

# Truth in Savings Act (TISA) Practice Test (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 term describes a fixed percentage added to the base rate for determining the APY?**
  - A. Tier**
  - B. Margin**
  - C. Rate**
  - D. Bonus**
- 2. What information must be disclosed under TISA regarding annual percentage yields (APY)?**
  - A. The tax implications of the APY**
  - B. The APY for each account and conditions for earning it**
  - C. The historical APY for the past five years**
  - D. The minimum balance required to earn the APY**
- 3. Which type of account is generally not covered by Regulation DD?**
  - A. Personal savings account**
  - B. Business checking account**
  - C. Regular savings account**
  - D. Certificates of deposit**
- 4. What feature of a variable rate account may change over time?**
  - A. The account holder's personal information**
  - B. The interest rate and APY**
  - C. The bank's physical location**
  - D. The number of allowed withdrawals**
- 5. Are there any exemptions to the Truth in Savings Act?**
  - A. No, all accounts are covered under TISA**
  - B. Yes, certain accounts such as time deposit accounts with short terms**
  - C. Yes, online-only accounts and student accounts**
  - D. Only for accounts held outside the United States**

- 6. Which term accurately describes the nature of disclosures mandated by TISA?**
- A. Optional and flexible based on institutional preference**
  - B. Clear, concise, and accurate**
  - C. Complex and detailed to ensure understanding**
  - D. Misinformative to protect institutional interests**
- 7. How is the Interest Rate described?**
- A. It accounts for compounding interest on deposits**
  - B. It is the annual rate of return before compounding**
  - C. It reflects the total profit earned after expenses**
  - D. It varies based on the account holder's credit history**
- 8. What results from violations of the Truth in Savings Act?**
- A. Mandatory annual audits of the financial institution.**
  - B. May lead to civil penalties against the institution.**
  - C. Immediate closure of the offending account.**
  - D. Reduction in the customer base of the institution.**
- 9. What happens if checks for deposited funds are returned due to insufficient funds?**
- A. Interest starts once the account balance is adjusted**
  - B. Interest will not be paid until full funds are available**
  - C. Interest continues to accrue regardless of the check**
  - D. No effect on interest accrual in any case**
- 10. Which of the following is a required disclosure under the Truth in Savings Act?**
- A. Minimum balance requirements for all account types.**
  - B. The methods for calculating APY.**
  - C. Credit card interest rates associated with accounts.**
  - D. A full list of branch locations.**



## **Answers**

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

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## **Explanations**

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**1. Which term describes a fixed percentage added to the base rate for determining the APY?**

- A. Tier
- B. Margin**
- C. Rate
- D. Bonus

The term that describes a fixed percentage added to the base rate for determining the Annual Percentage Yield (APY) is known as the margin. In the context of calculating APY, the margin acts as an adjustment factor that is added to the base interest rate. This can occur in various financial products, such as Certificates of Deposit (CDs) or adjustable-rate accounts, where the interest rate can vary based on market conditions or specific terms set by the financial institution. Understanding the role of the margin is critical for consumers as it directly influences how interest will be accrued on their savings. By clearly defining the margin along with the base rate, financial institutions help consumers understand the potential yield they can expect on their deposits. The other terms do not fit this specific context: a tier typically refers to different levels of rates based on the balance in the account, a rate is a more general term that could refer to the overall interest rate itself, and a bonus usually indicates a one-time additional benefit rather than a fixed percentage adjustment to the base rate.

**2. What information must be disclosed under TISA regarding annual percentage yields (APY)?**

- A. The tax implications of the APY
- B. The APY for each account and conditions for earning it**
- C. The historical APY for the past five years
- D. The minimum balance required to earn the APY

Under the Truth in Savings Act (TISA), it is mandatory to disclose the annual percentage yield (APY) for each account, along with the specific conditions that must be met to earn that APY. This requirement is essential as it provides consumers with a clear understanding of the potential earnings on their deposits, allowing them to make informed decisions about where to place their funds. The conditions may include factors such as minimum deposit amounts, required actions to maintain the account, or specified time frames for the rates to apply. This transparency is crucial because it ensures that consumers are aware not only of the potential yield but also of the actions they need to take to achieve those yields. By having this information readily available, financial institutions promote trust and clarity, which are foundational aspects of consumer banking.

