

GFL FINANCIAL LITERACY 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

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- 1. Which term is money given to a charitable organization to support its mission?**
 - A. Charitable Contributions
 - B. Closing Costs
 - C. Career
 - D. Chex-Systems

- 2. Which statement best defines deflation?**
 - A. A sustained decrease in the average price level of all the goods and services produced in the economy.
 - B. A sustained increase in the average price level.
 - C. A period of rapid economic growth with rising asset prices.
 - D. A temporary rise in prices due to supply shocks.

- 3. The FDIC provides deposit insurance up to how much per ownership category in each insured bank?**
 - A. \$100,000
 - B. \$250,000
 - C. \$500,000
 - D. \$1,000,000

- 4. What best defines a For Profit Post-Secondary Institution?**
 - A. Higher education educational institutions operated by private, profit-seeking businesses.
 - B. Public universities funded by state government.
 - C. Nonprofit institutions offering free courses.
 - D. Community colleges operated by municipalities.

- 5. Lifetime Limit in health insurance refers to what?**
 - A. Lifetime maximum amount an insurer will pay for covered services over the member's lifetime.
 - B. Annual limit on benefits.
 - C. An optional rider that increases coverage.
 - D. A fixed deductible per year.

6. What is a resume?

- A. A brief written account of personal, educational, and professional qualifications and experience, as that prepared by an applicant for a job.
- B. A summary of grades and coursework only.
- C. A document listing criminal history.
- D. A letter of recommendation.

7. Which statement best describes the purpose of comparison shopping?

- A. To learn about variations in quality, size, or price across brands or models before deciding what to buy.
- B. To choose the most popular brand regardless of price.
- C. To avoid reading product specifications.
- D. To select brands with the most advertisements.

8. Which statement best defines Salary?

- A. A form of compensation typically paid on a monthly basis.
- B. Compensation, most usually monetary, paid in exchange for duties in a position.
- C. A fixed weekly payment for manual labor.
- D. A one-time bonus.

9. Missed Payments are best described as what?

- A. Not making the agreed upon payment.
- B. Paying more than the minimum payment.
- C. Paying on time as agreed.
- D. Transferring a balance to another account.

10. Simple Interest is defined as...

- A. Interest paid or figured on the original amount.
- B. Interest computed on both principal and accumulated interest.
- C. Interest from investments only.
- D. Interest calculated for a savings account.

Answers

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

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Explanations

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1. Which term is money given to a charitable organization to support its mission?

A. Charitable Contributions

B. Closing Costs

C. Career

D. Chex-Systems

Giving money to a charitable organization to support its work is known as charitable contributions. This term covers gifts of cash or other resources intended to help the nonprofit fulfill its mission, whether as a one-time donation or an ongoing gift. The other terms don't fit: closing costs are the fees to finalize a real estate deal, a career is your job or profession, and Chex-Systems is a credit reporting service. Charitable contributions are the standard way people financially support a charity's efforts and impact.

2. Which statement best defines deflation?

A. A sustained decrease in the average price level of all the goods and services produced in the economy.

B. A sustained increase in the average price level.

C. A period of rapid economic growth with rising asset prices.

D. A temporary rise in prices due to supply shocks.

Deflation is when the overall price level for goods and services falls for a sustained period. It reflects a broad, ongoing drop in prices across the economy, not just the price of a few items. This is what price indices like the CPI or GDP deflator track. In contrast, the other scenarios describe prices rising or temporary spikes, not a persistent fall. Deflation can also alter behavior, as people may delay purchases in hopes prices will drop further, which can slow economic activity and affect debt burdens.

3. The FDIC provides deposit insurance up to how much per ownership category in each insured bank?

A. \$100,000

B. \$250,000

C. \$500,000

D. \$1,000,000

FDIC deposit insurance protects deposits up to \$250,000 for each ownership category at every insured bank. This means the insurance limit is not just one total per person at a bank, but \$250,000 for each category of ownership you hold decisions in. For example, you could have up to \$250,000 insured in a single-owner account and, separately, up to \$250,000 insured in a retirement account at the same bank, since these are different ownership categories. Different accounts held in joint ownership, revocable trust, or other qualifying categories also have their own \$250,000 limits per category, as long as they meet the category rules. So the maximum per ownership category is \$250,000.

4. What best defines a For Profit Post-Secondary Institution?

- A. Higher education educational institutions operated by private, profit-seeking businesses.
- B. Public universities funded by state government.
- C. Nonprofit institutions offering free courses.
- D. Community colleges operated by municipalities.

