



# What to do With a Windfall

EPISODE #511

## LESSON LEVEL

Grades 9-12

## KEY TOPICS

- Investing
- Financial planning
- Entrepreneurship

## LEARNING OBJECTIVES

1. Learn how to make a financial plan.
2. Understand the concept of investing to build wealth.
3. Know how to evaluate investment alternatives.
4. Learn financial terms.

## EPISODE SYNOPSIS

Congratulations - you have a windfall! Now what? Take a look at some investment alternatives and learn how to evaluate them based on time, risk, and rate of return. Meet several young entrepreneurs who were faced with a financial opportunity and see where they decided to invest.

## NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

*Standard 1:* Take responsibility for personal financial decisions.

*Standard 4:* Make financial decisions by systematically considering alternatives and consequences.

Planning and Money Management

*Standard 1:* Develop a plan for spending and saving.

*Standard 6:* Develop a personal financial plan.

Saving and Investing

*Standard 2:* Explain how investing builds wealth and helps meet financial goals.

*Standard 3:* Evaluate investment alternatives.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

*Standard 2:* Decision Making

*Standard 14:* Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

*Standard 1:* Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

*Standard 4:* Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

*Standard 7:* Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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# LESSON PREP & SCREENING

## Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

## Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

## About the Episode

Congratulations - you have a windfall! Now what? Take a look at some investment alternatives and learn how to evaluate them based on time, risk, and rate of return. Meet several young entrepreneurs who were faced with a financial opportunity and see where they decided to invest.

## Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- What would you do with your money if you suddenly received a windfall?
- Beyond planning how to spend it, do you have a financial plan?
- Are you aware that you can buy stocks and bonds?

## Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

## Summary and Conclusion

Without a personal financial plan, it's more difficult to stay on track to be financially successful. Start planning early to get your needs, wants, desires, and goals met. Understand your short and long-term time horizons and the risks and rewards associated with the investments you choose to incorporate into your financial plan. Your plan will change as your life and needs change. It's a good idea to periodically consult with a financial professional to see what makes sense for your situation. Happy planning, BizKid!

## Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



# FAMILY ACTIVITY SHEET

## Episode Synopsis

Congratulations - you have a windfall! Now what? Take a look at some investment alternatives and learn how to evaluate them based on time, risk, and rate of return. Meet several young entrepreneurs who were faced with a financial opportunity and see where they decided to invest.

## Activity Suggestions

Studies have shown that one of the biggest factors contributing to financial success is having a personal financial plan. One aspect of a financial plan is investing. Have a discussion with your family about investing. The following questions might facilitate the discussion.

- As a family, discuss your financial goals.
- What level of risk are you willing to accept? Do different family members have different risk tolerance levels?
- Do you have a timeline for reaching your goals?
- Which investment options are you most comfortable with?
- Are you aware of the risks of investing abroad?
- As an investor, you need to be concerned with the effects of taxes. You may want to invest in assets with the highest after-tax return.
- The earlier in life your student begins a personal financial plan, the more likely they are to achieve financial success. Plan periodic family meetings to review and update financial goals, reevaluate timelines, and make adjustments. Celebrate each success!



Activity #1:

# BIZ TERM\$

## WORKSHEET FOR STUDENTS

### Biz Term\$

- Bonds
- Diversification
- Dividends
- Inflation
- Interest
- Investments
- Mutual fund
- Portfolio
- Risk tolerance
- Stock

### Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

### Biz Term\$ Episode Review

1. Earnings from corporate stocks are called \_\_\_\_\_.
2. A \_\_\_\_\_ is an investment tool that pools money and invests in a diversified portfolio.
3. A \_\_\_\_\_ is an investment that represents shares of ownership in a corporation.
4. A \_\_\_\_\_ is a collection of securities that an individual investor owns.
5. A strategy for reducing risk by putting money into several types of investments is called \_\_\_\_\_.
6. \_\_\_\_\_ are sometimes issued by the government.
7. An increase over time in the price of goods and services is called \_\_\_\_\_.



# CURRICULUM CONNECTIONS

## Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

## History/Social Studies

- Investigate financial careers in investing. Specifically, what does a stock broker do? A loan officer? A financial advisor? What credentials do they need in order to do their job?

## Mathematics

- What is the rule of 72? How much money do you need to invest today, to have \$1 million dollars by the time you are 65 years old?

## Economics

- Finance is an important sector of the economy. Locally, what financial services are provided by credit unions, banks, and stock brokers? Are there other financial services businesses in your community?

## Optional Vocabulary Extensions

### Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

### Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

# PLAN AHEAD

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 9-12

**Learning Objective:**

Learn how to make a financial plan.

**Directions**

A financial plan can be as simple or complicated as you want to make it. The key is to have one or more goals for yourself about what you plan to do with your money.

1. Do you know how much money you earn every week?

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2. What do you usually do with that money?

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3. A financial plan can be as simple as a decision of how much you want to allocate to each of the four major categories listed below. Next month, what percentage of your income would you like to put into each category?

\_\_\_\_\_ % Spend    \_\_\_\_\_ % Save    \_\_\_\_\_ % Invest    \_\_\_\_\_ % Donate

4. A more detailed financial plan describes exactly what you would do within each category listed above. Imagine that you have been given a gift of \$100 cash. What is your financial plan for that gift? What would you do with that money?

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5. What are some good reasons for having a financial plan ahead of time?

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6. Do you have any big goals in your life that will need a financial plan?

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Have students discuss these ideas and share their answers with the class.



Activity #3:

# DECISIONS, DECISIONS

## WORKSHEET FOR STUDENTS

**Lesson Level:**

Grades 9-12

**Learning Objective:**

Know how to evaluate investment alternatives.

**Directions**

You may need to do some research online or at the library to list the pros and cons of the investment choices below.

	Pros	Cons
Certificate of Deposit		
Stock		
Mutual Fund		
Bond		
Real Estate		
Savings Account		

1. Which investment listed above would be the best for you today, and why?

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2. Are there any investments listed above that you might be interested in for your future? Why would these be something to try later in life?

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Have students discuss these ideas and share their answers with the class.



# BIZ TERMS DEFINITIONS

- *Bonds*: A formal agreement where you lend money to a borrower for a set period of time in exchange for being paid back later along with a specific amount of interest in return.
- *Diversification*: A strategy for reducing investment risk by putting money in several different types of investments.
- *Dividends*: Earnings from corporate stock or credit union share accounts.
- *Inflation*: An overall rise in the price of goods and services.
- *Interest*: The cost of borrowing money or earnings from lending money.
- *Investments*: Securities such as stocks, bonds, and mutual funds with the potential of increasing wealth over time, but with the risk of loss.
- *Mutual fund*: An investment tool that pools the money of many shareholders and invests it in a diversified portfolio of securities, such as stocks, bonds, and money market assets.
- *Portfolio*: A collection of securities - such as stocks, bonds, mutual funds, and real estate - that an individual investor owns.
- *Risk tolerance*: Your feelings regarding the probability that loss will occur with an investment.
- *Stock*: An investment that represents shares of ownership of the assets and earnings of a corporation.



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