FINANCIAL LITERACY

MODULE 29B: SAVING & INVESTING WITH WEALTHY BARBER

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| **Materials/Preparation required*** Copy of “The Wealthy Barber” or “The Wealthy Barber Returns”
* Video of David Chilton on investing, <https://www.youtube.com/watch?v=9A0kSTfF83s>
* Student Hand-out (See below)
* Students need to have blogs created
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| **Set:** * Watch tips on investing with David Chilton [https://www.youtube.com/watch?v=9A0kSTfF83s](https://www.youtube.com/watch?v=9a0kstff83s)
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| **Development 1:** * Read the first two chapters of “The Wealthy Barber Returns” (Pages 3-8) to the class and discuss the main points of the chapters. (There may also substitutable chapters from David’s first edition of “The Wealthy Barber”)
* Handout the attached notes, see below, on investing and select students to read aloud
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| **Development 2:** * Next the students will need access to a computer where they will need to create a new reflection post.
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| **Conclusion:** * A few minutes before the end of the period, have the students read each other's blog pages. Encourage them to leave comments on the blog posts as well.
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**Introduction to Investing**

**Definition**

* **Investing -** The act of committing money or capital to an endeavor with the expectation of obtaining an additional income or profit.

**What Investing Is**

 It's actually pretty simple: investing means putting your money to work for you. Essentially, it's a different way to think about how to make money. Growing up, most of us were taught that you can earn an income only by getting a job and working. And that's exactly what most of us do. There's one big problem with this: if you want more money, you have to work more hours. However, there is a limit to how many hours a day we can work, not to mention the fact that having a bunch of money is no fun if we don't have the leisure time to enjoy it

 You can't create a duplicate of yourself to increase your working time, so instead, you need to send an extension of yourself - your money - to work. That way, while you are putting in hours for your employer, or even mowing your lawn, sleeping, reading the paper or socializing with friends, you can also be earning money elsewhere. Quite simply, making your money work for you maximizes your earning potential whether or not you receive a raise, decide to work overtime or look for a higher-paying job.

 There are many different ways you can go about making an investment. This includes putting money into [stocks](http://www.investopedia.com/terms/s/stock.asp), [bonds](http://www.investopedia.com/terms/b/bond.asp), [mutual funds](http://www.investopedia.com/terms/m/mutualfund.asp), or real estate (among many other things), or starting your own business. Sometimes people refer to these options as "investment vehicles," which is just another way of saying "a way to invest." Each of these vehicles has positives and negatives, which we'll discuss in a later section of this tutorial. The point is that it doesn't matter which method you choose for investing your money, the goal is always to put your money to work so it earns you an additional profit. Even though this is a simple idea, it's the most important concept for you to understand.

**What Investing Is Not**

 Investing is *not* gambling. Gambling is putting money at risk by betting on an uncertain outcome with the hope that you might win money. Part of the confusion between investing and gambling, however, may come from the way some people use investment vehicles. For example, it could be argued that buying a stock based on a "hot tip" you heard at the water cooler is essentially the same as placing a bet at a casino.

 True investing doesn't happen without some action on your part. A "real" investor does not simply throw his or her money at any random investment; he or she performs thorough analysis and commits [capital](http://www.investopedia.com/terms/c/capital.asp) only when there is a reasonable expectation of profit. Yes, there still is [risk](http://www.investopedia.com/terms/r/risk.asp), and there are no guarantees, but investing is more than simply hoping Lady Luck is on your side.

**Why Bother Investing?**

 Obviously, everybody wants more money. It's pretty easy to understand that people invest because they want to increase their personal freedom, sense of security and ability to afford the things they want in life. However, investing is becoming more of a necessity. The days when everyone worked the same job for 30 years and then retired to a nice fat pension are gone. For average people, investing is not so much a helpful tool as the only way they can retire and maintain their present lifestyle.

 Whether you live in the U.S., Canada, or pretty much any other country in the industrialized Western world, governments are tightening their belts. Almost without exception, the responsibility of planning for retirement is shifting away from the state and towards the individual. There is much debate over how safe our old-age [pension](http://www.investopedia.com/terms/p/pensionplan.asp) programs will be over the next 20, 30 and 50 years. But why leave it to chance? By planning ahead you can ensure financial stability during your retirement.

Source: <http://www.investopedia.com/university/beginner/beginner1.asp>

Investing Questions

Answer the following questions on investing in the form of a reflective post:

* 1. Describe what investing means to you?
	2. Why do people make investments?
	3. What is the difference between saving and investing? Provide some examples of this.
	4. Why is it important to start investing and/or saving at an early age?