

COURSE TITLE

Investing and the Stock Market

LENGTH

Half Year
Grades 11 - 12

DEPARTMENT

Business Education
Barbara O'Donnell, Supervisor

SCHOOL

Rutherford High School

DATE

Spring 2017

INVESTING AND THE STOCK MARKET

I. Introduction/Overview/Philosophy

Investing and the Stock Market is designed to introduce students to personal investment options. The course will delve into topics involving investing and savings, and familiarize students with key investment terminology. The course consists of five units: savings vehicles and understanding the difference between saving and investing, understanding a variety of investment vehicles with particular emphasis on the stock market, mutual funds, investing for retirement (social security, traditional IRAs, pension plans, Roth IRAs, 401K/403B, Roth 401K), and the role of the Federal Reserve. The intent of the course is to help students demystify the investing process, understand the basic tools of investing, and give practical experience in establishing and monitoring a portfolio. This higher-level course will enable students to prepare investment strategies for their immediate future and their career years, as well as plan for their retirement years. Problem solving and decision-making skills will be stressed.

II. Objective

Course Outline:

- A. Saving
 - 1. Definition of money
 - 2. Keys to financial success
 - a. Compounding
 - b. Rule of 72
- B. Savings vs. Investing
 - 1. Savings
 - a. Purpose of saving and ways to save
 - b. PYF principle
 - c. Characteristics of savings vehicles
 - 1. Safe
 - 2. Liquid
 - 3. Return/inflation
 - d. Savings vehicles
 - 1. Savings accounts
 - 2. Money market account
 - 3. Certificate of Deposit
 - 4. Checking account
 - 2. Investing
 - a. Purpose of investing
 - b. Characteristics of investing
 - 1. Risk
 - 2. Not liquid
 - 3. Long-term
 - c. Investment vehicles
 - 1. Stocks

- 2. Bonds
 - 3. Commodities
 - 4. Collectibles
 - 5. Real estate
 - 6. Mutual funds
 - d. Diversification
 - e. Relative risk pyramid
- C. The Stock Market
 - 1. Basics of stocks
 - a. Definition of a stock
 - b. Why a company sells stock
 - c. Definition of stockholders/shareholders
 - d. Capital gains
 - e. Dividends
 - f. Types of stock
 - 1. Penny stock
 - 2. Growth stock
 - 3. Blue-chip stock
 - g. Stock prices
 - h. Definitions of bears, pigs, and bulls
 - i. Role of the SEC
 - j. Initial public offerings
 - k. Insider trading
 - 1. Parent company
 - 2. History of the stock market
 - 3. Choosing stock
 - a. Peter Lynch “common sense approach”
 - b. Warren Buffet way
 - 4. Markets
 - a. NYSE
 - b. AMEX
 - c. NASDAQ
 - d. Market indices
 - 1. DJIA
 - 2. NASDAQ Composite
 - 3. Standard and Poor’s 500
 - 5. Sectors and industries
 - 6. Examining a company
 - a. EPS
 - b. P/E ratio
 - c. ROE
 - d. Beta
 - e. Sales and earnings history
 - f. Market capitalization
 - g. Yield
 - h. Volume

7. Reading a stock table
 8. Buying and selling stock
 - a. Odd lot and round lot
 - b. Short selling
 - c. Common vs. preferred stock
 - d. Stock splits
 - e. Stockbrokers
 1. full-service
 2. discount
 - f. Types of orders
 1. Market order
 2. Limit order
 3. Stop order
 - g. Anatomy of a trade
 9. Stock Market Game (10-week game/given \$100,000 to invest)
- D. Annual Reports
1. Definition
 2. Major components
 - a. Corporate profile
 - b. Financial highlights
 - c. Letter to shareholders
 - d. Operational overview
 - e. Independent auditors report
 - f. Five-year historical financial data summary
 - g. Company directors and executive officers
 - h. Business segment information
 - i. Financial statements
 - j. Notes to financial statements
 - k. Description of the company's business
 - l. Management discussion and analysis
 3. Major financial statements
 - a. Balance sheet
 1. Purpose
 2. Parts of
 - b. Income statement
 1. Purpose
 2. Parts of
 4. Corporate financial scandals
- E. Mutual Funds
1. Definition
 2. Pricing (NAV)
 3. Advantages/disadvantages
 4. Types
 - a. Load
 - b. No-load
 - c. Calculating a load and/or back-end load

