FAIRFIELD PUBLIC SCHOOLS

Introduction to Investing

Course Information

Grade(s):	10-12
Discipline/Course:	Business Education
Course Title:	Introduction to Investing
Prerequisite(s):	Algebra II; Financial Literacy recommended
Course Description: *Program of Studies*	This course is an introduction to the fundamentals of sound investing practice. Students will explore the time value of money and how investing over periods of time can lead to financial security and independence. The trade-off between risk and return will be analyzed while investigating the advantages and disadvantages of various saving and investing categories such as cash, bonds, stocks, and mutual funds. Students will learn to diversify a portfolio based on personal values, goals, time horizon, and tolerance for risk.
Course Essential Questions:	● When is the right time to start saving for the future? ● What is the difference between saving and investing? ● How much money does one need to have invested to be able to retire comfortably? ● What are the different investment options and how do they differ? ● What does risk have to do with investing? ● How does one create an investment plan to provide a return at an acceptable level of risk?
Course Enduring Understandings:	● An early start and consistent saving and investing benefits most from compounding. ● Different investment options carry varying advantages and disadvantages. ● Investing involves trying to achieve the greatest potential return at an acceptable level of risk. ● Diversification of investments leads to greater portfolio stability and lower potential risk. ● An investment portfolio is created based on personal financial goals, time horizon, potential return, and tolerance for risk.
Duration & Credits:	One semester (½ year) / .5 credits

Course Materials/Resources:	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Resources *(Instructional Resource)* Next Gen Personal Finance Curriculum Resources Financial and Investing organizations and government websites
FPS Course Academic Expectation(s):	<u>Exploring and Understanding</u> The student engages in an investigative process by developing a detailed plan and by using a variety of research tools and methodologies. <u>Synthesizing and Evaluating</u> The student weighs evidence, arguments, claims and beliefs in order to critically and effectively solve problems and to justify conclusions.
Year at a Glance (Units):	Unit 1: Planning Your Financial Future (2 weeks) Unit 2: Banking, Saving, and The Time Value of Money (3 weeks) Unit 3: Investing Risk (2 weeks) Unit 4: Investing in Bonds (3 weeks) Unit 5: Investing in Stocks (3 weeks) Unit 6: Diversification and Investing in Mutual Funds (4 weeks) Unit 7: Psychology of Money (3 weeks)

Unit Number and Title:	Unit 1: Planning Your Financial Future
Duration:	2 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will gain an overview of basic financial planning to set a foundation for saving (financial security) and investing (future financial independence), based on personal goals and values.
Learning Goals	
Standard(s):	National Standards for Business Education: Personal Finance I. Personal Decision Making Achievement Standard: Use a data-informed decision-making process as it applies to the roles of citizens, workers, and consumers. Level 1 Performance Expectations 1. Define and give examples of economic wants 2. Explain how every individual defines wants and needs differently 3. Apply opportunity costs and trade-offs to personal decision making 4. Apply the steps in a rational decision-making process to a situation involving an economic decision by an individual 5. Recognize the consequences of economic choices III. Managing Finances and Budgeting Achievement Standard: Develop and evaluate a spending/savings plan. Level 1 Performance Expectations 1. Identify examples of short-term and long-term goals Level 3-4 Performance Expectations 8. Evaluate a personal spending plan for consumer spending to determine individual financial goals 9. Construct and use a personal spending/savings plan and evaluate it according to short- and

	long-term goals 10. Discuss reasons why income and spending patterns change throughout the life cycle for the typical person and family <u>National Standards for Business Education: Personal Finance</u> IV. Saving and Investing Achievement Standard: Evaluate savings and investment options to meet short- and long-term goals. Level 4 Performance Expectations 17. Examine the role of saving and investing in creating a financial plan 18. Develop financial goals for the future based on one's lifestyle expectations and career choices
Essential Question(s):	● When and how do individuals start to plan their financial future? ● What does it mean to be financially secure? ● What does it mean to be financially independent?
Enduring Understanding(s):	● Financial security and independence requires a lifetime of setting goals and planning. ● A person's financial plans and decisions can be adjusted to accommodate changing needs and wants. ● Saving is for financial security while investing is intended to provide financial independence.
Learning Goal(s): *Students will be able to use their learning to:*	Students will be able to: ● Set short and long term financial goals. ● Identify trade offs and opportunity costs to financial decisions. ● Develop personal financial statements for short and long term planning purposes. ● Explain the importance of an emergency savings fund.

