



Vocabulary and Unit Review for this unit can be found on the [Unit Review Page](#) and in the [NGPF Personal Finance Dictionary](#)

Why Should I Invest?

Students will be able to:

- Define investing and distinguish it from saving and trading
- Identify reasons for investing, including outpacing inflation
- Analyze how compounding builds wealth over time
- Experience making a variety of investment decisions through an interactive simulation

Resources: [Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 1b: Discuss how a person's risk tolerance influences their investment decisions
- 2b: Compare nominal annual rates of return over time on different types of investments, including cash flows and price changes
- 3a: Discuss the advantages and disadvantages of investing in riskier assets
- 4a: Describe the impact of inflation on prices over time
- 6a: Recommend portfolio allocation between major asset classes for a short-term goal versus a long-term goal

What is the Stock Market?

Students will be able to:

- Explain what the stock market is and why companies and investors choose to participate in the stock market
- Summarize long-term trends in the stock market
- Experience why it can be difficult to predict trends in the stock market

Resources: [Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education Standards:

Investing

- 2a: Describe the different types of annual cash flows that can be received by investors
- 2b: Compare nominal annual rates of return over time on different types of investments, including cash flows and price changes
- 5b: Predict what could happen to the price of a stock if new information is reported about the company

- or its products
 - 5c: Discuss how economic downturns that result in high unemployment can affect the prices of financial assets
 - 13a: Explain why investors often compare portfolio performance to a benchmark such as the S&P 500 Index
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What is a Stock?

Students will be able to:

- Explain what stocks are and how they can make money from investing in them
- Identify ways to minimize risk when investing in stocks
- Read a stock quote and evaluate a stock's performance over time
- Understand what a stock split is and how it impacts investors who own that stock

Resources: [Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 2b: Compare nominal annual rates of return over time on different types of investments, including cash flows and price changes
 - 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
 - 5b: Predict what could happen to the price of a stock if new information is reported about the company or its products
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What is a Bond?

Students will be able to:

- Explain what a bond is and the pros and cons of investing in bonds
- Understand the various factors that can influence bond prices such as interest rates
- Identify the differences between an individual bond and a bond fund
- Read a bond fund fact sheet

Resources: [Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 2b: Compare nominal annual rates of return over time on different types of investments, including cash flows and price changes
 - 3d: Explain why bonds with longer maturities generally earn a higher return than shorter-term bonds
 - 5a: Describe factors that influence the prices of financial assets
 - 5d: Explain why the market price of some assets, such as bonds and real estate, increase when interest rates decrease
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Managing Risk

Students will be able to:

- Explain what risk is and its role in investing
- Analyze effective strategies to manage investment risk such as investing early, diversification, and dollar cost averaging
- Calculate the impact of using dollar cost averaging in hypothetical scenarios and by using the real historical performance of an index fund

Resources:

[Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 1b: Discuss how a person's risk tolerance influences their investment decisions
- 3a: Discuss the advantages and disadvantages of investing in riskier assets
- 6c: Suggest an appropriate asset allocation for a very risk averse person versus a very risk tolerant person

Investing in Funds

Students will be able to:

- Understand what a fund is and how investing in one can create a more diversified investment portfolio
- Explain the difference between active investing and passive investing
- Arrange companies to create a diversified mutual fund

Resources:

[Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 6b: Discuss the pros and cons of investing in a diversified mutual fund versus investing in a small number of individual stocks
- 13a: Explain why investors often compare portfolio performance to a benchmark such as the S&P 500 Index
- 13b: Research the composition of the most popular benchmark indices and compare their recent performance

Deep Dive Into Funds

Students will be able to:

- Identify the differences between mutual funds, index funds, exchange-traded funds, and target date funds
- Explain the advantages and disadvantages of investing in mutual funds, index funds, exchange-traded funds, and target date funds

Resources:

[Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 6b: Discuss the pros and cons of investing in a diversified mutual fund versus investing in a small number of individual stocks
- 6d: 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

Start Investing

Students will be able to:

