# LIFE, LOVE, AND MONEY (PFI 1305) TEST 1 PRACTICE (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. **Which SMART component addresses WHEN you will reach your destination?**

   A. Specific

   B. Time-bound

   C. Measurable

   D. Attainable

2. **Which factor cannot substitute for practice and capital in achieving a successful career?**

   A. Pre-existing passion

   B. Practice

   C. Capital

   D. Deliberate practice

3. **Which of the following is a short-term financial goal (within one year)?**

   A. Purchase a rental property.

   B. Build an emergency fund of $1,000.

   C. Rebalance portfolio to a 60/40 split.

   D. Invest in a long-term retirement fund.

4. **Self-Determination Theory describes a rewarding job as having which core characteristics?**

   A. Autonomy, Independence, Wealth

   B. Motivation, Effort, Dedication

   C. Freedom, Control, Power

   D. Autonomy, Competence, Relatedness

5. **Which phase corresponds to peak earnings years?**

   A. Growth

   B. Transformation

   C. Maintenance

   D. Decline

**6. Which statement reflects the core investment principle of risk and return?**

A. Diversification can manage risk.

B. Higher potential return typically comes with higher risk; diversification can manage risk.

C. Diversification increases risk without reducing expected return.

D. Higher risk guarantees higher returns.

**7. Which statement best describes a fixed-rate loan?**

A. Its interest rate can change after loan origination.

B. Monthly payments vary with interest changes.

C. It has no fixed term.

D. It has a constant interest rate and payment over the term.

**8. From an economic perspective, the primary goal of all human beings is to maximize:**

A. Wealth

B. Utility

C. Profit

D. Efficiency

**9. Which term describes the desire to experience positive emotion (hedonia) or contentment (eudaimonia) and the belief that this will bring utility?**

A. Motivation

B. Desire

C. Goal

D. Aspiration

**10. Which term best describes the brain region associated with prediction and connection, enabling proactive thinking?**

A. Neocortex

B. Limbic system

C. Brainstem

D. Cerebellum

# Answers

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

# Explanations

## 1. Which SMART component addresses WHEN you will reach your destination?

A. Specific

B. Time-bound

C. Measurable

D. Attainable

*Time-bound is the part that addresses when you will reach your destination. It sets a specific deadline or target date for completing the goal, which lets you plan backward and schedule the steps needed. Having a clear time frame creates urgency, helps you track progress at milestones, and keeps you accountable. The other components define what you'll do (specific), how you'll know you've done it (measurable), and whether it's realistic (attainable), but they don't tell you by when you must finish.*

## 2. Which factor cannot substitute for practice and capital in achieving a successful career?

A. Pre-existing passion

B. Practice

C. Capital

D. Deliberate practice

*The idea here is that real career growth comes from doing focused work and having the resources to pursue it. Pre-existing passion provides motivation, but it doesn't by itself create the skills or the opportunities you gain from actual practice and the capital to train, mentor, or access opportunities. Deliberate practice is a purposeful, feedback-driven form of practice that steadily builds expertise, and capital refers to the time, money, and resources that make training and advancement possible. These elements directly drive skill development and progression, whereas passion alone cannot substitute for the concrete effort and resources required. So the factor that cannot replace practice and capital is pre-existing passion.*

## 3. Which of the following is a short-term financial goal (within one year)?

A. Purchase a rental property.

B. Build an emergency fund of $1,000.

C. Rebalance portfolio to a 60/40 split.

D. Invest in a long-term retirement fund.

*Short-term financial goals are time-bound targets within one year that emphasize liquidity and getting money readily available. Building an emergency fund of $1,000 fits this because it sets a specific, achievable amount to have on hand in the near term, in a readily accessible account, to cover unexpected expenses. The other options represent longer-term aims or ongoing strategies rather than a defined one-year objective. Purchasing a rental property involves significant time, planning, and financing beyond a year. Rebalancing a portfolio to a 60/40 split is a tactical move that can be done at various times and isn't tied to a one-year deadline. Investing in a long-term retirement fund is focused on decades into the future, not within a year.*

## 4. Self-Determination Theory describes a rewarding job as having which core characteristics?

A. Autonomy, Independence, Wealth

B. Motivation, Effort, Dedication

C. Freedom, Control, Power

D. Autonomy, Competence, Relatedness

*Self-Determination Theory centers on three basic psychological needs that, when satisfied at work, make a job feel rewarding: autonomy, competence, and relatedness. Autonomy means having meaningful choice and self-direction in how work is done. Competence involves feeling effective, capable, and able to master tasks with appropriate feedback. Relatedness is about feeling connected to others and that you belong within a supportive work community. The option that lists autonomy, competence, and relatedness aligns exactly with these core needs, so it best describes what makes a job rewarding under this theory. When a role supports these needs—giving you ownership over your work, clear opportunities to develop skills, and positive, collaborative relationships—the work is more intrinsically motivating and satisfying. Other descriptions shift toward outcomes or different ideals (like wealth, sheer motivation, or power) that aren't the three universal needs SDT identifies. They may describe what people hope to gain or how they might feel, but they don't capture the fundamental elements that make tasks inherently rewarding according to the theory.*