**3. Which type of account is generally not covered by Regulation DD?**

- A. Personal savings account
- B. Business checking account**
- C. Regular savings account
- D. Certificates of deposit

Regulation DD, also known as the Truth in Savings Act, was established to promote transparency in the disclosure of terms and conditions of deposit accounts to consumers. While many types of accounts are covered under this regulation, there are specific exclusions. A business checking account is generally not covered by Regulation DD because the regulation primarily focuses on consumer financial products, meaning it is designed to protect individual consumers rather than businesses. The intention of the act is to ensure that consumers receive clear and accurate information about fees, interest rates, and other key terms for their accounts, which is less critical in business contexts where entities may have different expectations and understandings of financial products. In contrast, personal savings and regular savings accounts, as well as certificates of deposit, fall under the regulation because they are intended for consumer use. Regulation DD mandates disclosures for consumer accounts to help individuals make informed decisions about their savings and investment options.

**4. What feature of a variable rate account may change over time?**

- A. The account holder's personal information
- B. The interest rate and APY**
- C. The bank's physical location
- D. The number of allowed withdrawals

The interest rate and Annual Percentage Yield (APY) of a variable rate account are the features that may change over time. This is a defining characteristic of variable rate accounts, as they are linked to a specific benchmark or index that can fluctuate based on prevailing economic conditions. For instance, if the benchmark interest rate increases, the financial institution may adjust the interest rate offered on variable rate accounts accordingly, resulting in a change in the APY offered to account holders. Conversely, if the benchmark decreases, the interest rate and APY may also decrease, impacting the earnings potential of the account holder. This variability allows account holders to potentially benefit from higher rates during periods of rising interest but also exposes them to the risk of lower rates in a declining economic environment. The other options do not reflect features that would typically change in a financial account context. Personal information is static until the account holder decides to update it. The bank's physical location is not something that changes frequently and is typically a more stable characteristic. The number of allowed withdrawals is generally set by the terms of the account and would only change if the bank decided to modify those terms, but this is not as inherently variable as the interest rate and APY.

**5. Are there any exemptions to the Truth in Savings Act?**

- A. No, all accounts are covered under TISA
- B. Yes, certain accounts such as time deposit accounts with short terms**
- C. Yes, online-only accounts and student accounts
- D. Only for accounts held outside the United States

The correct answer identifies that there are indeed exemptions under the Truth in Savings Act (TISA), which cover specific types of accounts, including time deposit accounts with short terms. TISA aims to promote transparency and ensure consumers are informed about the terms and conditions of deposit accounts, but it does recognize that not all accounts may warrant the same level of disclosure. Time deposit accounts, particularly those with terms of a year or less, can be exempt from certain aspects of TISA, such as detailed disclosures about interest rates and fees. This exemption acknowledges that very short-term accounts may not carry the same complexity as longer-term accounts and therefore do not require the same rigorous disclosure standards. The other options do not accurately reflect the specifics of TISA exemptions. While the act generally covers most types of deposit accounts to protect consumer interest, the nuances of exemptions are tailored towards specific account types rather than broad categories like online-only accounts or student accounts. Additionally, exemptions do not generally pertain solely to accounts held outside the United States, as the act primarily governs accounts established within the U.S. banking framework. Thus, the correct answer effectively captures the specific exclusions that are acknowledged by TISA, underlining the act's focus on relevant and varying account structures.

**6. Which term accurately describes the nature of disclosures mandated by TISA?**

- A. Optional and flexible based on institutional preference
- B. Clear, concise, and accurate**
- C. Complex and detailed to ensure understanding
- D. Misinformative to protect institutional interests

The correct choice effectively highlights the essential characteristics of disclosures required under the Truth in Savings Act (TISA). TISA mandates that financial institutions provide clear, concise, and accurate information about the terms and conditions related to deposit accounts. This approach is designed to ensure that consumers fully understand the features of their accounts, such as fees, interest rates, and any other relevant information that could impact their financial decisions. Clear, concise, and accurate disclosures empower consumers to make informed comparisons between different account options, fostering transparency and trust in the financial system. Effective communication of this information is crucial for consumers to feel confident in their choices regarding savings products. In contrast, the other options suggest misleading or impractical approaches that do not align with TISA's intent. Disclosures that are optional and flexible or deemed complex and detailed could lead to confusion rather than clarity for consumers. Additionally, presenting information in a misinformative manner contradicts the fundamental purpose of TISA, which is to protect consumer interests by ensuring transparency and accurate information.

