

Linda Jenkins

A. Cover Page

I am a ninth grade STEM teacher at Bay High School. The title of my entry is How Can I Make My Money Work for ME? I had 90 students in my classes this year. 20% of the students in my classes were in special education. In STEM students are exposed to different careers in science, technology, engineering and mathematics. Students taking a skills inventory at the beginning of the school year and then another skills inventory at the end of the school year. STEM is a hands on class where students are given a problem and they must come up with a solution individually or within a group.

Bay High School consists of grades 9 - 12. During the 2008-2009 school year we have a total of 450 students. Only 70% of the students have returned after Hurricane Katrina. The student population is made up of 74% white, 25% black and 1% Asian. All students are presently on free lunch. Approximately 25% of our students are still living in Katrina Cottages or with other family members while trying to rebuild their houses. The housing shortage remains a big problem for our area as well as unemployment.

This year our school district was still trying to recover from Hurricane Katrina three years later. As a district we have 75% of pre-storm numbers of students to return to classes. Before the storm the district had 2,380 students enrolled, however, only 1785 have returned to complete this school year. We presently have two cafeterias in operation for the four schools in the district. Food is transported to the elementary school and the high school from the upper elementary and the middle school. Estimates for recovery have exceeded \$40 million. This includes rebuilding two elementary schools and renovating others. Our tax base is expected to be 50 to 65% less than previous years. Until families rebuild and businesses reopen, local contributions will be insufficient. Unemployment in Hancock County has increased from 4.9% to 23.9%.

B. Abstract

This lesson is a section from my STEM unit on financial, economic and business technology. This unit is six weeks long. I have chosen one of the lessons from this unit. I believe teaching the students economics in high school is very important and so I try to give them many experiences that they will hopefully remember the rest of their lives. My primary goal for this unit is for the students to learn that saving and investing are the two ways to make money grow. Students also learn important differences between saving and investing. Although many people use the words saving and investing interchangeably, they have different meanings. To save money is to put money aside for use in the future. Investing is using one's money to try to make more money. Through budgeting, saving and investing, and by limiting the amount of debt they incur, students are taught that all goals are within their reach. They also learned that saving involves trade offs – giving up some present consumption for future consumption. This is often difficult for adults, and it is certainly difficult for children. Knowing about saving plans, saving goals, and methods or places to save will help students develop a saving routine. Without the knowledge of saving and investing, children may perceive saving as a negative experience – focusing more on what they do not get today instead of what they get in the future. When children make the decision to save for reasons they choose and in a way that they choose, they will experience a key benefit of the decision to save. They will attain a goal that was not achievable without saving. Setting a goal provides an incentive to save. Saving is a vehicle to achieve short-term and long-term consumer goals. Students are taught as they begin to reach their financial goals it is important to keep setting new goals to strive for. It is important for students to remember the financial planning process is a life long activity that should be taken seriously. When students learn to make informed decisions about what to do with their money, their decisions will help them build a more stable financial future. At the end of this lesson students should be able to compare and contrast the advantages and disadvantages of various savings instruments, as well as, be able to explain that all savings plans and investments carry risk.

Prior to this lesson, the students learned how to create a budget, set goals, and steps to making good decisions. The students learned that financial planning helps you use your money to get the most out of life. They learned that making the right decisions can help them reach the financial goals they have set. Experience with evaluation of economic choices such as saving options, will build decision-making skills and result in better consumer choices. By giving the students the information they need to become financially fit at an early age, will help them when they become adults to attain the wealth needed for their retirement years to live comfortably.

This unit was successful in applying economic standards. The students were able to compare and contrast that all savings plans and investments carry risk. On the pre-test the overall score was at 40%, however this score increased to 80% overall. By incorporating the economic lessons into the classroom and especially allowing the students to play the Stock Market Game has given my students the information they need on becoming financially secure in their adult life.

C. Chronology, Instructional Process and Lessons

Lesson Description

Students learn that saving and investing are the two ways to make money grow. Students must understand the role that finances play in their personal and business life. They will understand the importance of analyzing information to make wise decisions regarding personal savings. Students will learn the benefits of buying stock, as well as the risks of investing in the stock market. This unit will last approximately six weeks during which time the students will also play the Stock Market Game. The first 15 minutes of each class the students will use to check their stock portfolios and make trades. At the end of this unit the students are informed consumers and have the rich-quick scheme. Making informed decisions about what to do with your money will help build a more stable financial future.