- 5. Categories
 - a. Money market
 - b. Income
 - c. Growth and income
 - d. Growth
 - e. Value
 - f. Index
- 6. Tax consequences
 - a. DRIP
 - b. Dollar cost averaging
- 7. Comparing/choosing mutual funds
 - a. Prospectus
 - b. Factors to consider
 - c. NAIC mutual fund checklist
- F. Retirement Investments
 - 1. Social Security
 - a. History
 - b. Five basic principles
 - c. Financing
 - d. Benefits
 - 1. Retirement
 - 2. Survivor
 - 3. Disability
 - 4. Medicare
 - e. IRA (Individual Retirement Plan)
 - 1. Definition
 - 2. Regulations
 - a. Tax consequences
 - b. Maximum contribution
 - c. Income limits
 - d. Withdrawals
 - i. With penalty
 - ii. Without penalty
 - f. Roth IRA
 - 1. Definition
 - 2. Eligibility
 - 3. Regulations
 - a. Tax consequences
 - b. Maximum contribution
 - c. Income limits
 - d. Withdrawals
 - i. With penalty
 - ii. Without penalty
 - g. Educational IRAs (Coverdell Education Savings Account)
 - 1. Definition
 - 2. Regulations

- a. Tax consequences
 - b. Maximum contribution
 - c. Income limits
 - d. Distribution of funds
 - h. IRA investments alternatives
- G. Employer Sponsored Retirement Plans
 - 1. 401K/403B/Roth 401K
 - a. Definition
 - b. Tax consequences
 - c. Regulations
 - 1. Company match
 - 2. Investment options
 - 3. Maximum contributions
 - 4. Vesting period
 - 5. Withdrawals
 - a. With penalty
 - b. Without penalty
 - 2. Pension plans
 - a. Definition
 - b. Regulations
- H. The Federal Reserve System
 - 1. Definition
 - 2. History
 - 3. Purpose
 - 4. Structure
 - 5. Impact

Student Outcomes:

After successfully completing this course, the student will:

- increase their business vocabulary
- understand the difference between savings and investing
- identify various savings and investment vehicles
- understand the risks and rewards of investing
- demonstrate an understanding of stock markets
- understand mutual funds
- be able to analyze financial data from articles, charts, and the stock tables
- understand the functions Federal Reserve System
- know the history of Social Security and benefits paid
- understand the retirement investments including IRAs, Roth IRAs, 401Ks, 403Bs, and pension plans
- be exposed to hands-on simulations to better understand the complex world of investment strategies
- be able to gather information from various sources to make informed financial decisions
- be able to communicate their research orally and in writing to the class
- be able to collaborate in online communities and use technology to solve problems, collect data, and make decisions

New Jersey Student Learning Standards***CAREER READY PRACTICES***

- CRP1 Act as a responsible and contributing citizen and employee.
- CRP2 Apply appropriate academic and technical skills.
- CRP4 Communicate clearly and effectively and with reason.
- CRP5 Consider the environmental, social and economic impacts of decisions.
- CRP8 Utilize critical thinking to make sense of problems and persevere in solving them.
- CRP9 Model integrity, ethical leadership and effective management.
- CRP10 Plan education and career paths aligned to personal goals.
- CRP11 Use technology to enhance productivity.

TECHNOLOGY

Standard 8.1: Educational Technology: All students will use digital tools to access, manage, evaluate, and synthesize information in order to solve problems individually and collaboratively and to create and communicate knowledge.

- Strand A Technology Operations and Concepts
- Strand C Communication and Collaboration
- Strand D Digital Citizenship
- Strand F Critical Thinking, Problem Solving, and Decision Making

21ST CENTURY LIFE AND CAREERS

Standard 9.1: Personal Financial Literacy

- Strand A Income and Careers
- Strand B Money Management
- Strand C Credit and Debt Management
- Strand D Planning, Saving and Investing
- Strand E Becoming a Critical Consumer
- Strand F Civic Financial Responsibility

Standard 9.2: Career Awareness, Exploration, and Preparation:

- Strand C: Career Preparation

III. Proficiency Levels

This course is open to grades 11–12.

