

EverFi Financial Literacy for High School Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

SAMPLE

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

SAMPLE

- 1. When applying for a loan, which aspect of a borrower's profile is most crucial for credibility?**
 - A. Personal references**
 - B. Credit score and credit history**
 - C. Employment status**
 - D. Age of the borrower**

- 2. What is the significance of a 401(k) plan?**
 - A. A retirement savings plan with tax benefits**
 - B. A type of life insurance policy**
 - C. A government-sponsored pension program**
 - D. A short-term savings account for emergencies**

- 3. What is the term for the money paid for the use of borrowed money or delaying debt repayment?**
 - A. Principal**
 - B. Interest**
 - C. Dividend**
 - D. Capital Gains**

- 4. What are short-term financial goals?**
 - A. Goals intended to be achieved in one year or less**
 - B. Objectives that take more than five years to achieve**
 - C. Long-term investments for retirement**
 - D. Goals exclusively related to purchasing a home**

- 5. What is the primary purpose of a budget?**
 - A. To spend without limits**
 - B. To track financial goals and expenses**
 - C. To invest in the stock market**
 - D. To create debt**

- 6. Which of the following is NOT a type of financial aid?**
 - A. Student loan**
 - B. Merit-based award**
 - C. Paycheck reimbursement**
 - D. Need-based grant**

- 7. Which grant is awarded to undergraduate students who demonstrate exceptional financial need and does not require repayment?**
- A. Pell Grant**
 - B. Federal Supplemental Educational Opportunity Grant (FSEOG)**
 - C. State Grant**
 - D. National Merit Grant**
- 8. What is defined as an act completed for payment?**
- A. Trade**
 - B. Services**
 - C. Goods**
 - D. Contract**
- 9. A financial goal that can typically be achieved in one to five years is known as what?**
- A. Long-term financial goal**
 - B. Immediate financial goal**
 - C. Mid-term financial goal**
 - D. Goal-setting financial plan**
- 10. What term describes money earned from work or investments?**
- A. Salary**
 - B. Income**
 - C. Revenue**
 - D. Profit**

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. When applying for a loan, which aspect of a borrower's profile is most crucial for credibility?

- A. Personal references**
- B. Credit score and credit history**
- C. Employment status**
- D. Age of the borrower**

The credit score and credit history are the most crucial aspects of a borrower's profile when applying for a loan. This is because lenders assess these factors to determine the likelihood that a borrower will repay the loan. A credit score is a numerical representation of a borrower's creditworthiness, based on their credit history, including their borrowing and repayment behaviors. A higher credit score typically indicates that the borrower has managed their credit responsibly, making them a more appealing candidate for a loan. A strong credit history demonstrates reliability and financial responsibility, as it reflects an individual's past borrowing habits, payment punctuality, and overall management of debts. Lenders closely examine these elements to gauge risk; a borrower with a strong credit score and a clean credit history is viewed as less risky, and is more likely to receive favorable loan terms, such as lower interest rates or higher borrowing limits. While personal references, employment status, and age can provide additional context about a borrower's profile, they do not have the same direct impact on a lender's assessment of the likelihood of repayment as credit score and credit history do. These components are the primary indicators utilized in the lending process to evaluate whether to approve a loan application.

2. What is the significance of a 401(k) plan?

- A. A retirement savings plan with tax benefits**
- B. A type of life insurance policy**
- C. A government-sponsored pension program**
- D. A short-term savings account for emergencies**

The significance of a 401(k) plan lies in its role as a retirement savings plan that offers significant tax benefits. Individuals can contribute a portion of their income into a 401(k) account before taxes are deducted, which reduces their taxable income for the year. This allows the funds to grow tax-deferred until retirement, meaning taxes are only paid when the money is withdrawn, typically at retirement age when individuals may be in a lower tax bracket. Additionally, many employers offer matching contributions as part of their 401(k) plans, which can further enhance savings. This structure encourages employees to save for their future, providing a crucial vehicle for building retirement funds. The option to invest in a variety of assets within the plan also allows for the potential growth of the savings over time, making it a fundamental component of many Americans' retirement strategies.

3. What is the term for the money paid for the use of borrowed money or delaying debt repayment?

- A. Principal
- B. Interest**
- C. Dividend
- D. Capital Gains

The term that describes the money paid for the use of borrowed money or the delay in repaying a debt is known as interest. Interest is essentially the cost of borrowing funds, calculated as a percentage of the principal amount, which is the initial sum of money borrowed or invested. When you take out a loan, the lender charges interest as compensation for the risk they're taking and as a return on their investment. In financing, interest can be simple or compound, with simple interest calculated only on the principal amount and compound interest calculated on the principal plus any interest that has already been added. Understanding interest is crucial for managing loans and credit effectively, as it affects the total amount you owe and how long it will take to pay off a debt. The other terms, such as principal, dividend, and capital gains, refer to different financial concepts. Principal is the original sum of money borrowed or invested, dividends are distributions of a portion of a company's earnings to its shareholders, and capital gains are profits made from the sale of an asset that has increased in value. Each of these terms plays a significant role in finance, but they do not pertain to the cost associated with borrowing money.

4. What are short-term financial goals?

- A. Goals intended to be achieved in one year or less**
- B. Objectives that take more than five years to achieve
- C. Long-term investments for retirement
- D. Goals exclusively related to purchasing a home

Short-term financial goals are defined as objectives that individuals aim to achieve within one year or less. These goals often relate to immediate financial needs or wants, such as saving for a vacation, building an emergency fund, or paying off a small debt. The emphasis on a timeline of one year or less distinguishes short-term goals from longer-term objectives, which can span multiple years or decades. The other options describe different types of financial goals. Objectives that take more than five years to achieve refer to long-term financial goals, while long-term investments for retirement suggest strategies that typically evolve over a significant period. Goals exclusively related to purchasing a home are more specific and can fall into various timeframes, depending on the buyer's readiness and market conditions, but do not define short-term goals. Thus, the framing of short-term goals as those achievable within a year is what makes the correct choice the most accurate.

