EVERFI®

Lesson Plan

Investment Game

45 minutes

Prerequisites: Digital lessons–The Stock Exchange, Investing Basics, Investing Process, and The Right Financial Advisor

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

- Writing utensil
- Investment Game Activity
- Access to the digital Investment Game

Virtual Lesson

- Investment Game Activity
- Access to the digital Investment Game

STANDARDS ADDRESSED

- 12-3a. Discuss the advantages and disadvantages of investing in riskier assets.
- 12-5a. Describe factors that influence the prices of financial assets.
- 12-5b. Predict what could happen to the price of a stock if new information is reported about the company or its products.
- 12-6a. Recommend portfolio allocation between major asset classes for a short-term goal versus a long-term goal.
- 12-14a. Discuss reasons that a person might want to hire a financial professional to manage their investments or provide investment advice.

SECTION	DESCRIPTION	FORMAT	DURATION
Discussion	Ask students *"What are some risks with investing your money?"* Answers will vary, but when the idea of losing money is brought up, transition to asking them what the reward of investing is. *"So why do people invest their money if it is possible they can lose some or all of it?* *"In your opinion, is this risk worth the reward?"*	Virtual: Answer individually in chat (shared with the whole class), or have some students share with the whole class. In-Person: Discuss as a class.	5 mins
New Learning/ Discussion (cont'd)	Share the definition of Loss Aversion with the class: **Loss Aversion** is when the fear of losing money is greater than joy one feels from gaining money. This usually makes people make low-risk decisions or not invest money at all because they are fearful of losing money.		
Activity	Divide the students into pairs or two large groups, then assign them one of two roles: **Aggressive Risk Taker**: takes on the most investment risk when the opportunity is given. **Risk Averse**: takes on the least risk possible and is terrified of losing money. After assigning roles, instruct them to log into the investment game and play with their role in mind. As time permits, or the following class, ask students to share their results. There should be a gap in portfolio values between those who were aggressive and those who wanted to take on the least risk. Explain to them why this is the case. *"In this activity, we showed how the two opposites sides of risk tolerances can go about investment decision- making. In real life, we are likely to be somewhere in the middle of this spectrum.* *"If you are investing for the long term, such as for your retirement, taking on risk can have more benefits and is even encouraged. Your time horizon in investing is important. The longer you have during which you will not need to access the money, the more risk you can take on."*	Virtual: Breakout group. Have students open the Investment game and fill out the activity sheet. In-Person: Allow students access to the investment game and instruct them to fill out the activity sheet.	22 mins

SECTION	DESCRIPTION	FORMAT	DURATION
Exit Ticket	As an exit ticket, have students answer the following question: *“Now that you learned more about impact of taking on investment risk, what surprised you most about today's results?”*	Virtual and In-person: Answer individually on activity worksheets	3 mins