National Economic Content Standards

Content Standard 10 – Institutions evolve in market economies to help individuals and groups accomplish their goals.
Content Standard 11 – Money makes it easier to trade, borrow, save, invest, and compare the value of goods and services.
Content Standard 12 – Interest rates, adjusted for inflation, rise and fall to balance the amount saved with the amount borrowed, which affects the allocation of scarcer sources between present and future uses.
Content Standard 15 – Investment in factories, machinery, new technology, and in the health, education, and training of people can raise future standards of living.

MIS Economic Competencies and Suggested Objectives

2. Explain how people organize for the production, distribution, and consumption of goods and services. (C,H,G,E)
Objective C : Evaluate how an individual may prosper in a market economy (e.g. saving, investing, credit management, income, etc.)
3. Discuss relationships among the various economic systems (e.g. households, business firms banks, government agencies, labor union, and corporations, etc.)
Objective E : Explain the operation of the stock market.

Grade Level: 9th

Time Required: Three 55 minute classes

Day 1

Materials:

P&G Profit and Growth handout

What are the odds you will become a millionaire video clip from How Stuff

Works website

Student Objectives:

- a. Determine the importance of various saving and investment concepts.
- b. Identify terms associated with saving and investment.

Procedure:

Begin the class by asking students who wants to become a millionaire? Ask what do they think their chances are of becoming a millionaire? Show students the short video clip of "What are the odds you will become a millionaire?" from How Stuff Works website.

Put the following words on the board and ask students to define each word. Write the definition given by students.

1. sole proprietorship

2. partnership

3. corporation

4. stockholder

5. common stock

6. preferred stock

7. dividends

Give each student a copy of the story of Ivory Soap found in the lesson resources page of the Stock Market Game. Read the story with the students.

Discuss the events that led to James Gamble's company making soap. If you have a map available you could show the students the route taken.

Discuss the events that led to William Procter's candle making business.

Explain to students that each man started his own business and this is a sole proprietorship. Have students write the definition of sole proprietorship in their notebook.

Ask students who is responsible for all debts incurred in a sole proprietorship? Who

receives the profits?

Later the two men became brothers in law and eventually formed a business partnership. When two people operate a business it is known as a partnership. Have students put this definition in their notebooks.

Ask students who is responsible for all debts incurred in a partnership? (split between both parties) Who receives the profits? (split between both parties)

Discuss as the families grew several generations of the men worked in the business.

Eventually the company wanted to expand and one of the younger men suggested forming a corporation. This entitled the company to sell stock to the public. Explain to students the two kinds of stock: common and preferred

Show students the video clip on The Corporation from How stuff works website. Students should put in their notebooks that common stock has voting rights in company matters. Stockholders are people who own stock in a company.

Ask students who is responsible for debts incurred by a corporation? (the corporation) What effect does a corporation going out of business have on the stockholders?

(Stockholders lose only the money they have invested.)

Explain to students that if a corporation goes out of business preferred stockholders are paid first from any money the corporation has. Also explain to the students that preferred stockholders do not have voting rights on company matters.

Ask students how do stockholders make money with stocks? (if the company declares a dividend or when they sell the stock for more than they paid for it)

Explain to students that investing in the stock market is risky. Discuss with students that usually people invest in the stock market for the long term, therefore, their investments profit builds through the years. Remind students if they want a safe investment they should open a savings account.

Closure:

Based on what we learned today, do you think you would recommend investing in the stock market to a person 60 years old and getting ready to retire? Why or why not?

Day 2

Materials: A Tale of Two Chocolate Companies handout

Securities and Exchange video clip from How Stuff Works website

*Review with students the story of Ivory Soap. Remind students that Proctor and Gamble is a public company that has stockholders. Have students review the two types of stock.

*Give each student a copy of "A Tale of Two Chocolate Companies" handout. Tell students today we are going to read a story about two chocolate companies. Read the story with the students.

