

GRADE 9-12

LESSON

There Is No Free Lunch in Investing

Time: 90 mins,

Updated: February 17 2021,

Author: [Council for Economic Education](#)

TEACHER VERSION

Objective

Students will be able to:

- Describe five types of investment risk.
- Use the risk pyramid to describe the relationship between potential investment risk and potential investment reward.
- Distinguish between real and nominal rates of return.
- Describe the characteristics of the following investments: insured savings accounts, certificates of deposit, U.S. government securities, corporate bonds, stocks and mutual funds.
- Compare and contrast the risks and rewards of several common investment tools.

Standards

[National Standards in Financial Literacy](#)

[State Standards](#)

[Common Core State Standards](#)

Concepts

[Financial Investments](#), [Financial Markets](#), [Risk and Return](#), [Saving](#)

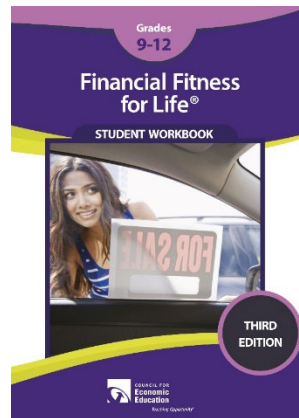
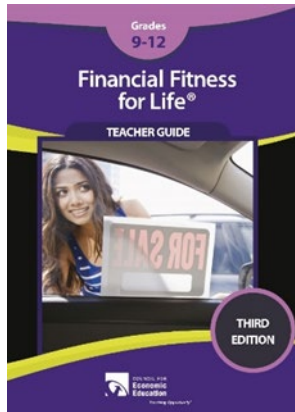


In this personal finance lesson, students will learn about five types of risk in the modern investment world.

Book Info

This lesson is part of Financial Fitness for Life 9-12, 3rd Edition and provides the slides and activities with educational technology tools. For full access to the book, shop the teacher guide and student workbook below.

Teacher Guide and Student Workbook



Available as e-Book

Description

When investing, the general rule is this: The greater the risk, the higher the potential reward and vice versa. Given that relationship, there is no free lunch in investing. Investors who choose low risk investments may earn meager returns, while investors who seek higher returns through high-risk investments may suffer big losses. This lesson helps students understand those relationships. It includes five types of risk and compares them with the risks-rewards associated with some of the primary investment tools. In general, it provides an overview of the modern investment world..

Resources

- Lesson Slides
- Kahoot! – Types of Investment Risk

Professional Development

Learn how to implement this resource into your virtual or in-person classroom.

Webinars

[Financial Fitness for Life, Chapter 21: No Free Lunch in Investing](#)
On-Demand Webinar

Time: 60 mins