CAREER PREPAREDNESS

Unit: Saving and Investing  
Time on Task: 6 Hours/360 Minutes

| Course Content Standard(s) | 17. Distinguish differences between the purpose of saving and the objectives associated with investing.  
|                           | a) Explain how using the Principles of Compound Interest and the Rule of 72 in investing builds wealth to meet financial goals.  
|                           | b) Evaluate various ways to buy and sell investments, including mutual funds, exchange-traded funds (ETFs), stocks, bonds, certificates of deposit (CDs), real estate, and commodities. |

College and Career Readiness Standards  
(Teachers should select the appropriate grade span standard(s) as it pertains to reading and writing.)

<table>
<thead>
<tr>
<th>Reading Standards for Literacy in Science and Technical Subjects 6-12 or Reading Standards for Literacy in History/Social Studies 6-12</th>
<th>Writing Standards for Literacy in History/Social Studies, Science, and Technical Subjects 6-12</th>
<th>Standards for Mathematical Practice</th>
</tr>
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<tbody>
<tr>
<td>5, 7</td>
<td>7, 8</td>
<td>1, 5</td>
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Learning Objective(s)  
Students will:  
1) Describe purposes of saving.  
2) Describe objectives associated with investing.  
3) Explain how using the Principle of Compound Interest builds wealth.  
4) Demonstrate how the Rule of 72 builds wealth.  
5) Set SMART financial goals.  
6) Evaluate mutual funds as a wise investment.  
7) Evaluate exchange-traded funds (ETFs) used to invest funds.  
8) Evaluate stocks as an investment option.  
9) Evaluate bonds as an investment option.  
10) Evaluate certificates of deposit (CDs) as an investment option.  
11) Evaluate real estate as an investment option.  
12) Evaluate commodities as an investment option.

21st Century Competencies  
☑ Critical Thinking  ☑ Communication  ☑ Collaboration  ☑ Creativity

<table>
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<th>Content Knowledge</th>
<th>Suggested Instructional Activities</th>
<th>Suggested Materials, Equipment, and Technology Resources</th>
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</table>
| II. Objectives of Investing  
| A. Long Term Strategy  
| B. Secure Retirement  
| C. Diversification  
| III. Compound Interest  
| IV. Rule of 72  
|   Use this post as the starting point for discussion, or have students write a reflection on the content presented in the blog.  
|   Students read: “Vary Your Assets,” NEFE Module 4, on pages 29-30. Use this reading as a starting point for class discussion.  
|   Students read “The 8th Wonder of the World,” NEFE Module 4, on pages 9-16. Use this reading as a starting point for class discussion.  
|   Students complete Challenge 4-A, “It Pays to Shop Around,” in NEFE Module 4, on page 12.  
|   Students complete Activity 4.4: “Getting a Late Start,” in NEFE Module 4, on page 15.  
|   Explain to students the Rule of 72, which is an easy way to estimate how long it will take their money to double at a certain interest rate. Discuss that in order to determine how long it will take their money to double at a certain interest rate they should divide 72 by the interest rate. For example, $72 \div 5 = 14.4$. Therefore the principal in a savings account that pays 5 percent interest will double in a little over 14 years. Explain that the Rule of 72 assumes people leave their money in an “It’s Your Paycheck!” in the Federal Reserve Bank of St. Louis, “Caching!” in Lesson 5: “Savvy Savers” www.stlouisfed.org/education  
| Blog post: http://www.getrichslowly.org/blog/2009/10/19/pay-yourself-first/  
| Internet connection is needed for this activity.  
account without taking away from it or adding to it. It isn’t an exact number, but it’s close enough to serve as an estimate.

Provide students with Handout 5.2: “Rule of 72.” Teacher assists students filling out the worksheet. There is an answer sheet provided.

Show the free Khan Academy Video, “The Rule of 72 for Compound Interest.”

V. Setting Financial Goals

A. SMART Goals

1. Specific
2. Measurable
3. Attainable
4. Relevant
5. Time-bound

Students read “Score With Goals,” in NEFE Module 1, on pages 13-19.

Students complete Activity 1.6: “SMART Goal Makeover,” in NEFE Module 1, on page 16. Students compare results with classmates.

Students complete Challenge 1-A: “My SMART Goals,” in NEFE Module 1, on page 19.


V. Evaluate Investments

A. Mutual Funds
B. Exchange-Traded Funds (ETFs)
C. Stocks
D. Bonds
E. Certificates of Deposit (CDs)
F. Real estate
G. Commodities

Students read “Jump-Start Your Financial Quest With Investing,” in NEFE Module 4, on pages 16-26. Use this reading to generate class discussion.

Students complete Activity 4.5: “Own a Piece of the Business,” in NEFE Module 4, on page 22.

Students complete Activity 4.6: “Watch the Price,” in NEFE Module 4, on page 23.


Students read the chart “Popular Savings Options,” in NEFE Module 4, page 8. This chart compares and contrasts several popular savings options including CDs and savings bonds.

Show free Khan Academy videos on the following topics: stocks, bonds, real estate, mutual funds, and ETFs.

http://finance.yahoo.com or similar finance Web site to find stock prices


### Assessment of Learning

<table>
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<th>Formative Assessments (AQTS 2.8)</th>
<th>Summative Assessments (AQTS 2.9)</th>
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<tr>
<td>- Discussion</td>
<td>- Selected Response Items (MC/TF/Matching)</td>
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<tr>
<td>- Exit Slips</td>
<td>- Short Answer Responses</td>
</tr>
<tr>
<td>- Questioning</td>
<td>- Project (See culminating product)</td>
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### Sample Career Options

Stockbroker, Bank Teller, Financial Advisor, Insurance Agent

### Online Experience

Does this lesson address the required online experience? ☒ Yes ☐ No

If yes, please indicate length of time in minutes. There are several online options for this standard. Most activities could meet the online requirement if Model or Démodé is incorporated in the lessons.

### Unit/Course CTSO Activity

Career and Technical Student Organizations (CTSO) could offer Financial Literacy workshops on saving and investing to fellow students, the community, or middle school students.

### Culminating Product

(Group, partner, or individual activity) Research an investment option (stocks, bonds, ETFs, mutual funds, real estate, commodities, and CDs) and create a product (poster, written report, Interactive Web 2.0 tool, etc.) that highlights its specific characteristics. When designing the product keep in mind the purpose of the assignment to educate fellow classmates on the most important aspects of your particular investment option. Each product is presented to the class.

Course/Program Credential(s): ☐ Credential ☐ Certificate ☐ Other: