



MONEY SMART 2.0 LESSON GUIDE

for Grades 6-8



The National Theatre for Children

NTC Financial Literacy
K-12 Curriculum

LESSON 8 *Money Doesn't Grow on Trees*

LESSON OVERVIEW

This lesson will explore the concepts of **interest** and **investments** helping learners make initial discoveries about how their money can grow over time.

TOPIC: Investing Options

CLASS TIME: 65 minutes (excluding Expanded Information to Share activities)

LEARNING OBJECTIVES:

Students will be able to:

- Understand investment growth, losses, reward and risk by developing and tracking a stock portfolio
- Demonstrate a general understanding of investment vehicles, like bonds, stocks and mutual funds
- Create investment tips for an adult audience

SUPPLIES:

- Projector (for teacher presentation slides)
- Loose-leaf paper for Investing Tips Letter
- Access to the internet (optional)

PROCEDURE:

- Make copies of student handouts and group handouts
- Set up projector with presentation slides
- Set up individual or group computers with access to the internet (optional)

STUDENT HANDOUTS:

- Stock Market Tracking
- Stock Market Week 1
- Stock Market Week 2

TEACHER PRESENTATION SLIDES:

- Investment Vehicles
- Case Study: Three Stocks

CRITICAL THINKING QUESTIONS:

- *What are the benefits to investing money?*
- *Is investing money worthwhile?*
- *What investing strategies will create a positive rate of return?*

ASSESSMENT ACTIVITIES:

PRE-ASSESSMENT:

- Investing in a Friend activity

POST-ASSESSMENT:

- Stock Market Tracking activity
- Investing Tips Letter activity

ANSWER KEY

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INSTRUCTION STEPS

WARM UP

INVESTING IN A FRIEND [10 MINUTES]

The lesson begins with students considering a concrete and age-appropriate example of investing. Ask students to consider the following scenario:

- A friend comes to you asking to invest \$50 to start a business (for example: lemonade stand, lawn care service, DJ service). When you invest money, you “commit money to an endeavor with the expectation (but not guarantee) of additional profit.”
- *What are the benefits of helping your friend? What are the drawbacks? According to the definition, investing means that there is an “expectation of additional profit,” so how might you make additional profit if you invested \$50 in your friend’s business?*



MONEY SMART TIP

The U.S. Securities and Exchange Commission (SEC) has provided a number of resources about investing. Review their helpful website for more information on financial plans, risk tolerance and investment vehicles.

www.investor.gov/introduction-investing/investing-basics/invest-your-goals

GUIDED EXPLORATION

INVESTMENT VOCABULARY AND VEHICLES [20 MINUTES]

As a whole group, discuss investment options and how investments are made. First, explain the general concepts and vocabulary of investing.

- **Investing** is the process of “committing money to an endeavor with the expectation (but not guarantee) of additional profit.”
- In this lesson, we’ll be narrowing our definition of **investing** to “purchasing securities such as stocks, bonds and mutual funds with the goal of increasing wealth over time, but with the risk of loss.”
- Discuss an example of a low-risk investment a young person might make, and the possible reward of that investment. For example: If an 18-year-old invests \$5 a week at an 8% interest rate, the money will grow to \$136,138 by the age of 65.
- Define **risk** as “a measure of the likelihood of loss or the uncertainty of an investment’s rate of return.” Explain that investors have to consider whether they are financially comfortable with the risk that they might take when they invest. Additionally, different investment vehicles come with different levels of risk.

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INSTRUCTION STEPS

INVESTMENT VOCABULARY AND VEHICLES (Continued)

Next, display the **Investment Vehicles** slide and explain each. Investment vehicles are the methods that a person (or business) can use to invest money.

- A **stock** is an investment that represents shares of ownership of the assets and earnings of a company. It is an investment made in a business. When you buy a stock, you become a partial owner of the company (like a fast-food company or a computer company) and you may get a say in certain decisions about how the company is run. The value of your investment goes up and down. Buying shares of stock in a company is a way to grow money quickly, or lose it quickly. There is no guarantee that your money is safe. If the company does really well, your stock in the company will increase and be worth more, but if the company does poorly or goes out of business, your stock will decrease and you could lose some or all of your investment. Therefore, stocks have more risk than savings bonds.
- A **mutual fund** is an investment tool that pools the money of many shareholders and invests it in a large number of securities, such as stocks, bonds and money market assets. When you invest in a mutual fund, you purchase a small piece of several stocks. For example, you may own a small piece of a sportswear company, a small piece of a technology company and a small piece of a furniture company. Stock mutual funds are considered less risky than individual stocks because of the concept of **diversification**. Diversification is a strategy for reducing some types of risk by selecting a wide variety of investments. With stocks, it means spreading your money out to several different company stocks so that, if one company does poorly, you won't lose too much money.

