

TEXAS FUNERAL PREARRANGEMENT LICENSE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

**VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE**

<https://texasfuneralprearrangement.examzify.com>



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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. What is the primary purpose of the FTC Funeral Rule?**
 - A. To mandate funeral home operating hours
 - B. To ensure transparency in pricing
 - C. To limit the number of services offered
 - D. To provide guidelines for memorial services
- 2. What is NOT included in a single premium deferred annuity contract?**
 - A. A purchase payment schedule
 - B. An accumulation period
 - C. A minimum guaranteed interest rate
 - D. A surrender option
- 3. What essential information must be provided in a prearrangement brokering service?**
 - A. Details of the funeral provider's history
 - B. Revised pricing options after each contract
 - C. Clear explanations of services and potential financing options
 - D. Offers for discounts on additional services
- 4. What must be designated on the policy application for a life insurance policy?**
 - A. Policy premium amount
 - B. Intended beneficiary of the proceeds
 - C. Date of application submission
 - D. Policy owner's social security number
- 5. What is the significance of the Texas Funeral Service Commission's rules?**
 - A. They provide guidelines for pricing
 - B. They govern ethical practices of funeral service providers
 - C. They dictate advertising methods
 - D. They enforce facility maintenance standards

- 6. During which period would the insurance company typically NOT make a payment if purchase payments are halted by the owner?**
- A. Accumulation Period
 - B. Distribution Period
 - C. Withdrawal Period
 - D. Payout Period
- 7. What must consumers be informed about concerning trust account earnings?**
- A. Service delivery timelines
 - B. Interest accrued and its impact on total value
 - C. Availability of additional funds
 - D. Compliance with federal laws
- 8. What type of receipt is given for a premium paid at the time of application?**
- A. Standard receipt
 - B. Conditional receipt
 - C. Primary receipt
 - D. Final receipt
- 9. What option allows a policy owner to surrender a whole life policy for a lesser amount of permanent coverage?**
- A. Term conversion
 - B. Reduced paid-up insurance
 - C. Cash surrender value
 - D. Partial withdrawal
- 10. Which of the following is NOT a part of the obligations of funeral directors regarding preneed contracts?**
- A. Clarifying service options
 - B. Informing clients about costs
 - C. Encouraging clients to make immediate decisions
 - D. Ensuring clients are aware of contract terms

Answers

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

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Explanations

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1. What is the primary purpose of the FTC Funeral Rule?

- A. To mandate funeral home operating hours
- B. To ensure transparency in pricing**
- C. To limit the number of services offered
- D. To provide guidelines for memorial services

The primary purpose of the FTC Funeral Rule is to ensure transparency in pricing. This rule was established to protect consumers by requiring funeral service providers to give clear and understandable information about their prices and the services that they offer. By mandating that funeral homes provide itemized pricing lists and other relevant disclosures, the FTC Funeral Rule empowers consumers to make informed choices during an emotionally challenging time. This transparency aims to prevent potentially deceptive practices and helps ensure that families can compare prices among different funeral homes, leading to better decision-making regarding funeral arrangements. As a result, consumers have the opportunity to understand the costs associated with various services and products, which increases competition among providers and can ultimately lower costs.

2. What is NOT included in a single premium deferred annuity contract?

- A. A purchase payment schedule**
- B. An accumulation period
- C. A minimum guaranteed interest rate
- D. A surrender option

In a single premium deferred annuity contract, one key aspect is the absence of a purchase payment schedule, as the contract is funded with one lump-sum payment rather than a series of payments made over time. This type of annuity is designed for individuals who can make a significant upfront investment and allows the funds to grow during the accumulation period before any distributions begin. During the accumulation period, which is another essential component of this type of annuity, the funds can grow based on interest rates or investment performance, depending on the specifics of the contract. Additionally, these contracts often include a minimum guaranteed interest rate to assure the annuitant that their investment will grow to at least a specified level, despite market fluctuations. A surrender option is typically part of such contracts, allowing the policyholder to withdraw funds before annuitization, although this may incur certain penalties or fees depending on the terms outlined in the contract. Therefore, the reason a purchase payment schedule is not included in a single premium deferred annuity is that it is predicated on a single, upfront premium rather than a planned series of contributions.

