

## Grades 6-8, Lesson 3

### Compelling Question: How can I leverage unearned income?

<b>IL Financial Literacy Standard</b>	<b>SS.EC.FL.2.6-8.LC:</b> Explain the roles and relationships between savers, borrowers, interest, time, and the purposes for saving.	<b>SS.EC.FL.2.6-8.MdC:</b> Explain the correlation between investors, investment options (and associated risks), and income/wealth.
	<b>SS.EC.FL.2.6-8.MC:</b> Analyze the relationship between financial risks and protection, insurance and costs.	
<b>Inquiry Standards</b>	<b>SS.IS.1.6-8:</b> Create essential questions to help guide inquiry about a topic	<b>SS.IS.2.6-8:</b> Ask essential and focusing questions that will lead to independent research.
	<b>SS.IS.3.6-8:</b> Determine sources representing multiple points of view that will assist in organizing a research plan.	

## Introduction to Lesson

This inquiry initiates an investigation of income by presenting students with readings, simulation, and graphic representations of earnings, investments, savings, and risk. Students should be able to develop a logical argument or project-based learning activity that answers the question “How do people get and use money?”

Students consider a series of supporting questions about how people use the income they receive to earn more money. By engaging with images, videos, charts and graphs, students activate visual, auditory and kinesthetic learning. They work independently and in groups to answer questions, but more importantly, to ask even more questions of their own.

**TIME FRAME:** This lesson is designed to work on several levels; therefore, timing may differ depending upon how a class chooses to approach it. If the Supporting Questions are divided and offered to groups, the lesson can be completed in 2 – 3 days. If a whole class works its way through all of the Supporting Questions, it could expand to 5 - 6 days. On the other hand, if teachers feel pressed for time, they may pick and choose different parts of the lesson to work through.

**RATIONALE:** The Supporting Questions develop from simple to more complex, thus providing the opportunity for differentiating and accelerating/compacting the curriculum. While the whole class considers the concepts of earning and spending, individual students or groups can delve more deeply into concepts at levels that are appropriate for their abilities and interests. The opportunity for Project-Based Learning provides a further level of complexity, as students not only reflect on their learning, but use their new knowledge to take action in the real world.

The lesson is structured as follows: Each lesson consists of three supporting questions that directly ties in to the compelling question. Each supporting question gets a little tougher as you progress through the lesson. Each supporting question includes an Investigate and Create/Discuss section. The Closed-Reading Activity can be used for each of the supporting questions or one that you select. The Reflect section is located towards the end of the lesson which provides students a chance to demonstrate their knowledge of money and allows you to have a summative evaluation.

## Ask

Compelling Question: How can I leverage my money?

### Supporting Question #1: How does interest rates effect savers and borrowers?

**Key Understandings:** Students will understand what interest is and the impact rates have.

**Featured Resources (Investigate):** Money Terms Opening Activity, 2 Reading for Information Pieces: What is Interest & Business Insider article, Interest Rate Investigation

**Formative Assessment Task (Create/Discuss):** Calculating Simple Interest, Compound Interest Activity, The Rule of 72, and Poem Activity

### Supporting Question #2: How can I invest my money?

**Key Understandings:** Students will gain an understanding of the stock market and how it works.

**Featured Resources (Investigate):** 2 Reading for Information pieces: Investment Buzz Words and Frerichs Shareholder Advocacy, 3 Investigations: Stocks Around the World, Publicly Traded Companies, and Shareholder Activity

**Formative Assessment Task (Create/Discuss):** Buzz Word Activity, Stock Symbols, Dividends, the Stock Market Game

### Supporting Question #3: What is risk?

**Key Understandings:** Students will learn about risk and how it factors into investing.

**Featured Resources (Investigate):** Reading for Information- Risks and Rewards of Investing & Risk and Reward Investigation

**Formative Assessment Task (Create/Discuss):** Asset Allocation game and writing prompt

## Staging the Compelling Question

The compelling question is, "How can I leverage my money?" Through this lesson, students will learn about interest and the stock market. They will learn through investigation activities and hands on games that there are ways to earn dividends on money they already have. They will carefully examine and think about how much risk they are comfortable with regarding their money. By the end of the lesson, students should be able to explain the basics of the stock market and how risk factors into all decisions.

## Supporting Question #1: How does interest rates effect savers and borrowers?

### Supporting Question

The first supporting question asks the students, “How does interest rates effect savers and borrowers?” They will explore the concept of interest and what it means concerning both saving and spending. To begin the lesson, teachers can use the word cloud and discuss the various terms.

As students move through the supporting question, they will learn where interest rates come from and all the different ways they impact everyday life.

