

Introduction to Investing Lesson Plan

Overview

In this lesson students will learn about various ways to invest. They will be learning about different types of investments such as stocks, mutual funds and bonds. Students will be assessing the risks that come with each type of investment and will determine when it is a good idea to invest.

Objectives

By the end of the lesson, students will:

- Identify various scams
- Understand the importance of not falling victim to a scam
- Protect themselves from scams

Vocabulary

- **Investing:** expend money with the expectation of achieving a profit or material result by putting it into financial schemes.
- **Stock:** a share of ownership of a company.
- **Mutual Fund:** the fund is a pool of money contributed from many different investors that are used to purchase a bundle of securities.
- **Bond:** a much more formal I.O.U (I owe you) used to borrow money.
- **Diversified Portfolio:** a collection of investments across different asset classes, industries, and sectors in order to reduce risk and maximize returns.

Standards

Employment and Income:

- Standard 2. Compare sources of personal income and compensation.

Investing











- Standard 1. Explain how investing may build wealth and help meet financial goals.
- Standard 2. Evaluate investment alternatives.
- Standard 3. Demonstrate how to buy and sell investments.
- Standard 4. Investigate how agencies protect investors and regulate financial markets and products.

This listing is based on the Jump\$tart National Standards for Personal Finance.













To see how this lesson aligns with other standards (including for your state), visit:

<https://www.personalfinancelab.com/standards-alignment/>

Lesson Plan Includes

	Direct Instruction		Presentations
	Class Discussion		Technology-Based Activity
	Full Class Activities		Worksheets
	Small Group Activities		Assessments
	Individual Activities		External Resources

Activity Summary

- Introduction
 - Time: 5 mins. 
- 'Building an Investing Strategy'
 - Time: 23 mins. 
- 'What is a Stock?'
 - Time: 7 mins. 
- 'What are Bonds?'
 - Time: 9 mins. 
- 'What is a Mutual Fund?'
 - Time: 15 mins. 
- 'What is an ETF?'
 - Time: 20 mins 
- 'Building a Diversified Portfolio'
 - Time: 11 mins 
- 'Investing 101 Course'
 - Time: 40 mins/Chapter 
- 'Leesa Hudak's Stock Portfolio Project'
 - Semester-long Activity 
- PFL Stock Game
 - Time: 15 mins. 
- Investment Posters
 - Time: 15 mins 
- Assessing Investment Risk
 - Time: 20 mins 

Introduction

Ask students if they know what the term investing means?

Explain to them that:

- *Investing is to expend money with the expectation of achieving a profit or material result by putting it into financial schemes.*

Explain:

There are many different types of ways to invest. It is important to know about all the different ways to invest in order to get the most money out of your investments.

Some types of investments include stocks, bonds, mutual funds, real estate, or cash deposits.

Today, we will be learning about a few different types of investments and assessing the pros and cons of each.

Independent Activities

Activities designed for students to learn independently, either in class or as homework. Some activities include presentations if you prefer to use them for direct instruction instead of independent study.

Independent Activities Include:

1. 'Building an Investing Strategy' Lesson.....**Time: 23 Minutes**
2. "What is a Stock?" Lesson.....**Time: 7 Minutes**
3. 'What are Bonds?' Lesson.....**Time: 9 Minutes**
4. 'What is a Mutual Fund?' Lesson.....**Time: 15 Minutes**
5. 'What is an ETF' Lesson.....**Time: 20 Minutes**
6. 'Building a Diversified Portfolio' Lesson.....**Time: 11 Minutes**
7. Investing 101 Course.....**Time: 40 Minutes/Chapter**
8. Leesa Hudak's Stock Portfolio Project.....**Time: Semester-long Activity**








1. 'Building an Investing Strategy' Lesson

Assign your students the "Investing Strategies" lesson on PersonalFinanceLab.com. This lesson describes different types of investments (e.g. cash, stocks, bonds etc.) and explains the liquidity, risk and potential growth that comes with each. It also gives students tips and tricks for beginner investors. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Time: 23 Minutes

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity  Presentation
 Individual Activity/Homework  Assessment
 Class Discussion

Resource Links

[Investing Strategies \(personalfinancelab.com\)](https://personalfinancelab.com)

Presentation

[Building an Investing Strategy GoogleSlides Presentation](#)

Discussion Questions

1. What does the word liquidity mean?
2. Do you think that there is a best type of investment? Why?
3. If you were given \$100,000 today, how would you invest it and why?
4. What are the risks of investing your money in each type of investment?
5. Why is it important to diversify?

