Name:	Date:

INTRO

TALK WITH A PARTNER

1. List a company you would want to invest in.

   Write your explanation in the box below. Then, discuss your reasoning with a partner.

2. List a company you would NOT want to invest in.

   Write your explanation in the box below. Then, discuss your reasoning with a partner.

LEARN IT

ARTICLE: Stock and Bonds 101

If you choose to invest you can invest in several different opportunities, but the most well known vehicles are stocks and bonds! Learn more about stocks and bonds in the article below. Then, answer the questions that follow.

Stock and Bonds 101

What are stocks?

1. **Stocks represent partial ownership in a company.** Stocks are also known as equities or shares. After you purchase stock in a company you become a shareholder. If the company is profitable and successful, the stock price usually goes up. On the other hand, if the company is struggling, the stock price usually goes down.
2. **Investing in stocks can be a powerful way to increase your wealth and save for the future.** However, because stock prices also fall, you can lose money just as quickly as you earned it. You earn money in the form of dividends which are payments in cash or stock made by the company to its shareholders. You can also make money by selling the shares at a higher price than you bought it. In addition, you get voting rights! Shareholders get one vote for each share of stock they own. They can use those votes to vote on important company issues.

What are bonds?

3. **Bonds are like IOU's.** A government or a business will ask to borrow a certain amount of money for a certain period of time. If you agree to the terms, you collect the money you invested plus interest once the time period is over.
4. **Bonds are less risky than stocks.** Bonds are given grades based on their credit quality. For the most part, the higher the rating, the safer it is, but also the lower the interest. Ratings range from 'AAA' for high-grade bonds very likely to be repaid to 'D' for ones that are currently in default.

To recap, stocks give you ownership while bonds are loans you provide. When you buy stock in a company you benefit from potential growth of the company, but when you buy bonds you benefit from the interest paid on the loan.

Source 1
Source 2

1. Identify whether the characteristic describes a STOCK or a BOND. Fill in the column on the right with your answer.

Characteristic	Stock or Bond?
Higher risk	
You lend money to a company/org	
Lower risk	
You own a piece of the company	

2. List one way you can earn money by investing in stocks. List one way you can earn

money by investing in bonds.

1. You have $100 to invest. Would you invest it in stocks, bonds, or both? Explain.

VIDEO: [Stocks vs. Bonds: Which Should You Invest In?]

Now that you know more about stocks and bonds let's learn more about how much of each you should invest in! Watch the video. Then, answer the questions.

1. Explain why you can invest more in stocks the younger you are.

2. The video provided two different recommendations for how to determine how to split your money between stocks and bonds. Aunt Elena is 42 years old. Based on the video's recommendations how much should she invest in stocks? How much should she invest in bonds?

DO IT

COMPARE: Investment Portfolio Risks

People take risks in their investments based on their individual circumstances. Let's practice comparing what level of risk different people should take. Review the information below and complete the questions that follow.

DIFFERENT LEVELS OF RISK

- Conservative - Cautious or first-time investor or will need the money in 5 years or less
- Moderate - Willing and able to accept a moderate level of risk and return
- Aggressive - someone who can tolerate higher degrees of fluctuation in the value of their investments or someone who won't need the money from their investments for 15 years or more

INVESTOR #1	
INVESTOR PROFILE	**INVESTOR RISK LEVEL**
Zhang is 24 years old. He is in tech and wants to retire early. He makes $100,000 a year and has a lot of extra income every month. Should he be a conservative, moderate, or aggressive investor?	❏ Conservative ❏ Moderate ❏ Aggressive
ANSWER THIS: How much do you think Zhang should invest in stocks? In bonds? Explain your answer.	

INVESTOR #2	
INVESTOR PROFILE	**RISK LEVEL**
Kim is 49 years old. She recently inherited some money and wants to invest it. She plans on retiring in the next ten years or so. Should she be a conservative, moderate, or aggressive investor?	❏ Conservative ❏ Moderate ❏ Aggressive
ANSWER THIS: How much do you think Kim should invest in stocks? In bonds? Explain	

your answer.

INVESTOR #3	
INVESTOR PROFILE	**RISK LEVEL**
Pranoo is 32 years old. She's had a steady job for 10 years and wants to change her investing portfolio, so she has more money when she retires at age 65. Should she be a conservative, moderate, or aggressive investor?	❏ Conservative ❏ Moderate ❏ Aggressive
ANSWER THIS: How much do you think Pranoo should invest in stocks? In bonds? Explain your answer.	

INVESTOR #4	
INVESTOR PROFILE	**RISK LEVEL**
Jesus is a healthy 70 years old. He recently learned about investing and wants to start as soon as possible. Should he be a conservative, moderate, or aggressive investor?	❏ Conservative ❏ Moderate ❏ Aggressive
ANSWER THIS: How much do you think Jesus should invest in stocks? In bonds? Explain your answer.	

REFLECTION QUESTION: What main factors did you think about when deciding which level of risk was right for a person?

EXIT TICKET

1. Amanda wants to invest all of her money in bonds. What should she know before doing this?

2. Explain why stocks are riskier than bonds.