



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 8: Saving and Investing for the Long Term

Lesson Author

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Activity Description

Building wealth over the long term requires an understanding of investment strategies to reach your goals.

Objectives

In this lesson, students will:

- Learn the importance of beginning to invest at an early age and continuing throughout their careers
- Understand various strategies for investing
- Understand the tools available for evaluating stocks as potential investments
- Weigh risks and rewards associated with equity investing

Essential Question

How should I invest my money?

Assignment Materials

Students will need a computer, printer, and internet access.

Assignment Length

One month

Author's Notes

- I use Market Watch's Virtual Stock Exchange (www.marketwatch.com/games) as my trading platform. There is no cost involved and there are great, self-guided resources for the students.
- You will need to create an account for your class, including a class name and password, because you will make it private. Students will make note of the name of the game and the password on Student Handout 8A (Step 5).
- I have used Virtual Stock Exchange several times with predictable results. Students become very competitive toward the end. Many students will buy and sell feverishly the last week. It was an interesting class discussion the day that Apple's stock value fell and stocks tumbled. Students were required to sell all stocks on the last day. They were begging for extra time to recover from the losses.
- I typically pull up the game in the instructor's view in the first few minutes of class during the month and see how everyone is doing. We talk about what is going on in business and why it is important to keep up with the news while investing.



- I review the instructor’s page before class to see who has been working with their portfolio. If I see students who haven’t been active, I often make a point to talk with them about any issues they may be having. I have also sent out emails to the class with stock tips and news clips. My hope is to expose students to the stock market and help them learn to identify the potential for gains and risk of losses when investing in stocks. If you have the opportunity, you can discuss the business cycle and the impact of fluctuation on investments.

The student did not follow directions. (minus 2)	
The student successfully set up a portfolio and made the required trades. (plus 10)	
The student set up a portfolio but did not complete it as assigned. (plus 5)	
The student did not attempt to set up a portfolio. (0 points)	
The research project answered all questions thoughtfully. (plus 6)	
The research project answered most questions but lacked detail. (plus 4)	
The research project was vague and lacked detail. (plus 2)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage, and spelling. The essay is generally free from errors. (plus 4)	
The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 3)	
The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 1)	
Total	

Please note that your grade will **not** be based on how your “investments” perform, that is, whether or not you make money. Four weeks is a brief time in the life of the stock market; the purpose of the game is to develop an understanding of how the market operates and how investing is accomplished. However, extra credit will be awarded to the top two earners in the class, provided they have met all of the above criteria.



Project 8 Overview: Saving and Investing

Handout 8A: How Should I Invest My Money?

Building wealth over the long term requires an understanding of investment strategies to reach your goals. In this assignment, you will:

- Learn the importance of beginning to invest at an early age and continuing throughout your work career
- Understand various strategies for investing
- Understand the tools available for evaluating stocks as potential investments
- Weigh risks and rewards associated with equity investing

Assignment Instructions

We will be playing a stock market game for approximately one month. Below are the procedures of the game, which you should read carefully. Failure to meet all the requirements of the game will negatively affect your grade on the project.

During the one-month period, we will examine a stock page, the meaning of various tools that are used to analyze stocks, and various strategies for investing.

Procedures

1. You will be given a hypothetical \$1 million to invest in stocks.
2. You must invest in at least five companies.
3. You must research at least one of the five companies, providing a one-page overview. Be sure to include the following components:
 - A company profile, that is, its history and what it produces
 - Relevant financial information, such as total sales, total profits, dividends, price-to-earnings (P/E) ratio, number of outstanding shares, and recent stock performance
 - Why you selected this company as a “buy”
4. You will be required to make at least two trades during the game. These trades may be either a simple sale of one stock and the purchase of another in the same value, or a partial sale of one to acquire a new holding or more of an existing holding. At all times, you must own at least **five** stocks to simulate a “diversified” portfolio, as most investment counselors and brokers recommend.
5. Your instructor will give you a class name and password that will allow you to set up and access your online portfolio. Note them here:
 - Class name: _____
 - Password: _____



6. To set up your online portfolio:
 - Go to: www.marketwatch.com/games.
 - Click the **Find Game** tab. Search for the name of your classroom's game.
 - Enter the classroom password.
 - Join the game.
 - Click on the settings tab to review the game rules.
7. To start purchasing stock, enter the name of a company or a company's stock symbol in the **Symbol Search/Trade** box.
8. Click **See Quote** to research information about the company's stock you wish to buy or short sell.
9. You will track your stocks weekly, recording the results in your transaction register.
10. On the last day of trading, liquidate all stocks and print a copy of your account balance.

Note: We will NOT be investing in mutual funds, preferred stocks, bonds, bond funds, or any of a number of other possible investment vehicles. For the sake of simplicity and uniformity, we will only invest in common stocks.



Project 8 Activity: Stocks Transaction Register

Name: _____

Date: _____

Company	Stock Symbol	Total Amount I Want to Invest in This Company	Current Stock Price	# of Shares I Am Buying (rounded down to the nearest 10th)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

Note: You must buy stock in **at least five** companies. You can buy up to 10 stocks if you want to further diversify your portfolio.



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