CAREER PREPAREDNESS

Unit	**Saving and Investing**	**Time on Task: 6 Hours/360 Minutes**

Course Content Standard(s)	17. Distinguish differences between the purpose of saving and the objectives associated with investing. a) Explain how using the Principles of Compound Interest and the Rule of 72 in investing builds wealth to meet financial goals. b) Evaluate various ways to buy and sell investments, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, certificates of deposit (CDs), real estate, and commodities.

College and Career Readiness Standards

(Teachers should select the appropriate grade span standard(s) as it pertains to reading and writing.)

Reading Standards for Literacy in Science and Technical Subjects 6-12 <u>or</u> Reading Standards for Literacy in History/Social Studies 6-12	**Writing Standards for Literacy in History/Social Studies, Science, and Technical Subjects 6-12**	**Standards for Mathematical Practice**
5, 7	7, 8	1, 5

Learning Objective(s)	Students will: 1) Describe purposes of saving. 2) Describe objectives associated with investing. 3) Explain how using the Principle of Compound Interest builds wealth. 4) Demonstrate how the Rule of 72 builds wealth. 5) Set SMART financial goals. 6) Evaluate mutual funds as a wise investment. 7) Evaluate exchange-traded funds (ETFs) used to invest funds. 8) Evaluate stocks as an investment option. 9) Evaluate bonds as an investment option. 10) Evaluate certificates of deposit (CDs) as an investment option. 11) Evaluate real estate as an investment option. 12) Evaluate commodities as an investment option.

21st Century Competencies	☒ Critical Thinking ☒ Communication ☒ Collaboration ☒ Creativity Source: Partnership for 21st Century Skills (www.p21.org/)

Essential Question(s)	Why is it important to begin saving now? How can you determine how long it will take to double your money at a certain interest rate? What strategies should you use to save and invest your money? How do you determine the most appropriate investment tools?

Content Knowledge	Suggested Instructional Activities	Suggested Materials, Equipment, and Technology Resources
I. Purposes of Saving A. Short Term Strategy B. Pay Yourself First C. Build an Emergency Fund	Explain that saving is income not spent. Distribute Handout 5.1, "Maria's Saving Decision," to students. Discuss that they may see the differences between a saver and a savvy saver when they examine Maria's story. Call on a student to read aloud the first paragraph of Handout 5.1.	"It's Your Paycheck!" in the Federal Reserve Bank of St. Louis, Caching! Lesson 5: "Savvy Savers: Handout 5.1 Maria's Saving Decision" www.stlouisfed.org/education
	Students read: "Meet Justin and Whitney," NEFE Module 4, pages 3-4. Use this reading as a starting point for class discussion.	NEFE High School Financial Planning Program, Module 4: Investing, "Meet Justin and Whitney," pages 3-4 www.hsfpp.org
	Students complete Activity 4.1: "What is Wealthy?" NEFE Module 4, on page 5. Allow students to explain their answers.	NEFE High School Financial Planning Program, Module 4: Investing, "What is Wealthy?"on page 5 www.hsfpp.org
	Students read: "Unraveling the Mystery of Saving and Investing," NEFE Module 4, on pages 5-8. Use this reading as a starting point for class discussion.	NEFE High School Financial Planning Program, Module 4: Investing, "Unraveling the Mystery of Saving and Investing" on pages 5-8 www.hsfpp.org
	Present Lesson 10: "Saving for a Rainy Day," from www.practicalmoneyskills.com. This one hour lesson allows students to investigate the need for an emergency fund and options for where to keep their money.	"Practical Money Skills," Lesson 10: "Saving for a Rainy Day" www.practicalmoneyskills.com

	Students read: the following blog post, http://www.getrichslowly.org/blog/2009/10/19/pay-yourself-first/. Use this post as the starting point for discussion, or have students write a reflection on the content presented in the blog.	Blog post: http://www.getrichslowly.org/blog/2009/10/19/pay-yourself-first/
II. Objectives of Investing A. Long Term Strategy B. Secure Retirement C. Diversification	Students read: "Vary Your Assets," NEFE Module 4, on pages 29-30. Use this reading as a starting point for class discussion. Students download and complete Lesson 5: "Smart Investing," on www.handsonbanking.org/htdocs/en/t.	NEFE High School Financial Planning Program, Module 4: Investing, "Vary Your Assets" on pages 29-30 www.hsfpp.org Wells Fargo, Hands on Banking Program for Teens, www.handsonbanking.org/htdocs/en/t Web site, Lesson 6: "Smart Investing"
III. Compound Interest	Students read "The 8th Wonder of the World," NEFE Module 4, on pages 9-16. Use this reading as a starting point for class discussion. Students complete Challenge 4-A, "It Pays to Shop Around," in NEFE Module 4, on page 12. Students complete Activity 4.4: "Getting a Late Start," in NEFE Module 4, on page 15.	NEFE High School Financial Planning Program, Module 4: Investing, "The 8th Wonder of the World?" on pages 9-16 www.hsfpp.org NEFE High School Financial Planning Program, Module 4: Investing, "It Pays to Shop Around" on page 12 www.hsfpp.org Internet connection is needed for this activity. NEFE High School Financial Planning Program, Module 4: Investing, "Getting a Late Start" on page 15 www.hsfpp.org
IV. Rule of 72	Explain to students the Rule of 72, which is an easy way to estimate how long it will take their money to double at a certain interest rate. Discuss that in order to determine how long it will take their money to double at a certain interest rate they should divide 72 by the interest rate. For example, 72 ÷ 5 = 14.4. Therefore the principal in a savings account that pays 5 percent interest will double in a little over 14 years. Explain that the Rule of 72 assumes people leave their money in an	"It's Your Paycheck!" in the Federal Reserve Bank of St. Louis, "Caching!"in Lesson 5: "Savvy Savers" www.stlouisfed.org/education

