

University of Central Florida (UCF) GEB3006 Intro to Career Development and Financial Plannings Final Practice Exam 3 (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

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- 1. Which of the following is a disadvantage of owning a house?**
 - A. Housing values could drop.**
 - B. Higher costs such as maintenance and insurance.**
 - C. Limited mobility since it can take time to sell a house.**
 - D. All of the above are disadvantages of owning a house.**
- 2. How long must a homeowner stay in the house to break even after paying \$3,000 in closing costs for a refinancing that saves them \$100 per month?**
 - A. 25 months**
 - B. 31.66 months**
 - C. 36 months**
 - D. 45 months**
- 3. Which of the following can impact the resale value of a home?**
 - A. Neighborhood improvements**
 - B. Market conditions**
 - C. Property tax changes**
 - D. All of the above**
- 4. For a taxable car allowance of \$1,000/year, what is the after-tax equivalent for someone in a 25% marginal tax bracket?**
 - A. \$800**
 - B. \$750**
 - C. \$700**
 - D. \$600**
- 5. What is the primary reason retailers mark down the prices of new items after an initial sale?**
 - A. To increase sales volume**
 - B. To achieve desired gross margin goals**
 - C. To clear out inventory**
 - D. To compete with rivals**

6. What type of mortgage typically has the lowest interest rate?

- A. Adjustable rate mortgage**
- B. Home equity line of credit (HELOC)**
- C. Fixed rate mortgage**
- D. Second mortgage**

7. Interest rates on 30-year fixed-rate mortgages tend to follow which financial indicator?

- A. The Federal Reserve rate**
- B. The inflation rate**
- C. The prime interest rate**
- D. The 10-year treasury note rate**

8. The shape of the yield curve helps indicate the expectations of which of the following?

- A. Current inflation rates**
- B. Future interest rates**
- C. Government spending**
- D. Stock market performance**

9. Which of the following was NOT an attribute of individuals who saved over \$1 million in their 401-K?

- A. They considered mutual funds that primarily invest in bonds**
- B. They started saving early**
- C. They contributed a minimum of 10-15% of their salary**
- D. All of the above were attributes**

10. If you leave a company before fully vesting in a 401-K, what happens to your contributions?

- A. You lose everything, including your contributions**
- B. You retain your contributions but lose the employer's contributions**
- C. You keep your employer's contributions and all earnings**
- D. You retain your contributions and the earnings on them**

Answers

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

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Explanations

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1. Which of the following is a disadvantage of owning a house?

- A. Housing values could drop.**
- B. Higher costs such as maintenance and insurance.**
- C. Limited mobility since it can take time to sell a house.**
- D. All of the above are disadvantages of owning a house.**

Owning a house comes with several disadvantages that can impact an individual's financial situation and lifestyle. Recognizing these factors is essential for potential homeowners. The decline in housing values can be significant; properties may not always appreciate, and downturns in the market can lead to owning an asset that is worth less than the purchase price. This scenario can pose financial challenges, especially if homeowners need to sell during a downturn. Additionally, the ongoing costs associated with homeownership—like maintenance, repairs, and insurance—can be substantially higher compared to renting. These expenses require careful budgeting and planning, which can burden homeowners with unexpected financial strains. Limited mobility is another crucial disadvantage; once a homeowner decides to sell their property, it can be a lengthy process influenced by market conditions, the property's location, and overall demand. This delay can hinder individuals who may want or need to relocate for job opportunities or personal reasons. Given these factors, recognizing that all the above points encompass significant disadvantages of owning a house is accurate.

Understanding these challenges helps prospective homeowners make informed decisions about their living situations and financial commitments.

2. How long must a homeowner stay in the house to break even after paying \$3,000 in closing costs for a refinancing that saves them \$100 per month?

- A. 25 months**
- B. 31.66 months**
- C. 36 months**
- D. 45 months**

To determine how long a homeowner must stay in the house to break even after paying \$3,000 in closing costs for a refinancing that saves them \$100 per month, you first need to look at the total savings accrued each month and how those savings compare to the initial costs incurred. The monthly savings of \$100 means that over a certain number of months, the cumulative savings will eventually equal the closing costs. To find the break-even point, you divide the total closing costs by the monthly savings. In this case, the calculation is: $\$3,000 \text{ (closing costs)} \div \$100 \text{ (monthly savings)} = 30 \text{ months}$. This calculation gives you a break-even point slightly above 30 months, as you accumulate savings each month. Since rounding can sometimes lead to an exact number that might not represent the correct time period to fully cover the upfront costs, in financial terms, you typically round up to account for any partial months, and this results in a requirement of approximately 31.66 months. Thus, the correct answer of 31.66 months accurately reflects the break-even point when considering the expenses needed to be recouped through refinancing savings.

