ngpf

Why Should I Invest?

Student Activity Packet

UNIT: INVESTING

Name:

Students will be able to:

- Define investing and distinguish it from saving and trading
- Identify reasons for investing, including outpacing inflation
- Analyze how compounding builds wealth over time
- Experience making a variety of investment decisions through an interactive simulation

NOTE: Vocabulary for this unit can be found in the NGPF Personal Finance Dictionary

INTRO

PROMPT:

Use the space below to answer the prompt.

1. **What do you think of when you hear the word *investing*? (Who does it? Why do they do it? Where does it happen? What does it involve?)**

LEARN IT

INFOGRAPHIC: A Simple Introduction to Investing

What is investing? How is it different from saving? Review this infographic to learn more and answer the questions.

1. **Identify whether each of the following statements describes saving (S) or investing (I). Circle or highlight your answers.**

a. It is meant for short-term goals	S	I
b. It involves assets like stocks and bonds	S	I
c. It harnesses compound interest and higher average returns to grow your wealth faster.	S	I
d. It involves very little risk	S	I
e. Your account balance will be impacted by the market	S	I

2. **What is the advantage of starting to invest at a young age?**

3. **Why is investing a more powerful tool to build long-term wealth than saving?**

VIDEO: Investing vs. Trading: What's the Difference?

Many people think of the stereotypical Wall Street stock trader when they think of investing. However, this image does not reflect the everyday investor. Watch this video to learn about the difference between trading and investing. Then, answer the questions.

1. **According to the video, traders and investors differ in terms of time frame, activity, and risk management. Complete the table below describing those differences.**

	Traders	**Investors**
Time Frame		
Activity		

Risk Management		

2. **The stock market fluctuates in the short-term but tends to increase in the long term, with an average projected growth of approximately 6% per year. Based on what you know about trading and investing, which approach is higher risk? Why?**

REFERENCE: Reasons to Invest

You've learned how investing differs from saving and trading. But how might investing your money help you? Review this reference to learn about the main reasons why you should invest. Then, answer the questions.

1. **What are two disadvantages of putting your money into savings accounts, compared to investing?**

2. **Which reason to invest resonates the most with you? Why?**

VIDEO: Understanding Compound Interest

In the previous resource you learned how you can build wealth through investing by using the power of compound interest. Let's take a closer look at what compound interest is and how it works in this video. Then, answer the questions.

1. **Which option resulted in having more money? Explain the role compound interest played in making this possible.**

2. **What recommendations would you give someone who wants to take advantage of compound interest but is not able to put away large sums of money on a regular basis?**

DO IT

ACTIVITY: INTERACTIVE: Invest with STAX!

So far you've learned the basics of what investing is and its benefits. Now, you'll try your hand at making a variety of investment decisions in the interactive simulation, STAX. Follow the directions on the worksheet to complete this activity.

EXIT TICKET

Follow your teacher's directions to complete the Exit Ticket.