

NFEC INVESTING & BANKING

LEARNING TARGETS BRIEF 2024

NFEC, or the National Finance Economics Collective, is a Dallas-based nonprofit organization dedicated to teaching financial literacy to students who do not have access to such materials in their curriculum. NFEC develops its own curriculum with the goal of creating an engaging and lasting learning experience for young students, even those with no prior experience. NFEC partners with nationwide nonprofits and school districts to teach Intro to Finance (ITF), Global Economics (GE), Investing & Banking (IB), Finance Industry (FI), FinTech (FT), Application-based Simulations (ABS).

The following is a brief overview of the learning targets for the NFEC **Investing & Banking (IB)** curriculum. This course is taught by two or more NFEC volunteer instructors and is designed for children aged 7 to 16 years. This document is not intended for commercial use. Developed by Shayan Parikh.

TOPIC 1. INVESTMENT TYPES OVERVIEW

1.1 Common Investment Vehicles: Students will learn about the different types of investments such as stocks, bonds, mutual funds, ETFs, and real estate.

1.2 Purpose and Goals of Investing: Students will understand the reasons behind investing, including wealth accumulation, retirement planning, and achieving financial goals.

1.3 Investment Time Horizons: Students will explore the concept of short-term vs. long-term investments and how time horizons affect investment strategies.

1.4 Diversification: Students will learn about the importance of diversifying investments to manage risk.

TOPIC 2. RISK AND RETURN

2.1 Understanding Risk: Students will learn about different types of risks associated with investments, such as market risk, credit risk, and liquidity risk.

2.2 The Risk-Return Relationship: Students will explore how the potential for higher returns often comes with higher risk, using examples of various investment types.

2.3 Measuring Risk: Students will be introduced to tools for assessing risk, including standard deviation and beta.

2.4 Risk Management Strategies: Students will learn strategies to mitigate risk, such as diversification and asset allocation.

TOPIC 3. STOCK MARKET BASICS

3.1 What is a Stock?: Students will learn what stocks represent, including the concept of ownership in a company.

3.2 How the Stock Market Works: Students will explore how stock exchanges operate, how stock prices are determined, and the factors that influence price movements.

3.3 Stock Market Indices: Students will learn about key stock market indices, such as the S&P 500 and Dow Jones Industrial Average, and their significance.

3.4 Buying and Selling Stocks: Students will understand the basics of buying and selling stocks, including the role of brokers and the importance of timing.

TOPIC 4. BOND MARKET FUNDAMENTALS

4.1 What is a Bond?: Students will learn about bonds, including how they work as debt instruments issued by governments and corporations.

4.2 Types of Bonds: Students will explore different types of bonds, such as government bonds, corporate bonds, and municipal bonds.

4.3 Bond Valuation: Students will learn how bond prices are determined and the relationship between interest rates and bond prices.

4.4 Risks in Bond Investing: Students will understand the risks associated with bonds, including interest rate risk and credit risk.

TOPIC 5. MUTUAL FUNDS OVERVIEW

5.1 What is a Mutual Fund?: Students will learn what mutual funds are and how they pool money from many investors to purchase a diversified portfolio of securities.

5.2 Types of Mutual Funds: Students will explore different types of mutual funds, such as equity funds, bond funds, and money market funds.

5.3 Advantages of Mutual Funds: Students will learn about the benefits of investing in mutual funds, including diversification and professional management.

5.4 Fees and Expenses: Students will understand the costs associated with mutual funds, including management fees and expense ratios.

TOPIC 6. ETFs EXPLAINED

6.1 What is an ETF?: Students will learn about Exchange-Traded Funds (ETFs), including how they combine features of both stocks and mutual funds.

6.2 Types of ETFs: Students will explore different types of ETFs, such as index ETFs, sector ETFs, and commodity ETFs.

6.3 Advantages of ETFs: Students will learn about the benefits of ETFs, including low costs, tax efficiency, and flexibility in trading.

6.4 Comparing ETFs and Mutual Funds: Students will compare ETFs to mutual funds, understanding their differences in structure, management, and cost.

TOPIC 7. WEALTH MANAGEMENT BASICS

7.1 What is Wealth Management?: Students will learn about wealth management and how it involves comprehensive financial planning, investment management, and other financial services.

7.2 Components of Wealth Management: Students will explore key components, including estate planning, tax planning, and risk management.

7.3 Role of a Wealth Manager: Students will understand the role of a wealth manager in helping individuals achieve their financial goals.

7.4 Wealth Management Strategies: Students will learn about different strategies used in wealth management, such as asset allocation and portfolio diversification.

TOPIC 8. RETIREMENT PLANNING BASICS

8.1 Importance of Retirement Planning: Students will learn why planning for retirement is crucial and the financial challenges of living post-retirement.

8.2 Retirement Accounts: Students will explore different types of retirement accounts, such as 401(k)s, IRAs, and Roth IRAs.

8.3 Retirement Savings Strategies: Students will learn strategies for building retirement savings, including the benefits of starting early and contributing regularly.

8.4 Pension Plans and Social Security: Students will understand the role of pension plans and Social Security in retirement planning.

TOPIC 9. FINANCIAL ADVISORS

9.1 What is a Financial Advisor?: Students will learn about the role of a financial advisor and the services they provide.

9.2 Types of Financial Advisors: Students will explore different types of financial advisors, such as fee-only advisors, commission-based advisors, and robo-advisors.

9.3 Choosing a Financial Advisor: Students will learn how to select a financial advisor, including what to look for in terms of qualifications, experience, and fees.

9.4 Working with a Financial Advisor: Students will understand how to effectively work with a financial advisor to achieve their financial goals.

TOPIC 10. LOAN TYPES OVERVIEW

10.1 Understanding Loans: Students will learn what loans are, including the concept of borrowing money and the obligation to repay with interest.

10.2 Types of Loans: Students will explore different types of loans, such as personal loans, mortgages, auto loans, and student loans.

10.3 Loan Terms and Conditions: Students will understand the key terms and conditions of loans, including interest rates, repayment schedules, and collateral.

10.4 Risks of Borrowing: Students will learn about the risks associated with borrowing, including the potential for debt and the impact of credit scores.

TOPIC 11. SAVINGS PRODUCTS OVERVIEW

11.1 What are Savings Products?: Students will learn about different savings products, such as savings accounts, certificates of deposit (CDs), and money market accounts.

11.2 Interest and Compounding: Students will explore how interest works, including simple vs. compound interest, and how it affects savings growth.

11.3 Choosing a Savings Product: Students will learn how to select the right savings product based on their financial goals, risk tolerance, and time horizon.

11.4 Importance of Saving: Students will understand the importance of saving money for emergencies, short-term goals, and long-term financial security.

TOPIC 12. BANKING SERVICES OVERVIEW

12.1 What is a Bank?: Students will learn about the role of banks and other financial institutions in the economy.

12.2 Types of Banking Services: Students will explore various banking services, such as checking accounts, online banking, and ATMs.

12.3 How Banks Operate: Students will understand how banks generate revenue through lending and other financial services.

12.4 Choosing a Bank: Students will learn how to choose a bank based on factors like fees, interest rates, and customer service.