Unit Number and Title:	Unit 2: Banking, Saving, and The Time Value of Money
Duration:	3 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will learn how to assess and use banking products and services to begin saving and investing. The importance and value of saving and investing early will be demonstrated and analyzed by applying compound interest, rate of return, and Rule of 72 formulas.
Learning Goals	
Standard(s):	National Standards for Business Education: Personal Finance IV. Saving and Investing Achievement Standard: Evaluate savings and investment options to meet short- and long-term goals. Level 1 Performance Expectations 1. Describe motivations for saving and the means by which they save 2. Identify the opportunity costs of saving 3. Differentiate between saving and investing 4. Compare simple and compound interest Level 2 Performance Expectations 5. Describe the advantages and disadvantages of various savings and investing plans 6. Describe how financial institutions use funds deposited as savings and/or investment by customers 7. Identify the risk/return trade-offs for saving and investing 8. Analyze the power of compounding and the importance of starting early in implementing a plan of saving and investing Level 4 Performance Expectations 19. Calculate and apply the Rule of ‘72 20. Contrast the impact of simple interest vs. compound interest on savings

	27. Apply the concept of Time Value of Money VI. Banking and Financial Institutions Achievement Standard: Evaluate products and services provided by financial deposit institutions to transfer funds. Level 1 Performance Expectations 1. Identify various types of financial institutions 2. List the basic products and services provided by financial institutions
Essential Question(s):	● What is the difference between saving and investing? ● What types of services are available at financial institutions to support financial goals and plans? ● What is the financial benefit to starting to save and invest early? ● How are investments evaluated?
Enduring Understanding(s):	● Earlier saving typically results in greater future benefit. ● Successful saving and investing depends on financial planning, sacrifice, and the ability to delay gratification. ● Financial institutions offer a variety of accounts and services to support savings goals and plans. ● Successful investing involves a transition from working for money to having money work for us.
Learning Goal(s): *Students will be able to use their learning to:*	Students will be able to: ● Select and use bank accounts to help meet financial needs and goals. ● Explain the differences and purposes of different bank accounts: debit, savings, money market and certificate of deposit. ● Explain the concepts and differences between simple and compound interest on their accounts. ● Calculate simple and compound interest on their accounts. ● Use the Rule of 72 to calculate the interest rate or time needed to double an investment. ● Explain how return and rate of return are used to assess the financial performance of an investment. ● Calculate rate of return for a single or group of investments over time. ● Explain the value of saving and investing early. ● Recognize the impact of inflation on saving and investing.

Unit Number and Title:	Unit 3: Investing Risk
Duration:	2 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will study the types of systematic and unsystematic risks associated with investing. Students will practice analyzing the type and level of risk of potential industries and businesses.
Learning Goals	
Standard(s):	**Jump$tart Coalition for Personal Financial Literacy** Investing 12-1a. Give examples of factors that can influence a person's risk tolerance. 12-1b. Discuss how a person's risk tolerance influences their investment decisions. 12-1c. Assess their personal risk tolerance using an online tool or worksheet.
Essential Question(s):	● What is the role of risk in investing? ● If investing is risky, why invest at all? ● What types of risk are associated with investing? ● How is investing risk related to potential return? ● What can investors do to control the amount of risk taken?
Enduring Understanding(s):	● Investors understand that securities may not provide an anticipated return and there is a risk that some or all of the original principal may be lost. ● An investor's risk tolerance depends on factors such as personality, financial resources, investment experiences, and life circumstances. ● There are different types of risk to consider and analyze when making investment decisions. ● There is an inverse relationship between investing risk and return. ● Investors can reduce the risk by investing over time, making conservative choices, and/or investing

	for the long term.
Learning Goal(s): *Students will be able to use their learning to:*	Students will be able to: ● Explain the role of risk in investing. ● Identify and explain different types of risks that are taken in investing. ● Analyze the level of risk associated with potential return. ● Recognize personal tolerance for investing risk. ● Identify strategies that can be used to manage investment risk.

Unit Number and Title:	Unit 4: Investing in Bonds
Duration:	3 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will learn how government and corporate bonds contribute to an investment portfolio. Students will analyze and assess bonds based on predicted return and risk.
Learning Goals	
Standard(s):	**Jump$tart Coalition for Personal Financial Literacy** Investing 2a: Describe the different types of annual cash flows that can be received by investors 3b: Investigate the long-run average rates of returns on small-company stocks, large-company stocks, corporate bonds, and Treasury bonds 3d: Explain why bonds with longer maturities generally earn a higher return than shorter-term bonds 5d: Explain why the market price of some assets, such as bonds and real estate, increase when interest rates decrease
Essential Question(s):	● What is the difference between lending and equity in investing? ● What role do bonds play in an investing portfolio? ● What entities issue bonds for investing?
Enduring Understanding(s):	● Bonds are a viable option for investors who want to protect their principal, reduce risk, and receive interest income. ● Bonds are issued by companies and the government at the federal, state and local level. ● The price of bonds fluctuates with the prevailing interest rate.
Learning Goal(s): *Students will be able to use*	Students will be able to: ● Explain what a bond is and the benefits and disadvantages of investing in bonds.

their learning to:	● Identify characteristics used to evaluate bonds as a potential investment. ● Understand the various factors that can influence bond prices such as interest rates. ● Identify the difference between an individual bond and a bond fund. ● Read and assess a bond fund fact sheet.

