

## **Mr. Kaufman – 401K/Traditional IRA/Roth IRA Test Review**

1) Study all notes from “7 per-test 15 IRAs and 401Ks” file.

### **Use for 2 – 4:**

Jack contributed \$2,325 per quarterly paycheck into his retirement account in pretax dollars during the last tax year. His taxable income for the year was \$142,000. He files taxes as a married filing separately taxpayer:

2) What would his taxable income have been had he contributed to the account in after-tax dollars?

3) Use the tax tables to calculate his tax in both the pre-tax and after-tax contribution situations

4) How much did Jack save in taxes during that year?

### **Use for 5 - 6:**

Jack's annual salary is \$63,250. His employer matches his 401k contributions at \$0.46 for each dollar up to 8 percent of his annual salary. Jack contributes \$2.88 from each daily paycheck to his 401k account.

5) What is the amount of his employer's contribution?

6) What is the combined total of his annual contribution including the employer's contribution?

**Use for 7 - 9:**

Jack contributed \$2,300 per semi-annual paycheck into his retirement account in pretax dollars during the last tax year. His taxable income for the year was \$90,000. He files taxes as a single taxpayer:

7) What would his taxable income have been had he contributed to the account in after-tax dollars?

8) Use the tax tables to calculate his tax in both the pre-tax and after-tax contribution situations

9) How much did Jack save in taxes during that year?

**Use for 10 - 11:**

Jack's annual salary is \$112,000. His employer matches his 401k contributions at 68 percent for each dollar up to 5 percent of his annual salary. Jack contributes \$82 from each biweekly paycheck to his 401k account.

10) What is the amount of his employer's contribution?

11) What is the combined total of his annual contribution including the employer's contribution?