching your available credit to what you actually need and can repay, so debt stays small and manageable. The best choice fits that idea by keeping the credit limit close to your short-term spending needs. Keeping the limit to about two weeks' worth of expenses aligns with cautious budgeting because it ties your available credit directly to what you're likely to use in a short period and what you can realistically pay back. This approach helps prevent carrying large balances, reduces the temptation to overspend, and supports a healthy credit-use pattern. It also helps keep your credit-utilization ratio low, which is good for your credit score and makes it easier to stay on top of payments. Options that propose a limit equal to annual income, or letting the issuer set the limit without discussion, or ignoring the limit and spending freely, would make debt more likely and stretch you beyond what you can comfortably repay. They remove personal control and budgeting safeguards, increasing financial risk and making it harder to stay within a plan.

8. Do credit unions have a profit motive?

A. Yes

B. No

C. Sometimes

D. Not sure

Credit unions are nonprofit, member-owned financial cooperatives. They exist to meet the members' financial needs rather than to generate profits for outside shareholders. Any extra money they earn—surplus—goes back to members in the form of lower fees, better loan rates, higher deposit returns, or is reinvested in the credit union's reserves and services. Because the goal is to benefit members rather than maximize distributions to owners, they don't operate with the typical profit motive of for-profit banks. They still have to stay financially healthy to serve members, but profits are used for member benefit rather than for external shareholders.

9. Do banks sometimes offer investment services that pay higher interest but involve risk?

A. Yes, they can carry higher interest but risk your money.

B. No, all bank investment services are risk-free.

C. Only after retirement.

D. They pay lower interest than savings.

When you compare return and risk, higher potential rewards usually come with higher risk. Banks can offer investment services through their wealth management or brokerage arms, and some of these products aim for higher interest or returns. However, they aren't guaranteed and can fluctuate with market conditions, meaning your principal can go up or down. This is different from standard bank deposits like savings accounts or CDs, which are typically insured and very safe but offer lower returns. So yes, banks can provide higher-yield investments, but they carry risk to your money, so it's important to consider your risk tolerance, time horizon, and the insurance and fees involved before choosing.

10. Do credit cards charge interest daily?

A. Yes

B. No

C. Only if you miss a payment

D. Only for cash advances

Credit cards typically compute interest on any balance you carry, and that interest is calculated daily. The APR is divided into a daily rate (APR ÷ 365), and that daily rate is applied to your outstanding balance each day. If you pay your full statement balance by the due date, many cards offer a grace period on new purchases, so you aren't charged interest for that cycle. But if you carry a balance, interest accrues daily on that balance, growing your debt over time. Cash advances usually start accruing interest immediately and often without a grace period, so daily interest begins right away for those transactions. So, credit cards do charge interest daily. It's not limited to cash advances, and it's not true that you pay nothing if you pay on time—interest depends on whether you're carrying a balance.

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://collegesucessfinlitforstudents.examzify.com

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