## 7. How is the Interest Rate described?

- A. It accounts for compounding interest on deposits
- B. It is the annual rate of return before compounding**
- C. It reflects the total profit earned after expenses
- D. It varies based on the account holder's credit history

The description of the interest rate as the annual rate of return before compounding accurately reflects a key aspect of how interest rates are presented to consumers under the Truth in Savings Act (TISA). Interest rates are typically expressed as an annual percentage rate (APR), which represents the nominal interest that will be paid or earned over the course of a year, not taking into account the effects of compounding. This understanding is vital for consumers as it provides a straightforward basic measure of the return they can expect on their savings or the cost of borrowing. When assessing financial products, knowing the annual interest rate helps individuals compare different accounts or loans effectively, even before considering how often interest might compound within that year. In contrast, other options contain elements that mischaracterize how interest rates operate. While compounding is a relevant concept in understanding overall yield, the interest rate itself is not defined by compounding; rather, it serves as the foundational rate before such calculations. Therefore, the clarity provided by option B helps consumers make informed decisions regarding their finances, aligning well with the purpose of TISA to promote transparency in financial communications.

## 8. What results from violations of the Truth in Savings Act?

- A. Mandatory annual audits of the financial institution.
- B. May lead to civil penalties against the institution.**
- C. Immediate closure of the offending account.
- D. Reduction in the customer base of the institution.

Violations of the Truth in Savings Act may lead to civil penalties against the institution because the Act imposes specific requirements on financial institutions to ensure that consumers receive clear and transparent information about the terms and conditions of deposit accounts. When institutions fail to comply with these requirements, regulatory bodies have the authority to impose fines or penalties as a means of enforcing adherence to the law. This framework is in place to protect consumers and maintain fairness in the financial marketplace. Civil penalties can also serve as a deterrent to non-compliance, encouraging institutions to follow the regulations properly. Other options involve misunderstandings of the consequences laid out by the Act, such as audits, immediate account closures, or implications for customer base reduction, which are not direct consequences stipulated under TISA for violations.

**9. What happens if checks for deposited funds are returned due to insufficient funds?**

- A. Interest starts once the account balance is adjusted**
- B. Interest will not be paid until full funds are available**
- C. Interest continues to accrue regardless of the check**
- D. No effect on interest accrual in any case**

The correct understanding of the situation regarding checks returned due to insufficient funds is that interest will not be paid until the full funds are available. This reflects the principle that interest is typically calculated based on the actual balance of available funds in the account. When a check is returned because of insufficient funds, it indicates that the money from that check does not contribute to the available balance; consequently, interest should not be credited until the funds are confirmed as available. This policy ensures that interest is earned only on funds that the financial institution can actually use, maintaining the integrity of the interest calculations. Therefore, if a deposited check does not clear and the funds are not available, the interest consideration is effectively nil until the situation is rectified.

**10. Which of the following is a required disclosure under the Truth in Savings Act?**

- A. Minimum balance requirements for all account types.**
- B. The methods for calculating APY.**
- C. Credit card interest rates associated with accounts.**
- D. A full list of branch locations.**

The correct answer is the methods for calculating APY, as this is a specific requirement under the Truth in Savings Act (TISA). The regulation mandates financial institutions to disclose the Annual Percentage Yield (APY) in a manner that allows consumers to understand the potential earnings on their accounts clearly. Providing information about the methodology used to calculate APY helps ensure transparency and enables consumers to make informed comparisons between different savings products. In terms of the other choices, while minimum balance requirements can be important information, they are not explicitly categorized as required disclosures under TISA for all account types. Credit card interest rates related to accounts fall outside the scope of TISA, which primarily deals with deposits and savings accounts rather than credit products. Lastly, while a full list of branch locations may be helpful supplementary information for consumers, it is not considered a disclosure required under the TISA framework.



## 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://truthinsavingsact.examzify.com>**

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