Topic: Introduction to Investing

Time Required: 60 minutes   
*(excluding* **Extended Exploration***activities)*

Learning Objectives:   
*Students will be able to…*

* Explore the basic concepts of investing, including risk and return
* Compare and contrast several kinds of investments
* Analyze the savings outcome of several investment options
* Explain the value of long-term financial planning

Supplies:

* Projector (for teacher presentation slides)
* Whiteboard or chart paper, markers
* Markers, Post-It notes (or paper and tape) for the game
* Access to the Internet **(optional)**

Preparation:

* Make copies of student handouts
* Set up projector with presentation slides
* Write one of each of the three investments (CDs, bonds, and stocks) on small pieces of paper so you have three sets, one for each student (that you will later tape to students’ foreheads)

Student Handouts:  
*(found in* **Student Guide***)*

* ***Complete the Story***
* ***Risk and Return***
* ***Money Smart Book***(template from Lesson 1)

Teacher Presentation Slides:

* ***Investing Your Money***
* ***Investing: Risk and Return***
* ***Story Problems: Investing***
* ***What Is Inflation?***

Essential Questions:

* *What is investing?*
* *Why is it important to have long-term money goals?*
* *What are the risks and returns of investing?*

Assessment Activities:

**PRE-ASSESSMENT:**

* ***Complete the Story*** handout
* ***Story Problems: Investing*** slide

**POST-ASSESSMENT:**

* ***Risk and Return*** handout
* ***Money Smart Book*** handout

Instruction Steps

Warm Up

Introducing the Concept of Investing [20 minutes]

Review what students learned about setting goals in Lesson 2 by asking them to share a few of their savings goals. Discuss the following inquiry-driving questions: *Why is* ***saving*** *money important?* (Saving allows you to have enough money to buy things in the future and to use for emergencies.) *Why is it important to have long-term money goals?* (Long-term money goals help you plan and save for the future.)

*What is* ***investing****?* (Investing is spending money with the goal that it will bring a **profit**, or more money, in the future.) *How might investing help you achieve your long-term savings goals?* (Investments can increase in value and provide income. Then I can set aside more money in savings.)

Next, students will play a game to spark their interest in investing. After you have prepared the investment papers (writing the names of three types of investment options — CDs, bonds, and   
stocks — on Post-It notes or individual pieces of paper), explain the rules of the game to students:   
you stick the Post-It note on, or tape the piece of paper to, each student’s forehead so the name of an investment is visible to everyone, except to the student wearing it. Explain that the goal of the game is to get into groups with others that have the same kind of investment on their foreheads, but without any talking or pushing. (Hint for teachers: Students can help others find their groups, even though they don’t know their own investment option words.)

Discuss the activity, starting with the question: *What was the hardest part of the activity?* (Students might say the hardest part was not being allowed to talk or seeing how fast they could get into groups.) *What do you think was the purpose of the activity?* (to work as a team, to communicate without talking, to get us thinking about investments)

Grade-Level Modifications:

Beginner: Remind students that they can help each other get into groups without talking.

Advanced: Challenge students to see how fast they can get into their groups without talking. Time them to see how long it takes.

MONEY SMART TIP!

Explain to students that, when they are investing money, they need  
to be patient. Investments often take time to grow.

Guided Exploration

Exploring Investment Options [10 minutes]

Ask students to share what they know about certificates of deposit (CDs), bonds, and stocks. Display the ***Investing Your Money*** slide to show the difference between the three investments. Provide students with the ***Complete the Story*** handout with a cloze passage about each kind of investment.

Grade-Level Modification:

Beginner: If students need help completing the handout, you may choose to keep the slide open as a reference.

Understanding Risk and Return [20 minutes]

As a refresher, ask students what they learned about risk from Lesson 4 and then ask: *How might risk be part of investing?* (Investing is risky because you could lose your money.)

Share the ***Risk and Return*** slides to illustrate the concepts of risk and return for CDs, bonds, and stocks. Then show the ***Story Problems: Investing*** slides to check for student understanding. Afterward, have students complete the ***Risk and Return*** handout that covers these concepts using real-life scenarios. Review as a class. Ask: *What are the risks and returns of investing?* (Some investments are more risky than others. The risks are that you could lose your money. But you may also make money. The money you make from an investment is called the “return.”)

Grade-Level Modifications:

Beginner: Before students solve each problem on the ***Story Problems:*** ***Investing*** slides and **Risk and Return** handout, ask them to share what they remember from the **Risk and Return** slides. For example: after reading the first question on the ***Story Problems:*** ***Investing*** slide, review what “low risk” means.

Advanced: Ask students to explain the reasoning behind their answers.

Display the ***What Is Inflation?*** slide (with a graph showing the overall rise of the average price of a gallon of milk over time), and have students answer the questions.

Wrap Up

Class Reflection [10 minutes]

Ask students: *How can investing help you reach your long-term money goals?* Have students write an entry for their ***Money Smart Books*** to summarize what investment(s) they would recommend to their parents if they had to pick one or two of the options they learned about, and why.

Extended Exploration

Note: Use the following activities to extend the lesson topic throughout the year. Activities can be completed as a class or in small groups. Duration of activities will vary.

* This visual handout can help students learn more tips for saving money at <http://kids.usa.gov/web_resources/themes/kidsgov/pdfs/Comic_Teens_FINAL.pdf>. After reviewing, students can design their own cartoon poster, using more ideas for how they can save money.
* Invite students to play The Great Piggy Bank Adventure at [http://piggybank.disney.go.com](http://piggybank.disney.go.com/) to learn more about money and to test their knowledge.
* Get students thinking about investing by asking them to set a goal. Have students write a story about an investment they made that allowed them to achieve that goal. In addition, they can write about what challenges they might have had along the way.
* Older students can take the investor quiz for kids (from the U.S. Securities and Exchange Commission) at <http://investor.gov/node/2351#.U-PQ8oBdWGN>.

Lesson Overview

Compounding students’ knowledge of **saving** and **goal setting**, this lesson builds interest by adding an introduction to **investing**. Students will begin to explore basic concepts about how goal setting is connected to investing and saving, and the concept of **risk** and **return** to help money grow over time. Students will explore the concept of saving to build wealth for the future, and will answer questions about real-life scenarios to recognize the value of long-term financial thinking.

Answer Key 43

Glossary with key vocabulary 46

Standards met by lesson 48