



Financial Literacy: The Principles of Sound Personal Financial Planning

Financial Literacy Secondary – Grades 9-12

Curriculum Expectations and Big Ideas:

- Explain the principles of sound personal financial planning (overall)
- Understand personal financial planning such as budgeting, saving and investing.

Learning Goal for this Lesson:

At the end of the lesson, students will:

- Compare the different forms of saving and personal investment and the criteria to be considered when selecting them (specific)

Instructional Components and Context

Materials:

- Newspapers
- Computers
- Whiteboard
- Calculators
- Graph paper
- “Money and Youth”
- Bank Newsletters

Readiness:

Students will already have an idea of saving, investment, budgeting, rate of return from their previous Grade 10 careers and business courses. They will have already completed personal budget.

Vocabulary/ Terminology:

Saving, investing, interest rate, rate of return, financial market, liquidity, risk, risk management, TSX, high, low, bear market, bull market, common stock, preferred stock, bonds, commodities, Guaranteed Investment Certificate, TFSA, Mutual Funds, FDIC, business cycles, business confidence, corporate social responsibility

Minds On

Discuss the following quotes with a whole class discussion:

J.H. Morley said:

“In investing money, the amount of interest you want should depend on whether you want to eat well or sleep well.”

Another man with initials in his name, J.P. Morgan, said the following about buying and selling investments:

“Sell down to your sleeping point.”

(The two quotes are meant to show that investing your hard-earned financial resources can bring both benefits and risk, and there is an interesting relationship between the potential “return” of an investment and the “risk” associated with an investment. In fact, there is a “balance” that must be reached. What does that mean?)

Action

1. On the whiteboard, write down “board splash of vocabulary words” used for financial and numerical literacy. These definitions could also be mixed and matched for a differentiated level of instruction.
2. Discuss quotes with whole class. (See Above) Hopefully, there will be some transfer of knowledge from
3. Teacher asks the class to brainstorm the criteria they would use for investing. After the students brainstorm the criteria, the teacher will offer a little saying that students can keep in mind when considering investments:

“Sure Require Good Luck Today Kid”

- **Safety/Risk**
 - **Return on the Investment**
 - **Growth potential**
 - **Liquidity**
 - **Time management involved**
 - **Knowledge of the investment opportunity**
1. Students are given organizer based on using a newspaper to compare the various interest rates offered by chartered banks. Students answer and analyse the highest interest offered, the lowest interest offered, and discuss possible reasons why there is just a slight variation between chartered banks. Where would you put your deposit and in which chartered bank? Why?
 2. This is an opportune teaching moment to review simple and compound interest using the scenario of investing a certain amount of money and the rate of return using the simple and compound interest formula.
 3. Students are given a worksheet to calculate the “Rule of 72” using a formula. Various examples are given to practice numerical calculation.
 4. Students are given an organizer to compare common/preferred stock and bonds using these headings: risk involved how investors are paid, voting rights, etc. Also, students are asked to graph types of investment by labeling the x-axis with expected rates of return (from low to high) and the y-axis with risk involved (from low to high). Categorize the following deposits and Canada Savings Bonds, Treasury Bills, Government of Canada Bonds, Quality Stocks, Real Estate, Growth Rates, Metals, Commodities.
 5. Discuss with the class, examples of corporations that exemplify good corporate social responsibility and why?
 6. Students are given a group project where students create a portfolio of investment including securities from the internet. Students track and graph the price of stocks/bonds for a period of 1 week. After a week, students will hand in a report analyzing the local, national, and international reasons to explain the changes in their stock price.

Consolidation:

Culminating Activity: 2 page supported opinion report on the above quotes in introduction to lesson

Assessment:

- peer assessment for group activity
- student completion of worksheets, graphs, calculations.
- evaluate report of group activity

Practice/Homework:

- Research the TSX and choose five stocks that you believe are viable/reputable stocks to purchase. Share your findings with other group members in group project activity.

Teacher Reflection:

- General class discussion of the most profitable portfolio and why is this so?