Self-paced Course: Test Your Knowledge
Week 4 Reading Module Quiz

1. Which of the following are true?
   a. On most retirement accounts early withdrawal penalties disappear at age 57.
   b. You become eligible for Medicare at age 62.
   c. You become eligible for Social Security at age 65.
   d. You must begin withdrawing money from Social Security by age 72 to avoid heavy tax penalties in the future.

2. Suppose you start with $40,000 in your retirement fund and add $200 a month to it for 10 years at 5% interest. At the end of 10 years, it will grow by the following amount:
   a. $10,000 to $27,000
   b. $27,000 to $37,000
   c. $37,000 to $47,000
   d. Over $47,000

3. The main difference between term life insurance and cash value insurance is that cash value includes a premium for life insurance and for a tax sheltered savings plan designed to cover the cost of premiums in the future. For this reason total premiums are relatively higher for cash value policies than for term life insurance.
   True   False

4. Homeowner’s insurance is usually required by mortgage lenders.
   True   False

5. Nearly 20% of retirement income is on average spent on heath care
   True   False
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1. None are true. The correct ages are: a 59.5; b 65; c 62; d 70.
2. The correct answer is d. Over $47,000 will be added to the original $40,000. To see how this was determined, see Chart 4 on http://www.dol.gov/ebsa/Publications/nearretirement.html.
3. The answer is true.
4. True. It is a requirement of most home loans.
5. True.

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