	account without taking away from it or adding to it. It isn't an exact number, but it's close enough to serve as an estimate. Provide students with Handout 5.2: "Rule of 72."Teacher assists students filling out the worksheet. There is an answer sheet provided. Show the free Khan Academy Video, "The Rule of 72 for Compound Interest."	"It's Your Paycheck!"in the Federal Reserve Bank of St. Louis, "Caching!," Lesson 5: "Savvy Savers," Handout 5.2: "Rule of 72" www.stlouisfed.org/education Videos available at www.khanacademy.org
V. Setting Financial Goals A. SMART Goals 1. Specific 2. Measurable 3. Attainable 4. Relevant 5. Time-bound	Students read "Score With Goals," in NEFE Module 1, on pages 13-19. Students complete Activity 1.6: "SMART Goal Makeover," in NEFE Module 1, on page 16. Students compare results with classmates. Students complete Challenge 1-A: "My SMART Goals," in NEFE Module 1, on page 19.	NEFE High School Financial Planning Program, Module 1: Money Management, "Score With Goals," on pages 13-16 www.hsfpp.org NEFE High School Financial Planning Program in Module 1: Money Management, "SMART Goal Makeover," on page 6 www.hsfpp.org NEFE High School Financial Planning Program, Module 1: Money Management, "My SMART Goals," on page 19 www.hsfpp.org
V. Evaluate Investments A. Mutual Funds B. Exchange-Traded Funds (ETFs) C. Stocks D. Bonds E. Certificates of Deposit (CDs) F. Real estate G. Commodities	Students read "Jump-Start Your Financial Quest With Investing," in NEFE Module 4, on pages 16-26. Use this reading to generate class discussion. Students complete Activity 4.5: "Own a Piece of the Business," in NEFE Module 4, on page 22. Students complete Activity 4.6: "Watch the Price," in NEFE Module 4, on page 23.	NEFE High School Financial Planning Program, Module 4: Investing, "Jump-Start Your Financial Quest With Investing," on pages 16-26 www.hsfpp.org NEFE High School Financial Planning Program, Module 4: Investing, "Own a Piece of the Business," on page 22 www.hsfpp.org NEFE High School Financial Planning Program, Module 4: Investing, "Watch the Price," on page 22 www.hsfpp.org

	Students read the chart "Popular Savings Options," in NEFE Module 4, page 8. This chart compares and contrasts several popular savings options including CDs and savings bonds. Show free Khan Academy videos on the following topics: stocks, bonds, real estate, mutual funds, and ETFs.	http://finance.yahoo.com or similar finance Web site to find stock prices NEFE High School Financial Planning Program, Module 4: "Investing: Popular Savings Options," on page 8. www.hsfpp.org Videos available at www.khanacademy.org

Assessment of Learning	**Formative Assessments** (AQTS 2.8)	**Summative Assessments** (AQTS 2.9)
	• Discussion • Exit Slips • Questioning	• Selected Response Items (MC/TF/Matching) • Short Answer Responses • Project (See culminating product)

Sample Career Options	Stockbroker, Bank Teller, Financial Advisor, Insurance Agent
Online Experience	Does this lesson address the required online experience? ☒ Yes ☐ No If yes, please indicate length of time in minutes. There are several online options for this standard. Most activities could meet the online requirement if Model or Démodé is incorporated in the lessons.
Unit/Course CTSO Activity	Career and Technical Student Organizations (CTSO) could offer Financial Literacy workshops on saving and investing to fellow students, the community, or middle school students.

Culminating Product	(Group, partner, or individual activity) Research an investment option (stocks, bonds, ETFs, mutual funds, real estate, commodities, and CDs) and create a product (poster, written report, Interactive Web 2.0 tool, etc.) that highlights its specific characteristics. When designing the product keep in mind the purpose of the assignment to educate fellow classmates on the most important aspects of your particular investment option. Each product is presented to the class.

Course/Program Credential(s): ☐ Credential ☐ Certificate ☐ Other: