



MOUNTAIN MONEY ADVENTURES

Teen Camp

Ages
13-19

Teens and Investing

{ <http://youth.macu.com> }

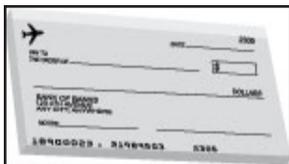
Mountain America Credit Union knows that it's never too early to start learning critical money management skills. That's why we've put this information together for teachers and educators to use. *Educating today's youth for a better tomorrow.*



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Teens and Investing



Unit Concept: These lessons will teach teenage learners the power of investing. Teens will appreciate the power of both time and interest rates in helping money grow. The students will appreciate that investing involves educated risks that come in many varieties.

These lessons are designed to compliment your state standards and are based on recommended Standards from the National Council of Teachers of Mathematics:

Content Standards:

Numbers and Operations: Students will be able to perform computations in different ways. Students should be able to explain their method, understand that many methods exist and see the usefulness of methods that are efficient, accurate and general.

Data Analysis and Probability: Students will learn to formulate questions and collect, organize and display relevant data.

Process Standards: Students will see mathematical connections in the rich interplay among mathematical topics, in contexts that relate mathematics to other subjects and in their own interests and experience.

And from the National Council on Economic Education's National Standards:

Standard 11: Role of Money Students will learn that money makes it easier to trade, borrow, save, invest and compare the value of goods and services.

Standard 12: Role of Interest Rates Students will understand that interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarce resources between present and future uses.

Lesson Objectives: The student will learn about different investment methods. The student will learn about stocks, bonds, mutual funds and other investment tools.

Brain Warmers:

1. How can you earn money outside of a job?
2. What are some ways that you can make the money you have grow?
3. List some investing tools that you are familiar with.
4. Do you consider opening a business an investment? Why?

Main Points:

- Money that is invested is expected to grow. While a savings account is a secure investment, it makes very little money. Other investments carry more risk and stand to make more money. When we refer to financial investments, we are generally talking about an activity that involves risk.
- All investments carry some risk.
- Some investment vehicles are CDs, stocks, bonds, mutual funds and real estate.
- Stock is when you purchase a share, or a small ownership in a company. If the company's stock rises, you make money. If it falls, you lose money.
- Dividends refer to profits companies pay their shareholders.
- Some people invest in real estate because homes appreciate over time. They can sell the house later for more than they paid for it.
- Business owners invest in their businesses. While it takes significantly more money and risk to start a business than to buy a stock, the potential rewards are also higher.

Lesson #1: Money That Grows

Lesson #2: Reading Stocks

Student Handout 1

Name _____

Lesson #1: Money That Grows

You’ve always heard that money doesn’t grow on trees. True. But it does grow. And learning how to invest your money wisely while you’re young has a lot of benefits. But investments also carry risk. In fact, a good definition is that an investment is money you put into something that you believe will increase in value. But there is always the chance that you will lose money when you invest.

Investment Vehicle	Risk	Initial investment	Potential Reward
Savings Account	None	Small	Low
CDs	Low	Small	Low
Stocks	Medium to High	Medium	Medium to High
Mutual fund	Low to Medium “Spreads risk”	Medium	Medium to High
Real Estate	Medium	Medium to Large	Medium to High
Business Ownership	High	Large	Medium to High

These descriptions are general. The more you know about a particular investment tool the less risky it becomes.

- 1) Why do you think CDs and Savings Accounts get low returns?

- 2) When can they be good investments?

- 3) How could you use one of the strategies above to fund your long-range goal of going to college?

- 4) Why do you think some people are successful in investing and others are not?

- 5) Which area of investing most interests you? Why?

- 6) A mutual fund is when a group of investors pool their money and pay a manager to invest in several stocks. Do you think this increases or decreases risk? Reward?

Student Handout 2

Name _____

Lesson #2: Reading Stocks

Reading Stocks

STOCK SYMBOL	DIV	LAST	CHG
ABC	3.25	9.62	+2.25
BUZZ	3.8	22.57	-2.51
ZUBA	0	35.60	-.5
TOOT	2.5	56.98	+.75
ZPP	1.3	15.16	-1.05

Investors in the stock market watch the Dow Jones and NASDAQ to determine if their stock has gone up or down in value. Here’s how they read it:

- **STOCK SYMBOL** - The abbreviation of the company name
- **DIV** - Dividends are the profits paid to stockholders
- **LAST** - The most current or recent price of the stock
- **CHG** - The change in the share price from the day before

1) Did BUZZ go up or down? By how much?

2) What is the current price for 10 shares of TOOT?

Use the chart below for the following questions.

	Day 1	Day 2	Day 3	Day 4	Day 5
BUZZ	35.12	25.08	22.57	18.6	35.65
ZPP	28.13	32.50	30.20	28.2	34.93

3) What was the change in BUZZ stock from day one to day five?

4) How much would it cost to purchase 10 shares of ZPP on day two?

5) If you bought one share of BUZZ stock on day one and sold on day four, how much money would you make? What if you bought and sold five shares?

Teacher Reference 1

Lesson #1: Money That Grows

You've always heard that money doesn't grow on trees. True. But it does grow. And learning how to invest your money wisely while you're young has a lot of benefits. But investments also carry risk. In fact, a good definition is that an investment is money you put into something that you believe will increase in value. But there is always the chance that you will lose money when you invest.

Investment Vehicle	Risk	Initial Investment	Potential Reward
Savings Account	None	Small	Low
CDs	Low	Small	Low
Stocks	Medium to High	Medium	Medium to High
Mutual fund	Low to Medium "Spreads risk"	Medium	Medium to High
Real Estate	Medium	Large	Medium to High
Business Ownership	High	Large	Medium to High

These descriptions are general. The more you know about a particular investment tool, the less risky it becomes.

1) Why do you think CDs and Savings Accounts get low returns?

You don't need much money to invest. The rewards are low.

2) When can they be good investments?

Limited funds. Young people. People with little financial background. Other answers.

3) How could you use one of the strategies above to fund your long-range goal of going to college? **Many possible answers. Savings, CDs, rental property...**

4) Why do you think some people are successful in investing and others are not?

Lack of knowledge. Lack of Experience...

5) Which area of investing most interests you? Why?

6) A mutual fund is when a group of investors pool their money and pay a manager to invest in several stocks. Do you think this increases or decreases risk? Reward?

Decreases. Spreads risk. If one stock drops, another may go up.

Lesson #2: Reading Stocks

Reading Stocks

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- STOCK SYMBOL - The abbreviation of the company name
- DIV - Dividends are the profits paid to stockholders
- LAST - The most current or recent price of the stock
- CHG - The change in the share price from the day before

1) Did BUZZ go up or down? **Down** By how much? **-2.51**

2) What is the current price for 10 shares of TOOT? **569.80 (56.98x10)**

Use the chart below for the following questions.

	Day 1	Day 2	Day 3	Day 4	Day 5
BUZZ	35.12	25.08	22.57	18.60	35.65
ZPP	28.13	32.50	30.20	28.2	34.93

3) What was the change in BUZZ stock from day one to day five? **-0.53 (35.12-35.65)**

4) How much would it cost to purchase 10 shares of ZPP on day two? **325.0**

5) If you bought one share of BUZZ stock on Day One and sold on Day Four, how much money would you make? **Loss -16.52**

What if you bought and sold five shares? **Loss -82.60**

Other Activities

- Choose 5 stocks for the class to follow daily. Have students make a pretend investment and follow the stocks for the school year.
- Encourage students to start live businesses (lemonade stands, lawn mowing, babysitting) and discuss the amount of work versus the pay.
- Have the class research interest rates of CDs at different banks. Over the length of the CD, have the class chart other investments like a stock or a lawn mowing business. Where was the most money made?

Modifications

- Assign younger or Special Needs students to ask their parents what type of investments they have. Depending on the student's skill level, have them create a bar graph, visual representation or report of the results.
- For advanced students, assign a comparative report based on the specific investments and rewards of certain investments. Have students use computer programs to create graphic representations of their findings.
- For extra credit, assign high school students to read books by proponents of specific investment vehicles. Students may present material or write reports to support use of a certain method for teen savings.