

Roslyn High School – Investments (BUS 291)

Course Outline

Course Objective

Students will learn the basics of personal finance, banking and investing for their future. This course will cover topics such as banking, stocks, bonds, mutual funds, retirement accounts, alternative invests and real estate. The students will enhance their knowledge using computers, the internet, and financial publications in order to perform group and individual projects.

A field trip to the Federal Reserve Bank, NY Mercantile Exchange or the Museum of Finance is planned. All students will participate in teams in the Stock Market Game and be required to write an Investwrite essay.

Grading

Grading will be a mixture of assessments including tests, project work, class behavior and participation. The breakout is as follows:

45% - Test and Quizzes

45% - Projects and Presentations

10% - Class Work and Participation

Source Materials

Lessons, assessments, projects and handout materials will be created from the teacher's knowledge and experience, enhanced by the following resource materials:

Book Title: Investing in Your Future – 2nd Edition

Publisher: Thomson South-Western

Book Title: Learning, Earning and Investing

Publisher: National Council on Economic Education

Book Title: Math Behind the Market

Publisher: SIFMA through McGraw-Hill

Book Title: Standard and Poor's Guide to Money & Investing

Publisher: Lightbulb Press

1. Why Do We Invest?

- Setting and Meeting Goals
- Short term vs. Long Term
- Retirement
- Risk vs. Reward – Our personal profile
- Investor Demographics and needs

2. Personal Banking – Where Most People Invest

A. Types of Banks

- What is a Bank?
- Fed Oversight
- Types of Banks
 - Savings Banks
 - Commercial
 - Investment
 - Credit Union
- Types of Insurance Deposit
 - FDIC
 - SIPC
 - NCUA

B. Types of Bank Accounts

- Savings
- Checking
- MMA's
- CD's
- Other Term Accounts

C. Interest

- What is Interest
- How to calculate Simple Interest
- How to calculate Compound Interest
- Determine return of different investments - ROI

3. Stocks

A. What are Stocks

- Stocks represent ownership in company
- Regulation – Securities and Exchange Commission and FINRA
- Stock Indices – Dow Jones Industrial, S&P 500, Russell Indices, etc.
- What are dividends
 - a. When are dividends paid

- b. How dividends affect the stock's price
- c. Calculating Dividend Yield
- d. Comparing Dividend Yields for different stocks
- Different types of stock (common & preferred)

B. How to Research Stocks and Stock Prices

- Reading newspaper stock listings
- Researching stocks online
- Reading stock charts
- Historical quotes vs. the Future - What is Guidance?
- Foreign stock ownership

C. How to Buy & Sell Stocks

- How to open a brokerage account
- How to place an order
- Different types of orders
 - Market Order
 - Limit Order
 - Stop Order
 - Stop Limit Order
- What is short selling?
 - Evaluating short interest for a stock
 - Calculating the gains & losses for short sales
 - Loss carryforwards

D. Gains & Losses on Selling Stock

- How to calculate a gain or loss
- How does commission figure into gain or loss
- What is a capital gain vs. ordinary gain
- What is Long Term Capital gain?
- How Long Term gains are handled differently for income taxes

E. Ratio Analysis – Calculations, Meaning, Graphing

- Earnings Per Share
- Price Earnings Ratio
- Return on Equity
- EBITDA
- Current Ratio
- Return on Equity
- Market Capitalization
- Analysts Estimates

F. Evaluating Financial Statements – Fundamental Analysis

- Balance Sheet

- Income Statement
- Cashflow Statement
- New International Accounting Standards

G. Technical Analysis

- Creating a forecast using price and market data
- Stochastic graphs
- Moving averages
- Trends

Project: Ongoing participation in the Stock Market Game. Students must record their transactions and post monthly gains and losses. All students will be required to write an Investwrite essay for a test grade. See attached example of Investwrite guidelines.

