

PRIMERICA GENERAL PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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. In a life settlement contract, who does the life settlement broker represent?**
 - A. The owner
 - B. The insurer
 - C. The beneficiary
 - D. The life settlement intermediary
- 2. How does term life insurance primarily differ from whole life insurance?**
 - A. It has higher investment returns
 - B. It provides a permanent cash value
 - C. It typically has lower premiums
 - D. It is offered by fewer companies
- 3. How does a cash value life insurance policy differ from term insurance?**
 - A. It provides no death benefit
 - B. It accumulates cash value over time
 - C. It is cheaper than term insurance
 - D. It only pays out if the policyholder dies within the term
- 4. What impact does maintaining a good credit score have when joining a credit union?**
 - A. Increased chances of loan rejection
 - B. Lower interest rates on loans
 - C. Higher membership fees
 - D. No impact at all
- 5. What does a mutual fund primarily invest in?**
 - A. A single company stock
 - B. A diversified portfolio of stocks and bonds
 - C. Real estate only
 - D. Foreign currencies
- 6. What does "collateral" refer to in a loan?**
 - A. A promise to repay the loan
 - B. An asset pledged to secure the loan
 - C. A type of personal guarantee
 - D. A fee paid for borrowing money

- 7. What are the advantages of automatic contributions to retirement accounts?**
- A. They are tax-free contributions made by employers
 - B. They encourage consistent saving and take advantage of dollar-cost averaging
 - C. They require no management once set up
 - D. They guarantee a fixed return on investment
- 8. What do you call the portion of a loss that the insured has to pay out of pocket before the insurance coverage kicks in?**
- A. Premium
 - B. Deductible
 - C. Copayment
 - D. Exclusion
- 9. A personal use of life insurance that helps determine the financial needs of children in the event of a death is known as?**
- A. Survivorship insurance
 - B. Juvenile protection provision
 - C. Survivor protection
 - D. Life planning
- 10. Which financial concept emphasizes the importance of saving early for retirement?**
- A. Risk assessment
 - B. Time value of money
 - C. Diversification
 - D. Asset allocation

Answers

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

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Explanations

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1. In a life settlement contract, who does the life settlement broker represent?

- A. The owner
- B. The insurer
- C. The beneficiary
- D. The life settlement intermediary

In a life settlement contract, the life settlement broker primarily represents the owner of the life insurance policy. This individual is typically seeking to sell their policy for a lump sum payment that is greater than the cash surrender value but less than the death benefit. The broker's role is to act in the best interests of the policy owner by facilitating the sale, comparing offers from various providers, and ensuring that the owner understands all aspects of the transaction. By representing the owner, the broker is responsible for advocating on their behalf, providing them with relevant information, and assisting them in negotiating the most favorable terms possible. This relationship is crucial, as the owner may not have the resources or expertise to navigate the complexities of the settlement process on their own.

2. How does term life insurance primarily differ from whole life insurance?

- A. It has higher investment returns
- B. It provides a permanent cash value
- C. It typically has lower premiums
- D. It is offered by fewer companies

Term life insurance primarily differs from whole life insurance in that it typically has lower premiums. This is because term life insurance is designed to provide coverage for a specified period, such as 10, 20, or 30 years, without any cash value accumulation. The policyholder pays lower premiums for this temporary coverage, making it an attractive option for individuals who want affordable life insurance to protect their beneficiaries during critical years, such as while raising children or paying off a mortgage. Whole life insurance, on the other hand, combines a death benefit with a cash value component that grows over time, often leading to higher premiums due to the additional features and the insurer's obligation to provide coverage for the insured's whole life, as long as premiums are paid. The higher costs associated with whole life insurance come from the guarantees it offers, including lifelong coverage and the cash value accumulation, which is not a feature of term life insurance. This difference in premium structure is a key consideration for individuals choosing between these two types of life insurance policies.

