

Name \_\_\_\_\_

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

### Open-Ended Response Answer Key

1. Answers may vary. Sample response: As a 25-year-old with employer matching, I would prioritize contributing to my 401(k) because it's an opportunity to get free money for my retirement savings. While I would also focus on other financial goals, taking advantage of employer matching is a valuable step towards securing my future.
2. Understanding the investment options available in your 401(k) plan is essential because it allows you to make informed choices that align with your risk tolerance and financial goals. This can impact the growth of your retirement savings over time.
3. Compound interest is the concept of earning interest on both your initial contributions and the interest that accumulates over time. In the context of a 401(k) account, it means that your money has the potential to grow significantly over the years due to the reinvestment of earnings.
4. If my employer does not offer matching contributions, I would still consider contributing to my 401(k) account if I have other long-term financial goals, such as saving for retirement. While matching contributions are attractive, the tax benefits and potential for investment growth in a 401(k) can still make it a valuable savings tool.

