

# International Baccalaureate (IB) Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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. Which financial practice is often linked to long-term personal wealth?**
  - A. Maintaining a budget**
  - B. Spending extravagantly**
  - C. Ignoring debts**
  - D. Seeking instant gratification**
- 2. Does writing and following a zero-based budget help in avoiding overspending?**
  - A. True**
  - B. False**
  - C. Only for some individuals**
  - D. Only if combined with other strategies**
- 3. What type of expense are car repairs classified as?**
  - A. Fixed expense**
  - B. Variable expense**
  - C. Discretionary expense**
  - D. Intermittent expense**
- 4. What type of insurance is designed to provide income replacement if a policyholder is unable to work due to illness or disability?**
  - A. Health insurance**
  - B. Liability insurance**
  - C. Disability insurance**
  - D. Property insurance**
- 5. Is it acceptable to use a credit card as long as it is paid off every month?**
  - A. True.**
  - B. False.**

- 6. Which financial action is commonly recommended for college students?**
- A. Living beyond their means**
  - B. Creating a savings plan**
  - C. Relying solely on loans**
  - D. Only working summer jobs**
- 7. Which of the following steps is the First Foundation?**
- A. Get out of debt**
  - B. Save a \$500 emergency fund**
  - C. Pay cash for your car**
  - D. Build wealth and give**
- 8. What is one of the primary purposes of credit reports?**
- A. To help consumers avoid bankruptcy.**
  - B. To evaluate creditworthiness for lending purposes.**
  - C. To create a permanent record of consumer habits.**
  - D. To track all purchases made.**
- 9. Why was the use of credit uncommon prior to 1917?**
- A. Lending money to others was not profitable.**
  - B. Borrowing money was generally not socially acceptable.**
  - C. Laws prevented lenders from charging high interest rates.**
  - D. All of the above.**
- 10. What should your monthly budget include?**
- A. Fixed expenses**
  - B. Discretionary expenses**
  - C. Variable expenses**
  - D. All of the above**



## **Answers**

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

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## **Explanations**

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**1. Which financial practice is often linked to long-term personal wealth?**

- A. Maintaining a budget**
- B. Spending extravagantly**
- C. Ignoring debts**
- D. Seeking instant gratification**

Maintaining a budget is a crucial financial practice associated with building long-term personal wealth. A budget helps individuals track their income and expenses, enabling them to make informed decisions about saving and investing. By prioritizing needs over wants, budgeting allows individuals to allocate resources effectively, ensuring that they live within their means and set aside funds for future goals, such as retirement or major purchases. This disciplined approach to managing finances fosters a sustainable growth of wealth over time. In contrast, spending extravagantly can lead to financial strain and accumulation of debt, which detracts from wealth building. Ignoring debts can result in higher interest payments and financial instability, preventing individuals from accumulating wealth. Seeking instant gratification often leads to impulsive spending, diverting funds away from savings and investments that contribute to long-term financial security. Therefore, maintaining a budget stands out as the foundational practice that supports the journey toward achieving lasting personal wealth.

**2. Does writing and following a zero-based budget help in avoiding overspending?**

- A. True**
- B. False**
- C. Only for some individuals**
- D. Only if combined with other strategies**

Writing and following a zero-based budget is an effective method for helping individuals avoid overspending because it requires that every dollar of income is allocated to specific expenses, savings, or debt repayment at the beginning of each budgeting period. This approach forces individuals to clearly define their financial priorities and make conscious choices about their spending. By assigning a purpose to every dollar, people become more aware of their financial habits and can actively track their spending against the budget. This level of awareness can help mitigate impulse purchases and unnecessary expenses, thereby reducing the risk of overspending. The zero-based budgeting method also encourages regular review and adjustments of the budget, reinforcing financial discipline over time. While some may argue that a zero-based budget might not work for everyone, the fundamental principle of aligning income with expenses remains beneficial in promoting mindful spending and helping individuals maintain control over their finances. Other strategies can complement this approach, but the core strength of a zero-based budget lies in its structured allocation of funds.

### **3. What type of expense are car repairs classified as?**

- A. Fixed expense**
- B. Variable expense**
- C. Discretionary expense**
- D. Intermittent expense**

Car repairs are classified as intermittent expenses. This is because they do not occur regularly every month but rather arise based on specific needs or circumstances related to the vehicle's maintenance. These expenses can be unpredictable and vary in amount from one occasion to another, depending on the nature of the repairs needed. In contrast, fixed expenses are costs that remain constant over time, such as rent or mortgage payments. Variable expenses fluctuate with usage or consumption, such as groceries or utility bills, but car repairs do not fall into this category as they are not incurred on a consistent basis. Discretionary expenses refer to non-essential spending, such as entertainment or dining out, which differs from car repairs that are often necessary for vehicle safety and functionality. Thus, classifying car repairs as intermittent expenses accurately reflects their unpredictable and occasional nature.

### **4. What type of insurance is designed to provide income replacement if a policyholder is unable to work due to illness or disability?**

- A. Health insurance**
- B. Liability insurance**
- C. Disability insurance**
- D. Property insurance**

Disability insurance is specifically structured to provide income replacement for individuals who are unable to work due to illness or disability. This insurance serves as a financial safeguard, ensuring that policyholders can maintain their financial obligations and standard of living despite their inability to earn an income from their employment. It typically covers a portion of the individual's salary, allowing them to manage everyday expenses while they recover or adjust to their new circumstances. In contrast, health insurance focuses on covering medical expenses related to medical treatments and does not provide direct income support. Liability insurance protects individuals or businesses from claims resulting from injuries and damage to other people or property, rather than offering any income replacement. Property insurance safeguards against loss of or damage to property but does not address income loss due to an individual's inability to work. Therefore, disability insurance stands alone as a dedicated solution for income replacement following illness or disability.