After students are finished reading ask the following questions:

1. What kind of company is Mars Candy? Privately own

2. What kind of company is Hershey's Candy? Publicly traded

*Discuss with students the exchanges that a company may be listed on: New York Stock Exchange, American Exchange and NASDAQ.

*Show students video clip Securities and Exchange Commission from How Stuff Works website.

*Have students go to the computers and research the different exchanges. Students should research at least two companies for each exchange. They should also try and find at least one privately held company. Before the end of class come back together as group and have students share companies they researched.

Closure:

When doing the research on the different exchanges, did you find specific criteria a company needs to be listed on each of the exchanges? What did you look for in a company when you began purchasing your stock for the stock market game? Will you change the way you decide which stock to buy now?

Day 3

Student Objectives: Students will be able to state the positive and negative aspects of the stock market.

Materials: The Stock Market video clip from How Stuff Works website

Video from History Channel: First Stock Ticker Debuts 11/15/1867

History of the Stock Market handout

*Begin the class with video clip The Stock Market from How Stuff Works website.

*Then show the class short video from History Channel: First Stock Ticker Debuts 11/15/1867

*Ask the students to think about what they know about the history of the Stock Market.

*Have students brainstorm as a group and write down the important facts.

* Explain that today the class will research some of the history of the stock market using

a timeline to illustrate the relationship between historical events and the stock market's

Development.

*Students are then given the History of the Stock Market handout to complete using the

internet. The questions on the handout will be divided among the Stock Market Groups.

Students will write their answers on index cards and display the cards in a timeline.

* Research should be conducted by using the timeline at: <http://www.nyse.com>.

* Review answers to the activity sheet as a class by having each group display their

index cards creating a class timeline of the history of the NY Stock Exchange.

Closure:

*Ask: Based upon what you have learned today, how do historic events impact on the stock market? How does the stock market impact events?

Assessment:

The assessment I use for this lesson is the students will choose from one of the

following activities to complete:

1. Students will create an infomercial on the basics of investing in the stock market.

2. Students will create a skit giving advice to their parents on the do's and don'ts of

investing in the stock market.

I will use a rubric to grade this assessment. Upon completion of this Unit of study the

students had gained much knowledge. I made arrangements with other teachers to bring

their classes to view the presentations. The students in the other classes did not include

any students that I was presently teaching. I asked the students from the other classes to

make a list of questions that they had as they were viewing the presentation. After my

students finished presenting they were asked questions generated by other students. My

students were able to answer all the questions posed accurately without any guidance

from me. I also thought this was a good way to expose other students that I do not teach

on the basics of investing and evaluating my students at the same time. It was a fun time

for all!

Enrichment Activities

The following two websites are used as enrichment activities for those students who finish early.

<http://www.financialfootball.com/english/resources/games/> This is a two person game where students first may choose their favorite football team and then answer questions related to financial planning.

http://www.pathoinvesting.org/quiz/gamesquiz_index.htm This is Path to several games and quizzes that let you put your investment knowledge to the test.

D. Evaluation

I used the pre-test found on the Stock Market Game website to administer to all my students before beginning this unit. This test consisted of 31 questions in the multiple choice format on investments and the stock market. The average student score was 55%. The post-test also came from the Stock Market Game website and consisted of 32 multiple choice questions on investments and the stock market. All students scores were 80 and above. Five students had perfect scores. Throughout the lessons students were given different problems to solve using information being taught. At the end of the lesson the students had to complete an activity from two choices given. The choices they had were the following: 1. Students could chose to do an informational on the basics of investing or 2. Students would create a skit to give their parents information on the do's and don'ts of investing. When students completed their choice I invited other classes to view the presentations. The students in the other classes were not in any of my classes so they were asked to write down questions they may have during the presentations and then my students would answer the questions. This worked really well and not only did my students benefit from the activity the students from the other classes were exposed to the information. During each class period I observed students' participation in class and at the end of class students are asked to write in their journals reflecting on the lesson of the day. I also had a "question of the day" box on my front table that students could write a question that they did not understand during class and was too embarrassed to ask. They would have to sign their name on the question so I could follow up with the student after I gave an explanation to the question. I found that many of the questions came from students who did not volunteer answers in class. At this time the ninth graders do not take any state tests to measure the knowledge, however, in tenth grade they begin to take subject area testing and I feel sure we will see higher scores on these tests.

