



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ Personal retirement account with tax advantages.
- _____ Employer matches the contributions of the employee.
- _____ Measures gain or loss on an investment relative to cost.
- _____ Personal retirement account with tax-free withdrawals later.
- _____ Retirement savings plan offered by some employers.
- _____ When people stop working and enjoy leisure in later years.

Column B

- a. Retirement
- b. 401(k)
- c. Employer Match
- d. IRA
- e. Roth IRA
- f. ROI

Multiple Choice

1. **Which of the following is a type of retirement savings account?**
 - a. Checking Account
 - b. 401(k)
 - c. Credit Card
 - d. Piggy Bank
2. **What is one benefit of employer matching contributions in a retirement savings plan?**
 - a. Decreased overall contribution limits
 - b. No tax advantages for contributions
 - c. Increased total savings for the employee
 - d. Higher fees associated with the plan
3. **What is the purpose of a Roth IRA?**
 - a. Tax-free withdrawals in retirement
 - b. Tax-deductible contributions
 - c. High-risk investment options
 - d. Early withdrawal penalties
4. **What is a potential drawback of a 401(k) retirement savings plan?**
 - a. Employer matching contributions.
 - b. Early withdrawal penalties.
 - c. Tax-free withdrawals in retirement.
 - d. Low contribution limits.

Application

After learning about different retirement savings accounts, look at your “Retirement Dream Board.” To make your dreams come true, make a plan to start saving. Do some research to see the annual salary of your future career. If the average retired person has \$500,000 saved by the age of 65, how much money will you need to save every year until retirement? Is there a retirement plan that might help you reach your retirement goals faster? Calculate your answers and explain your thinking in the chart below.



1. What is your current age?	2. How many years until you reach retirement age? (65 yrs)	3. What is your future job title and annual salary?	4. How much money do you plan to save every year?	5. How much money will you have saved by age 65?	6. Retirement Plan of Choice and Why

Understanding Retirement Savings Accounts | Answer Key

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- c. Employer matches the contributions of the employee.
- f. Measures gain or loss on an investment relative to cost.
- e. Personal retirement account with tax-free withdrawals later.
- b. Retirement savings plan offered by some employers.
- a. When people stop working and enjoy leisure in later years.

Column B

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Application Answer

Check students' responses. Students may complete the chart with their own information or be given the same age and income to streamline their answers.

1. What is your current	2. How many years until you reach	3. What is your projected	4. How much money do you plan to	5. Calculate how much money you will have saved by	6. Retirement Plan of Choice and
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age?	retirement age? (65 yrs)	job title and annual salary?	save every year?	age 65.	Why
Check student responses.	65 - student's current age Example: $65 - 15 = 50$	Check student responses.	Check student responses.	Answer from question 4 x answer from question 2. Example: $\$10,000 \times 50 = \$500,000$	Sample response: I would select a 401(k) with employer match to save even more money.