Grade Level Modifications:

Beginner: Build background knowledge by watching *What's Up with the Stock Market?* (found in Additional Readings/Resources.) Students will learn about the basics of the stock market, including vocabulary.

Check for understanding of the investment vehicles and associated vocabulary.

- *Which investment vehicles are you most interested in? Why?*
- *Which investment vehicles might a financially successful adult most be interested in? Why?*
- *Why is diversification important?*

Encourage students to use vocabulary terms as they explain their answers.

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INSTRUCTION STEPS

INDIVIDUAL EXPLORATION

INVESTING IN STOCK SIMULATION [25 MINUTES]

Distribute the **Stock Market Tracking** handout and display the **Case Study: Three Stocks** slide. Explain to students that they will each be allowed to invest some money in a stock.

Grade Level Modifications:

Beginner: Provide a set amount of money for investment for students, say \$1,000. This provides students with a round number to more easily work their math.

Advanced: Allow students to set their own amounts of money for investment. For example: Some students may decide to invest just \$100, while others may choose to invest \$5,000. This should provide rich conversation about how the principal affects the return on investment.

Allow students time to study the **Case Study: Three Stocks** slide before selecting a company to purchase stock in. (Note: If students are doing real-time, online stock tracking, they should research their stocks and share prices online.) Ask students to fill out the company, stock symbol and purchase information on their **Stock Market Tracking** handout after they have selected their company.

Optional check for understanding questions:

- *Why did you choose your company?*
- *Why did you choose to invest that amount of money?*

Demonstrate how to track stock information by reviewing the example on the **Stock Market Tracking** handout and distributing copies of the **Stock Market Week 1** handout. To use the **Stock Market Tracker**, students should:

1. Identify the stock symbol.
2. Locate the stock symbol on the **Stock Market Week 1** report.
3. Identify the stock's closing price for each day of the week.
4. Calculate the percentage change from one day to the next. (Demonstrate this using the model on the **Stock Market Tracker**. The basic formula is: $(\text{Price Sold} - \text{Purchase Price}) / (\text{Purchase Price})$. For example: $(105 - 100) / (100) = .05$. Then, multiply by 100 to calculate the percentage: 5% change.

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INSTRUCTION STEPS

INVESTING IN STOCK SIMULATION (Continued)

Allow students to use the **Stock Market Week 1** handout to track their stock on the **Stock Market Tracker**.

Optional check for understanding questions:

- *How is your stock doing after one week?*
- *Why do you think the stock prices change in the way that they do?*
- *How do you feel about the financial rewards and/or risk you've taken by purchasing stock?*



MONEY SMART TIP

There is often a lot of volatility and risk associated with investing in stocks. The volatility index (VIX) values greater than 30 are usually associated with higher volatility because of investor fear or uncertainty, while values lower than 20 are associated with less investor fear and uncertainty. Learn more about the VIX tracked by the Chicago Board Options Exchange.

www.investopedia.com/terms/v/vix.asp

Distribute copies of the **Stock Market Week 2** handout. Have students use their handouts to track their stock. Then, point out the business news that is on the **Stock Market Week 2** handout. Discuss:

- *How did your stock do after two weeks?*
- *How might business news influence shareholders or potential investors?*

Finally, prompt students to finish the worksheet by tracking the stock's overall changes. Then, wrap up with one or two questions about investing in stocks:

- *Which stocks had the biggest percentage change? What does that mean for investors?*
- *What impact did the amount of money you invested originally have on your gains or losses? Would you make the same decision about the money you invest in the future?*
- *Do you think that you would invest in stock in the future? Why or why not?*
- *What tips would you give someone who is thinking about investing?*

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INSTRUCTION STEPS

WRAP UP

INVESTING TIPS LETTER [10 MINUTES]