Part III Attachments

References Used:

1. P&G Production and Growth (story of floating soap)
2. A Tale of Two Chocolate Companies
3. History of the Stock Market Handout
4. Pre-Test
5. Post-Test

<http://www.history.com/this-day-in-history.do?bcpid=1184539009&bclid=1213891215&bctid=1213938701> First Stock Ticker Debuts 11/15/1867. This video is only 58 seconds long but it's great to get their attention.

<http://videos.howstuffworks.com/hsw/23137-economics-the-stock-market-video.htm> Public stocks are traded on a stock exchange. A stock market may be the epitome of the free market.

<http://videos.howstuffworks.com/hsw/23136-economics-the-corporation-video.htm> The primary entity in a free market economy is the corporation. Its goal is to make a profit, unless it's a nonprofit or not-for-profit organization, such as a charity.

<http://videos.howstuffworks.com/science-channel/4977-what-are-the-odds-millionaire-video.htm> What are the odds you will become a millionaire? Learn more about odds in this video.

<http://videos.howstuffworks.com/howstuffworks/480-how-securities-work-the-sec-video.htm> After the stock market crash of 1929, The Securities and Exchange Commission was formed. Learn more about the SEC and securities in this HowStuffWorks video.

Oral Presentation

CATEGORY	4	3	2	1
Preparedness	Student is completely prepared and has obviously rehearsed.	Student seems pretty prepared but might have needed a couple more rehearsals.	The student is somewhat prepared, but it is clear that rehearsal was lacking.	Student does not seem at all prepared to present.
Vocabulary	Uses vocabulary appropriate for the audience. Extends audience. Vocabulary by defining words that might be new to most of the audience.	Uses vocabulary appropriate for the audience. Includes 1-2 words that might be new to most of the audience, but does not define them.	Uses vocabulary appropriate for the audience. Does not include any vocabulary that might be new to the audience.	Uses several (5 or more) words or phrases that are not understood by the audience.
Uses Complete Sentences	Always (99-100% of time) speaks in complete sentences.	Mostly (80-98%) speaks in complete sentences.	Sometimes (70-80%) speaks in complete sentences.	Rarely speaks in complete sentences.
Comprehension	Student is able to accurately answer almost all questions posed by classmates about the topic.	Student is able to accurately answer most questions posed by classmates about the topic.	Student is able to accurately answer a few questions posed by classmates about the topic.	Student is unable to accurately answer questions posed by classmates about the topic.
Content	Shows a full understanding of the topic.	Shows a good understanding of the topic.	Shows a good understanding of parts of the topic.	Does not seem to understand the topic very well.
Stays on Topic	Stays on topic all (100%) of the time.	Stays on topic most (99-90%) of the time.	Stays on topic some (89%-75%) of the time.	It was hard to tell what the topic was.
Props	Student uses several props that show considerable work/creativity and which make the presentation better.	Student uses 1 prop that shows considerable work/creativity and which make the presentation better.	Student uses 1 prop which makes the presentation better.	The student uses no props OR the props chosen detract from the presentation

Activity Sheet 3: A Tale of Two Chocolate Companies

Mars, Inc.

It all began in 1911 in the kitchen of Frank and Ethel Mars in Tacoma, Washington, when they began by making and selling a variety of butter-cream candies from their home. In 1920, after visiting a local drugstore with his son Forrest, Frank Mars thought it would be good to produce a version of chocolate, malted milk that could be enjoyed anywhere. The result was the MILKY WAY bar, later known in Europe as the MARS bar. It was an immediate success.

Together the Mars family created their own company that later produced many other world famous brands like SNICKERS and M&M's. These candies became the foundation of what was to become a global snack food business. Their business was further strengthened when, working in Europe during the '30s, Forrest Mars thought it would be a good idea to give chocolate a protective candy coat to stop it from melting. The idea heralded the creation of M&M'S candies; the success of these tiny portable snacks was ensured when they were adopted as a staple ration for US forces. Today, M&M'S are famous the world over.

