

Name _____

Period _____

VOCABULARY RETIREMENT Student Worksheet

PRIMARY VOCABULARY

Employer Sponsored Retirement Plans

1. 403 (b):

2. 401 (k):

Individual Retirement Plans

3. Traditional Individual Retirement Plan (IRA) :

4. SEP IRA:

5. Simple IRA:

6. Self Directed IRA:

7. Roth IRA:

Social Security Retirement Plan

8. Social Security:

SUPPLEMENTARY VOCABULARY

9. Bond:

10. Compounding Interest:

11. Fixed Interest Rate:

12. Inflation:

13. Interest:

14. Interest Rate:

15. Investing:

16. Liquidity:

17. Mutual Fund:

18. Simple Interest:

19. Tax-Deferred:

20. Fixed Interest Rate:

21. Time Value of Money:

VOCABULARY RETIREMENT Teacher Key

PRIMARY VOCABULARY

Employer Sponsored Retirement Plans

1. **403 (b):** a tax advantaged retirement savings plan available for public education, some non-profit organizations, and self employed ministers.
2. **401 (k):** a type of employer-sponsored retirement plan that allows a worker to save for retirement while deferring income taxes on the saved money and earnings until withdrawal .In some cases, employers can opt to match the employees' contribution.

Individual Retirement Plans

3. **Traditional Individual Retirement Plan (IRA) :** A tax advantaged retirement plan available to everyone in which taxes are deferred until the time of withdrawal.
4. **SEP IRA:** a provision that allows an employer (typically a small business or self-employed individual) to make retirement plan contributions into a Traditional IRA established in the employee's name, instead of to a pension fund account in the company's name
5. **Simple IRA:** a simplified employee pension plan that allows both employer and employee contributions, similar to a 401(k) plan, but with lower contribution limits and simpler administration. (Although it is termed an IRA, it is treated separately)
6. **Self Directed IRA:** a self-directed IRA that permits the account holder to make investments on behalf of the retirement plan
7. **Roth IRA:** Established in 1998 and named for its chief legislative sponsor, U.S. Senator William V. Roth Jr. of Delaware, Contributions are not tax deductible All earnings and principal are 100% tax free if rules and regulations are followed Funds can be used to purchase a variety of investments (stocks, bonds, certificates of deposits, etc.)

Social Security Retirement Plan

8. **Social Security:** The comprehensive federal program of benefits providing workers and their dependents with retirement income, disability income, and other payments. The Social security tax is used to pay for the program.

SUPPLEMENTARY VOCABULARY

9. **Bond:** Lending money to an organization as an investment
10. **Compounding Interest:** Earning interest on interest.
11. **Fixed Interest Rate:** The interest rate will not change for the lifetime of the investment.

- 12. Inflation:** Steady rise in the general level of prices. Occurs when the supply of money rises faster than the supply of goods and services available for purchase.
- 13. Interest:** Price of money.
- 14. Interest Rate:** Percentage rate paid on the money saved or invested expressed as an annual percentage rate.
- 15. Investing:** The purchase of assets with the goal of increasing future income.
- 16. Liquidity:** How easily investments can be converted to cash.
- 17. Mutual Fund:** Groups of stocks, bonds, and other investments managed by an investment firm.
- 18. Simple Interest:** Interest earned on the principal (original) investment
- 19. Tax-Deferred:** Taxes will not be paid until a person takes money out of the investment.
- 20. Fixed Interest Rate:** The amount of interest earned depends on the account balance.
- 21. Time Value of Money:** A calculations which adjust for the fact that dollars to be received or paid out in the future are not equivalent to those received or paid out today because of compounding interest.