Middle School Investments

Financial Literacy Symposium

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Session Overview

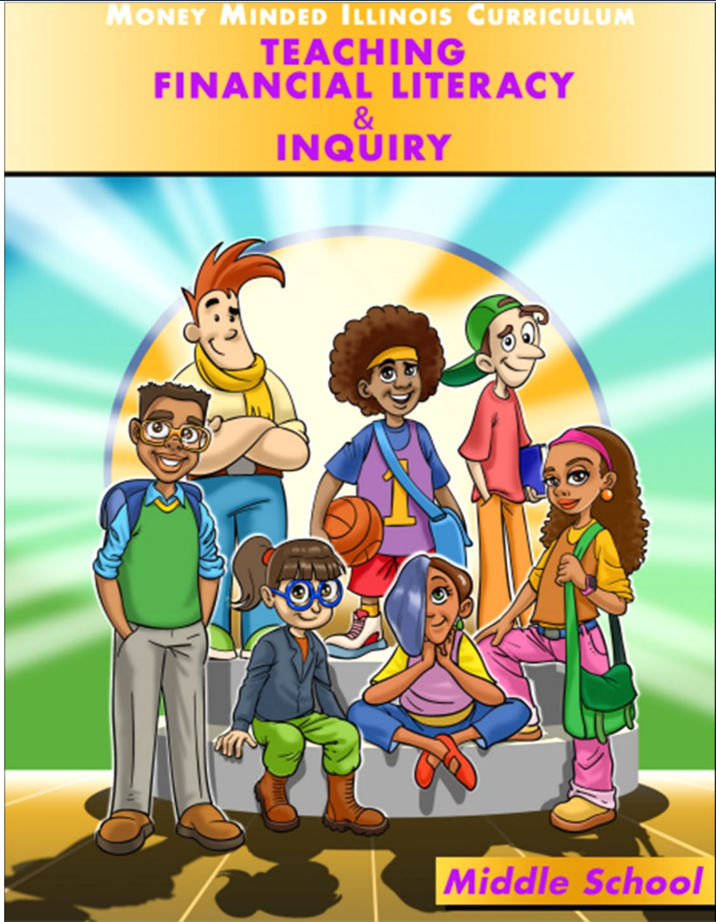
1. Curriculum Overview
2. Investments Mini-Lesson
3. Investments Asset Allocation Game

Made By Teachers For Teachers

- Free curriculum available for grades 1-8
  - Middle School book for 6-8
- Age-appropriate content by grade level
- Fully accessible online or in printed format
- Estimate 1 quarter to complete entire book

Built for ISBE Standards

- Meets all financial literacy standards
- Meets 11 out of 16 inquiry standards
- Meets 3 out 9 economics standards



Organized for Inquiry & Standards

Grades 6-8, Lesson 1	
Compelling Question: How has our interaction with money changed over time?	
IL Financial Literacy Standard	**SS.EC.FL.2.6-8.LC:** Explain the roles and relationships between savers, borrowers, interest, time, and the purposes for saving
IL Econ Standard	**SS.EC.2.6-8.MC:** Explain how changes in supply and demand cause changes in prices and quantities of goods and services, labor, credit, and foreign currencies
Inquiry Standard	**SS.IS.5.6-8.MdC:** Identify evidence from multiple sources to support claims, noting its limitations. **SS.IS.5.6-8.MC:** Develop claims and counterclaims while pointing out the strengths and limitations of both.
Student Outcomes	Students will be able to explain the roles of money and banks in a market economy.

Inquiry Based Learning

ASK

- Each lesson starts with a compelling question
- 3 supporting questions, in increasing difficulty

INVESTIGATE

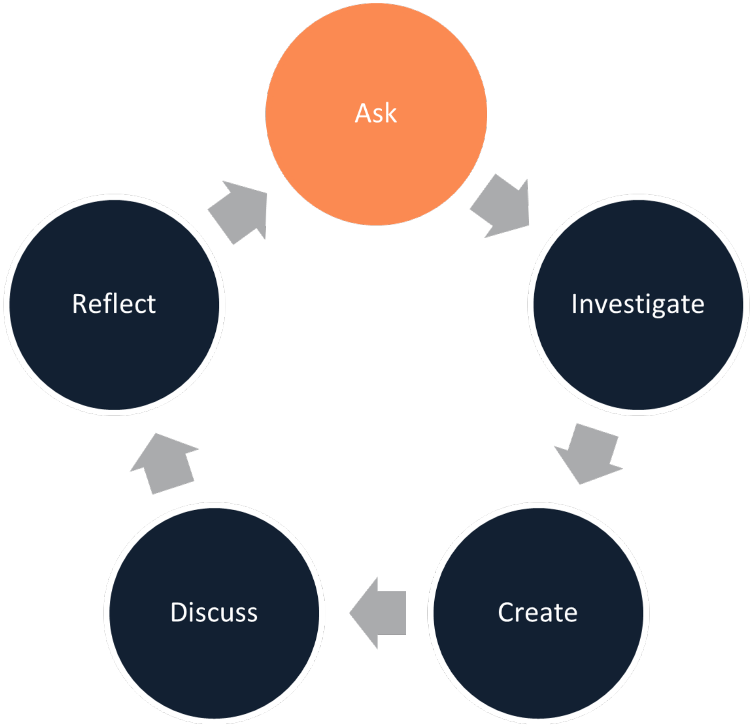
- Featured resources included
- Encourages students to do their own research