By the 1970s, the Mars Family Corporation was known for a variety of businesses classified into four distinct areas: snack food, food, pet care, and drinks vending and electronics. As a result, Mars has grown from one kitchen to a multi-billion dollar business. Over the years, Mars has created and marketed a group of products, from M&M'S, TWIX, MARS, and SNICKERS in snack food, to PEDIGREE, WHISKAS, CESAR and SHEBA in pet care, and UNCLE BEN'S in food.

Hershey Foods Corporation

Raised in rural central Pennsylvania, lacking a formal education and nearly bankrupt at age 30, Milton S. Hershey created the company we know today as Hershey Foods.

The company began as a small subsidiary of Milton Hershey's Lancaster Caramel Company. Using chocolate-making equipment purchased at the 1893 Columbian Exposition in Chicago, Milton's company produced baking chocolate, cocoa and sweet chocolate coatings for its parent company's caramels. After building his own milk-processing plant and working day and night for three years, Milton Hershey became the first American to develop a formula for manufacturing milk chocolate. It was affordable, tasted good and remained fresh for a long time. It was an immediate sensation!

Hershey Foods, unlike the private Mars Company, is publicly traded. This means that members of the public can become part owners in the company by purchasing stock.

Hershey, from its humble beginnings in 1893 to today, has also become a multi-billion dollar business. Milton Hershey not only became one of America's wealthiest individuals, but a successful entrepreneur whose products are known world over. He was a visionary builder of the town which bears his name and, a philanthropist whose open-hearted generosity continues to touch the lives of tens of thousands of people.

Through technology, modernization, and new product development, the Hershey Company has grown spectacularly. Today, the Hershey Company, like its counterpart the Mars Company, is a leading snack food company and the largest North American manufacturer of chocolate and non-chocolate confectionery products, as well as other related grocery products.

Based on the reading above answer the following questions:

Explain what you think it means that Mars is a privately held company and Hershey is a publicly held company.

If the Mars Corporation wanted to raise the money to expand its business, how could they do it?

How can the Hershey Corporation raise funds to expand its business?

Mars is an 18-billion dollar privately owned business; Hershey is only a 9 billion dollar publicly owned business. How could Hershey sell more candy and chocolate than Mars and still be the smaller of the two companies? Discuss and write your answers.

ANSWER KEY

Activity Sheet 3: A Tale of Two Chocolate Companies

Based on the reading above answer the following questions:

Explain what you think it means that Mars is a privately held company and Hershey is a publicly held company.

- Mars is only owned by the family whereas Hershey is owned by a group of stockholders and is run by a Board of Directors. You can buy stock in Hershey, but you can't buy stock in the Mars Company.

If the Mars Corporation wanted to raise the money to expand its business, how could they do it?

- The Mars Corporation would have to go to banks or private investors to get funds to raise the money to expand its business.

How can the Hershey Corporation raise funds to expand its business?

- The Hershey Corporation can sell more shares of stock since it is a publicly traded company.

Mars is an 18-billion dollar privately owned business; Hershey is only a 9 billion dollar publicly owned business. How could Hershey sell more candy and chocolate than Mars and still be the smaller of the two companies? Discuss and write your answers.

- The Hershey Company could give away more of its money to charity and also not develop as many different types of snack foods at the Mars Corporation.

Before You Invest Post Test (HS)

- Common stock ownership gives investors
 - voting rights in shareholders meetings
 - guaranteed dividends
 - low risk with a high rate of return.
- The statement "risk and reward are related" implies:
 - making money in the stock market is risky
 - the lower the risk the lower the reward
 - there is no reward in taking a risk
- Dividends can be paid out to investors in the form of
 - stock
 - cash
 - stock or cash
- If you own 100 shares of PEP stock, valued at \$15.45 per share, and this stock has split 2 for 1, then this means that
 - you now own 100 shares of PEP stock worth \$772.50
 - you now own 200 shares of PEP stock worth \$1,545.00
 - you now own 200 shares of PEP stock worth \$3,090.00
- Some investors place a greater priority on high earnings than on safety. They prefer _____ stocks.
 - no beta
 - low beta
 - high beta
- Usually when interest rates rise, bond prices:
 - rise
 - fall
 - stay the same
- Short selling is a way to make money when:
 - you don't have enough money to buy a round lot
 - the market is going down
 - you use the Internet and not a broker

Use the following table to answer questions 8-13.

