Accounts That Build Wealth

Quiz answers (same five questions before and after)

1. **What does FDIC insurance cover?**
   B. Deposits at an insured bank, up to $250,000 per ownership category It never covers stocks, bonds, funds or crypto.
2. **SIPC protects you when:**
   B. A member brokerage firm fails and assets are missing SIPC does not protect against a decline in value.
3. **For 2026, how much can go into a Roth IRA?**
   A. Up to $7,500 or what you earned from work, whichever is less IRS Notice 2025-67 sets $7,500; you also need that much in compensation.
4. **The money you put into a Roth IRA (not the growth) can come out:**
   A. Any time, with no tax or penalty Withdrawals come from contributions first.
5. **Where does this year's tax set-aside belong?**
   B. Insured savings You need it by April, so it must not drop in value.

Worksheet answers

1. What is the FDIC limit, and name two things FDIC insurance does not cover.
   $250,000 per depositor, per insured bank, per ownership category. Not covered: stocks, bonds, mutual funds, crypto (and money in a payment app until it sits in an insured bank).
2. What does SIPC protect against, up to how much, and what does it not protect against?
   A member brokerage firm failing with customers' cash or investments missing, up to $500,000 including up to $250,000 in cash. Not market losses.
3. A player has $3,000 of NIL profit in 2026. About how much can go into a Roth IRA? Why not $3,000?
   About $2,788. The IRS counts profit minus the deductible half of self-employment tax, and the limit is the lesser of $7,500 or that amount.
4. $1,000 goes into a Roth IRA at 16 and grows at an example 7%. About what is it worth at 60?
   About $19,628.
5. Match each goal to where it usually lives: tax set-aside, emergency cushion, retirement.
   Tax set-aside: insured savings. Emergency cushion: insured savings. Retirement: a Roth IRA, invested.
6. Who opens a brokerage account for a player under 18, and when does it become the player's?
   An adult, as a custodial (UTMA or UGMA) account. It becomes the player's at the adult age the state sets.

The warm-up and Film Room answer keys are on nychonor.org/academy-teachers#module-05.

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