CREATE/DISCUSS

- Activities

REFLECT

- Summative performance



Organized for Inquiry & Standards

Ask

Compelling Question: How has our interaction with money changed over time?

Supporting Question #1: What is inflation?

Key Understandings: Students will learn that over time, the price of goods increases.

Featured Resources (Investigate): Fiction: Courtney's First Job, Two Date Charts: Annual Average Ticket Prices & History of Minimum Wage, & a Reading for Information Piece: Rising Costs

Formative Assessment Task (Create/Discuss): Comparing Movie and Ticket Prices Activity

Supporting Question #2: How does inflation affect workers?

Key Understandings: As inflation increases, it has effects on a household when it comes to what they can buy and save.

Featured Resources (Investigate): Reading for Information: Minimum Wage Article & Data Chart: Illinois Minimum Wage Rates, Minimum Wage Poster Activity

Formative Assessment Task (Create/Discuss): Comparing Prices Activity

Supporting Question #3: Has technology changed banking?

Key Understandings: Banks are institutions that act as intermediaries between savers and borrowers, and the internet has changed how they function.

Featured Resources (Investigate): 2 Reading for Information pieces: What Do Banks Do? and Things to think about with Online Safety, Staying Safe Online Investigation

Formative Assessment Task (Create/Discuss): How Banks Work Activity

Dynamic Subjects & Assessments

- Financial literacy
- Inquiry
- Economics
- Reading
- Writing
- Math/calculations
- Critical thinking/comparison
- Decision-making
- Group projects
- Interviewing
- Research/investigation
- Interpreting & drawing graphs/tables
- Creative application
- Practical application
- Present/debate
- Vocabulary
- Games

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Covers Key Financial Literacy Topics

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INVESTED IN you

Topics & Content

- Jobs/career
- Human capital
- Wages
- Price comparison
- Budgeting
- Needs vs wants
- Decision-making
- Interest/rates/compounding
- Credit/credit cards/borrowing
- Credit scores/credit reports
- Debt management
- Banks/banking system
- Inflation
- The Fed
- Taxes
- Companies/shareholders
- Investments
- Risk
- Insurance
- Identity protection/online safety
- 529 college savings accounts
- Retirement accounts

Poll Questions

1. What is your comfort level with **investments knowledge**?
2. What is your comfort level with **teaching investments**?

1 2 3 4 5

Lesson 3 Content

Lesson 3 Topics

- Interest Rates
- Compound Interest
- Investments
- Stock Market
- Managing Risk

Key Understandings

1. Students will understand what interest is and the impact rates have

2. Students will gain an understanding of the stock market and how it works

3. Students will learn about risk and how it factors into investing

Key Activities – Investments

1. Stocks Around the World Investigation
2. Publicly Traded Companies Investigation
3. Shareholder Voting Activity
4. Illinois State Treasurer & Sustainable Investing
5. Dividends Activity
6. Risks and Rewards of Investing Your Money

Stocks

Bonds

Money Market Funds

Securities

Mutual Fund

Capital Gains

Dividend

Common Stock

Preferred Stock

Bear Market

Bull Market

Assets

Investment Foundations

Stocks

Represent ownership of a company

- Bought and sold on stock exchanges
- Tend to be more volatile and subject to price fluctuations
- Riskier than bonds; potential for higher returns
- Aka equities

Bonds

Represent a loan from the issuer of the bond to you; like an IOU

- Issued by companies or governments
- Pays a specific amount over a set time and does not fluctuate
- Provides interest income; may not keep up with inflation
- Aka fixed income

Stock & Bond Examples

You buy $1,000 in stocks from Company A

- Stock price goes down – if you need to sell at current price, you would lose the difference in price from when you bought it
- Stock price goes up – if you need to sell at current price, you would earn the difference in price from when you bought it

You buy $1,000 in bonds from the City Infrastructure Plan

- You receive interest payments at regular intervals based on stated rates
- At the maturity date, you receive your initial $1,000 and any remaining interest owed, unless they default on payment.