STOCK TABLE as of 4/20/06												
52 Week	Hi	Lo	Stock	Sym	Div	%	P/E	100s	Hi	Lo	Close	Chng
Net						Yld		Vol				
60.25	55.75	55.75	CocaCola	KO	1.98	3.1	16.0	31600	56.66	55.90	56.50	+0.45
44.48	21.40	21.40	Dell	DELL			38.2	16540	29.91	29.15	28.80	+2.22
19.60	6.40	6.40	Ford pf	F	0.55	1.3	18.4	23200	9.15	9.01	9.12	-0.35
38.80	18.34	18.34	Intel	INTL			59.8	9990	30.23	32.20	32.23	-0.29

- Which stock's closing price showed the least change from the previous day?
 - Intel
 - Dell
 - Ford

9. Which stock closed nearest its 52 week low?

- a. Coca-Cola
- b. Intel
- c. Dell

10. How many transactions of Coca-Cola were made?

- a. 31,600,000
- b. 3,160,000
- c. 31,600

11. What was the closing price for Dell stock on 4/19/06?

- a. \$29.91
- b. \$31.02
- c. \$26.58

12. The symbol pf following Ford means that this stock is

- a. private fund stock
- b. preferred stock
- c. performing at a higher than usual profit margin

13. If you bought 150 shares of Dell at its highest price of the year, and sold it at its current price, what would be your capital gain/loss?

- a. \$2,352 loss
- b. \$4,320 loss
- c. \$6,672 gain

14. An important difference between common stock and preferred stock is that the price of the common stock tends to be more _____ than that of preferred stock.

- a. volatile
- b. stable
- c. expensive

15. A company gets money from shareholders when:

- a. its stock is issued
- b. it makes a profit
- c. shares are traded between buyers and sellers

16. Cal owns 100 shares of Tricor stock. Tricor pays an annual dividend of \$6.25 per share. Cal will receive his first quarterly payment on March 30. The dividend check will be for:

- a. \$6.25
- b. \$625.00
- c. \$156.25

17. IPO means:

- a. investor protection option
- b. income producing opportunity
- c. initial public offering

18. The portion of a company's outstanding shares that is in the hands of public investors, as opposed to company officials, is called

- a. shares outstanding
- b. open shares
- c. public float

19. Which of the following is not a listing requirement for the NYSE?

20. If a dividend has been announced but not yet paid, the stock is said to have gone:
- a. earnings
 - b. number of shares
 - c. payment of dividends
21. Based on the Rule of 72, if you invested money and earned 8% interest, your money would double in
- a. 72 years
 - b. 9 years
 - c. 8 years.
22. Interest earned on interest occurs with:
- a. buying on margin
 - b. diversification
 - c. compounding
23. Conservative, _____, and moderate are types of risk takers.
- a. democratic
 - b. speculative
 - c. entrepreneurial
24. A bond is:
- a. contract for credit
 - b. money borrowed from a bank
 - c. a type of IOU
25. You could find a tombstone ad in the:
- a. Classified section of the newspaper listing company's going out of business
 - b. company's annual report
 - c. Wall Street Journal
26. You love M&M's! You bought 150 shares at \$45 to add to your portfolio. While eating away, you earned a dividend of .75 a share. Later you decide you are getting fat and you sell your Mars stock for \$44 a share. How did your candy addiction affect your investment?
- a. You made \$102.50
 - b. You lost \$37.50
 - c. You lost \$150
27. Mary's mother owns Target stock. She currently receives a dividend payment every quarter. She is guaranteed to receive a dividend every quarter as long as she owns Target stock.
- a. True
 - b. False
28. Stock prices fall because:
- a. there are more sellers than buyers
 - b. companies don't make profits everyday
 - c. dividends are paid

Before You Invest Post Test (HS) Answer Key

- Common stock ownership gives investors
 - voting rights in shareholders meetings
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- The statement "risk and reward are related" implies:
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44.48	21.40	Dell	DELL			38.2	16540	29.91	29.15	28.80	+2.22	
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 - b. it makes a profit
 - c. shares are traded between buyers and sellers
16. Cal owns 100 shares of Tricor stock. Tricor pays an annual dividend of \$6.25 per share. Cal will receive his first quarterly payment on March 30. The dividend check will be for:
- a. \$6.25
 - b. \$625.00
 - c. \$156.25
17. IPO means:
- a. investor protection option
 - b. income producing opportunity
 - c. initial public offering
18. The portion of a company's outstanding shares that is in the hands of public investors, as opposed to company officials, is called
- a. shares outstanding
 - b. open shares
 - c. public float

