



## MIDDLE SCHOOL | UNIT 6

### Growing and Protecting Your Money

# Title

## Invest in It

### LEARNING OBJECTIVES

Students will:

- **consider** brands and companies they interact with on a regular basis.
- **conduct** basic research into companies to determine their ticker symbols, current stock prices, and if they are publicly traded.
- **create** a fictional mutual fund by selecting stocks and determining how many shares of each to include in the fund.

### Content Area

Financial Literacy: Family and Consumer Sciences and Business

### Grades

6–8

### Overview

*What are stocks and how do you pick them?* The lesson begins with students participating in a group brainstorming activity in which they identify brands or companies in a variety of different categories. Students then work in groups to research companies from the lists they created. After learning about mutual funds, students work independently to create their own fictional mutual fund. The activity concludes with students comparing funds and determining which are more or less risky.

### Themes

**Personal Finance:** Investing

**Family and Consumer Sciences:** Consumer and Family Resources

**Business:** Personal Finance

### National Standards for Personal Financial Literacy

**Council for Economic Education and Jump\$tart Coalition for Personal Financial Literacy, 2021**

**IV. Investing 4-1** People invest their money so that it can grow over time and help them achieve their long-term financial goals.

**IV. Investing 4-2** Low-interest savings accounts are commonly used for short-term financial goals and emergency funds because they are low risk. When saving for longer-term financial goals, people often invest in riskier assets to earn higher returns.

**IV. Investing 8-1** Investors in financial assets expect an increase in value over time (capital gain) and/or receipt of regular income, such as interest or dividends.

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**IV. Investing 8-2** Common types of financial assets include certificates of deposit (CDs), stocks, bonds, mutual funds, and real estate.

**IV. Investing 8-4** Investors who buy corporate stock become part-owners of a business, benefit from potential increases in the value of their shares, and may receive dividend income.

**IV. Investing 8-5** Instead of buying individual stocks and bonds, investors can buy shares of pooled investments such as mutual funds and exchange-traded funds (ETFs).

**IV. Investing 8-6** Different types of investments expose investors to different degrees of risk.

## National Standards for Family and Consumer Sciences Education

National Association of State Administrators of Family and Consumer Sciences, 2018

**2.6.2** Apply financial management principles to individual and family financial practices.

**3.3.4** Compare investment and savings alternatives.

## National Standards for Business Education

National Business Education Association, 2023

**Personal Finance IV.1.5** Describe the advantages and disadvantages of various savings and investing plans.

**Personal Finance IV.1.7** Identify the risk/return trade-offs for saving and investing.

**Personal Finance IV.1.9** Apply criteria for choosing a savings or investment instrument (e.g., market risk, inflation risk, interest rate risk, political risk, liquidity, and minimum amount needed for investment).

**Personal Finance IV.1.21** Explain how and why the stock market functions.

## Connect

### How does this connect to the student?

Students interact with various brands every day. Students may be more interested in investing if they can see the connection between their daily lives and the ups and downs of the stock market.

### How does this connect to careers?

**Mutual fund manager:** Many mutual funds require active management. A mutual fund manager analyzes the performance of the companies in which the fund is invested and makes decisions about what—and how much—to buy or sell.

### How does this connect to technology?

Technology enables people to research and get started with investing in many ways. There are tools that assist with tracking stock prices, getting recommendations, and investing small amounts at a time.

## Key Terms

Stocks, investing, investors, shares, exchange, saving, mutual funds, diversification

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## Prepare

**Background:** *Investing* can be a daunting topic for some students. The concept of *stocks* (shares of ownership in a company) is rather abstract. The idea of mutual funds (ownership in a collection of stocks and/or bonds) can be even more challenging to grasp. The intent of this activity is to help students see connections between the world of investing and the brands and companies with which they interact.

The activity focuses on six categories of stocks. In reality, there are many more categories or *sectors*. The categories selected for the activity are intended to be easily relatable to students; however, if you feel that your students could identify other companies or brands in industries such as real estate, finances, or healthcare, you are welcome to include them or extend the activity with a discussion of these other sectors.

## Materials

- **Signs hung around the room for each of the following: Shoes/Clothes, Food/Beverage, Media/Technology, Household Items, Grooming/Makeup, Restaurants/Groceries**
  - Prior to class, make signs or write each category name on a flip chart paper or whiteboard.
- **Sticky notes or small pieces of paper and tape**
- **Markers**
- **Internet access and devices**—at least six (one for each group)
- **Can You Buy It? Student Capture Sheet**—one copy per student
- **Make My Own Mutual Fund Student Capture Sheet**—one copy per student
- [The Risks and Rewards of Investing Unit 6 Student Video](#)

## Engage

- Ask students how many companies they think they interact with in the course of their day.
- Let students know that they will be participating in a group brainstorming exercise in which they will be challenged to come up with long lists of companies or brands that people might interact with on a regular basis.
- Point out the six categories listed around the room.
- Tell students that they will work in groups with each group beginning at one of the categories. While there, they should identify at least five brands or companies and write them on the board/paper or on sticky notes. When time is called, students will rotate with their group to the next category and repeat the process.
- Divide students into six groups and begin the group brainstorming process. Monitor the time and announce when students should move to the next category. Groups do not need to visit all of the categories. Monitor students and determine when to end the activity based on the total number of brands identified and/or if students begin to struggle naming additional companies.
- Debrief the brainstorming activity by reviewing the lists and asking questions, such as:
  - Which one has the most? Least?
  - Which was the easiest to name brands/companies?
  - Within each category, which do they consider the three most popular brands or companies? (Mark these with a star.) Which are the least popular? (Mark these with a question mark.)