Investment Foundations

Portfolio

Simply your collection of stocks and bonds

- Aggressive
- Moderate
- Conservative

Diversification

Ensuring your portfolio is made up of different types of stocks and bonds across a variety of markets

- Avoids putting all your eggs in one basket

Risk Tolerance

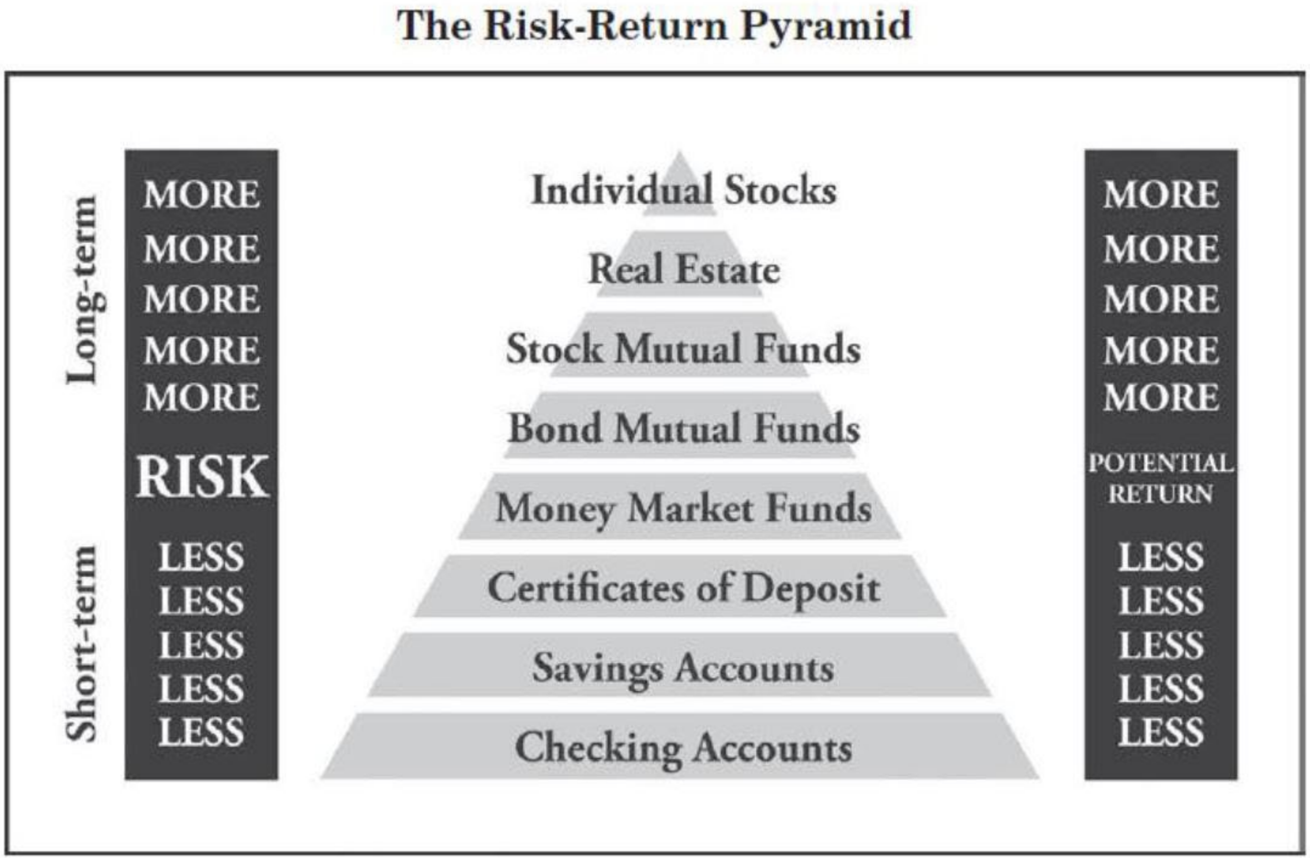
Degree of risk that an investor is willing to endure given the volatility in the value of an investment

