EVERFI®

Lesson Plan

Investing Process

20 minutes

Prerequisite: Digital lesson–Investment Process

INSTRUCTIONS

Each digital lesson is supplemented with a follow-up synchronous lesson plan to extend and reinforce learning. Activities and questions are structured in a way that supports both in-person and virtual classroom settings.

OBJECTIVES

Students will be able to…

- Discuss how a person's risk tolerance influences their investment decisions.
- Discuss the advantages and disadvantages of investing in riskier assets.
- Explain that loss aversion implies that an overwhelming fear of loss can cause investors to miss out on gains.

MATERIALS

In-Person Lesson and Virtual Lesson

- Choosing Investments student activity
- Access to this online tool: https://finance.yahoo.com/screener/new/

STANDARDS ADDRESSED

2021 *Jump$tart National Standards for Personal Finance*

- 12-1b. Discuss how a person's risk tolerance influences their investment decisions.
- 12-6a. Recommend portfolio allocation between major asset classes for a short-term goal versus a long-term goal.
- 12-6b. Discuss the pros and cons of investing in a diversified mutual fund versus investing in a small number of individual stocks.
- 12-6c. Suggest an appropriate asset allocation for a very risk-averse person versus a very risk-tolerant person.
- 12-3b. Investigate the long-run average rates of returns on small-company stocks, large-company stocks, corporate bonds, and Treasury bonds.

SECTION	DESCRIPTION	FORMAT	DURATION
Discussion	Ask students, *"What are three important considerations when selecting investments?"* Answers may vary, but should at least include time, horizon, and your age. It could also include asset allocation, and diversification.	Virtual: Students can answer individually in the chat (shared with the whole class), or some students can share with the whole class. In-Person: Ask a few students to share their responses.	2 mins
Refresh and New Learning	After opening, explain to the class that they'll be working on an activity to find and select investments they're interested in. Have the students complete this activity by searching for stocks based on their market capitalization and sector. Review the definitions for each of these with the class using their activity worksheet. Market capitalization is covered in the digital lesson, so that will be a refresher, but the term *sector* will be new learning.	Virtual: Students can participate in the discussion via chat, unmuting, or another format. Record notes on the handout. In-Person: Research and participate in the discussion with your group. Record notes on the handout.	5 mins
Activity	Students will use their Choosing Investments activity worksheet to list 3 investments from small-cap, mid-cap, and large-cap stocks.	Virtual and In-Person: Students will research independently and complete the activity.	10 mins
Evaluation	As an exit ticket, have students answer the following question: *"What are some of the factors that helped you make your stock decisions?"* Examples will vary but could include: "I liked the name, I like their products, brand recognition, their performance was strong, etc."	Virtual: Students can answer individually in the chat (shared with the whole class), or some students can share with the whole class. In-Person: Discuss as a class.	3 mins