19. Which of the following is not a listing requirement for the NYSE?

- a. earnings
- b. number of shares
- c. **payment of dividends**

20. If a dividend has been announced but not yet paid, the stock is said to have gone:

- a. dividend deferred
- b. pre-dividend
- c. **ex-dividend**

21. Based on the Rule of 72, if you invested money and earned 8% interest, your money would double in

- a. 72 years
- b. **9 years**
- c. 8 years.

22. Interest earned on interest occurs with:

- a. buying on margin
- b. diversification
- c. **compounding**

23. Conservative, _____, and moderate are types of risk takers.

- a. democratic
- b. **speculative**
- c. entrepreneurial

24. A bond is:

- a. contract for credit
- b. money borrowed from a bank
- c. **a type of IOU**

25. You could find a tombstone ad in the:

- a. Classified section of the newspaper listing company's going out of business
- b. company's annual report
- c. **Wall Street Journal**

26. You love M&M's! You bought 150 shares at \$45 to add to your portfolio. While eating away, you earned a dividend of .75 a share. Later you decide you are getting fat and you sell your Mars stock for \$44 a share. How did your candy addition affect your investment?

- a. You made \$102.50
- b. **You lost \$37.50**
- c. You lost \$150

27. Mary's mother owns Target stock. She currently receives a dividend payment every quarter. She is guaranteed to receive a dividend every quarter as long as she owns Target stock.

- a. True
- b. **False**

28. Stock prices fall because:

- a. **there are more sellers than buyers**
- b. companies don't make profits everyday
- c. dividends are paid

Before You Invest Pre-Test (HS)

1. Investments that have high risk may provide higher returns over time than investments with less risk.

- a. True
- b. False

2. Based on the Rule of 72, if you invested money and earned 6% interest, your money would double in

- a. 12 years
- b. 72 years
- c. 8 years.

3. Cody owns 100 shares of PEP stock. PEP pays an annual dividend of \$4.00 per share. Cody will receive his first quarterly payment on March 30. The dividend check will be for:

- a. \$400
- b. \$100
- c. \$4.00

4. Which of the following is not a listing requirement for the NYSE?

- a. earnings
- b. number of shares
- c. type of products/services offered

5. A company gets money from shareholders when:

- a. it makes a profit
- b. shares are traded between buyers and sellers
- c. its stock is issued

6. IPO means:

- a. initial public offering
- b. investor protection option
- c. income producing opportunity

7. If you own 100 shares of MartCo stock, valued at \$15.45 per share, and this stock has split 2 for 1, then this means that

- a. you now own 200 shares of MartCo stock worth \$1,545.00
- b. you now own 100 shares of MartCo stock worth \$772.50
- c. you now own 200 shares of MartCo stock worth \$3,090.00

Use the following table to answer questions 8-13.

STOCK TABLE as of 4/20/06												
52 Week	Hi	Lo	Stock	Sym	Div	%	P/E	100s	Hi	Lo	Close	Chng
Net						Yld		Vol				
62.00	25.95	Microsoft	MSFT									
65.60	55.90	Disney pf	DIS	1.20	2.3	33.3	9554	60.40	58.72	59.60	-0.15	
44.48	28.40	PapaJohn	PZZA			41.3	2160	29.91	28.12	28.80	+0.45	
80.25	45.82	CocaCola	KO	2.25	3.1	21.2	44500	77.25	74.32	77.23	+1.45	

