

# Course assessment

**1. The CFPB's definition of financial well-being is a state of being that includes which of the following?**

**Select all that apply.**

- Capacity to absorb a financial shock
- Control over day-to-day, month-to-month finances
- On track to meet your financial goals
- Financial freedom to make choices that allow you to enjoy life

**2. The financial well-being scale can be used as all of the following EXCEPT:**

- A tool to measure change in an individual over time
- A way to lead a meaningful discussion with a client
- A diagnostic of your client's specific money issues
- A part of the process of getting to know your client

**3. Which of the following is an intended purpose of the financial well-being scale?**

- To help practitioners and researchers identify communities in need
- To help practitioners and researchers identify trends in financial education
- To help practitioners and researchers understand financial regulation
- To help practitioners and researchers quantify and compare financial well-being scores over time or across individuals

**4. Two people with similar objective attributes (for example, net worth, liquid savings, and education level) can be expected to have similar:**

- Investment objectives
- Risk profiles
- Financial well-being scores
- None of the above

**5. All of the following statements about financial well-being scores are correct EXCEPT:**

- If a person's financial life stays about the same, their financial well-being score is generally stable.
- A person's objective financial state explains about 70% of the financial well-being score.
- A financial well-being score should improve by 20 or 30 points in a year if the planner does a good job.
- The higher the financial well-being score, the more likely it is that a person is financially stable.

**6. Which of the following is an appropriate reason to use the financial well-being scale?**

- To track changes in an individual's financial well-being over time
- To identify areas of risk in an individual's portfolio
- To identify actions to take to reach a financial goal
- To track income and expenditures

**7. The financial well-being scale questions were developed through a multi-step process that involved which of the following?**

**Select all that apply.**

- Cognitive interviews
- Factor analysis
- Psychometric testing

**7. The financial well-being scale questions were developed through a multi-step process that involved which of the following?**

**Select all that apply.**

- Submission to the CFP Board of Standards

**8. An administrator of the questionnaire must be sure to:**

**Select all that apply.**

- Read the questions exactly as written
- Encourage the respondent to rely on their own interpretation of the words
- Skip questions that are difficult or confusing
- Rephrase questions that sound awkward

**9. All of the following statements about the meaning of financial well-being scores are true EXCEPT:**

- The lower the financial well-being score, the more likely it is that the person is struggling financially.
- The higher the financial well-being score, the more likely it is that the person experiences financial security.
- The financial well-being scale is scored the same, whether the person answers the questions on their own or with a coach.
- The financial well-being scale is publicly available, free of cost, and free from copyright.

**10. The financial well-being scale might help you measure which of the following?**

**Select all that apply.**

- An individual client's progress over time
- Impact of your work on your client base in general
- Client satisfaction with your services
- Client return on investment

# Answers & rationale

**1. The CFPB's definition of financial well-being is a state of being that includes which of the following?**

**Select all that apply.**

- Capacity to absorb a financial shock
- Control over day-to-day, month-to-month finances
- On track to meet your financial goals
- Financial freedom to make choices that allow you to enjoy life

The Bureau's definition of financial well-being includes all of the elements listed.

**2. The financial well-being scale can be used as all of the following EXCEPT:**

- A tool to measure change in an individual over time
- A way to lead a meaningful discussion with a client
- A diagnostic of your client's specific money issues
- A part of the process of getting to know your client

The financial well-being scale is not a diagnostic and it does not identify a topic or action that a person should take to improve financial well-being.

**3. Which of the following is an intended purpose of the financial well-being scale?**

- To help practitioners and researchers identify communities in need
- To help practitioners and researchers identify trends in financial education
- To help practitioners and researchers understand financial regulation
- To help practitioners and researchers quantify and compare financial well-being scores over time or across individuals

One purpose of the financial well-being scale is to help practitioners and researchers quantify and compare financial well-being scores across time or across individuals.

**4. Two people with similar objective attributes (for example, net worth, liquid savings, and education level) can be expected to have similar:**

- Investment objectives
- Risk profiles
- Financial well-being scores
- None of the above

Financial well-being is subjective. Two people with very similar objective attributes can feel very different about their financial well-being.

**5. All of the following statements about financial well-being scores are correct EXCEPT:**

- If a person's financial life stays about the same, their financial well-being score is generally stable.
- A person's objective financial state explains about 70% of the financial well-being score.
- A financial well-being score should improve by 20 or 30 points in a year if the planner does a good job.
- The higher the financial well-being score, the more likely it is that a person is financially stable.

All of the statements are true except for a financial score should improve by 20 or 30 points in a year. While the financial score should respond to changes, there is no guarantee of a specific gain in points.

**6. Which of the following is an appropriate reason to use the financial well-being scale?**

- To track changes in an individual's financial well-being over time
- To identify areas of risk in an individual's portfolio
- To identify actions to take to reach a financial goal
- To track income and expenditures

The scale can be used to track changes in an individual's financial well-being over time.

**7. The financial well-being scale questions were developed through a multi-step process that involved which of the following?**

**Select all that apply.**

- Cognitive interviews
- Factor analysis
- Psychometric testing
- Submission to the CFP Board of Standards

The questions were developed through a multi-step process that involved a series of cognitive interviews to ensure people understand the questions and what they are designed to ask; factor analysis to select the questions that best measured the underlying concept; and three rounds of psychometric testing with over 15,000 respondents to select the questions that provided the greatest reliability across adults.

**8. An administrator of the questionnaire must be sure to:**

**Select all that apply.**

- Read the questions exactly as written
- Encourage the respondent to rely on their own interpretation of the words
- Skip questions that are difficult or confusing
- Rephrase questions that sound awkward

An administrator of the questionnaire must be sure to read the questions exactly as written and should encourage the respondent to rely on their own interpretation of the words.

**9. All of the following statements about the meaning of financial well-being scores are true EXCEPT:**

- The lower the financial well-being score, the more likely it is that the person is struggling financially.
- The higher the financial well-being score, the more likely it is that the person experiences financial security.
- The financial well-being scale is scored the same, whether the person answers the questions on their own or with a coach.
- The financial well-being scale is publicly available, free of cost, and free from copyright.

The financial well-being scale is scored differently, depending on whether the person answers the questions on their own or with a coach.

**10. The financial well-being scale might help you measure which of the following? Select all that apply.**

- An individual client's progress over time
- Impact of your work on your client base in general
- Client satisfaction with your services
- Client return on investment

You might want to measure change over time to present a measurable quantitative result of your impact or monitor an individual client's progress.

Score your assessment. If you answered 7 or more questions correctly, you have passed. Follow the process at CFP.net to self-report your completion of this course to the CFP Board (login required).