Ask students to take out a sheet of loose-leaf paper, on which they will write a letter to a family member or guardian. In their letter, students should provide their family member or guardian with some tips on investing. Some helpful questions are: *What goals might investors have? Why are investor goals important? Why is it a good idea to invest? What risks do you take when you invest money? What are low-risk investment vehicles and what are high-risk investment vehicles? Why?*

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EXPANDED INFORMATION TO SHARE

NOTE: Use the following ideas to extend financial literacy concepts throughout the school year within core content areas through English Language Arts, Math, Social Studies and Economics, and Technology activities, projects and discussions. Duration of activities will vary.

ENGLISH/LANGUAGE ARTS

- **Writing Prompts**

- Is it worth the risk to invest? Explain your stance.
- In your opinion, what's the best investment vehicle? Why? Write a convincing argument to support your answer.

- **Additional Readings/Resources**

- *What's Up With the Stock Market?* by BizKids: A video overview of how the stock market works, including important vocabulary. (Time of video: 4:07 minutes)
www.youtube.com/watch?v=osvQsd6Opac

MATH

- **Activity/Project Ideas**

- Track a stock long-term. Use the **Stock Market Tracker** and www.marketwatch.com/tools/quotes/historical.asp to observe the changes in stock prices over several months.

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EXPANDED INFORMATION TO SHARE

SOCIAL STUDIES AND ECONOMICS

- **Activity/Project Ideas**

- Investigate the history of the Stock Market Crash of 1929. Compare and contrast the stock market of 1929 with the stock market of today to determine whether or not a major stock market crash could happen again. www.history.com/topics/1929-stock-market-crash
- Investigate the history of the financial crisis of 2008. Explore the causes of the crisis. www.history.com/news/2008-financial-crisis-causes

TECHNOLOGY

- **Online Games/Tools**

- **Investment Calculators** by the U.S. Securities and Exchange Commission: Several useful tools for calculating investment information. www.investor.gov/tools/calculators#.VDrmbtTF-Hs
- **The Stock Market Game** by the Securities Industry and Financial Markets Association: An online stock market tracking game for students. www.stockmarketgame.org

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ANSWER KEY FOR STUDENT HANDOUTS

Answers will vary.

Stock Market Tracking

Name: _____

Company: _____ Stock Symbol: _____

Purchase Price: _____ # of Shares Purchased: _____ Total Cost: _____

TRACKING EXAMPLE:

Purchase Price: \$101.25

Date	Day	Close Price	% Change
3/07/2022	Monday	\$101.25	0%
	Tuesday	\$101.13	-0.12%

TRACKING WEEK 1:

Date	Day	Close Price	% Change
	Monday		
	Tuesday		
	Wednesday		
	Thursday		
	Friday		

After Week 1, if you were to sell your shares, would you make money or lose money?
Use the space below to calculate and explain your answer.

TRACKING WEEK 2:

Date	Day	Close Price	% Change
	Monday		
	Tuesday		
	Wednesday		
	Thursday		
	Friday		

After Week 2, if you were to sell your shares, would you make money or lose money?
Use the space below to calculate and explain your answer.

Stock Market Tracking: Week 1

MONDAY YUM 113.10	TGT 215.94	DIS 141.01
TUESDAY YUM 113.13 ▲	TGT 216.02 ▲	DIS 141.03 ▲
WEDNESDAY YUM 113.16 ▲	TGT 216.05 ▲	DIS 141.04 ▲
THURSDAY YUM 113.15 ▼	TGT 216.13 ▲	DIS 141.05 ▲
FRIDAY YUM 113.18 ▲	TGT 216.04 ▼	DIS 141.05

Stock Market Tracking: Week 2

MONDAY YUM 113.21 ▲	TGT 216.00 ▼	DIS 141.04 ▼
TUESDAY YUM 113.23 ▲	TGT 216.02 ▲	DIS 141.06 ▲
WEDNESDAY YUM 113.22 ▼	TGT 216.01 ▼	DIS 141.07 ▲
THURSDAY YUM 113.23 ▲	TGT 215.98 ▼	DIS 141.08 ▲
FRIDAY YUM 113.26 ▲	TGT 215.94 ▼	DIS 141.10 ▲