



Financial Literacy: Mastering Money Matters for High School Educators

Webinar 5: " Standard 4 - Investing: Growing Wealth Wisely"

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Agenda



- **Journal and Approach**
- **Overview and Application Ideas**
 - **Assessment**
 - **Resources**
 - **Q and A**

Objective



Objective: Demystify investing concepts, providing teachers with resources to guide students in understanding markets and investment strategies.

- Topics Covered:
 - Basics of Stocks, Bonds, and Mutual Funds
 - Risk vs. Return
 - Classroom Integration: Stock market simulations and investment portfolio projects

Dr. Cynthia Fitzthum

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- Professor of Social Studies Education and Economic Education
- K-16 Economic Education Projects
- Former 5-12 Social Studies Teacher
- K-12 Principal, K-12 Superintendent Licenses





Personal Finance: Minimum Wage



Wages



With the federal minimum wage mired at \$7.25 an hour since 2009, many cities and states have been taking it upon themselves to set the bar higher. And sometimes, higher again.

In fact, [minimum wage](#) earners in 22 states and 38 cities and counties got a pay bump on Jan. 1.

Today, the highest minimum wages, by state and Washington, D.C., are in D.C. (\$17), Washington (\$16.28), California (\$16), Connecticut (\$15.69) and New Jersey (\$15.13). In addition, New York, Massachusetts and Maryland all have minimum wages of \$15.

On the more local level, 58 cities and counties have minimum wages set higher than their state's wage. All of the top 10 are in the West, and the top three cities are close neighbors:

1. Tukwila, Washington: \$20.29.
2. Seattle: \$19.97.
3. SeaTac, Washington: \$19.71.
4. West Hollywood, California: \$19.08.
5. Mountain View, California: \$18.75.
6. Emeryville, California: \$18.67.
7. Sunnyvale, California: \$18.55.
8. Denver: \$18.29.
9. San Francisco: \$18.07.
10. El Cerrito, California: \$17.92.

[Article Link](#)



Key Terms- [EconEdLink](#) Glossary

Mutual Fund

A pool of money used by a company to purchase a variety of stocks, bonds, or money market instruments. Provides diversification and professional management for investors.

Risk and Return

The chance of losing money.

Earnings from an investment, usually expressed as an annual percentage.

Stock

An ownership share or shares of ownership in a corporation.

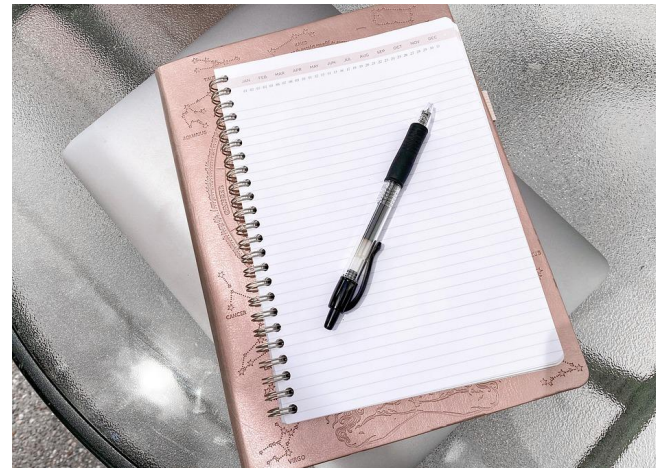
Bond

A certificate of indebtedness issued by a government or a publicly held corporation, promising to repay borrowed money to the lender at a fixed rate of interest and at a specified time.

Reflection Journal

Paper or Word Document

- Pause and reflect:
 - Answer the questions
 - Make connections to your situation
 - Application



What is investing? Give three examples.

Reflect in journal.



Overview and Application Ideas

(EconEdLink, Personal Examples)

An illustration of a white money bag with a black handle. The bag is overflowing with cash, including several banknotes and coins. Three hands are shown dropping more money into the bag. On the front of the bag, there are three labels: 'BONDS' in a blue oval, 'STOCKS' in a black rectangle, and 'Money Markets' in a blue banner. A few coins and a banknote are scattered on the ground in front of the bag.

Mutual Fund

[ˈmyü-chə-wəl ˈfænd]

A managed fund that pools money from shareholders to invest in securities.



Basics of Stocks, Bonds, and Mutual Funds



Meet Mia Saver and Ima Spender

- Mia Saver and Ima Spender are two 23-year-old women who recently graduated from college. For a couple of years after graduation, neither of them saves any money for retirement. Both are focused on establishing their careers and purchasing household items. At age 25, both decide it's time to start a retirement account.

Mia Saver and Ima Spender

- **Age 25:** Mia Spender starts to save money for retirement by investing \$200 per month into an account paying 7% annual interest compounded annually. Ima Spender continues to spend all of her money.
- **Ages 25 to 35:** Ima drives a nicer car than Mia and takes a more elaborate vacation each year.
- **Age 35:** Mia chooses to work only part time and not invest more money into her retirement fund. However, she leaves it invested in the account paying 7% annually. Ima begins investing \$200 per month toward retirement. Her account also pays a 7% rate of return compounded annually. Ima invests \$200 per month for 30 years, until age 65.