Unit Number and Title:	Unit 5: Investing in Stocks
Duration:	4 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will learn how the stock market functions and how companies are listed on an exchange. Individual stocks will be assessed for investment based on potential return, risk, and other published market data. Students will learn to identify environmental factors that influence the market and how to assess individual stocks based on market indexes.
Learning Goals	
Standard(s):	**Jump$tart Coalition for Personal Financial Literacy** Investing 2a: Describe the different types of annual cash flows that can be received by investors 3a: Discuss the advantages and disadvantages of investing in riskier assets 3b: Investigate the long-run average rates of returns on small-company stocks, large-company stocks, corporate bonds, and Treasury bonds 5a: Describe factors that influence the prices of financial assets 13a: Explain why investors often compare portfolio performance to a benchmark such as the S&P 500 Index
Essential Question(s):	● What role do stocks play in an investing portfolio? ● What types of returns are associated with holding shares of stock? ● Why and how do businesses sell equity in their companies? ● How do investors assess stocks for their portfolios? ● How do investors use market and index data to inform their portfolio decisions?
Enduring	● Stocks are a key element in an investment portfolio.

Understanding(s):	● Buying and selling stock benefits both the company and investor. ● Returns from stock ownership include a share of profit (dividends) and capital gain (increase in share value). ● Market and index data are used to analyze trends that support investing decisions. ● Stocks with the highest potential return are associated with the greatest potential risk. ● Past stock performance is not a guarantee of future benefits.
Learning Goal(s): *Students will be able to use their learning to:*	Students will be able to: ● Explain what the stock market is and how and why companies and investors choose to participate in the stock market. ● Explain the initial public offering process for stocks to be listed and sold in a stock exchange. ● Explain why it can be difficult to predict trends in the stock market. ● Describe what stocks are, how profit is earned from stocks, and the risks of investing in stocks. ● Describe a market index and the purpose of these averages. ● Analyze the performance of individual stocks over time. ● Assess stock purchase opportunities based on a company's financial statements and stock market tables. ● Recognize personal values that may influence stock investing decisions.

Unit Number and Title:	Unit 6: Diversification and Investing in Mutual Funds
Duration:	4 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will learn the importance of diversifying investments to maximize return and minimize risk. Mutual funds will be assessed as an investment choice based on potential return, risk, and expense.
Learning Goals	
Standard(s):	**Jump$tart Coalition for Personal Financial Literacy** Investing Overall Competency: Implement a diversified investment strategy that is compatible with personal financial goals. 6c: Explain how target date retirement funds reallocate investments over time to meet their investment objective 7a: Discuss how the expenses associated with buying and selling investments can impact rates of return and investment outcomes 7b: Compare the expense ratios for several mutual funds 7c: Explain why an actively managed mutual fund usually has a higher expense ratio than an index fund 13c: Discuss the advantages of investing in an exchange traded fund (ETF) that tracks a market index rather than investing in actively managed mutual funds or individual stocks and bonds
Essential Question(s):	● What are the benefits and disadvantages of investing in funds? ● How do investors manage multiple investments in their portfolios? ● How do expenses associated with investing in funds impact the return of a portfolio?
Enduring Understanding(s):	Students will be able to: ● Diversification helps reduce risk by spreading investments across multiple assets.

	● Mutual funds provide an investor with instant diversification. ● Expense ratios associated with actively managed funds adversely affect the return of a portfolio. ● Mutual funds can be selected to match an investor's financial goals with a calculated anticipated rate of return and level of risk.
Learning Goal(s): *Students will be able to use their learning to:*	● Understand what a mutual fund is and how investing in one can create a more diversified investment portfolio, ● Explain the difference between active and passive investing. ● Arrange companies to create a diversified mutual fund ● Identify a variety of popular investment funds, including mutual funds, index funds, exchange traded funds, and target date funds. ● Read a fund fact sheet for an index fund and a target date fund.

Unit Number and Title:	Unit 7: Psychology of Investing
Duration:	3 weeks
Resource(s):	Take Charge Today: Financial Education for a Better Future (University of Arizona) Curriculum Next Gen Personal Finance Curriculum Financial and Investing organizations and government websites
Unit Overview:	Students will learn about specific biases and behaviors that can influence their investing decisions.
Learning Goals	
Standard(s):	**Jump$tart Coalition for Personal Financial Literacy** Saving 9a: Explain how external influences (e.g. peers, family, or social media) can impact personal savings decisions 9b: Identify strategies to manage psychological and emotional obstacles to saving 9c: Discuss strategies for avoiding personal triggers that result in deviating from a savings plan Investing 9b: Brainstorm methods for avoiding negative consequences from behavioral biases Investing 1b: Discuss how a person's risk tolerance influences their investment decisions 9a: Identify several behavioral biases that can result in poor investment decisions (e.g. loss aversion, investing in employer stock, home bias, mental accounting)
Essential Question(s):	● What influences can affect saving and investing plans and strategies? ● What types of biases can result in poor investment decisions?
Enduring Understanding(s):	Investors must be aware of and manage their own values and biases that can influence their saving and investing decisions.
Learning Goal(s): *Students will be able to use*	Students will be able to: ● Reflect on their personal values and how they can influence their financial decisions

their learning to:	● Explore how values differ from person to person ● Experience cognitive biases through thought experiments ● Identify various cognitive biases ● Give examples of cognitive biases in their own lives ● Explain what cognitive bias is and how it can impact their decision making