

Name \_\_\_\_\_

## Unlocking the Treasure Chest of Individual Retirement Accounts (IRAs)

### Multiple Choice Questions

1. What is the primary purpose of an Individual Retirement Account (IRA)?
  - a) To save for a car purchase
  - b) To secure your financial future in retirement
  - c) To pay for college tuition
  - d) To invest in stocks and bonds
  
2. What is the key difference between a Traditional IRA and a Roth IRA?
  - a) Contributions are tax-deductible for both types of IRAs.
  - b) Roth IRAs have required minimum distributions (RMDs), while Traditional IRAs do not.
  - c) Roth IRAs have higher contribution limits than Traditional IRAs.
  - d) Roth IRAs allow you to withdraw money at any age without penalties.
  
3. What is a potential advantage of a Traditional IRA?
  - a) Tax-free withdrawals during retirement
  - b) No age limit for contributions
  - c) Tax-deductible contributions
  - d) No required minimum distributions (RMDs)
  
4. What is a potential drawback of IRAs?
  - a) High contribution limits
  - b) Penalties for early withdrawals
  - c) Flexibility in choosing investments
  - d) No tax benefits
  
5. Why is it important to consider your current and expected future tax situation when choosing between a Traditional and Roth IRA?
  - a) It determines the annual contribution limit.
  - b) It impacts the type of investments allowed in the IRA.
  - c) It affects the tax treatment of contributions and withdrawals.
  - d) It determines the age at which you can start contributing to an IRA.