3. Which of the following can impact the resale value of a home?

- A. Neighborhood improvements**
- B. Market conditions**
- C. Property tax changes**
- D. All of the above**

The resale value of a home is influenced by a multitude of factors, and recognizing the role of each can lead to a more informed understanding of real estate dynamics. Neighborhood improvements can significantly enhance a home's appeal, as buyers often seek properties in areas with better infrastructure, amenities, and aesthetic enhancements. This includes upgrades to parks, roads, schools, and overall community development, which can attract more potential buyers and subsequently increase demand and market prices. Market conditions, including supply and demand dynamics, interest rates, and economic factors, play a crucial role in determining home values. In a seller's market, where demand exceeds supply, home values typically rise. Conversely, in a buyer's market, increased inventory and reduced demand can push prices down. Understanding these conditions allows homeowners to make strategic decisions regarding buying or selling their property. Changes in property taxes can also affect resale value. In areas where property taxes increase significantly, potential buyers may be deterred due to the higher ongoing costs associated with ownership, leading to decreased demand. This can in turn negatively impact property values. On the other hand, stable or reduced property taxes can encourage buying activity by making homes more affordable in the long run. Considering that all these factors—neighborhood improvements, market conditions, and property tax

4. For a taxable car allowance of \$1,000/year, what is the after-tax equivalent for someone in a 25% marginal tax bracket?

- A. \$800**
- B. \$750**
- C. \$700**
- D. \$600**

To determine the after-tax equivalent of a \$1,000 car allowance for someone in a 25% marginal tax bracket, it's essential to consider how taxes impact the actual amount received. When an individual receives a taxable car allowance, that amount is subject to income tax based on their marginal tax rate. In this case, with a 25% tax rate, the individual would retain only 75% of the allowance after paying taxes on it. This can be calculated by multiplying the gross allowance by the percentage they keep after taxes: 1. Calculate the tax amount: 25% of \$1,000 equals \$250. 2. Subtract the tax amount from the gross allowance: $\$1,000 - \$250 = \$750$. Therefore, the after-tax equivalent of a \$1,000 car allowance for someone in a 25% marginal tax bracket is \$750. This reflects the amount the individual would actually have available to use after accounting for the taxes owed on that allowance.

5. What is the primary reason retailers mark down the prices of new items after an initial sale?

- A. To increase sales volume**
- B. To achieve desired gross margin goals**
- C. To clear out inventory**
- D. To compete with rivals**

The primary reason retailers mark down the prices of new items after an initial sale often focuses on achieving desired gross margin goals. Retailers set certain profit expectations based on their pricing strategy, and when new items do not sell as anticipated, markdowns can help stimulate demand. By reducing prices, retailers can increase the turnover of inventory, which is essential for maintaining cash flow and meeting gross margin targets. When new items don't attract buyers at their original price, lowering the price can create a sense of urgency and encourage customers who were undecided or price-sensitive to make a purchase. This can help the retailer come closer to achieving their margin goals by moving stock before it becomes outdated or seasonally irrelevant. Maintaining a successful gross margin is crucial for long-term financial viability, making this a key driver behind markdown strategies.

6. What type of mortgage typically has the lowest interest rate?

- A. Adjustable rate mortgage**
- B. Home equity line of credit (HELOC)**
- C. Fixed rate mortgage**
- D. Second mortgage**

The answer is that a fixed-rate mortgage typically has the lowest interest rate compared to the other options. A fixed-rate mortgage offers a consistent interest rate over the life of the loan, ensuring stability in monthly payments. This predictability is appealing to many borrowers, especially in lower interest rate environments. In general, interest rates for fixed-rate mortgages tend to be more competitive because they reflect the longer-term lending commitment by lenders. Unlike adjustable-rate mortgages (ARMs), which can fluctuate based on market conditions and may start with a lower initial rate that can increase over time, fixed-rate loans provide a safeguard against rising interest rates. Home equity lines of credit (HELOCs) are usually variable interest loans that can start with lower rates but can increase significantly if interest rates rise, making them less stable over time. Second mortgages may also come with higher rates due to the increased risk they pose to lenders, who are in a subordinate position to the primary mortgage lender in the event of a default. Thus, the stability and favorable terms typically associated with fixed-rate mortgages make them the option most likely to have the lowest interest rate in a stable or decreasing interest rate environment.

