

Name _____

Unlocking the Treasure Chest of Individual Retirement Accounts (IRAs)

Short Answer Key

1. The main tax advantage of a Traditional IRA is that contributions are often tax-deductible, reducing your current taxable income.
2. Required minimum distributions (RMDs) are mandatory withdrawals from retirement accounts, and they apply to Traditional IRAs starting at age 72.
3. One potential drawback of IRAs related to early withdrawals is that you may face penalties and taxes if you withdraw money before the age of 59½, except in specific qualifying circumstances.
4. IRAs provide flexibility in retirement savings by allowing you to choose from various investment options, including stocks, bonds, and mutual funds, to tailor your portfolio to your financial goals and risk tolerance.
5. It is essential to consider your financial goals and risk tolerance when managing an IRA because these factors influence how much you contribute and how you invest your funds to achieve your retirement objectives.