3. What essential information must be provided in a prearrangement brokering service?

- A. Details of the funeral provider's history
- B. Revised pricing options after each contract
- C. Clear explanations of services and potential financing options**
- D. Offers for discounts on additional services

The essential information that must be provided in a prearrangement brokering service revolves around clear explanations of services and potential financing options. This ensures that individuals are fully informed about what services are available to them, how those services can be customized to their needs, and the financial implications associated with those choices. Providing clarity about the various services—from burial and cremation options to memorial services—allows consumers to make educated decisions regarding their end-of-life planning. Additionally, presenting potential financing options is crucial as it enables families to consider how they can afford these services while also understanding their rights and obligations under the agreements they enter into. This level of transparency is vital for building trust and ensuring that consumers feel secure in their choices during what can be a challenging time. While details of the funeral provider's history, revised pricing options, and offers for discounts may be relevant to consumers, they do not represent the foundational knowledge necessary for individuals who are prearranging funeral services. Understanding services and financing directly impacts the decision-making process, making it the most critical information to convey.

4. What must be designated on the policy application for a life insurance policy?

- A. Policy premium amount
- B. Intended beneficiary of the proceeds**
- C. Date of application submission
- D. Policy owner's social security number

The intended beneficiary of the proceeds must be designated on the policy application for a life insurance policy because this information is crucial in determining who will receive the benefits upon the death of the insured. Specifying a beneficiary ensures that the proceeds are paid directly to the designated individual or entity, providing clarity and preventing potential disputes among heirs. Properly identifying the beneficiary also facilitates a smoother claims process for the loved ones of the deceased, ensuring that the financial support is delivered as intended. While other details like the policy premium amount, date of application submission, and the policy owner's social security number are important for the application process and overall administration of the policy, they do not directly affect the distribution of the insured's life insurance benefits upon their passing. The primary focus of the policy application in the context of beneficiaries is to clearly state who is entitled to the funds, highlighting their role in the insurance policy's purpose.

5. What is the significance of the Texas Funeral Service Commission's rules?

- A. They provide guidelines for pricing
- B. They govern ethical practices of funeral service providers**
- C. They dictate advertising methods
- D. They enforce facility maintenance standards

The significance of the Texas Funeral Service Commission's rules lies in their governing of ethical practices among funeral service providers. These rules are designed to ensure that funeral homes and service providers operate in a manner that is respectful, fair, and in compliance with the laws designed to protect consumers. By establishing clear ethical guidelines, the Commission helps maintain the integrity of the profession and fosters trust between service providers and the families they serve. The ethical guidelines may include standards on transparency in service offerings, the handling of remains, and interactions with grieving families. These practices are essential to uphold the dignity of the deceased and the feelings of their loved ones during a vulnerable time. Adhering to these ethical norms also helps to prevent misconduct and promotes accountability within the funeral service industry. While guidelines regarding pricing, advertising, and facility maintenance may also be important aspects of operational standards, the primary focus of the Commission is to ensure that ethical practices are at the forefront of the service provided to the public. This foundational commitment to ethics is what underscores the accountability of funeral service providers within Texas.

6. During which period would the insurance company typically NOT make a payment if purchase payments are halted by the owner?

- A. Accumulation Period**
- B. Distribution Period
- C. Withdrawal Period
- D. Payout Period

The accumulation period is the stage during which the policyholder makes payments into their insurance policy, allowing their investment to grow based on the terms of the agreement. If the owner halts these purchase payments, the insurance company typically does not make any additional payments or distributions to the policyholder during this phase. It's essential to understand that during the accumulation period, the funds are being built up, and without continued contributions, the policy will not grow, nor will the insurance company be liable for payouts to the policyholder until certain conditions are met or the policy transitions out of this initial phase. Once payments are resumed or the policyholder reaches another defined period, different rules and payment structures may come into play. In contrast, other periods referenced, such as the distribution, withdrawal, or payout periods, are specifically designed for managing funds and distributions to the policyholder, which is why they would allow for payments even if contributions were temporarily halted.