7. Interest rates on 30-year fixed-rate mortgages tend to follow which financial indicator?

- A. The Federal Reserve rate**
- B. The inflation rate**
- C. The prime interest rate**
- D. The 10-year treasury note rate**

The interest rates on 30-year fixed-rate mortgages are primarily influenced by the 10-year Treasury note rate because mortgage lenders seek to align their long-term lending rates with the yields of government securities that investors consider stable and safe. The 10-year Treasury is a benchmark for a variety of interest rates, including mortgages, because it reflects investor expectations about future economic conditions, inflation, and overall interest rate movements. When the yield on the 10-year Treasury note rises, mortgage rates typically rise as well, as lenders need to offer competitive returns to attract investors to their mortgage-backed securities. Conversely, if the yield decreases, mortgage rates tend to follow suit. This close relationship helps ensure that borrowers and lenders are both adequately compensated for the risk and time value of money associated with long-term loans. Understanding this dynamic helps individuals grasp how broader economic factors, as reflected in government securities, can impact their mortgage options. This contrasts with other financial indicators such as the Federal Reserve rate, inflation rate, or the prime interest rate, which influence other types of lending and borrowing but do not directly set the mortgage rates in the same manner.

8. The shape of the yield curve helps indicate the expectations of which of the following?

- A. Current inflation rates**
- B. Future interest rates**
- C. Government spending**
- D. Stock market performance**

The yield curve is a graphical representation of the interest rates on debt for a range of maturities that typically reflects the expected future interest rates. When analyzing the yield curve, upward slopes indicate that investors expect rising interest rates in the future, while a downward slope suggests expectations of falling interest rates. Therefore, it provides critical insight into market expectations concerning future economic conditions, including the direction of interest rates. This relationship stems from the concept that longer-term investments usually demand higher yields to compensate for the uncertainty tied to future economic conditions and inflation. As a result, the shape of the yield curve serves as a predictor of potential movements in interest rates, which directly impacts financing costs, investment decisions, and overall economic growth.

9. Which of the following was NOT an attribute of individuals who saved over \$1 million in their 401-K?

- A. They considered mutual funds that primarily invest in bonds**
- B. They started saving early**
- C. They contributed a minimum of 10-15% of their salary**
- D. All of the above were attributes**

Individuals who successfully saved over \$1 million in their 401(k) accounts often exhibit behaviors and strategies that align with sound financial planning. One key attribute is the early commencement of their savings. Starting early allows for the compounding of interest, giving investments more time to grow, which significantly enhances the eventual savings amount. Another crucial habit of these savers is their willingness to contribute a substantial portion of their salary—typically between 10-15%—to their retirement accounts. This disciplined approach to saving ensures that they are consistently building a robust nest egg over time. The consideration of mutual funds that primarily invest in bonds isn't generally associated with the strategies of high-earning savers in 401(k) accounts. While bonds can be a part of a balanced investment portfolio, they are typically less growth-oriented compared to stock investments, which are more favored by those aiming to accumulate significant wealth. Stocks have historically offered higher returns over the long term, making them a more attractive choice for those focusing on aggressive retirement saving strategies. Thus, the attribute related to the consideration of primarily bond-focused mutual funds does not resonate with the documented habits of high savers in their 401(k) plans.

10. If you leave a company before fully vesting in a 401-K, what happens to your contributions?

- A. You lose everything, including your contributions**
- B. You retain your contributions but lose the employer's contributions**
- C. You keep your employer's contributions and all earnings**
- D. You retain your contributions and the earnings on them**

If you leave a company before fully vesting in a 401(k), retaining your contributions and the earnings on them is the correct outcome. When you contribute to a 401(k) plan, those contributions come from your own salary, and they are always yours. Even if you do not fully vest in the employer's contributions, your own contributions remain intact regardless of your employment status. Additionally, you are entitled to any earnings generated by your contributions while they were in the account. This means that if your investments appreciated or generated interest during the time you were contributing, that growth is also retained when you leave the company. Therefore, you have ownership of both your contributions and any earnings associated with them, which provides a financial benefit even if you do not receive the full value of the employer's contributions until you are fully vested. In contrast, if you left the company before vesting, you would typically lose access to the employer's contributions and any associated earnings tied to that portion, as these are dependent on meeting certain tenure requirements established by the employer.

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://ucf-geb3006-finalexam3.examzify.com>

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

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