5. What is the primary purpose of a budget?

- A. To spend without limits
- B. To track financial goals and expenses**
- C. To invest in the stock market
- D. To create debt

A budget serves primarily as a financial tool that helps individuals and households plan their income and expenses. The main purpose of tracking financial goals and expenses is to ensure that spending aligns with one's financial objectives, enabling better control over personal finances. By monitoring income and expenditures, a budget helps individuals identify spending patterns, prioritize savings, and make informed decisions about where and how to allocate their resources. This process of tracking not only aids in maintaining fiscal discipline but also assists in avoiding unnecessary debt and encourages beneficial spending habits. Ultimately, a well-structured budget paves the way for achieving long-term financial stability and success.

6. Which of the following is NOT a type of financial aid?

- A. Student loan
- B. Merit-based award
- C. Paycheck reimbursement**
- D. Need-based grant

The correct answer is that paycheck reimbursement is not a type of financial aid. Financial aid is typically associated with funding that helps students pay for their education expenses, such as tuition, fees, books, and living costs. This financial assistance can come in various forms, including loans, grants, and scholarships. Student loans are borrowed funds that need to be repaid, often with interest. Merit-based awards are scholarships given to students based on their academic, artistic, or athletic achievements. Need-based grants are awarded based on the financial needs of the student, helping those who may struggle to afford college expenses. In contrast, paycheck reimbursement relates to the process where an employer reimburses an employee for expenses incurred related to their job, rather than supporting educational costs. Since paycheck reimbursement does not directly contribute to funding a student's education, it is not classified as a type of financial aid.

7. Which grant is awarded to undergraduate students who demonstrate exceptional financial need and does not require repayment?

A. Pell Grant

B. Federal Supplemental Educational Opportunity Grant (FSEOG)

C. State Grant

D. National Merit Grant

The correct choice is the Pell Grant, which is specifically designed for undergraduate students who exhibit exceptional financial need. The Pell Grant is a federal grant that does not require repayment, making it a vital financial resource for many students pursuing their education. While the Federal Supplemental Educational Opportunity Grant (FSEOG) is also a grant aimed at students with significant financial needs, it is typically awarded to students who already receive a Pell Grant and thus serves as an additional source of financial support. The key distinction here is that the FSEOG offers smaller amounts, and students must meet additional criteria, making it less universally applicable than the Pell Grant. State grants also typically cater to financial need but can vary significantly by state in terms of requirements, availability, and repayment obligations. National Merit Grants are generally awarded based on academic achievement rather than financial need. Therefore, the Pell Grant is the most recognized and broadly applicable option for students needing financial assistance without the burden of repayment.

8. What is defined as an act completed for payment?

A. Trade

B. Services

C. Goods

D. Contract

The correct answer is services, which refers to tasks or activities performed for someone else, typically in exchange for payment. Services can encompass a wide range of activities, such as haircuts, car repairs, cleaning, consulting, and more. They are intangible, meaning you cannot physically possess them like you can with goods. This concept emphasizes the exchange aspect of a service, where one party provides labor, expertise, or assistance, and the other party compensates them for that work. In practical terms, when you hire someone to perform a service, you are engaging in an economic transaction that relies on the value of that service to meet your needs. The other options represent different economic concepts. Trade usually involves the exchange of goods and services between parties. Goods refer to tangible products that can be purchased, such as food, clothing, or electronics. A contract signifies a legal agreement between two or more parties to do or not do something, and while it can involve services, the definition specifically requires focusing on the act completed for payment, which encapsulates the essence of services.

9. A financial goal that can typically be achieved in one to five years is known as what?

- A. Long-term financial goal**
- B. Immediate financial goal**
- C. Mid-term financial goal**
- D. Goal-setting financial plan**

A financial goal that can typically be achieved in one to five years is classified as a mid-term financial goal. Mid-term goals are designed to bridge the gap between immediate needs and long-term aspirations. They often involve saving for things like a new car, a down payment on a house, or funding a significant personal event, such as a wedding or education. These goals require planning and discipline, as they are more substantial than short-term goals—typically requiring a specific amount of savings over a moderate timeframe. Setting mid-term goals helps individuals stay focused on their financial journey, allowing them to track their progress effectively and adjust their strategies as circumstances change. Understanding this classification can assist in prioritizing financial objectives appropriately based on the timeframe associated with each goal.

10. What term describes money earned from work or investments?

- A. Salary**
- B. Income**
- C. Revenue**
- D. Profit**

The term "income" is used to broadly describe money earned from various sources, including work, investments, and other forms of revenue generation. Income encompasses a wide array of earnings, such as wages, salaries, dividends from investments, rental income, and more. This makes it a comprehensive term that applies to individuals and businesses alike regarding the money they receive during a certain period. While "salary" refers specifically to a fixed regular payment typically given to employees for their work, it does not account for earnings from other sources. "Revenue" generally describes the total money generated by a business from its normal operations, which is different from an individual's earnings. "Profit" defines the financial gain after subtracting expenses from revenue, relating more specifically to business contexts than personal income. Thus, income is the most fitting term to describe money earned from both work and investments.

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://everfifinanciallithighschool.examzify.com>

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

SAMPLE