

Building Financial Literacy with the Stock Market Game: Risky Business

Grade Level: 10-12

Arkansas Standards and Benchmarks:

- PFM.13.E.1 Discuss the importance of establishing personal goals (e.g., long term, short term)
- PFM13.E.2 Identify reasons for saving and investing.
- PFM.13.E.3 Compare and contrast methods of saving and investing.
- PFM.13.E.4 Explain the importance of investing to build wealth and meet financial goals.

Standards Learning Objectives:

- Students will analyze investments to identify and categorize low-risk, medium-risk and high-risk investments represented within SMG team portfolios.
- Students will learn the relationship between systematic risk, unsystematic risk, country risk, political risk, and market risk.
- Students will demonstrate understanding of diversity in risk.

Time Required: 1.5 hours (2 class sessions)

Materials:

- Computers/Internet Access for each student or team of students
- Multimedia Projector/Projection Screen
- List of risky student behavior (generally speaking) – displayed on white board
- Risky Business handout (classroom set)
- Before You Make A Trade Worksheet (reference use only-previously completed by students)
- Risky Business Activity Worksheet

Procedure:

Step 1: A teacher led discussion regarding risky behavior (generally speaking) will focus on student risk aversion characteristics and behavior. Leading questions will include (from student generated list on board):

1. Can anyone define risky behavior?
2. Can anyone explain the consequences of risky behavior?
3. Who would define themselves as a risk-taker?
4. Given the opportunity, would you skip school?
5. Given the opportunity, would you cheat on a test?
6. Given the opportunity, would you lie for a friend?
7. Given the opportunity, would you drink alcohol underage?
8. Given the opportunity, would you drive a car without a driver's license?
9. Given the opportunity, would you go somewhere your parents have forbidden you to go?
10. Given the opportunity, would you sign up to compete in a public event?
11. What is risk aversion?
12. What does risk aversion have to do with investments?

Step 2: Group activity: Students will move from side to side in the classroom (labeled "yes" side and "no" side) when asked questions 3-10, visually establishing themselves as risk-takers or not.

Step 3: Class discussion occurs when students question their levels of risk aversion in day-to-day life as opposed to risk aversion when it comes to money, or any other given specific area of risk.

Step 4: The teacher will overview types of risk as listed on the Diversity in Risk handout.

Step 5: Students (working within their assigned SMG teams) will refer to previously completed worksheets (*Before You Make a Trade*, required for every transaction) and Risky Business handout to determine types of risks association with their current investments.

Step 6: Students (working with SMG teams), will complete the Risky Business Activity worksheet, using Internet resources to research information (e.g., historical performance data, current events) to determine level of risk for their current investments.

Closure:

- A spokesperson from each team will present information gathered in the Internet search. The members of each team will stand with the spokesperson to supply additional information and answer questions.
- The teacher will clarify and summarize.

Assessment:

- Teacher observation of student feedback and activity will guide additional instruction.
- Teacher review of written documentation (Risky Business Activity Worksheet) will gauge student understanding.
- SMG teams' future transactions will require additional documentation of stock comparisons as to type and level of risk, utilizing the previously required *Before You Make a Trade* worksheet until students establish a pattern of research.