

## TEACHING AND LEARNING (LESSON) PLAN

<b>Course:</b> Basics of Personal Finance	
<b>Lecturer/Trainer:</b>	<b>No. of Lesson:</b> Lesson 3

<b>Time(s):</b> <b>Date(s):</b>	<b>Topic and level:</b> Investing Basics
<p><b>Aims:</b> Introduce the four basic asset types and explain their main features, advantages and disadvantages: cash, bonds, equity, real estate. Explain the fundamental principles and give useful tips on managing an investment portfolio.</p> <p><b>Outcomes: On completion of this/these lessons, the learner should be able to:</b></p> <ol style="list-style-type: none"> <li>1. Understand what the main asset types are and how to combine them into a balanced portfolio</li> <li>2. Appreciate the importance of retirement planning</li> <li>3. Follow sound principles of asset allocation</li> <li>4. Avoid the most common mistakes</li> <li>5. Know where to obtain specific financial advice</li> </ol>	

Timings	Teacher Activity	Learner Activity
	Examples of activities include discussion, demonstration, group work, Q&A, video, lectural, tutorial, assessing, individual support, role play, practical, note taking, writing exercises, visits, online activity, work simulation. <b>Please identify how you will meet the range of needs of individual learners and development/ assessment of their essential skills.</b> Health and safety and equal opportunities.	
5 minutes  slides 2 & 3	<p><b>Starter for ten (thousand!):</b> You have £10,000 in cash. What do you plan to do with it and why?</p> <p>Discuss with a partner and think about whether you will spend, save, invest, etc.</p> <p>Follow-up question: You now have £100,000 in cash, will you do anything differently?</p>	<p>Discuss in pairs followed by class discussion.</p> <p>Conversation prompts: - How will you decide what to do with your money? - What factors impact your decision? - What types of decisions can you make – e.g. investment types, spending, etc.</p>
10 minutes	<b>Asset types: Exercise 1</b>	

slide 4	<p>Teacher introduces the 4 asset types using the Asset Types Worksheets.</p> <p>Each student receives a print-out of the worksheet or it is shown on a screen. Students are asked to match the definition of the investment with the asset type on the worksheet.</p>	<p>Students present their answers for the 4 cases.</p> <p>Teacher goes through the answers, corrects mistakes, adds explanations where needed.</p> <p>Start a discussion as to what was surprising, expected, anything they don't understand, can they think of any other niche investments?</p>
10 minutes slide 4	<p><b>Asset types: Exercise 2</b></p> <p>Teacher reviews the 4 asset types by putting up 1 slide for each, listing different features and asking students to identify which of them are advantages or disadvantages of the asset.</p>	<p>For each asset type in sequence: students discuss in groups and present answers; teacher corrects and adds explanations if needed.</p>
10 minutes slides 5 & 6	<p><b>Portfolio management rules and tips:</b></p> <p>Read through slideshow on principles and tips for managing a portfolio:</p> <ol style="list-style-type: none"> <li>1. Diversify – don't put all your eggs in one basket</li> <li>2. Don't try to time the market – “buy and hold” is better</li> <li>3. Balance risk and reward – higher risk should promise higher reward</li> <li>4. Watch you asset allocation – rebalance from time</li> <li>5. Stocks for the long run – prices change but return most in the long run</li> <li>6. Keep cash for emergencies</li> <li>7. Investing is not speculating – only risk sums that you can afford to lose</li> <li>8. Reduce complexity, fees and taxes</li> </ol>	<p>Students read through 2 slides on rules and tips of portfolio management.</p> <p>Teachers asks students why they think these features are important, give examples of people they know who have done well or on the contrary made mistakes on any of these accounts.</p>
15 minutes	<b>Myths about investing quiz:</b>	

	<p>Teacher puts up 5 questions/scenarios and asks students whether their choices are good.</p> <p><b>Scenario 1 answer (slide 7):</b> Although Sarah could generate high returns, it is important to have a balanced portfolio and 90% of investable funds in stocks is high risk. She must be comfortable with this. Key lesson: balance risk and reward with a portfolio including a suitable mix of stocks, bonds, and cash.</p> <p><b>Scenario 2 answer (slide 8):</b> Yes - without knowledge of the context, Jack has not put all his eggs in one basket. If the company he invests in collapses, he has not lost all his money. Key lesson: diversify to reduce risk and identify more opportunities.</p> <p><b>Scenario 3 answer (slide 9)</b> High risk - over short periods like a few months, stocks can decline substantially. If Jenny wants to make sure she has enough cash for a reasonable down-payment, she should avoid putting all her funds in more volatile investments.</p> <p><b>Scenario 4 answer (slide 10)</b> Yes - while you can successfully speculate to generate higher returns, you never know when prices are high or low! Trying to guess is like seeking to outsmart the combined wisdom of all other market participants... Even professional investment managers have a hard time doing this! With buy and hold, you incur less trading fees. Key lesson: for individual investors, buying and selling stocks regularly is a dangerous game</p>	<p>Quiz illustrating important portfolio management questions; encourage students to explain their decisions, discuss the key lessons from each scenario.</p>
<p>5 minutes slide 11</p>	<p><b>Sources of financial advice:</b> Get students to discuss and list all the sources of information/investment advice; encourage</p>	<p>Students discuss, teachers answers questions.</p>

	<p>students to think about a broad range, e.g., consumer websites, financial advisors, etc.</p> <p>Display slide with sources of financial advice and drawbacks/cautions.</p>	
<p>3 minutes</p> <p>slide 12</p>	<p>Recap:</p> <p>Remind students of key lessons: four basic asset types, diversification, knowing your objectives, stocks for the long run, buy and hold</p> <p>Do students feel more confident discussing the world of investing?</p>	

**Resources required:**

- Investing Basics Worksheets
- Investing Basics Slide Deck

**Additional Material:**

Mini-course and test on Basics of Financial Literacy:  
[www.elioragames/basics-of-financial-literacy-mini-course-test/](http://www.elioragames/basics-of-financial-literacy-mini-course-test/)

**Methods of assessment during this lesson/training session:**

5 Multiple-Choice Questions, 60 second discussion in pairs on each one, and then 60 second discussion as a group:

**Evaluation:** Please put brief comments on the effectiveness of this/these lesson(s). You may wish to use this as prompt for discussions for your course/subject log book under the heading teaching and learning. Please comment on, where appropriate, inclusive learning, achievement and learner feedback. Differentiations, Equal Opportunities.

**What were the strengths of this lesson?**

**What were the weaknesses of this lesson?**

**What evidence is there that the outcomes have been achieved?**