

NAME: _____

DATE: 03/29/16

ASSIGNMENT: Roth IRA Millionaires

DIRECTIONS: Becoming a millionaire doesn't have to cause the side effects of fake friendships, working 20-hour days, or paying exorbitant taxes. Invest in a diversified ETF via a Roth IRA each year, and you'll grow your money exponentially until you are allowed to extract the money at age 60.

First, read the article about Warren Buffett vs. the New York Hedge Fund that Mitch suggested we explore. It's on the Economics [website](#).

- 1.) Shae has \$5,000 to invest in 2016. She is thinking of two options.
- a) Open a Roth IRA, send the \$5k from her bank account to her newly created Roth IRA account, and use the funds to purchase VOO.
 - b) Give her money to John Paulson's hedge fund. John Paulson is famous for earning \$5 billion by investing in securities that earned money when the housing market collapsed in 2007.

Should Shae invest in option a) or b)? Use the following terms in your explanation: expense ratio, diversification, and S&P 500

2.) What are some of the limitations to investing in a Roth IRA? Use at least 4 of these terms: bank account, \$5500, \$116k, \$183k, 60 years of age,