Key Takeaways

- An investment strategy includes more than just stocks.
- **Liquidity** refers to how easily an investment can be converted into cash.
- **Risk** is the chance that an investment will lose value.
- **Potential Returns** refer to how fast an investment can grow.
- The different types of securities include cash and bank deposits, certificates of deposit, stocks, bonds, real estate, precious metals, and derivatives.
- Diversifying your investment strategy is important to increase the chance of making a return and profit.
- **An Evolving Portfolio** adjusts investments based on your age and risk tolerance.
- **The "Buy and Hold" strategy** involves extensive research and holding onto investments regardless of market price.
- **Value Investing** looks for under-valued stocks with potential for growth.








2. 'What is a Stock?' Lesson

Assign your students the "What is a Stock" lesson on PersonalFinanceLab.com. This lesson is an introduction to stocks. The lesson covers all the different terms that are involved with stocks. Students will also learn how to make a stock trade on the PersonalFinanceLab.com. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Time: 7 Minutes

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity  Presentation
 Individual Activity/Homework  Assessment
 Class Discussion

Resource Links

[What is a Stock \(personalfinancelab.com\)](https://personalfinancelab.com).

Presentation

[What is a Stock GoogleSlides Presentation](#)

Discussion Questions

1. What is a stock?
2. What benefits come with stocks?
3. Where can you buy a stock?

Key Takeaways

- A **Stock** is part ownership of a company and entitles the owner to a percentage of the company's assets and profits.
- There are two types of stocks: common stock and preferred stock.
- **Common Stock** gives voting rights and dividends.
- **Preferred Stock** does not have voting rights but has preference for dividend payments.
- Stocks differ from bonds in that stocks represent ownership of a company, while **Bonds** represent a loan or debt to a company.
- Stocks can come from new issues, where a private company goes public and issues shares for anyone to buy, or from stock dividends or splits, where current shareholders receive additional shares.
- Stocks have a long history that dates back to the Roman Empire, and have been used to raise funds for various projects throughout history.








3. 'What are Bonds?' Lesson

Assign your students the “What are Bonds?” lesson on PersonalFinanceLab.com. This lesson is an introduction to bonds and key terminology related to bond trading. Students will also learn how to make a bond trade on the PersonalFinanceLab.com. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Time: 9 Minutes

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:

-  Technology-Based Activity
-  Presentation
-  Individual Activity/Homework
-  Assessment
-  Class Discussion

Resource Links

[What are Bonds \(personalfinancelab.com\)](https://www.personalfinancelab.com/what-are-bonds).

Presentation

[Bonds GoogleSlides Presentation](#)

Discussion Questions

1. How are bonds different from stocks?
2. Why would a government issue out a bond?
3. How does the riskiness of a bond's rating affect its attractiveness as an investment?
4. What factors should investors consider when deciding between government bonds and corporate bonds?
5. In what ways can bond investing be used to diversify a portfolio and manage risk?

Key Takeaways

- **Bonds** allow a company to borrow money from investors in exchange for interest payments over time.
- **Government Bonds** can be traded and sold between countries, or directly to investors.
- **Corporate Bonds** are sold by corporations to borrow money from investors.
- **Face Value** is the amount of money received when the bond matures.
- **Coupon** is the interest rate (%) on the bond.
- **Maturity Date** is when the bond expires, the bond issuer will pay the bondholder the face value of the bond, which is the amount of money originally invested.
- **Yield** represents the return on investment generated by the bond's interest payments and its face value.
- **Accrued Interest** is the interest owed to the bondholder for as long as they held the bond.
- Bonds are given a **credit rating** to determine their level of riskiness.



4. 'What is a Mutual Fund?' Lesson

Assign your students the “What is a Mutual Fund?” lesson on PersonalFinanceLab.com. This lesson covers the different types of mutual funds and the benefits that come with each type. Students will also learn how to make a mutual fund trade on the PersonalFinanceLab.com. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Time: 15 Minutes

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity  Assessment
 Individual Activity/Homework  Class Discussion

Resource Links

[What is a Mutual Fund \(personalfinancelab.com\)](https://www.personalfinancelab.com)

Discussion Questions

1. Explain the different types of mutual funds?
2. What type of person would invest in a mutual fund? Why?
3. How do the fees associated with mutual funds impact an investor's overall returns, and how can investors minimize these fees?
4. What are the potential advantages and disadvantages of relying on professional fund managers to make investment decisions, compared to building a self-selected portfolio of individual stocks and bonds?