3. How does a cash value life insurance policy differ from term insurance?

- A. It provides no death benefit
- B. It accumulates cash value over time**
- C. It is cheaper than term insurance
- D. It only pays out if the policyholder dies within the term

A cash value life insurance policy differs from term insurance primarily because it accumulates cash value over time. This means that a portion of the premiums paid into the policy is set aside and grows as savings, which can be accessed by the policyholder through withdrawals or loans. This feature allows the policy to build financial value, which can be beneficial for the policyholder during their lifetime. In contrast, term insurance only provides a death benefit if the insured individual passes away within a specified term. It does not have any cash value accumulation, making it a pure form of life insurance designed solely to offer protection for a set period. Consequently, once the term expires, the coverage ends, and there is no return on the premiums paid. The notion that a cash value life insurance policy is cheaper than term insurance is not accurate. Generally, cash value policies are more expensive due to the additional feature of cash value accumulation. Moreover, the statement that a cash value policy provides no death benefit is misleading, as it does indeed provide a death benefit; it's just accompanied by the cash value component. Overall, the distinguishing characteristic of cash value life insurance is its ability to accumulate cash value, providing financial flexibility for the policyholder throughout their life.

4. What impact does maintaining a good credit score have when joining a credit union?

- A. Increased chances of loan rejection
- B. Lower interest rates on loans**
- C. Higher membership fees
- D. No impact at all

Maintaining a good credit score significantly impacts your financial dealings, particularly when it comes to joining a credit union. A strong credit score demonstrates to lenders, including credit unions, that you are a responsible borrower who is likely to repay loans on time. As a result, credit unions often offer lower interest rates on loans to members with good credit scores because they are perceived as lower risk. This means that when you apply for a loan or a credit card at a credit union, you could benefit from more favorable terms, which can lead to substantial savings over time. In contrast, a lower credit score could result in higher interest rates or even loan denials, making it crucial to maintain a strong credit history. Therefore, maintaining a good credit score can directly affect your financial advantages when utilizing the services offered by a credit union.

5. What does a mutual fund primarily invest in?

- A. A single company stock
- B. A diversified portfolio of stocks and bonds**
- C. Real estate only
- D. Foreign currencies

A mutual fund primarily invests in a diversified portfolio of stocks and bonds. This is designed to pool money from multiple investors to create a broad investment portfolio that can reduce risk through diversification. By investing in various securities, mutual funds can mitigate the impact of poor performance by any single investment, as losses in one area may be offset by gains in another. This diversified approach is a fundamental characteristic of mutual funds, making them appealing to investors seeking to balance risk and reward without having to manage individual stocks or bonds themselves. The focus on a mix of assets, such as equities, fixed income, and sometimes other investments, distinguishes mutual funds from other investment vehicles. This structured approach to investing aims to achieve specific financial goals while maintaining a level of risk that suits the investors' profiles.

6. What does "collateral" refer to in a loan?

- A. A promise to repay the loan
- B. An asset pledged to secure the loan**
- C. A type of personal guarantee
- D. A fee paid for borrowing money

In the context of a loan, "collateral" specifically refers to an asset that a borrower pledges as security for the loan. This means that if the borrower fails to repay the loan, the lender has the right to seize the collateral to recover their losses. Collateral can take many forms, such as real estate, vehicles, or other valuable assets, depending on the terms of the loan and the policies of the lending institution. This concept is critical because it provides a layer of protection for the lender, encouraging them to offer loans with potentially lower interest rates or better terms, as the risk is mitigated by the assurance that they can recoup their investment through the collateral if necessary.