### Investigate

#### Featured Resources

**Opening Activity- Money Terms:** Students view a word cloud with terms related to money and write down words they know, words they think they know, and words they will soon know.

**Reading for Information-What is Interest?:** This piece gives the basics about both paying interest and earning interest.

**Reading for Information-Here’s how the Fed raises interest rates and why it matters:** During this reading piece, students will learn about the Federal Reserve and their role in interest rates.

**Interest Rates Investigation:** Students will research different types of interest, how that particular rate is determined, and how it effects consumers. They will present their findings in a poster.

### Create/Discuss

#### Formative Assessment Performance Activities

**Calculating Simple Interest:** Students are presented with different interest scenarios and figure out the total sums.

**Compound Interest Activity:** Students will learn more about compound interest and calculate how much is earned in a scenario.

**The Rule of 72:** Students will learn how long it takes them to double their money with interest.

**Poem Activity:** At the end of the lesson, students are presented with the same word cloud from the beginning of the lesson and writes a poem using five of the words.

## Supporting Question #2: How can I invest my money?

### Supporting Question

The second supporting question is, “How can I invest my money?” Students will learn about investment key terms, how the stock market works by participating in a live simulation and analyze what it means to be a shareholder. They will also research stocks and companies to understand what it means to be a publicly traded company.

Depending on time, you can choose how you would like to implement the Stock Market Game in your classroom. You can have the students participate for a just a few days, a semester, or even all year depending on interest level.

Investigate
Featured Resources
<b>Reading for Information- Investment Buzz Words:</b> This resource gives high level definition for many of the terms that are used frequently when talking about the stock market.
<b>Reading for Information- Treasurer Frerichs Shareholder Advocacy:</b> Students read about a real-life example of how shareholders can make their voices heard. They will answer reflective questions after the reading to discuss in class.
<b>Stocks Around the World:</b> Students will investigate different stock markets throughout the world.
<b>Publicly Traded Companies:</b> Students will explore their favorite companies to see if they are on the Stock Market or not.
<b>Shareholder Activity:</b> Working in groups, students will research a public company of their choice. They will research a current or potential problem with the company and present to their shareholders (classmates). The “shareholders” will vote. EX: Is developing our own streaming service for Disney a good investment?

Create/Discuss
Formative Assessment Performance Activities
<b>Stock Symbols:</b> Students will learn that each stock has an abbreviation, which is their ticker symbol. They will then look up a variety of ticker symbols to see what company they match.
<b>Buzz Word Bonanza Activity:</b> Students will define and draw the vocabulary words.
<b>Dividends Activity:</b> Students learn about dividends and make the decision about whether or not to buy certain stocks.
<b>Stock Market Game™:</b> Register student teams to participate in the Stock Market Game. This is a free activity provided by Econ Illinois through the generous support of their funders. The direction link is <a href="http://www.econillinois.org/educators/stock-market-game/index.shtml">http://www.econillinois.org/educators/stock-market-game/index.shtml</a> , or you can go to <a href="http://www.econillinois.org">www.econillinois.org</a> and click on Educators. You will be given step by step directions by Econ Illinois, and a staff member will be able to answer any questions and in contact with you via email.

### Supporting Question #3: What is risk?

Supporting Question
A major component to investing is risk. Students will learn about the concept of risk and which type of investments carry more risk than others. They will participate in a hands-on game that will allow them to see how risk impacts their finances, both negatively and positively. They will also reflect on their own feelings of risk through a writing prompt.

Investigate
Featured Resources
<b>Reading for Information- Risks and Rewards of Investing:</b> Students will read about risk and how much is associated with different types of investments.
<b>Risk and Rewards Investigation:</b> Students will research a variety of stocks and bonds to learn their risk and see how much their price fluctuates.

## Create/Discuss

### Formative Assessment Performance Activities

**Asset Allocation Game:** Students work in a group to divide up their assets of \$60,000 into stocks, bonds, and cash, depending on the risks they want to take.

**Writing Prompt:** Students will reflect on a quote about investing from Benjamin Franklin.

## Ask

How can I leverage my money?

## Reflect

### Summative Assessment Performance Activities

Task	Develop an argument, using credible sources as evidence, to answer the question.
Task	<ul style="list-style-type: none"><li>Write a persuasive paper either convincing someone or discouraging someone to invest in the Stock Market.</li></ul>
Extension Activity	Use one of the project-based learning activities below: <ul style="list-style-type: none"><li>Interview an adult about the kind of investments they have. How did they choose? Are they happy with their returns? Write up your interview.</li><li>Follow a few stocks on the foreign stock markets and ours. Make a Venn Diagram comparing on how the stock does in each.</li><li>Participate in any of the Stock Market Game extension ideas: InvestWrite, Invest it Forward, or Capital Hill Challenge.</li></ul>