IV. Methods of Assessment**Student Assessment**

The teacher will provide a variety of assessments during the course of the year. The assessments may include but are not limited to: tests and quizzes, group work/projects, simulations, and case studies.

Curriculum/Teacher Assessment

The teacher will provide the subject area supervisor with suggestions for changes on an ongoing basis.

V. Grouping

There are no prerequisites for this course.

VI. Articulation/Scope & Sequence/Time Frame

Course length is one semester and is offered to students in grades 11-12.

VII. Resources

- A. Competitions
 - The Stock Market Game
 - Various essay contests
- B. Guest Speakers
- C. Texts/Supplemental Reading/References
 - Wall Street Journal*
 - Websites (i.e., Yahoo Finance, Morningstar)
 - Other magazines (Forbes, Kiplinger, Smart Money, etc.)
 - Various videos as deemed necessary.

VIII. Methodologies

The following methods of instruction are suggested: demonstration/lecture, article critiques, student collaboration, and simulations (stock market game).

IX. Suggested Activities

Integrate computer technology/applications, and case studies.

X. Interdisciplinary Connections

This course emphasizes real-world math and writing skills.

XI. Differentiating Instruction for Students with Special Needs: Students with Disabilities, English Language Learners, and Gifted & Talented Students

Differentiating instruction is a flexible process that includes the planning and design of instruction, how that instruction is delivered, and how student progress is measured. Teachers recognize that students can learn in

multiple ways as they celebrate students' prior knowledge. By providing appropriately challenging learning, teachers can maximize success for all students.

Examples of Strategies and Practices that Support:

Students with Disabilities

- Use of visual and multi-sensory formats
- Use of assisted technology
- Use of prompts
- Modification of content and student products
- Testing accommodations
- Authentic assessments

Gifted & Talented Students

- Adjusting the pace of lessons
- Curriculum compacting
- Inquiry-based instruction
- Independent study
- Higher-order thinking skills
- Interest-based content
- Student-driven
- Real-world problems and scenarios

English Language Learners

- Pre-teaching of vocabulary and concepts
- Visual learning, including graphic organizers
- Use of cognates to increase comprehension
- Teacher modeling
- Pairing students with beginning English language skills with students who have more advanced English language skills
- Scaffolding
 - word walls
 - sentence frames
 - think-pair-share
 - cooperative learning groups

XII. Professional Development

The teacher will continue to improve expertise through participation in a variety of professional development opportunities.

Curriculum Map

Class	September/February	October/March	November/April	December/May	January/June
INVESTING AND THE STOCK MARKET	Saving vs. Investing <ul style="list-style-type: none"> Three keys to financial success Savings characteristics and vehicles Investing characteristics and vehicles Diversification/asset allocation Stocks <ul style="list-style-type: none"> Types of stocks Methods of choosing stocks Markets, segments, and industries Seven statistical factors to look at when deciding on a stock Stock Market Game <ul style="list-style-type: none"> Introduction Rules of the game 	Stocks <ul style="list-style-type: none"> Selling short Odd vs. round lot Annual Reports <ul style="list-style-type: none"> Twelve sections Balance sheets Income statements Mutual funds <ul style="list-style-type: none"> NAV Load vs. No-Load Categories Stock Market Game <ul style="list-style-type: none"> Participate in the game 	Mutual Funds <ul style="list-style-type: none"> Researching mutual funds Comparing and contrasting mutual funds Retirement <ul style="list-style-type: none"> Define retirement Social Security <ul style="list-style-type: none"> History Principles Benefits Stock Market Game <ul style="list-style-type: none"> Participate in the game 	Individual Retirement Plans <ul style="list-style-type: none"> Traditional IRAs Roth IRAs Educational IRAs Company Sponsored Retirement <ul style="list-style-type: none"> 401K 403B Pension plan Roth 401K Stock Market Game <ul style="list-style-type: none"> Participate in the game Reflection on the game 	Federal Reserve System <ul style="list-style-type: none"> Roles of the Fed Responsibilities of the Fed Government's role in the economy Business cycle