

Learning Objectives

Students will be able to

- Understand the difference between saving and investing and when to use each strategy
- Explain how compound interest works, its benefits to savers, and how to calculate it using an online calculator
- Understand the concept of inflation and how it impacts an individual's investment decisions
- Understand the three main classes of investments and the risk and return associated with each
- Use subject-specific vocabulary to discuss investing

Key Takeaways

- Stocks, bonds, and cash savings are the most popular investments.
- When deciding how to invest, assess your risk profile and time frame.
- The higher the risk of your investment, the larger your potential return.
- Compound interest at a rate greater than inflation is the key to making your savings or investments grow over time.

Approximate Time

- Lesson length: 165 mins
- Comprehension questions: 10 mins

Alignment to Jump\$tart Employment & Income Standards

- 2d: Explain the effect of inflation on income and purchasing power

Alignment to Jump\$tart Investing Standards

- 1e: Compare consequences of delaying investment for retirement and benefits of investing early
- 2b: Identify types of investments appropriate for different objectives such as liquidity, income and growth

Alignment to Jump\$tart Financial Decision Making Standards

- 4a: Describe how inflation affects financial decisions, including the price of goods and services

Resources

	Resources	Questions	Approx Time
0	Unit Plan for Investing		
1	Lesson Guide for Teachers		
2	Student Activity Packet		
3	Discussion Prompts	Discussion Prompts Discuss these questions with your classmates or with a partner.	5 mins

		Unexpectedly, you win \$2500 in a raffle. You don't need the cash right now, so you decide to invest it. How would you invest the money?	
4	ACTIVITY • READ: 25 Investing Basics • Publisher: Next Gen Personal Finance	READ: 25 Investing Basics Follow the directions on the worksheet to complete this activity.	25 mins
5	VIDEO (2:49) • Saving, Investing, and Speculating • Publisher: Pinnacle Advisory Group	Saving, Investing, and Speculating This video explains the difference between saving, investing, and speculating. Watch the video and then answer the following: 1. Explain the relationship between risk and return. 2. Jayson just had his first child and wants to begin setting aside money for his child's college tuition. Should he save, invest, or speculate? Why? 3. Pamela and her spouse want to move out of their apartment and buy a house as soon as possible. Should they save, invest, or speculate? Why?	5 mins
6	ARTICLE • Save and Invest • Publisher: investor.gov	Save and Invest Click on the links for items 2-9 in this list and skim the text for each. Going back to the hypothetical \$2500 from the Discussion Prompt, which step would be best for you to use your money, given your current financial situation?	12 mins
7	VIDEO (1:59) • Compound Interest Explained • Publisher: Investopedia	Compound Interest Explained This video explains how compound interest can help you get ahead, whether you're saving or investing. 1. Why do you earn more money using compound interest than you would using simple interest? 2. Does compound interest have more of an impact for short-term investments or long-term investments? Why?	5 mins
8	ACTIVITY • INTERACTIVE: The Power of Compounding • Publisher: Next Gen Personal Finance	The Value of Compound Interest Follow the directions on the worksheet to complete this activity.	20 mins
9 - 10	VIDEO (2:38) • What Is Inflation? • Publisher: Pinnacle Advisory Group ARTICLE • The Impact of Inflation on Savings • Publisher: InflationData.com	What is Inflation? & The Impact of Inflation on Savings After watching the video and reading this brief bucket analogy), answer the following questions: 1. If you look at average interest rates on savings accounts today, how do they compare with inflation? 2. Explain why investing in some riskier options is necessary if you want to grow your money substantially for the future.	10 mins
11	ACTIVITY • ANALYZE: Understanding Inflation • Publisher: Next Gen Personal	Understanding Inflation Follow the directions on the worksheet to complete the activity.	20 mins