## Teach

- Ask students if they would ever like to own one of the companies listed around the room.
- Explain to students that people (called **investors**) can purchase ownership in certain companies by buying what is called stock. **Stock** is a piece of ownership in a company.
- Let students know that in order for investors to purchase stock, the company must be listed on an **exchange**, such as the New York Stock Exchange or NASDAQ. People buy and sell stock through these exchanges, and the price changes depending on how much investors feel the stock is worth.
- Play the video, [The Risks and Rewards of Investing](#) Unit 6 Student Video (2:51).
- Ask students what else they learned about stocks and investing from the video.
- Inform students that they will now work to investigate whether or not people can buy stocks in the companies or brands they listed before.
- Let students know that they will work with their previous groups to research stocks from one of the categories/lists.
- Distribute a copy of the **Can You Buy It? Capture Sheet** to each student. Explain the headings of each column.
  - **Brands:** Brands they identified during the brainstorming activity.
  - **Company Stock:** The name of the company's stock. If the company is private (meaning you cannot buy stock in it), write "private" in the table. In some cases, you may discover there is a parent company that owns smaller companies or brands. For example, Sprite is a brand of soda that is manufactured by the Coca-Cola Company.
  - **Stock Symbol:** The abbreviation for the company's stock. The abbreviation for Coca-Cola Company, for example, is KO.
  - **Stock Price:** The current price of one share of stock.
- Demonstrate how students can research stocks, parent companies, stock symbols, and prices using simple online search questions, such as:
  - What company produces \_\_\_\_\_?
  - Who is the parent company of \_\_\_\_\_?
  - Can you buy stock in \_\_\_\_\_?
  - Stock symbol for \_\_\_\_\_
  - Current stock price of \_\_\_\_\_
- Direct students to work in their original groups to complete the **Can You Buy It? Capture Sheet** for one of the categories. Determine which category each group will investigate and communicate this to students. For example, groups can investigate the category they started or ended with in the brainstorming activity.
- Once students have finished, direct one member from each group to post their **Can You Buy It? Capture Sheet** next to the original brainstorming lists posted around the room.
- Inform students that when they invest in stocks they take a risk. If the value of the company's stock goes up, they can make money. If it goes down, they can lose money.
- Share with students that one way to decrease risk when investing is to purchase **shares** of a mutual fund. **Mutual funds** are a collection of stocks (and/or bonds) that are owned by a large group of people. In some cases, mutual funds only have stocks from companies that are similar—for example, all technology stocks.
- Ask students why investing in a mutual fund with stocks from only technology companies would be a riskier investment than choosing a mutual fund with stocks from many different types of companies. Guide students to understanding

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that companies in a specific category are often impacted by similar events. Investing in various types of companies—one form of **diversification**—can limit risk because events will impact each type of company differently. Tell students that they are going to role-play the job of being a mutual fund manager, and provide the following directions:

- Each student will select at least five companies to have in their own fictitious mutual fund.
- After selecting the stocks, they will determine how many shares of each stock the mutual fund will own (minimum of 100 shares in each company). They can choose to have an equal or unequal number of shares for each company in the fund.
- Students will calculate the total value of the mutual fund by:
  - Multiplying each stock's current price (found on the research sheets posted around the room) by the number of shares in the fund
  - Adding the values for each stock
- Each student will determine how many shares to sell in their mutual fund and then divide the total value of the mutual fund by the number of available shares to determine the price per share of the mutual fund.
- Finally, students should name their mutual fund and create a 5-letter symbol for it.
- Distribute a copy of **Make My Own Mutual Fund Capture Sheet** to each student and allow time for students to complete it.

## Conclude

- Direct students to compare their mutual funds with those of other students in their original groups. Challenge each group to decide whose mutual fund would be the riskiest investment and why.
- Direct students to submit an exit ticket answering the question: Describe the difference between an individual stock and a mutual fund.

## Extend

- **Language Arts:** Expand upon your discussion of stocks by having students examine the impact of news stories on stock prices using materials from the [The Making of a Stock Market Price](#) activity.
- **Technology:** Challenge students to explore how technology can be used by investors to track stock prices and/or manage their portfolios. Tools to consider sharing with students include: spreadsheets that can incorporate live stock prices such as [Google Sheets](#) or [Excel](#), [FinViz](#) which allows people to visualize exchange traded funds and common stock indices, and apps that help people track their portfolio and/or investments they wish to follow.
- **Research:** Invite students to research and compare mutual funds, including what stocks and/or bonds are held by the mutual fund and how the mutual fund has performed over the past year.
- **Games:** Invite students to play the online game, [Build Your Stax](#), in which they invest hypothetical money and their returns are compared to an investment in an index fund over the same period of time.

# Can I Buy It?

**Directions:** Complete the table with information for one category of stocks.

Category: \_\_\_\_\_

Brands	Company Stock	Stock Symbol	Stock Price

# Make My Own Mutual Fund

1. Complete the table below with information for each company in your mutual fund.

Company	Stock Price	# of Shares in Your Mutual Fund (Must be >100)	Value of Stocks in Your Mutual Fund (Stock Price x # of Shares)
<b>Total for all of the Stocks in Your Mutual Fund</b>			

2. What is the price of each share in your mutual fund? (Total Value ÷ Total Number of Shares)
3. What is the name of your mutual fund?
4. What is the 5-letter symbol for your mutual fund?