## 5. Which phase corresponds to peak earnings years?

A. Growth

B. Transformation

C. Maintenance

D. Decline

*When earnings peak, it's because you've transformed your skills and roles into higher market value. The Transformation phase is about turning experience into bigger opportunities—upgrading skills, moving into leadership or higher-responsibility positions, or launching a venture that significantly boosts income. Growth builds those skills and gains, but peak earnings aren't just about more of the same; they come from applying and reshaping what you offer. Maintenance focuses on protecting what you've built, not pushing earnings higher, and Decline signals moving away from active work. So Transformation best aligns with the time when earnings reach their highest level.*

## 6. Which statement reflects the core investment principle of risk and return?

A. Diversification can manage risk.

B. Higher potential return typically comes with higher risk; diversification can manage risk.

C. Diversification increases risk without reducing expected return.

D. Higher risk guarantees higher returns.

*The risk-return trade-off is the core idea: investors typically expect higher potential returns for taking on more risk, so risk and return move together. Diversification helps manage risk by spreading investments across assets, reducing the impact of any one investment's poor performance, without necessarily reducing the expected return. Of course, diversification can't eliminate all risk—particularly systematic market risk—but it makes the trade-off more favorable by lowering risk while preserving the potential for higher returns. The other statements fall short because one only mentions diversification without tying it to the return aspect, another suggests diversification increases risk, and the last claims that higher risk guarantees higher returns, which isn't true.*

## 7. Which statement best describes a fixed-rate loan?

A. Its interest rate can change after loan origination.

B. Monthly payments vary with interest changes.

C. It has no fixed term.

D. It has a constant interest rate and payment over the term.

*A fixed-rate loan keeps the interest rate the same for the entire term, so the monthly payment stays level from origination to payoff. This means you can plan your budget with certainty because both the rate and the payment don't change as time goes on. The statement that describes this best says there is a constant interest rate and payment over the term, which matches the defining feature of a fixed-rate loan. In contrast, loans where the rate can change after origination or where payments vary with interest changes are not fixed-rate, and a loan without a fixed term also conflicts with how fixed-rate loans are structured.*

## 8. From an economic perspective, the primary goal of all human beings is to maximize:

A. Wealth

B. Utility

C. Profit

D. Efficiency

*People aim to maximize utility—the satisfaction or usefulness they get from consuming goods, services, and experiences, given limited resources. In microeconomics, choices are made to reach the highest possible level of utility within a budget and other constraints. Utility is subjective and reflects personal preferences; because of diminishing marginal utility, each additional unit of a good typically adds less extra satisfaction, guiding how resources are allocated. Wealth is simply a stock of resources that can enable more options, but more wealth doesn't always mean more happiness, since the added utility of each extra unit often declines. Profit belongs to firms, not individuals, as their main objective. Efficiency describes using resources wisely to maximize output, which helps raise potential utility but is a means to the end, not the end itself. That's why maximizing utility is the best answer.*



## 9. Which term describes the desire to experience positive emotion (hedonia) or contentment (eudaimonia) and the belief that this will bring utility?

A. Motivation

B. Desire

C. Goal

D. Aspiration

*Aspiration is the best fit because it captures a forward-looking desire for a valued state and the belief that pursuing it will yield a payoff or utility. It combines wanting to experience well-being (hedonia or eudaimonia) with the sense that striving toward that state will bring meaningful benefit. Motivation is the broader drive behind actions, not necessarily tied to a specific desired future state or expected payoff. Desire is a simple want, but doesn't always imply an ongoing pursuit or expected utility. A goal is an end state to achieve, but aspiration emphasizes the ambitious, value-driven drive toward that future happiness and the belief it will be rewarding.*

## 10. Which term best describes the brain region associated with prediction and connection, enabling proactive thinking?

A. Neocortex

B. Limbic system

C. Brainstem

D. Cerebellum

*Predictive control relies on forward models that anticipate outcomes before they unfold. The cerebellum excels at building and updating these forward models, predicting the sensory consequences of movements and timing events so the brain can adjust actions before something actually happens. This rapid, internal prediction and the way the cerebellum connects with many cortical and subcortical regions via the thalamus give it a broad role in coordinating not just movement but also the kinds of proactive, planned adjustments that guide behavior. In short, its strength in predicting outcomes and its extensive network connections make it the best fit for enabling proactive thinking.*

# 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://pfi1305.examzify.com

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