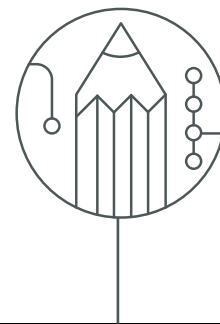


Lesson Plan: Investing

Approx. 75 minutes + 45 minutes of homework



Strategy for this lesson:

<input checked="" type="checkbox"/> Experiential Exercise	Grade Level: 9-12
<input type="checkbox"/> Problem Solving Group Work	Topic: Investing
<input type="checkbox"/> Response Group	Standard: See EverFi's Financial Literacy Standards Alignment at www.EverFi.com/Standards
<input checked="" type="checkbox"/> Skill Builder	Common Core Alignment: See below. For more information about EverFi's CCSS Alignment, visit www.EverFi.com/Standards
<input type="checkbox"/> Visual Discovery	
<input type="checkbox"/> Writing for Understanding	

Overview: This lesson will teach students the role investing plays in our economy. Students will learn how the factors of risk and return influence investment decisions. Through this lesson student will take part in several simulations providing students first hand experience as to how and why people choose to invest their savings. Students will be introduced to several investment vehicles along with their associated risk factors. Students will understand the key terms that are associated with different investment types. Students will learn how to read and evaluate a company's investment profile and explain the differences in investment vehicle options, including stocks, bonds and mutual funds.

Materials Needed	<ul style="list-style-type: none"> • Launch Activities • Number cube (dice) or dice app • EVERFI Financial Literacy "Investing Module" • Investment Portfolio Guide (attached)
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Part 1: Preview (Launch)

Lesson <i>Teacher Directed</i>	Duration: 15 minutes Students will be divided into mixed groups of three. Students will take part in a brief simulation exercise that exposes them to the benefits and risks of different investment strategies.
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Part 2: Develop Purpose (Focus/Essential Questions)

Lesson <i>Teacher Directed</i>	Through this lesson students will understand how and why do people choose to invest? Students will learn relevant investing vocabulary and how to appropriately evaluate an investment opportunity.
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Part 3: Gather Information/Reading Notes

<p>Module <i>Student Centered and Self-Pacing</i></p>	<p>Duration: 35 - 45 minutes</p> <p>Students will enter the EVERFI Financial Literacy module “Investing”. Students will complete the Investing module and earn a score of 70% or higher. In this module, students learn about stocks, bonds, mutual funds, risk and reward dynamics, rates of return, shareholders, dividends, and coupons. Students will become proficient in allocating the risk and return of stocks, bocks, mutual funds, and savings accounts to create an optimal investment portfolio. Students will read a stock quote and understand how to evaluate a company based on several key indicators. Students will become proficient in a basic understanding of how certain securities are traded.</p>
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Part 4: Production/Process

<p>Activity</p>	<p>Duration: 35 - 40 minutes + 30 minutes of homework</p> <p>Individually or in small groups, students will follow the instructions in the My Investment Portfolio activity to create an investment portfolio prospectus that demonstrates their understanding of their different investment vehicles and their risk and return potential. Students will explain the reasoning that justifies their investment decisions and choices, keeping in mind their goals and risk potential. Students will provide a color pie chart representing their chosen asset classes with risk analysis. As an extending activity students can be instructed to research specific investments to include in their portfolio.</p>
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Part 5: Closure

<p>Closing <i>Teacher Facilitated</i></p>	<p>Duration: 15 minutes</p> <p>Ask students to briefly present and explain their prospectuses with the class. Be sure to instruct students to provide justifications for their choices.</p> <p>Other Resources: Marketplaces: Investing Basics - EVERFI http://everfi.com/offerings/listing/marketplacescourse/</p> <p>Diversification and Risk- The Federal Reserve Bank of St. Louis http://www.stlouisfed.org/education_resources/assets/lesson_plans/z</p>
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Lesson Plan: Investing

How To Invest



Name _____ Date _____ Class Period _____

Directions: Students will be divided into mixed groups of three. You will need a number cube and a graphic organizer to complete this exercise. Your teacher will inform you if a calculator is necessary.

As an investor you have two options you can A) invest in a savings account and earn a guaranteed 2.5% or B) Invest in the stock market with the potential for a higher or lower rate of return.