Key Takeaways

- **Mutual Funds** allow investors to buy into a diversified portfolio of stocks, bonds, money markets, or other securities all at once. There are three types of mutual funds:
 - **Open-Ended Mutual Funds** have no limit to the number of shares outstanding and can be bought and sold at the end of the day.
 - **Closed-Ended Mutual Funds** have a fixed number of shares and can be traded on exchanges.
 - **Unit Investment Trusts** are closed-ended funds with a limited lifespan and fixed holdings.
- Mutual funds offer diversification and professional management, but come with fees and limited customization options.
- Mutual fund orders are placed based on a dollar amount and execute when the markets are closed.
- Fractional shares of mutual funds can be owned.



5. 'What is an ETF?' Lesson

Assign your students the “What is an ETF?” lesson on PersonalFinanceLab.com. This lesson is an introduction to Exchange Traded Funds. Clarifying all the related terms and differences between ETFs and mutual funds. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Time: 20 Minutes

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity  Assessment
 Individual Activity/Homework  Class Discussion

Resource Links

[What is an ETF \(personalfinancelab.com\).](https://www.personalfinancelab.com/what-is-an-etf)

Discussion Questions

1. Name and define two types of ETFs.
2. How is an ETF different than a mutual fund?
3. What are some potential drawbacks or risks associated with investing in ETFs, and how can investors mitigate these risks?

Key Takeaways

- **Exchange Traded Funds (ETFs)** are a way to buy a large group of stocks, assets, or securities all at once.
- ETFs trade on a stock exchange like a stock.
- ETFs are not usually actively managed and work like an index.
- Types of ETFs include stock index ETFs, commodity ETFs, volatility ETFs, inverse ETFs, and leveraged ETFs.
- ETFs have lower fees than mutual funds.
- ETFs can pay dividends and split.








6. 'Building a Diversified Portfolio' Lesson

Assign your students the 'Building a Diversified Portfolio' lesson on PersonalFinanceLab.com. This lesson addresses the importance of having a diversified portfolio, explaining the different ways that you can achieve it as an investor without over diversifying. Students will be required to complete the quiz at the end as an assessment. If used as homework, follow up with discussion questions the next day.

Time: 11 Minutes

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity  Presentation
 Individual Activity/Homework  Assessment
 Class Discussion

Resource Links

[Building a Diversified Portfolio \(personalfinancelab.com\)](https://personalfinancelab.com)

Presentation

[Portfolio Diversification GoogleSlides Presentation](#)

Discussion Questions

1. Why is it important to diversify your portfolio?
2. Provide an example of how to diversify your investments.
3. What are some problems that you can face if you over diversify?

Key Takeaways

- **Diversification** means investing in a variety of stocks in different industries. It helps to stabilize a portfolio's returns and minimizes risk.
- **Sector Diversification** involves splitting investments across different types of businesses.
- **Stock Diversification** means not investing too much money in any one stock.
- **Asset Allocation** involves owning a variety of investments like real estate, stocks, bonds, gold/silver, and cash.
- **Over Diversification** can be a problem as it becomes difficult to keep track of all investments.



7. Investing 101 Course

Assign your students chapters from the Investing 101 Course on PersonalFinanceLab.com. This was designed as a self-guided beginner investing course, to be used as a supplemental to the Stock Game. There are prompts throughout the course to test out different order types, or to invest in different security types. This can also be used as an extra resource for students who are interested in learning more about investing on their own.

Time: 40 Minutes/Chapter

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity

 Individual Activity/Homework

 Assessments

Resource Links

[Investing 101 - Chapter 01 \(Introduction to Investing\)](#)

[Chapter 01 Vocabulary Quiz](#)

[Chapter 01 Exam](#)

Instructions

1. Chapters 1-3 cover investment basics. These can be replaced with the other lessons found in this lesson plan.
2. Chapters 4-10 cover more intricate details on how to research investments, read stock charts, and understand different levels of risk.
3. Each chapter has, on average, 10 mini-lessons, concluding with a chapter exam and a vocabulary quiz as assessments.
4. Each chapter can be selected separately as part of an “Assignment” on PersonalFinanceLab.com.
5. This material is best used as an independent or extra credit exercise as homework. Allowing students to progress through the course during class time also reserved for managing their stock portfolios.
6. At the end of each chapter there are additional resources with further information on various aspects of investing or managing a stock portfolio.