8. Which stock closed nearest its 52 week high?
a. CocaCola
b. Papajohn
c. Microsoft
9. What was the closing price for Papajohns stock on 4/19/06?
a. \$28.35
b. \$29.25
c. \$28.80
10. How many shares of Microsoft were traded?
a. 33900
b. 3,390,000
c. 33,900,000
11. Which stock's closing price showed the least change from the previous day?
a. CocaCola
b. Disney
c. Microsoft
12. The symbol pf following Disney means that this stock is
a. preferred stock
b. privately funded
c. performing at a higher than usual profit margin
13. If you bought 120 shares of Disney at its highest price of the year, and sold it at its lowest price of the year, what would be your capital gain/loss?
a. \$1,164 capital gain
b. \$1,164 capital loss
c. \$6,708 capital gain
14. Owning a share of stock means:
a. you will profit as a buyer
b. you own part of a company
c. you share earnings with the company
15. Interest earned on interest occurs with:
a. diversification
b. compounding
c. buying on margin
16. A bond is:
a. contract for credit
b. money borrowed from a bank
c. a type of IOU
17. The statement "risk and reward are related" implies:
a. making money in the stock market is risky
b. the higher the risk the higher the reward
c. there is no reward in taking a risk
18. An important difference between common stock and preferred stock is that the price of the common stock tends to be more stable, changing little over time, than that of preferred stock.
a. True
b. False

19. You love M&M's! You bought 210 shares of Mars Company at \$24 to add to your portfolio. While eating away, you earned a dividend of .75 a share. Later you decide you are getting fat and you sell your Mars stock for \$32 a share. How did your candy addiction affect you investment?

- a. you made \$6,877.50 profit
- b. you lost \$1,522.50
- c. you made \$1837.50 profit

20. You could find a tombstone ad in the:

- a. Classified section of the newspaper listing company's going out of business
- b. company's annual report
- c. Wall Street Journal

21. Mary's mother owns KLA stock. She currently receives a dividend payment every quarter. She is guaranteed to receive a dividend every quarter as long as she owns KLA stock.

- a. True
- b. False

22. Stock prices fall because:

- a. companies don't make profits everyday
- b. there are more sellers than buyers
- c. dividends are paid

23. Common stock ownership gives investors

- a. voting rights in shareholders meetings
- b. guaranteed dividends
- c. low risk with a high rate of return.

Before You Invest Pre-Test (HS) Answer Key

1. Investments that have high risk may provide higher returns over time than investments with less risk.
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Activity Sheet 1: History of The New York Stock Exchange: Using and creating a Timeline

- Divide the questions among the SMG teams.
- Research the following questions using the web site:
http://www.nyse.com/about/history/timeline_chronology_index.html
- Write an index card that answers each of the question assigned:

1. In what year was the stockade around lower Manhattan built? Why?
2. What is the Buttonwood Agreement and why was it formed?
3. What happened on March 8, 1817?
4. How did the development of the telegraph impact on the stock exchange?
5. Who was Edward A Callahan and what was his contribution to the history of the stock?
6. In 1863 the stock exchange suspended trading on certain securities. Why?
7. In what year were annual reports proposed/ what is the significance of their adoption on investors?
8. Describe the panic of 1907. How was it resolved?
9. When was the longest shut down of the exchange and why did it happen?
10. Describe the series of events leading to the establishment of the Securities Exchange Commission in 1934.
11. What were the events that precipitated the longest bull run in history? Why?
12. In 1998 new circuit breakers were instated Why?
13. How has the Sarbanes-Oxley Act of 2002 changed the world of the securities industry? What impact has the Act had on the individual investor?

ANSWER KEY

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Using and creating a Timeline**

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- Write an index card that answers each of the question assigned:

1. In what year was the stockade around lower Manhattan built? Why?
In 1652 a stockade was built around lower Manhattan to keep Dutch settlers from being attacked by the Indians and British.

2. What is the Buttonwood Agreement and why was it formed?
Is an agreement signed by 24 prominent brokers and merchants to trade securities on a commission basis.

3. What happened on March 8, 1817?
The New York Stock Exchange is founded.

4. How did the development of the telegraph impact on the stock exchange?
It broadens market participation by facilitating communication with investors outside of New York City.

5. Who was Edward A. Calahan and what was his contribution to the history of the stock?
He invented the first stock ticket in 1867 bringing current prices to investors everywhere.

6. In 1861 the stock exchange suspended trading on certain securities. Why?
The outbreak of the Civil War suspends of securities of states seceding.

7. In what year were annual reports proposed/ what is the significance of their adoption on investors?
They were proposed in 1895 recommending that companies send shareholders reports with income statement and balance sheets making investors aware of the company's finances.