- Higher risk, typically opportunity for higher returns

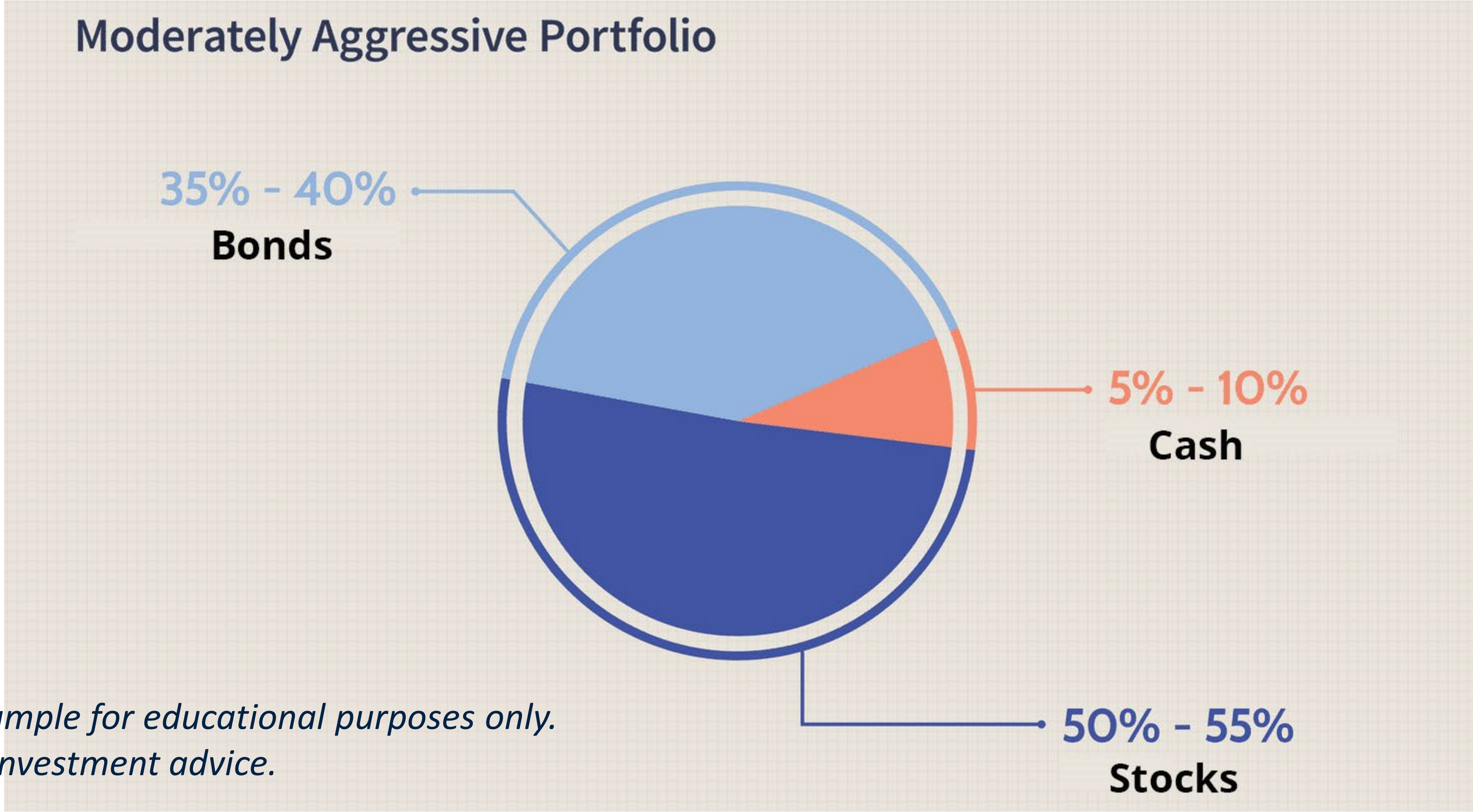
Risk-Return Pyramid

Higher on the pyramid = the longer your money is tied up

Bottom of the pyramid = easier access to your money



Portfolio Example



** Example for educational purposes only.*
Not investment advice.

What Type of Investor Are You?

Balance your risk tolerance against your time horizon

How comfortable are you with risk?
When do you need to access your investment?
Typically, less risky as you get closer to your goal date.