Understanding what defines a for-profit post-secondary institution helps distinguish it from other higher-education models. For-profit institutions are run by private, profit-seeking businesses with the goal of earning profits for owners or shareholders. They rely largely on tuition and private investment, and profits are distributed to owners rather than reinvested for the institution's use. Public universities funded by state governments get their resources from public funds and are typically nonprofit, reinvesting any surplus back into programs and facilities. The idea of nonprofit institutions offering free courses describes a model that isn't about profit distribution and isn't the defining structure of for-profit schools. Community colleges operated by municipalities are usually public institutions funded by government sources and not run to generate profits. So the description that best matches a for-profit post-secondary institution is the one where higher education is operated by private, profit-seeking businesses.

5. Lifetime Limit in health insurance refers to what?

- A. Lifetime maximum amount an insurer will pay for covered services over the member's lifetime.
- B. Annual limit on benefits.
- C. An optional rider that increases coverage.
- D. A fixed deductible per year.

A lifetime limit is the maximum total amount an insurer will pay for covered services over a member's lifetime. This cap applies across all years of coverage, so once that ceiling is reached, the insurer won't pay for additional covered services, even if you need more care later. This differs from an annual limit, which caps benefits within a single year; a rider is an optional add-on that expands or changes coverage; and a fixed deductible is the amount you pay out-of-pocket before the insurer starts paying, typically resetting each year. The question is asking about the total payout cap over the lifetime, which is why the lifetime limit is the correct concept.

6. What is a resume?

- A. A brief written account of personal, educational, and professional qualifications and experience, as that prepared by an applicant for a job.
- B. A summary of grades and coursework only.
- C. A document listing criminal history.
- D. A letter of recommendation.

A resume is a concise, self-written snapshot of a person's background for a job. It highlights education, work experience, skills, and achievements that show why they're a good fit for a position. It typically includes contact information, a brief summary or objective, education history, work history with responsibilities and accomplishments, and any relevant skills or certifications. The idea is to present the most job-relevant details in a clear, targeted way so an employer can quickly assess suitability. It's not just grades and coursework, which would miss practical experience; it's also not a record of one's criminal history or a letter of recommendation, which come from other sources. A resume is usually tailored to the specific job and kept concise, often one page for early careers.

7. Which statement best describes the purpose of comparison shopping?

- A. To learn about variations in quality, size, or price across brands or models before deciding what to buy.**
- B. To choose the most popular brand regardless of price.
- C. To avoid reading product specifications.
- D. To select brands with the most advertisements.

Comparing shopping is about evaluating how quality, size, or price vary across brands or models before deciding what to buy. This approach helps you determine value that fits your needs, not just follow popularity or avoid details. If you chase the most popular brand, you may overlook a less-known option that offers better quality or a better fit at a lower price. Skipping product specifications means you might miss important features or measurements, and choosing brands based on advertising alone doesn't reveal what you're actually getting. So the idea is to compare different options to understand differences in quality, size, and price, and then make a thoughtful choice.

8. Which statement best defines Salary?

- A. A form of compensation typically paid on a monthly basis.
- B. Compensation, most usually monetary, paid in exchange for duties in a position.**
- C. A fixed weekly payment for manual labor.
- D. A one-time bonus.

Salary is the form of compensation given for performing duties in a job, typically as a fixed monetary amount. The defining idea is that this amount is tied to the position and is paid regularly regardless of the exact hours worked, often expressed as an annual figure and disbursed on a regular schedule. This sets salary apart from wages, which are usually hourly and can vary with hours worked, and from a one-time bonus, which is not ongoing pay. While being paid monthly is common, that timing alone doesn't define salary; it's the ongoing, position-based compensation that does.

9. Missed Payments are best described as what?

- A. Not making the agreed upon payment.**
- B. Paying more than the minimum payment.
- C. Paying on time as agreed.
- D. Transferring a balance to another account.

Missed payments happen when you fail to pay the amount due by the due date in your loan or credit account. It means you did not fulfill the payment you and the lender agreed to by the scheduled due date. This is different from paying on time, paying more than the minimum, or transferring a balance, which are actions unrelated to skipping or delaying a due payment. In practice, missing a payment can trigger late fees and may hurt your credit score if it becomes a pattern.

10. Simple Interest is defined as...

- A. Interest paid or figured on the original amount.
- B. Interest computed on both principal and accumulated interest.
- C. Interest from investments only.
- D. Interest calculated for a savings account.

Simple interest is calculated only on the original amount, the principal. The interest earned or charged does not include any interest that has already accumulated. The standard formula is $I = P \times r \times t$, with P as the principal, r as the rate per time period, and t as the time in years (or the appropriate time unit). For example, \$1,000 at 5% for 3 years yields $I = 1,000 \times 0.05 \times 3 = 150$, so you'd have \$150 in interest and a total of \$1,150. Because it doesn't earn interest on interest, the growth is linear over time. This matches the description that interest is computed on the original amount. The other ideas describe compound interest (interest on both principal and accumulated interest) or are unrelated to the method of calculation.

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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://gflfinancialliteracy.examzify.com>

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

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