

Name _____

Unlocking the Treasure Chest of Individual Retirement Accounts (IRAs)

Open-Ended Response Answer Key

1. Answers may vary. Sample response: As a 25-year-old with a stable income, I would prioritize contributing to a Roth IRA. While I won't receive immediate tax benefits, I anticipate higher earnings and tax-free withdrawals during retirement, which align with my long-term financial goals.
2. Understanding IRA rules and regulations is crucial, especially regarding withdrawals, to avoid penalties and make informed decisions about when and how to access your retirement savings.
3. A retirement plan like an IRA is essential for securing your financial future because it allows you to save and invest for retirement, providing income and financial stability when you stop working.
4. Whether to open an IRA alongside a 401(k) depends on factors like the quality of the employer's 401(k) plan, contribution limits, and investment options. Personal factors, such as your income, financial goals, and risk tolerance, will also influence your decision.