Risk Tolerance | **Time Horizon**

Target Date Funds – Periodically rebalance asset class weights to optimize risk and returns for a predetermined time frame

- Designed to build gains in the early years by focusing on riskier growth stocks, then they aim to retain those gains by weighting towards safer, more conservative choices as the target date approaches

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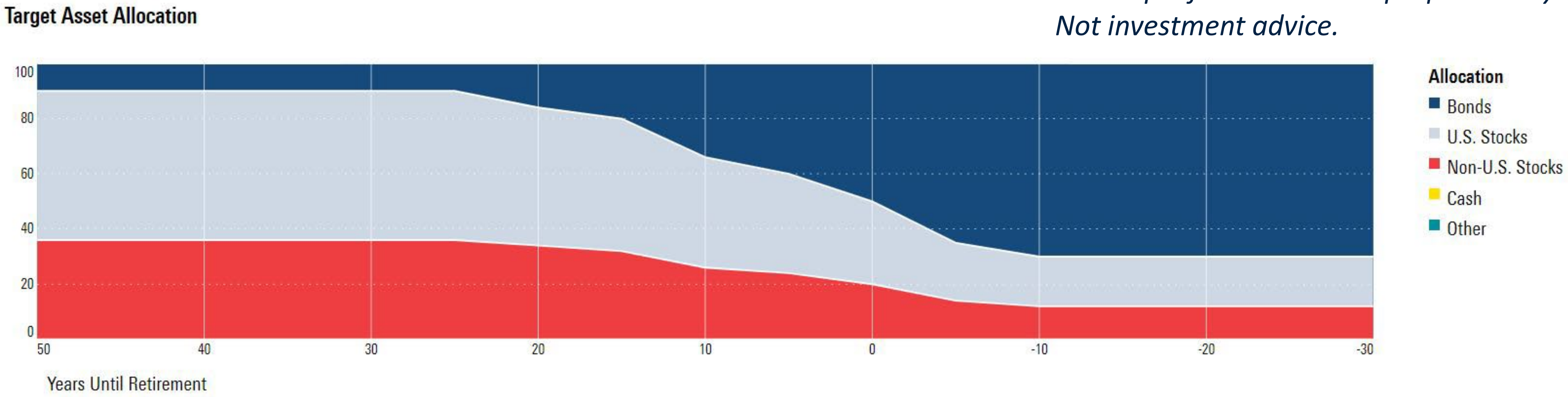


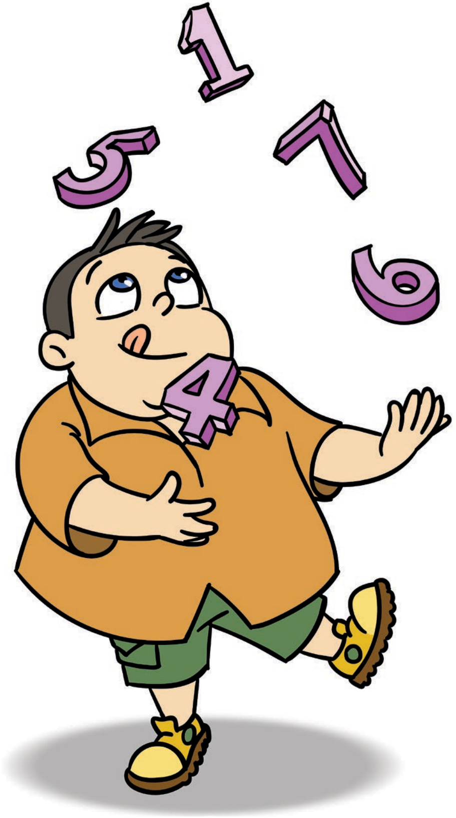
$60,000 to Invest

Group Goals

- Investment plan:
  - **How long** will you be investing to reach goal?
- Level of **risk tolerance**

Asset Classes to Allocate

- **Stocks** = Riskiest asset category
- **Bonds** = Mid-level risk
- **Cash** = Least risky asset category
  - Savings accounts, CDs, etc.



Asset Allocation Game

What is your team's investment plan? ______________________________

What is your team's level of risk tolerance? ______________________________

Your team has $60,000 for your investments. Divide up your money into the categories below. Be prepared to defend your choices in discussion.

Dollar Amounts	Percentages
Stocks ____________________	______________
Bonds ____________________	______________
Cash ____________________	______________

Asset Allocation Game

Game Rules

- Your teacher will give each group two dice and a penny.
- There is a total of 10 rounds.
- Each round, you roll one die to indicate what asset category will be affected.
- Roll the second die to see how much money is involved. Multiply the number by $1,000. Ex. if you roll a 5, it will be $5,000.
- Flip the coin to determine if you lost or gained that amount of money.
- Write down the new asset allocations.
- At the end of 10 rounds, as a group, you will analyze your results. Be prepared to discuss in class.

Round	Stocks	Bonds	Cash	% Stocks	% Bonds	% Cash
Sample	*$30,000*	*$20,000*	*$10,000*	*50.0%*	*33.3%*	*16.7%*
Round 1	*$30,000*	*$16,000*	*$10,000*	*53.6%*	*28.6%*	*17.8%*
Our Allocation						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Questions

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INVESTED IN you

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