

FICEP FINAL EXAM AND STUDYGUIDE 2023-2024 ACTUAL EXAM 400 QUESTIONS AND CORRECT DETAILED ANSWERS WITH RATIONALES (VERIFIED ANSWERS) |ALREADY GRADED A+

FICEP FINAL EXAM

Which statement accurately describes features of term insurance and whole life insurance? - ANSWER- **Whole life policies build cash value and policy settlement options.**

Why should a member never simply drop a whole life insurance policy? - ANSWER- **Whole life policies usually have cash value, or surrender options.**

How do riders affect whole life insurance policies? - ANSWER- **Riders offer options to expand or adapt coverage as the member's needs or circumstances change.**

Which of the following riders provides benefits to a member who becomes disabled? - ANSWER- **A premium waiver for disability rider covers premiums while a member is disabled.**

What is the meaning of the phrase "buy term and invest the difference"? - ANSWER- **People should buy a term life policy, compare the cost to a whole life policy, and then invest the amount they saved.**

For people without life insurance, now is usually the best time to buy because.. - ANSWER- **insurance availability declines as people grow older and their health declines.**

How does life insurance improve a family's financial stability? - ANSWER- **It provides funds to support a family after the loss of a key wage.**

What are four things members should have in place before establishing an investment program? - ANSWER- **An emergency fund, adequate insurance, a savings plan, and a positive credit history.**

What is the recommended advice regarding saving and investing? - ANSWER- **Saving should come first, followed by investing.**

What are the advantages of having savings? - ANSWER- **Savings offer an insured principal easily accessed for short-term needs.**

Why is compound interest so important? - ANSWER- **It gives the member a return on both the original principal and all the interest that accrues over time.**

What is the "rule of 72" used to determine? - ANSWER- **The number of years required to double the investment: 72 divided by the current interest rate.**

What is the rate of return? - ANSWER- **The percentage gain in value on your investment.**

What is the definition of dividend? - ANSWER- **The portion of a company's profits paid to stockholders.**

Why is a savings account considered a liquid asset? - ANSWER- **The balance can be easily converted to cash.**

How do investors define risk? - ANSWER- **Risk is the chance that you will lose the original investment.**

What is the rate of return on a 401(k) if your employer matches every \$1 you invest with a deposit of 25 cents? - ANSWER- **25%**

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Select the statement that describes two benefits of investing in mutual funds. - ANSWER- **Mutual funds typically combine diversification with the ability to invest with relatively small deposits.**

Choose the correct ranking of investments based on typical performance in order of lower risk to higher risk. - ANSWER- **Savings account, life insurance, and mutual funds.**

Which investment vehicle has traditionally had the highest rate of return? - ANSWER- **Common stocks over the last 50 years**

When the investor's goal is to preserve the principal, what type of investment vehicle should be selected? - ANSWER- **The investor should select the safest investment options available.**

What should the financial counselor consider when making referrals to a specific investment advisor? - ANSWER- **The investment advisor's compensation, professional designation, and training.**

Which of the following statements accurately describes the belief that "renting is like throwing money away"? - ANSWER- **It's a myth.**

When is owning a home the best option? - ANSWER- **When you are committed to the area and have a down payment.**

How many homeowners nationwide routinely decide not to take the tax deduction for mortgage interest and property tax because they have minimal expenses, want to file a basic return, own their home outright, or fail to qualify for the deduction? - ANSWER- **About 1/2 of homeowners.**

Which statement correctly describes a benefit of home ownership? - ANSWER- **Home ownership is a forced savings program that builds assets through mandatory monthly payments.**

How can you reduce the cost of owning or renting a place to live? - ANSWER- **Get a roommate or tenant, either on your own or through a HomeShare program.**