7. What are the advantages of automatic contributions to retirement accounts?

- A. They are tax-free contributions made by employers
- B. They encourage consistent saving and take advantage of dollar-cost averaging**
- C. They require no management once set up
- D. They guarantee a fixed return on investment

The advantages of automatic contributions to retirement accounts primarily revolve around promoting consistent saving behavior and utilizing dollar-cost averaging. When contributions are automatically deducted from a paycheck and deposited into a retirement account, individuals are encouraged to save regularly without the temptation to spend that money elsewhere. This automatic process fosters a habit of saving, which can significantly enhance retirement savings over time. Dollar-cost averaging occurs when regular contributions are made into an investment, regardless of market conditions. This means that an individual buys more shares when prices are low and fewer shares when prices are high. Over time, this strategy can lower the average cost per share of investments, potentially leading to better financial outcomes as the market fluctuates. The other options do not accurately reflect the primary advantages of automatic contributions. For instance, while some retirement plans might offer tax advantages, contributions from employees are typically made with pre-tax dollars rather than being tax-free, and not all employer contributions are automatic or tax-free. Conversely, some investments do require ongoing management, and automatic contributions do not guarantee a fixed return on investment, as they are subject to market risks and the specific performance of the chosen assets.

8. What do you call the portion of a loss that the insured has to pay out of pocket before the insurance coverage kicks in?

- A. Premium
- B. Deductible**
- C. Copayment
- D. Exclusion

The portion of a loss that the insured is required to pay out of pocket before the insurance coverage begins is known as the deductible. This is a predetermined amount that must be met for the insurance company to cover the remaining costs associated with a loss or claim. The purpose of the deductible is to encourage policyholders to take care in managing risks since they will share in the financial responsibility of their claims. When a loss occurs, the insured will pay the deductible first, which can help to reduce the insurer's overall expenses and keep premiums lower for all policyholders. Deductibles vary in amount and can differ based on the type of insurance policy or specific coverage options selected by the insured. Understanding how deductibles work is crucial for managing both insurance costs and overall financial planning. The other terms mentioned refer to different concepts in insurance. Premiums are the amount paid for insurance coverage, copayments are fixed amounts the insured pays for certain services, and exclusions are specific conditions or circumstances not covered by the insurance policy.

9. A personal use of life insurance that helps determine the financial needs of children in the event of a death is known as?

- A. Survivorship insurance
- B. Juvenile protection provision
- C. Survivor protection**
- D. Life planning

The term that best describes a personal use of life insurance intended to help determine the financial needs of children in the event of a death is survivor protection. This type of coverage is focused on ensuring that financial resources are available to support dependents, such as children, when an insured parent or guardian passes away. Survivor protection effectively addresses the potential loss of income that would impact the children's standard of living, education, and overall financial stability, allowing for the consideration of their long-term needs. Juvenile protection provision generally pertains to specific life insurance policies that are designed for children, focusing on offering coverage for minors rather than assessing the broader financial implications in the case of a parent's death. Survivorship insurance refers to a policy that covers two lives and pays upon the death of the second insured, serving a different purpose. Life planning encompasses a wider range of strategies to manage financial resources but does not specifically target the financial needs of children in the context described. Therefore, survivor protection is the most relevant term in this scenario as it directly addresses the financial implications for children following the loss of a parent.

10. Which financial concept emphasizes the importance of saving early for retirement?

- A. Risk assessment
- B. Time value of money**
- C. Diversification
- D. Asset allocation

The concept that emphasizes the importance of saving early for retirement is the time value of money. This principle explains how the value of money changes over time due to the potential earning capacity of that money. In simple terms, it asserts that a dollar today is worth more than a dollar in the future because of its ability to earn interest or generate returns over time. When individuals start saving for retirement early, they benefit from compound interest, where both the initial principal and the accumulated interest earn additional interest. This compounding effect significantly increases the total amount saved by the time retirement is reached. The sooner one begins saving, the more time their money has to grow, leading to a larger financial nest egg. Understanding the time value of money helps individuals recognize the importance of starting their retirement savings as soon as possible, taking advantage of the growth potential that occurs over an extended period. This leads to better savings strategies and encourages proactive financial planning for a secure retirement.

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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:

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

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