If you choose to invest in the stock market you will roll the number cube and record the number rolled as the rate of interest for the particular year. **If you roll a 3, you will earn a negative return (-3%) in that particular year.** Calculate your return on investment for that year in the box below. Repeat the above process two more times for years 2 and 3. Track and record the results. Calculate and compare the total returns on investment for all time periods and then answer the questions below

Year 1	Initial Investment	Rate of Interest	Return principle + interest	Saver Steve invested all his money in his bank savings account as a result he earned a fairly constant rate of interest of 2.5%. Calculate Steve's year returns and then his total return after all three years to complete the chart.
SAVER STEVE	\$100	2.5%	\$102.50	
1	\$100	_____ %	\$ _____	
2	\$100	_____ %	\$ _____	
3	\$100	_____ %	\$ _____	
Year 2	Initial Investment	Rate of Interest	Return principle + interest	
SAVER STEVE	\$100	2.5%	\$ _____	
1	\$100	_____ %	\$ _____	
2	\$100	_____ %	\$ _____	
3	\$100	_____ %	\$ _____	
Year 3	Initial Investment	Rate of Interest	Return principle + interest	Where there any years in which a group member's return was less than Steve's?
SAVER STEVE	\$100	2.5%	\$ _____	
1	\$100	_____ %	\$ _____	
2	\$100	_____ %	\$ _____	
3	\$100	_____ %	\$ _____	
Return Totals	Total Initial Investments	Average Rate of Interest	Total Return principle + interest	Why did this happen? Could this have been avoided?
SAVER STEVE	\$300	2.5%	\$ _____	
1	\$300	_____ %	\$ _____	
2	\$300	_____ %	\$ _____	
3	\$300	_____ %	\$ _____	

How did the total return for each member of your group compare to Steve's total return?

Why do you think Steve choose this strategy?

Explain the pros and cons of each of the strategies and why a potential saver or investor may make that choice.

Investment Portfolio Guidelines



Name _____ Date _____ Class Period _____

Directions: In this activity you will create an investment portfolio prospectus that demonstrates your understanding of different investment vehicles and their risk and return potential. You will explain the your reasoning to justifies your investment decisions and choices keeping in mind your goals. You will provide a color pie chart representing your chosen asset classes. You will include a brief statement summarizing the risk level of that particular asset class.

(Optional) As an extending activity, research specific investments and include them in your portfolio.

1. Determine and Explain Your Target Portfolio Monetary Goal- Why do you want more money in the future? What do you plan in doing with the money? Perhaps you want to put a have a down payment for a house or car. Perhaps you want o purchase a car outright. Maybe you want money for college or retirement.
2. Determine and explain the amount of time you have to invest your money based on your goal. If you are saving money for college and plan on attending in two years you will need to invest accordingly.
3. Determine your degree of risk. Do you want a relatively safe investment or are you willing to take a riskier approach with the potential for higher gains or loses.
4. Determine Target Percentages for Each Asset Class- Based on your goals, time period and risk level determine how much or little of each types of investment you want to include (see below).
 - **CASH INVESTMENTS:** Savings accounts, Certificates of deposit (CD's), Money Market Accounts, etc.
 - **BONDS:** U.S. Government Bonds, Municipal Bonds or Special Purpose Bonds, Corporate Bonds, International Bonds, etc.
 - **MUTUAL FUNDS and INDICIES:** Money market mutual funds, Stock mutual funds, Bond mutual funds, Index funds, Exchange-traded funds (ETFs), Commodity mutual funds, etc.
 - **STOCKS:** Preferred stocks, common stocks, blue chip, penny stocks, etc.
 - **COMMODITIES:** Gold, silver, platinum, copper, pork, beef, corn, soy, etc.
 - **OTHER:** Real estate, art, other collectibles, etc.
5. Create and label a pie chart of your investment portfolio. Provide a key labeling each asset group along with its risk potential.

EXTENDING (optional)

Research specific, real-world financial assets and select the assets most likely to help you achieve your ideal investment portfolio. Provide examples of specific investments you want to purchase and include in your portfolio (for example, 20% stock in a Technology Company, perhaps 30% Blue Chip Mutual Fund, 25 % in Gold and 25% in Real Estate).