Project: Students will be assigned a Dow component stock and are required to do a 10-slide presentation to the class encompassing the concepts from Unit 3 – Stocks.

4. Bonds

A. What are Bonds

- Bonds are loans or debt obligations
- Regulation: SEC and FINRA – State & Local Agencies
- Different types of bonds
 - a. Corporate
 - b. Municipal
 - c. Government
 - d. TIPS
- Coupon & Zero Coupon Bonds
- Debentures & Sinking Funds
- Callable & Convertible Bonds
- Senior vs. Subordinated
- Mortgage Backed Securities
- Bond Indices (Barclays Aggregate)
- Bond Ratings & Ratings Agencies
- Financial Crisis
- Foreign Bond Ownership

B. Buying & Selling Bonds

- How to read bond price tables in the newspaper
- How to buy and sell bonds
- How to calculate bond prices
 - a. The effect of interest rates in the market on bond prices
- How to calculate interest payments
- When is interest tax free

- Calculating yield
- The Yield Curve

Project: Students must choose bonds to include in their Stock Market Game portfolio.

5. Mutual Funds

A. What are Mutual Funds

- Mutual funds defined
- Regulation: SEC and FINRA
- Balancing investment portfolios using mutual funds
- How mutual funds work
- Who manages mutual funds
- Researching mutual funds online
 - a. Using Morningstar
 - b. Morningstar Boxes
- Calculating gain or loss on mutual funds
- Reading a prospectus
- Institutional Ownership
- EFT's
- Index Funds
- Fund of Funds

Project: Students must include Mutual Funds in the Stock Portfolio. Students will research funds on Morningstar.

6. Retirement Accounts

A. What are Retirement Accounts

- Roth IRA's
- Traditional IRA's
- 401K's
- Social Security
- Benefits of saving for retirement early on
- Calculating your retirement needs

7. Alternative Investments

A. Collectibles

- Options – Puts and Calls, Covered and Naked
 - a. Calculating Time vs. Intrinsic Value
 - b. The difference between Options and Employee Stock Options

- Foreign Exchange – Spot & Forward
- Gold, Silver (Commodities/Futures)
 - a. Students are lucky to have been invited to visit the NYMEX this year by a former trader
 - b. Select students will also participate in Hofstra’s NYMEX competition
 - c. Long and Short in the Futures Market
 - d. Open Outcry Simulation
- Hedge Funds – Strategies, Risk, Structure, Domicile, Regulation
- Art
- Sports memorabilia
- Jewelry

8. Real Estate – Most People’s Biggest Investment

A. Buying & Selling Real Estate

- Researching Real Estate
 - a. Online
 - b. Newspapers
 - c. Networking (friends & family – word of mouth)
- Regulation: By State
- Different types of houses
- Determining what you can afford
- Understanding mortgages
- Down payments
- Interest rates
- Closing fees
- Calculating monthly payments (bankrate.com)
- Property Taxes
 - a. Discover what your parents pay on www.mynassauproperty.com
- Maintenance costs
- Investment property
 - a. Being a landlord
 - b. Determining Rent
 - c. Deductibility of Expenses
 - d. Selling an Investment Property
 - i. Section 1031 Exchange
- Second homes

B. Decisions to Make Before Buying

- How to research locations and neighborhoods
- School districts
- Historical resale values, comps
- Activities for Children
- Locale in relation to roads and shopping

- Moving/relocation expenses

Project: Students will use the internet and newspapers to research different investment properties in order to make a purchase decision. Students will determine certain criteria (mock family budget including income and expenses) in order to choose style of home, neighborhood, and make other necessary purchase decisions. Students will also explain how they can afford their home of choice based on job income and mortgage/tax costs. Discussion of the recent mortgage crisis will be included.

Example of Final Project: Students will use what they have learned and teach a unit of Investments to a classroom of children at the Elementary or Middle School level using knowledge learned during the semester for Financial Literacy Day.