7. What must consumers be informed about concerning trust account earnings?

- A. Service delivery timelines
- B. Interest accrued and its impact on total value**
- C. Availability of additional funds
- D. Compliance with federal laws

Consumers must be informed about interest accrued and its impact on the total value because this information is crucial for understanding the financial aspects of their prearrangement plans. When funds are placed into a trust account for funeral prearrangements, the interest generated can significantly enhance the overall value of the funds by the time they are needed. This understanding allows consumers to make informed decisions regarding their pre-need investments and anticipate how much will be available for funeral services in the future. Awareness of interest accrued is essential as it directly influences the growth of the funds over time, providing transparency about how their investment will perform. Knowing the impact of these earnings helps consumers better evaluate their financial commitments and assists in planning for future expenses related to funeral services. This ensures that individuals have a clear picture of their financial situation and can ensure that their loved ones are cared for in accordance with their preferences.

8. What type of receipt is given for a premium paid at the time of application?

- A. Standard receipt
- B. Conditional receipt**
- C. Primary receipt
- D. Final receipt

A conditional receipt is the correct choice because it is specifically issued to an applicant when they submit a premium payment along with their application for insurance coverage. This type of receipt indicates that the insurance company will provide coverage if certain conditions are met, often contingent on the applicant being insurable based on their health status and other underwriting criteria. In the context of funeral prearrangement and life insurance policies, the conditional receipt serves as temporary protection for the applicant until the policy is officially issued. It assures the applicant that they have coverage in place while the insurer evaluates their application. This is significant because it offers peace of mind during the waiting period for policy approval. The other types of receipts do not quite fit this scenario. A standard receipt is more general and does not imply any condition regarding coverage. A primary receipt is not a term commonly used in this context, making it less relevant. A final receipt would typically be issued only after all processing is complete, indicating that a policy is officially in force, rather than at the initial application stage. Thus, the conditional receipt clearly represents the nature of the transaction at the time of application with premium payment.

9. What option allows a policy owner to surrender a whole life policy for a lesser amount of permanent coverage?

- A. Term conversion
- B. Reduced paid-up insurance**
- C. Cash surrender value
- D. Partial withdrawal

The option that allows a policy owner to surrender a whole life policy for a lesser amount of permanent coverage is reduced paid-up insurance. This option enables the policyholder to use the accumulated cash value of the whole life insurance policy to purchase a reduced amount of paid-up permanent insurance without requiring further premium payments. This is particularly useful for individuals who want to maintain some form of life insurance coverage while no longer being able or willing to pay premiums on their original policy. Reduced paid-up insurance ensures that the policyholder can continue to have a life insurance benefit, albeit at a lower coverage level, thereby preserving their investment in the policy while adapting to changing financial circumstances.

10. Which of the following is NOT a part of the obligations of funeral directors regarding preneed contracts?

- A. Clarifying service options
- B. Informing clients about costs
- C. Encouraging clients to make immediate decisions**
- D. Ensuring clients are aware of contract terms

The correct answer is C, as encouraging clients to make immediate decisions does not align with the obligations of funeral directors regarding preneed contracts. Funeral directors are expected to provide a supportive and informative environment where clients can make well-considered decisions about their funeral arrangements. The nature of preneed contracts involves planning for future needs, and clients should be encouraged to take their time to understand their options fully before committing. In contrast, clarifying service options, informing clients about costs, and ensuring clients are aware of contract terms are integral parts of a funeral director's responsibilities. These tasks help clients navigate their choices, understand the financial aspects of their decisions, and be fully informed about what the preneed contract entails. It is essential that clients feel confident and informed throughout the process, rather than pressured to make hasty choices.

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://texasfuneralprearrangement.examzify.com>

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

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