Calculating Investments Answers

<u>Mia Saver</u>			Rate of Return	<u>Ima Spender</u>		
Age	Total invested to date	Accumulated Balance	7%	Age	Total invested to date	Accumulated Balance
Age 25	\$0.00	0		Age 25	\$0.00	0
Age 35	\$24,000.00	\$34,404		Age 35	\$0.00	0
Age 45	\$24,000.00	\$67,678		Age 45	\$24,000.00	\$34,404
Age 55	\$24,000.00	\$133,133		Age 55	\$48,000.00	\$102,082
Age 65	\$24,000.00	\$261,893		Age 65	\$72,000.00	\$235,215

Comparing Investment Results

<u>Mia Saver</u>			Rate of Return	<u>Ima Spender</u>		
Age	Total invested to date	Accumulated Balance	8%	Age	Total invested to date	Accumulated Balance
Age 25	\$0.00	0		Age 25	\$0.00	0
Age 35	\$24,000.00	\$36,257		Age 35	\$0.00	0
Age 45	\$24,000.00	\$78,275		Age 45	\$24,000.00	\$36,257
Age 55	\$24,000.00	\$168,992		Age 55	\$48,000.00	\$114,533
Age 65	\$24,000.00	\$364,841		Age 65	\$72,000.00	\$283,525

What is a stock, bond and mutual fund?

- [The Benefits of Investing Early](#) Lesson
 - Mia Saver and Ima Spender
- [Investments 101](#) Article
 - Jigsaw activity
 - What other ways can you invest that are not listed?

What is a stock, bond and mutual fund? (continued)

- [Investing Basics](#) article
- [Investing Basics](#) video



Risk vs. Return



The Pyramid of Risk and Rewards

The Pyramid of Risk and Rewards

Highest Risk: Highest Potential Return or Loss



Lowest Risk: Lowest Potential Return or Loss

Dark grey: Investments are based more on growth and speculation.

Light grey: Investments are primarily focused on income and growth.

Medium grey: Investments are primarily focused on security and protection of funds.

What is the connection between risk and return in investments?

- [There Is No Such Things As A Free Lunch In Investing](#) Lesson
 - Objectives
 - [Kahoot](#)- Types of Investment Risk

What is the connection between risk and return in investments?

- [Risk and Return](#) Article
 - How would you invest your money now that you understand risk and return better?
 - Stock Market Activities and Tracking (optional)
 - Other (non-traditional ways) discuss as a class



Classroom Integration:
Stock market simulations &
investment portfolio projects



What other resources can I bring into my classroom?

- [What is a stock?](#)
 - Overview & Activities
 - Connection to other courses (history, psychology, math)

Side Bar:

Discussions

“If you do not find a way
to make money while
you sleep, you will work
until you die.”

Warren Buffett

National Standards

[The National Standards for Personal Financial Education \(2021\)](#)

The National Standards for Personal Financial Education is organized around six topics, with Standards and Learning Outcomes expected by the end of the 4th, 8th, and 12th grades.

The Topics are:

I. Earning Income

II. Spending

III. Saving

IV. Investing

V. Managing Credit

VI. Managing Risk

Assessment Ideas

Quotes:

Discuss with students

“Risk comes from not knowing what you are doing.”

Warren Buffett

Other assessments to consider:

- [The Stock Market Game](#)
- [Virtual Stock Exchange](#)
- Check your local center or council for competitions and additional resources
- Invite a guest speaker into your classroom (or virtually)

References

- Additional MCEE K-12 Resources: z.umn.edu/TeacherResources
- Council for Economic Education (National):
 - [EconEdLink](#)



Looking ahead...





- 4/23 Standard #5 (4-5 CT)
- 4/25: Standard #6 (4-5 CT)
- 4/30: Standards #4-6 Recap and Breakout Rooms (4-5 CT)

Q & A (Or Comments)



Thank You

Dr. Cynthia Fitzthum

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FinEd50 is a coalition of non-profit organizations, researchers, corporate partners, and professional organizations that believes that personal finance education is a crucial tool to helping people better navigate their financial lives, make informed decisions regarding their life choices, and take more control over their own futures.

FinEd50: Financial Education for American

Currently, only 24 states require personal finance education courses in the United States. Research indicates that a quality financial education leads to improved future credit scores, declines in payday lending, student loan payment increases, student borrowing shifting to lower cost options, and overall financial well-being!

Recognizing that education is the realm of state and local leadership, FinEd50 is dedicated to achieving:

State Level Action: State-level action that guarantees equitable access for every student to a robust, high-quality personal finance course;

National Standards: Courses and educational materials that address the content outlined in National Standards for Personal Financial Education and are culturally relevant and respectful to students' lived experiences;

Innovative Funding: Innovative funding mechanisms and professional development in place to support and develop a corps of high-quality teachers with access to new professional development opportunities to teach personal finance; and

Measurement: A mechanism for measuring access to courses on personal finance and equitable reach of state requirements.

Learn more about FinEd50:

Advocacy

Why do we do that?



CEE Affiliates



A network of 200 nationwide affiliates

Provide professional development for K-12 teachers, advocate for including economics and personal finance in K-12 schools, conduct research, and forge partnerships.

<https://www.councilforeconed.org/resources/local-affiliates/>

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