- Identify strategies recommended for a beginner investor and explain why these strategies may be beneficial
- Explore their own risk tolerance through a worksheet
- Experience making a variety of investment decisions through an interactive simulation
- Understand what a brokerage account is and how to open one

Resources:

[Lesson Guide](#)

[Student Activity Packet](#)

National Standards for Personal Financial Education:

Earning Income

- 10c: Explain the importance of participating in employer sponsored retirement plans, when available, and contributing enough to qualify for the maximum employer match

Saving

- 6a: Explain how traditional IRAs (individual retirement accounts), Roth IRAs, and education savings accounts provide incentives for people to save

Investing

- 1c: Assess their personal risk tolerance using an online tool or worksheet
- 2b: Compare nominal annual rates of return over time on different types of investments, including cash flows and price changes
- 6a: Recommend portfolio allocation between major asset classes for a short-term goal versus a long-term goal
- 9a: Identify several behavioral biases that can result in poor investment decisions (e.g. loss aversion, investing in employer stock, home bias, mental accounting)
- 10b: Explain how automating investment activities can help people avoid making emotional investment decisions
- 11b: Choose a discount broker and research the minimum starting account balance, minimum monthly investment, and trading costs

The Importance of Investing for Retirement

Students will be able to:

- Explain what retirement means through a financial lens
- Investigate how investing can be a powerful tool to meet their retirement goals
- Understand what Social Security is and why most Americans cannot rely on Social Security alone for retirement
- Explore factors that can impact how much they might need in retirement and their ability to meet their retirement savings goal

Resources: [Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Earning Income

- 6c: Describe the benefits they receive, or may receive in the future, from government-collected tax revenue
- 10a: Identify different potential sources of retirement income
- 10b: Describe the importance of having multiple sources of income in retirement, such as Social Security, employer sponsored retirement plans, and personal investments
- 10d: Report the average benefit paid to a retiree living on Social Security today

Spending

- 1a: Identify their short-term and long-term financial goals

How to Invest for Retirement

Students will be able to:

- Understand what a 401(k) plan is and its advantages
- Explain the options available to them if an employer does not offer a 401(k) plan
- Conduct research to compare different types of retirement accounts, including Roth IRAs, traditional IRAs, 401(k)s, and pensions

Resources: [Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Earning Income

- 1d: Examine the benefits of participating in employer sponsored retirement savings plans and healthcare savings plans
- 10c: Explain the importance of participating in employer sponsored retirement plans, when available, and contributing enough to qualify for the maximum employer match

Saving

- 6a: Explain how traditional IRAs (individual retirement accounts), Roth IRAs, and education savings accounts provide incentives for people to save
- 6b: Compare the tax advantages of traditional and Roth IRAs
- 7a: Explain how an employer match of employee contributions to its retirement plan provides an incentive for employees to save
- 7c: Describe the pros and cons of saving through an employer retirement plan as compared to saving outside of an employer plan

Investing

- 8b: Describe the advantages of investing through a tax deferred account such as an IRA or 401(k) versus a taxable account
- 8c: Investigate the contribution limits and tax advantages of a traditional IRA versus a Roth IRA

Modern Investing

Students will be able to:

- Discuss the function and growth of robo-advising, along with its relationship with human investment managers
- Explain the function, pros, and cons of micro-investing
- Explore how artificial intelligence (AI) is changing the investing landscape
- Compare modern investing tools

Resources:

[Lesson Guide](#)
[Student Activity Packet](#)

National Standards for Personal Financial Education:

Investing

- 10a: Explore common financial technologies used for investing, including automated trading platforms
- 11a: Discuss how the development of financial technology has made it easier for people of all income and education levels to participate in financial markets
- 11c: Identify the advantages and disadvantages of robo advising and other investment-related financial technologies

3.A Unit Assessments

Teachers, you can access unit assessments on the corresponding [Unit Page](#). You will need to be logged into your Teacher Account.

Unit Assessment Includes:

- 25 Multiple Choice
- 5 Short Answer
- 1 Essay