	Finance		
12	ARTICLE • Investing 101: Types of Investments • Publisher: Investopedia	Investing 101: Types of Investments Read this article on 4 different types of investment categories. Then, enter an H for “high,” an M for “medium,” or an L for “low” to describe each investment type’s ranking in each category. <i>For example: An investment carries a large possibility of making a lot of money (“High” Reward), but also a large possibility of losing that money (“High” Risk).</i>	12 mins
13	IMAGE • Growth of \$1: 1926 - 2011 • Publisher: Morningstar	Growth of \$1: 1926 - 2011 Review this line graph and answer the following questions: 1. In one sentence, describe what this graph is illustrating. 2. If you were investing \$1 in 1926, what would the most profitable investment path over time have been? Does this surprise you? Why or why not? 3. What investment barely kept up with the rate of inflation?	5 mins
14	ARTICLE • Determining Risk and the Risk Pyramid • Publisher: Investopedia	Determining Risk and the Risk Pyramid Begin reading this article at the section “Determining Your Risk Preference.” 1. In your current situation, which is a bigger concern for you -- time horizon or bankroll? Why? 2. After reading the section on the risk pyramid, how would you describe the concept of “diversifying your investments?”	11 mins
15	IMAGES • Who Invests? • Publisher: Next Gen Personal Finance	Who Invests? Review these three data illustrations and then answer the questions below: 1. How do resources A and B combine to tell a story about stock market investing in recent years? 2. Based on the self-reported data in resource B (from Pew Research), what personal finance category do you think most Americans are focused on-- checking, saving, budgeting, investing, employment, or something else? 3. Based on the data chart in resource C, what demographic(s) would you identify with? How likely are people in your demographic to invest? Do you think you’ll act similarly?	8 mins
16	ARTICLE • How to Invest in Your 20’s: Financial Advisors Share Their Best Tips • Publisher: Forbes	How to Invest in Your 20’s: Financial Advisors Share Their Best Tips After viewing the demographic data on who invests, read this article that provides several tips on how young people can invest. Keep in mind that even though the article focuses on people in their twenties, many of the tips can still apply to people who are younger. When you’re done reading, answer the questions. 1. Which tips do you think can help you the most right now as a high school student? Why? 2. Are there any specific pieces of advice that you don’t	10 mins

		agree with? Explain your reasoning. 3. Do you have any concerns of how you may be able to implement some of the advice the article provides? If so, what are they and why do they concern you? What are some possible solutions to these concerns?	
17	INTERACTIVE • Quizlet Cashcabulary Investing • Publisher: Quizlet/Next Gen Personal Finance	Quizlet Cashcabulary Investing Here is a glossary of key terms that you will need to know to manage your investments. Study the list, then play the Scatter Game four times and track your fastest time. Getting familiar with these terms will come in handy for later lessons. Good luck!	12 mins
18	Key Takeaways		5 mins
CQ	COMPREHENSION QUESTIONS (10) • Investment Basics Questions • Publisher: Next Gen Personal Finance		10 mins

Fast Facts and Quotes

- "Compound interest is the eighth wonder of the world. He who understands it, earns it. He who doesn't, pays it." - Albert Einstein
- In 2001, if you'd invested \$400 in Apple stock instead of purchasing the original iPod for the same price, you'd currently have over \$32,000 of stock (Oct, 2014).
- In August 2014, a single share of Warren Buffet's Berkshire Hathaway Class A stock topped \$200,000 for the first time. It is, by far, the highest priced stock trading in the US (Wall Street Journal, 2014).
- In a Bankrate survey, the following people reported having **NO** money set aside for retirement: age 18-29 (69%), age 30-49 (33%), age 50-64 (26%), and 65 or older (14%) (CBS, 2014).
- Since 1980, 40% of stocks fell at least 70%. That's considered "catastrophic loss," and many never recovered (Investopedia, 2017)



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ACTIVITY

- [MATH: Rule\(72\)](#)
- Publisher: NGPF
- [MATH: Exponential Growth in Investments](#)
- Publisher: NGPF

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ARTICLES

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FAST FACTS...

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