8. Leesa Hudak's Stock Portfolio Project

This project comes recommended from Leesa Hudak from Bow High School in New Hampshire. Learn more about [Leesa's classes in our case study](#)! In this individual activity, students will build and manage a stock portfolio over the course of a semester, making investment decisions based on research, market trends, and risk assessment.

Time: Semester-long Activity

Required Resources: PersonalFinanceLab.com site license & computer access.

Type:  Technology-Based Activity

 Individual Activity/Homework

Resource Links

[Sectors Explorer Tool](#)

[Stock Comparison Tool](#)

Project Guidelines

1. Starting Funds:

- Each student begins with **\$100,000** in virtual cash.
- A **weekly deposit of \$2,000** in cash will be added to their portfolio.
- Students may not have more than **\$2,000 in cash** at any time.

2. Investment Rules:

- It is recommended to invest in **at least 3 different sectors** (e.g., Technology, Healthcare, Energy, Consumer Goods, Financials, etc.).
- Must hold **at least 5 different stocks** at all times. Research on these stocks must be submitted before any trades can be made.
- Stocks can be bought and sold throughout the semester.
- No single stock may comprise more than **30% of the portfolio's total value** at any given time.

Note: our [Sectors Explorer Tool](#) is a great resource to help students get started!

3. Research & Strategy: This will be done as a homework assignment BEFORE the competition begins.

- Students must research each stock before purchasing, justifying their investment based on:
 - Company financials
 - Recent news
 - Market trends
 - Potential risks & rewards
- They should define an investment strategy (e.g., growth, value, dividend investing).

Note: our [Stock Comparison Tool](#) is an excellent way to introduce students into how to start their research!

Project Guidelines *Continued*

4. Final Report & Presentation:

- At the end of the semester, students will submit a **final report** including:
 - Summary of investment philosophy
 - Summary of initial investments and reasoning behind each investment
 - Weekly performance overview
 - Key learning experiences
 - Final portfolio value and performance analysis
- A **5-10 minute presentation** summarizing their experience, wins, losses, and key takeaways.

Evaluation Criteria

20 points:

Your portfolio must be within the parameters of the competition in order to receive ANY of these points.

1. Your portfolio return must be within 5% points of the S&P500 by the end of the competition.
 - The 5% is based on the starting value of the S&P (5, 608.36) vs the ending value of the S & P.
 - Portfolios that BEAT the S&P500 will receive 1 point for every 3% that the ROI is greater than the S&P

This portion of the project is time sensitive and, therefore, a reassessment is not possible.

2. Weekly Check-Ins: **NOTE:** Weekly check-ins will be done throughout the semester as homework assignments and are not part of the project grade.

5 points per week:

For staying within the parameters (weekly check in to check cash balance and minimum of 5 stocks).

Weekly Check-In will take place at the beginning of the last class of the week.

Small Group & Full Class Activities

Small Group Activities are designed for small groups of 3-4 students. These resources are best used after full-class direct instruction and activities.

Small Group Activities Include:

- 8. Investment Posters.....**Time: 15 Minutes**
- 9. PersonalFinanceLab Stock Game.....**Time: 15 Minutes**

Full Class Activities are designed for whole-class participation. These are best used along with the direct instruction portion of the lesson.

Full Class Activities Include:

- 10. Assessing Investment Rick.....**Time: 20 Minutes**



8. Investment Posters

In this activity students will be working in small groups to assess different types of investments. They will make a poster for the classroom to educate the class on each main type of security type.

Time: 15 Minutes

Required Resources: computer access & poster paper

Type:  Technology-Based Activity

 Small Group Activity

Instructions

- Put students in groups of 3-4.
- Assign each group a security type (it is okay if groups have the same type):
 - Stocks
 - Bonds
 - Mutual Funds
 - Exchange Traded Funds (ETFs)
 - Certified Deposits
 - Real Estate
 - Cash & Cash Deposits
 - Precious Metals
 - Derivatives (Options & Futures)
- Give each group a piece of poster paper and have them research the following information:
 - Definition
 - Average Cost
 - Liquidity
 - Risk
 - How long people hold it
 - Pro and Cons
 - Example
 - Fun/Interesting Fact
 - Trading Volume
- Once groups have finished their posters, have them present it to the class.
- Hang posters up in the classroom.



