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|  | Semester Course8.4 Why Aren’t Young People Investing?Lesson Guide |

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| Learning ObjectivesStudents will be able to* Understand the principal reasons that young people are not investing
* Analyze data that demonstrates the cost of not investing when young
* Review historical stock market data to understand how risk changes as your time horizon increases

**Approximate Time*** Lesson length: 45 mins
 | **Jump$tart Standards**Investing* 1e: Compare the consequences of delaying investment for retirement and benefits of investing early.
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| **Distribute to Students*** [Student Activity Packet SC-8.4](https://drive.google.com/open?id=1QTc4nXA-cEipZ3E8DobeeS43IEOR6quWank0C2K5wv0)
 |  **Plan Your Unit*** [Semester Course Investing Unit Plan](https://drive.google.com/open?id=1ATH02Fz6cuA_HiIiz8wcuRoDNsioOEIqe7lKAxt9dMc)
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|  | LESSON PLAN |  |  |
|  | **Resources**  | **Questions** | **Est. Time** |
| 1 | [DISCUSSION PROMPTS](https://docs.google.com/presentation/d/1mxX-6STd6pOFCMnoVZgBdOEqGz6QTNVoVDrrZ7f58sI/edit?usp=sharing) | **Discussion Prompts**Discuss these questions with your classmates or with a partner.Do you plan on investing in the stock market when you are in your early 20s? Why or why not?  | 5 mins |
| 2 | ARTICLE* [Millennials Slow to Start Investing in the Stock Market](http://www.bankrate.com/investing/millennials-slow-to-start-investing-in-stock-market-bankrate-survey-finds/)
* Publisher: Bankrate
 | **Millennials Slow to Start Investing in the Stock Market**Based on what you learned earlier about compound interest, you know the importance of starting to invest at a young age. Read this article to find out why young people don’t seem to be heeding this advice and answer these questions:1. Based on this survey, what percentage of 18-25 year olds are investing in the stock market?
2. What are four of the reasons that explain why they aren’t investing? Circle the reason that you can relate to most.
 | 10 mins |
| 3 | REFERENCE* [Millennials: The Cost of Waiting](https://drive.google.com/file/d/1I99ijTA9aJ6HPjS1LwrYWVg7rzHRZl-K/view?usp=sharing)
* Publisher: USA Today
 | **Millennials: The Cost of Waiting**Many young people believe that since they are young they have plenty of time to invest. This chart might convince you otherwise. Use the chart to answer these questions:1. Your friend says “Why invest now? That’s something for older people to worry about.” Using data from the chart, make a persuasive argument to change his mind.
2. The chart assumes a 7% annual investment return. Given what you know about interest on savings accounts and the returns for stock market investments, how do you think you would need to invest to earn that 7% return?
 | 5 mins |
| 4 | REFERENCE* [The Stock Market’s Positive Returns: 1871-2014](https://drive.google.com/file/d/0B6t6xtZHt-QqQmUwNk5oa2paTE0/view)
* Publisher: WisdomTree Asset Management
 | **The Stock Market’s Positive Returns: 1871-2014** Another reason that young investors opt not to invest is due to the “riskiness” of the stock market. This chart looks at over a hundred years of stock market history and breaks it up into various time intervals to assess risk. Use the chart to answer these questions:1. Assuming you had a 15 year time horizon (held your investment for that period of time), how many times would you have lost money? What would have been your worst annual return?
2. Based on this historical data, what can you say about the relationship between the risk (of losing money) in the stock market and the length of time you hold an investment?
3. You have been asked by a friend how they should think about investing in the stock market. Convince them of the merits of long-term investing using the data above.
 | 10 mins |
| 5 | REFERENCE* [Taking Account of Savings Rates](https://drive.google.com/file/d/1WtQNFAfO71D3fCQzlKMo0TnYUfQzstMj/view?usp=sharing)
* Publisher: The Wall Street Journal
* **Teacher Tip:** These charts demonstrate how our financial lives should be looked at holistically. Having a large student debt balance can crimp your lifestyle and also prevent you from saving for retirement at the most advantageous time.
 | **Taking Account of Savings Rates**You can’t invest if you are not setting aside money to do it. Analyze these charts to find out why young people are saving less. Use your analysis to answer these questions:1. Which age group had the lowest savings rate in 2014?
2. What has been the recent trend with student debt for those under the age of 35?
3. Do you think there is a relationship between student debt and savings rate? What might be other factors to consider as to why young people save less than other age groups?
 | 5 mins |
| 6 | REFERENCE* [Think You Don’t Know Enough To Invest On Your Own?](https://drive.google.com/file/d/1I8jicDtXgf9_0McITUHM3RG7UkfHiQd4/view?usp=sharing)
* Publisher: TD Bank
 | **Think You Don’t Know Enough To Invest On Your Own?** Another reason young investors shy away from jumping into the investing arena is the fear that they don’t know enough. Review this infographic for answers on how you can get started. After reviewing, answer the following questions:1. Do you feel that you know enough to be an investor?
2. What can you learn from Warren Buffett’s first investment that can help you start investing?
 | 5 mins |
| 7 | [EXIT TICKET](https://docs.google.com/presentation/d/1tiUP2sgXO_KqxyZcwU1vtTLT3WVEalzMbQxt8WCRBKg/edit?usp=sharing)* **Teacher Tip:** To administer this Exit Ticket using Google Forms, make your [own copy here](https://docs.google.com/forms/d/1V_pZ7eShnZe1sF0ORTxyXriIi6MDi1u-i8kO3-smUNI/copy).
 | **Exit Ticket**1. What are two reasons that young people are not investing?
2. What is one disadvantage of waiting to invest?
3. True or False: The stock market always provides negative returns over periods of 15 years or more.
 | 5 mins |

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|  | **EXTEND THE LEARNING** |
|  **FAST FACTS...*** The media idolizes young wunderkinds who win big in the market; it doesn’t document the cautionary tales of those who didn’t succeed. Here are the stock market prodigies:
	+ Brand Fleisher, 17, tripled his investment in two years from $48,000 to $147,0000. He usually goes for small cap stocks, and he hasn't held onto a stock for more than a year, he says (CNN Money, 2015).
	+ Akira Ellis is barely a teenager but at just 13 he's already bought his first house and is one of the youngest property investors in Australia. He's now the proud owner of a four-bedroom house in the outer Melbourne suburb of Frankston, and he's already started renovations. (MSN Money, 2017)
* Here’s my story:
	+ Tim Ranzetta, founder of NGPF, took half of his first paycheck and bought 200 shares of a company called CheckRobot at $7/share in 1989. CheckRobot had a technology product that automated the checkout line in retail stores. Six months later, I sold my shares for $3 a share and booked a $800 loss. A great lesson in the risk of investing in speculative stocks.
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