

# RETIREMENT ISSUES FOR LAWYERS



**HARRY PHILLIPS INN OF COURT**

**JANUARY 21, 2003**

## Retirement IQ Test



Start  
▶ Quiz  
Results

1. Under current law, if you retire today the earliest age you can start taking retirement Social Security distributions is:
  - A) 65
  - B) 62
  - C) 68
  - D) 70
  
2. With a traditional tax-deductible IRA, you must begin taking distributions by what age?
  - A) 65
  - B) 68 ½
  - C) 75
  - D) 70 ½
  
3. With a Roth IRA, the latest age by which you have to take distributions is:
  - A) 70 ½
  - B) 75
  - C) 65
  - D) never
  
4. One of the differences between a Roth IRA and a traditional IRA is:
  - A) With a traditional IRA, you can deduct your IRA contribution the year you make it, and you can't with a Roth.
  - B) You can deduct your Roth contribution the year you make it, but you can't with your traditional IRA contribution.
  - C) The tax-deductible IRA contribution is a credit against your taxes, so if you put in \$2,000 you pay \$2,000 less in taxes.
  - D) There is no difference between the two.
  
5. The difference between a Roth IRA and a traditional IRA during the accumulation period, the period after you put your money in and before you take it out, is:
  - A) You get taxed on your Roth earnings every year, but not for your traditional IRA earnings.
  - B) You get taxed on the traditional IRA but not on the Roth.
  - C) With a traditional IRA, if you have a loss, you can claim it that year, which you can't do with a Roth.
  - D) You don't pay taxes on either plan.
  
6. If you are participating in an employer-sponsored plan, such as a 401(k) plan, and your spouse does not work, he or she is still eligible for a tax-deductible IRA if:

- A) Your income is not above \$40,000.
  - B) Your income is not above \$150,000.
  - C) Your spouse can't contribute to an IRA at all, because you're participating in a retirement plan.
  - D) You have not named your spouse as beneficiary of your retirement plan.
7. The maximum amount that you can put in a 401(k) plan is:
- A) Fifteen percent of your income or \$6,000, whichever is less.
  - B) Whichever is less, 25 percent of your income or \$10,000.
  - C) Your entire earned income from an employer up to \$10,000.
  - D) As much as you want.
8. If you're already participating in a retirement plan at work and you're earning extra self-employment income on the side, your retirement plan options are:
- A) You cannot set up any other plans.
  - B) You can set up a Keogh plan and contribute up to 5 percent of your income, and set up an IRA as well.
  - C) You can set up a Keogh plan and contribute up to 25 percent of your self-employment income and set up an IRA as well.
  - D) Your self-employment income gives you the right to put extra money into your employer's retirement plan.
9. The advantage of naming your spouse as beneficiary of your retirement plans is:
- A) Your spouse can defer paying income taxes on that money; other beneficiaries would have to pay income tax on that money for the year in which you died.
  - B) If you were to name your estate as beneficiary, your retirement plan proceeds have to go through probate.
  - C) Your spouse can usually get the money if she needs it, instead of waiting until the estate is settled, as long as he pays taxes on whatever she takes out.
  - D) All of the above
10. Your monthly retirement income from a defined benefit pension plan is usually based on:
- A) Your annual income over the years and the number of years you've worked at the company.
  - B) The amount of money you've put in the plan.
  - C) The amount of money your employer has put in the plan.
  - D) Whatever the company decides it can afford at the time.
11. Your monthly retirement income from a defined contribution plan is usually based on:
- A) Your annual income over the years and the number of years you have worked at the company.
  - B) The amount of money you and your employer have put in the plan.
  - C) The amount of money your employer has put in the plan.
  - D) What the U.S. government mandates at the time you retire.
12. If, when you retire, you choose an annuity instead of a lump sum payment, and you choose