**5. Is it acceptable to use a credit card as long as it is paid off every month?**

**A. True.**

**B. False.**

Using a credit card responsibly involves understanding how credit works and the implications of carrying a balance. Paying off the card every month, before interest accrues, is considered a financially savvy practice that helps build a positive credit history. This strategy allows you to earn rewards, manage cash flow, and avoid debt. In this context, saying that it is unacceptable to use a credit card as long as it is paid off every month does not align with the principles of responsible credit use. Many financial experts advocate for the usage of credit cards under these conditions because it can aid in building credit while providing various benefits. As a general rule, the key factor is not the use of a credit card itself but how it is managed and utilized. Therefore, using a credit card while ensuring that the balance is paid off in full each month would typically be considered acceptable and responsible behavior.

**6. Which financial action is commonly recommended for college students?**

**A. Living beyond their means**

**B. Creating a savings plan**

**C. Relying solely on loans**

**D. Only working summer jobs**

Creating a savings plan is widely recommended for college students because it encourages responsible financial management and promotes long-term financial health. By developing a savings plan, students can prioritize their expenses, allocate funds for necessities, and set aside money for emergencies or future goals. This approach fosters good financial habits, which can assist students in avoiding debt and living within their means. Having a savings plan can empower students to make informed choices about spending and investing for their future, ensuring they are better prepared for unexpected expenses or events that may arise during their college years or after graduation. Building savings also provides a sense of security and can reduce reliance on credit, contributing to a more stable financial situation.

**7. Which of the following steps is the First Foundation?**

**A. Get out of debt**

**B. Save a \$500 emergency fund**

**C. Pay cash for your car**

**D. Build wealth and give**

The First Foundation in personal finance is to save a \$500 emergency fund. This step is crucial as it provides a financial cushion for unexpected expenses, which can help prevent a person from going into debt when emergencies arise. Having this emergency fund in place allows individuals to handle unforeseen circumstances, such as a medical emergency or car repair, without resorting to credit cards or loans. It serves as a foundational step for building a more secure financial future, allowing people to focus on eliminating debt and making larger financial goals. This step emphasizes the importance of preparing for the unexpected and establishes financial stability before progressing to other financial milestones.

**8. What is one of the primary purposes of credit reports?**

- A. To help consumers avoid bankruptcy.
- B. To evaluate creditworthiness for lending purposes.**
- C. To create a permanent record of consumer habits.
- D. To track all purchases made.

One of the primary purposes of credit reports is to evaluate creditworthiness for lending purposes. Lenders, such as banks and financial institutions, utilize credit reports to assess an individual's likelihood of repaying borrowed funds. A credit report provides a detailed history of a borrower's credit activities, including their payment history, outstanding debts, and overall credit utilization. By analyzing this information, lenders can make informed decisions about whether to extend credit, the amount of credit to offer, and the interest rates to charge. This process is essential for mitigating risk for lenders and ensuring that they lend responsibly.

**9. Why was the use of credit uncommon prior to 1917?**

- A. Lending money to others was not profitable.
- B. Borrowing money was generally not socially acceptable.
- C. Laws prevented lenders from charging high interest rates.
- D. All of the above.**

The use of credit was uncommon prior to 1917 due to a combination of factors that made lending and borrowing practices less integrated into everyday economic life. Lending money was not considered particularly profitable in that era, as the financial systems were not as developed, and potential returns on loans might not have justified the risks involved. Additionally, societal norms played a significant role; borrowing money was often stigmatized, leading people to avoid it in favor of saving or frugality. This cultural attitude contributed to the minimal use of credit. Moreover, legal limitations also influenced the landscape of credit. Many jurisdictions had laws aimed at regulating interest rates, which prevented lenders from charging rates that would be considered useful for making lending a viable business—thus discouraging banks and individuals from engaging in lending practices as a regular activity. These combined sociocultural, legal, and economic factors contributed to the rarity of credit in society before 1917.

## 10. What should your monthly budget include?

- A. Fixed expenses
- B. Discretionary expenses
- C. Variable expenses
- D. All of the above**

Including all types of expenses—fixed, discretionary, and variable—in a monthly budget is essential for a comprehensive financial plan. Fixed expenses are regular, recurring costs that do not change from month to month, such as rent or mortgage payments, insurance premiums, and subscription services. Budgeting for these ensures that you can meet your essential obligations without any surprises. Discretionary expenses are non-essential costs that can vary based on your spending choices, such as dining out, entertainment, and hobbies. By including these in your budget, you allow yourself to enjoy lifestyle choices while also maintaining control over your spending. Variable expenses can fluctuate due to consumption, such as groceries, utilities, and gas. Planning for these helps to account for changes that might affect your monthly cash flow and supports better financial management. Incorporating all these categories in your budget provides a clearer picture of your financial situation, helps track spending patterns, ensures you allocate enough funds for necessities as well as discretionary activities, and ultimately aids in achieving your financial goals. Adopting this holistic approach allows for effective management of resources and better preparation for unexpected expenses.



## 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](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://internationalbaccalaureate.examzify.com>**

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