

You don't have to be in superhero shape to have a super retirement – but you do have to plan for it! Super retirees have learned that nothing can substitute for careful planning well in advance of your retirement. Take the following Pre-Retirement Fiscal Fitness Test and measure your ability to stay on top of your finances after you retire.

True or False:

1. Financial Planning is the process by which we invest our money.
2. The difference between simple and compound interest has very little importance when saving for a future event.
3. Inflation is really just compound interest in reverse.
4. The rule of 78 is an easy way to determine how long it takes money to double.
5. The rule of 115 is an easy way to determine how long it takes money to triple.
6. Budgeting and debt control may be the MOST important elements of successful money management in retirement.
7. Your "marginal tax bracket" is the percentage of tax you pay on every taxable dollar you earn from the first to the last dollar.
8. People can have as many IRA accounts as they desire and they can move money between them as often as they like with no tax penalty or tax consequence of any kind, regardless of their age.
9. Managing your own money, rather than hiring a professional to handle your portfolio is a formula for disaster.
10. Bank trust officers have a fiduciary responsibility to you, which, in turn, should provide you with a special protection.
11. While asset allocation is an important concept, WHEN you buy securities and the QUALITY of the securities you buy are of much greater importance to your portfolio's long-term performance.
12. Rate, yield and total return are essentially the same thing.
13. The one word that best describes the difference between a Treasury Bill, a Treasury Note, and a Treasury Bond is safety.
14. You can determine if a tax-exempt return is better than a taxable return by dividing the tax-exempt yield by the "complement" of your tax bracket.
15. A load, or lack of a load, is a good indicator of whether a mutual fund will be a top performer.
16. A redemption fee is just another way to say "back-end" load.
17. A management fee is how ALL mutual funds make their money, regardless of whether they are of the load or no-load variety.
18. Value Cost Averaging, Dollar Cost Averaging, Constant Dollar Averaging, and Constant Share Averaging are essentially the same thing—long-term strategies to accumulate and protect wealth.
19. With mutual funds it's relatively easy to develop an investment strategy that guarantees you will "always" buy low and sell high.
20. A DRIP Program is a way of purchasing stocks without paying brokerage fees and occasionally with a discount.



Pre-Retirement Fiscal
Fitness Test – Results

Answers

- | | |
|-------|-------|
| 1. F | 11. T |
| 2. F | 12. F |
| 3. T | 13. T |
| 4. F | 14. T |
| 5. T | 15. F |
| 6. T | 16. T |
| 7. F | 17. T |
| 8. T | 18. T |
| 9. F | 19. T |
| 10. T | 20. T |

18-20	Captain 401(k) says you're doing fine! Some reinforcement will be helpful to solidify your confidence in your ability to go it alone.
17-19	You could use a little more education on the subject, but you have a strong base of knowledge and should be well on your way.
14-16	You should raise your awareness of basic concepts – start working to build your super retirement strength!
10-13	You need more than a little help – start building your fiscal fitness today!
Less than 10 correct	Send help – call Captain 401(k)! And hurry!

This Quiz has been provided to PSCA for use with 401(k) day by Duke Miller, Pre-retirement planning Academy and on the web at www.preretirement.com