9. PersonalFinanceLab Stock Game

Put students into teams and have each member research a different stock on PersonalFinanceLab.com. The students will then discuss as a group which stock they think is the best to purchase and present that idea to the class.

Time: 15 Minutes

Type:  Technology-Based Activity

Required Resources: PersonalFinanceLab.com
site license & computer access.

 Small Group Activity

 Class Discussion

Resource Links

[Symbol Lookup \(personalfinancelab.com\)](https://personalfinancelab.com).

[Stock Screener \(personalfinancelab\)](https://personalfinancelab.com).

Instructions

1. Each person must record the following information on the company they research on PersonalFinanceLab.com
 - a. Company Name
 - b. Ticker Symbol
 - c. Open/ Close Price
 - d. Bid/ Ask Price
 - e. One article that provokes them to buy the stock
 - f. One article that discourages them from buying the stock
2. The students will then discuss as a group which stock they think is the best to purchase and present that idea to the class.

Discussion Questions

- Based on your research, what factors have contributed to the company's stock price performance?
- What trends do you notice in the company's stock price over a specific time period?
- How does the company's stock performance compare to its competitors in the same industry? What factors might be contributing to these differences?
- How do you think recent news events or announcements have influenced the company's stock price? Can you provide specific examples?
- What are the main risks associated with investing in this company's stock? How might these risks impact its future performance?
- What additional information or research would you need to make a well-informed investment decision about this company's stock?






10. Assessing Investment Risk

In this teacher lead activity, students will be learning about the different levels of risk that come with each different type of investment.

Time: 20 Minutes

Required Resources: worksheet

Type:  Direct Instruction  Worksheet
 Full Class Activity  External Resource
 Class Discussion

External Resource Links

[Easy Teacher Worksheets - 3 Level Pyramid](#)

Instructions

- Pass out worksheet.
- Explain to students: *For this activity, they will be assessing the risk that comes with each type of investment.*
- Give students 3 minutes to list out as many different types of investments they can think of on the back of the worksheet.
- After this time, go around the classroom and ask students what they came up with.
- Write the different answers on the board.
 - Reference the table, **Type of Investments** on the following page.
- Once you have the list written on the board, have students label the chart:
 - High Risk
 - Medium Risk
 - Low Risk
- Ask the class: *What is the risk level is of investing in cash?*
 - Explain that the only risk is inflation which occurs for everything so that would be at the lowest level.
- Next, ask the class: *Where would mutual funds go?*
 - Explain that mutual funds have some risk since they rely on the stock market. So it would be placed in the middle group.
- Have students work in pairs or alone to finish the rest.
- After the students have finished the list, show them an example of a finished chart and have them check their answers.
 - Reference the **Pyramid of Investment Risk** diagram.
- Ask if any students have any questions and collect the worksheets.

Types of Investments

Large/Small Cap Stocks	Mutual Funds	Corporate Bonds/Debt
Collectibles	Government Securities/Bonds	ETFs & Indexes
Real Estate	High Quality Mutual Funds	Money Market Funds
Savings Account	Cash	Certificates of Deposit
Digital Assets (Cryptocurrencies)	Futures	Options

Pyramid of Investment Risk

High Risk

Options
Futures
Collectibles
Digital Assets

Medium Risk

Real Estate
Large/Small Cap Stocks
Corporate Bonds/Debt
Mutual Funds
ETFs & Indexes

Low Risk

Government Securities/Bonds
Money-Market Funds
Savings/Bank Accounts
Certificates of Deposit
Cash & Cash Equivalents

Conclusion

Remind students about the importance of knowing the different types of stocks.

Remind students why it is important to have a diversified portfolio.

Briefly ask students to define:

- Stock
- Bond
- Mutual Fund
- ETF

Definitions:

- **Stock:** a share of ownership in a company, representing a claim on a portion of the company's assets and earnings.
- **Bond:** a fixed income investment where an investor loans money to an entity for a defined period of time at a fixed interest rate.
- **Mutual Fund:** a pool of funds collected from many investors to invest in a diversified portfolio of stocks, bonds, or other securities.
- **ETF:** an exchange-traded fund, is a type of investment fund that trades on stock exchanges, similar to a stock, and holds a diversified portfolio of assets such as stocks, bonds, or commodities.