

Name _____

Discovering the Magic of 401(k) Accounts: Your Key to a Secure Future

Multiple Choice Questions

1. What is a 401(k) account primarily used for?
 - a) Buying a house
 - b) Saving for a vacation
 - c) Building retirement savings
 - d) Paying off student loans

2. What is a significant advantage of contributing to a 401(k) account?
 - a) Access to funds anytime without penalties
 - b) Lower current taxable income
 - c) Tax-free withdrawals during retirement
 - d) Employer control over investments

3. How do employer matching contributions benefit your 401(k) account?
 - a) They reduce your current taxable income.
 - b) They automatically invest your money in the stock market.
 - c) They provide free money added to your savings.
 - d) They offer tax-free withdrawals during retirement.

4. What is a potential disadvantage of a 401(k) account related to accessing your money?
 - a) Limited investment options
 - b) Penalty and taxes for early withdrawals
 - c) Employer matching contributions
 - d) No contribution limits

5. Why is it important to consider your long-term financial goals when deciding to contribute to a 401(k) account?
 - a) To choose the best investment options
 - b) To lower your current taxable income
 - c) To access funds without penalties
 - d) To plan for retirement savings

