



Taxes II: Capital Gains | Lesson Plan

How does understanding capital gains and taxes contribute to responsible and informed financial decision-making throughout one's life?

Students will understand the concepts of capital gains and losses and how these affect personal financial decisions and tax obligations, enabling them to make informed and responsible investment choices.

Learning Objectives:

- Define capital gains and distinguish between realized and unrealized gains.
- Identify the differences between short-term and long-term capital gains and their respective tax implications.
- Explain the concept of capital loss and how it can affect one's taxable income.
- Illustrate how government policies can influence investment decisions.
- Develop a basic investment plan considering the tax implications.

Key Vocabulary:

- **Capital Gains:** Profit from selling an asset more than its purchase price.
- **Capital Loss:** Loss from selling an asset for less than its purchase price.
- **Short-Term Capital Gains:** Investments bought and sold within one year.
- **Long-Term Capital Gains:** Investments sold more than one year after purchase.
- **Realized Gain:** The profit made from selling an asset or investment.
- **Unrealized Gain:** The increase in value of an asset or investment.

Educational Standards: CCRA.L.1, CCRA.L.2, CCRA.L.4, CCRA.L.5, CCRA.SL.1, CCRA.SL.2, CCRA.R.4, CCRA.R.6

Academic Subject Areas: Financial Literacy, Money, Finances

What You'll Need

- Video: *Cash Course: Taxes II: Capital Gains* (Watch [Here](#))
- Worksheet: *Cash Course: Taxes II: Capital Gains* (Click [Here](#))

Lesson Plan (45 minutes)

Warm Up: (15 minutes)

1. Introduce a short scenario: "Imagine you bought a piece of art for \$50, and a year later, someone offered to buy it for \$100. How would you feel? What would you do?"
2. Transition to the lesson's topic by explaining that they will learn how such scenarios are relevant in the world of investing and taxes.



3. Introduce the concept of capital gains using simple terms and examples (like the art piece). Have students list items they believe could increase in value over time. Write them on the board.
4. Explain the difference between selling an item (realized gain) and holding onto it (unrealized gain). Have students decide whether to sell or hold an asset, given various scenarios.
5. Tell students that they will watch a video explaining more about capital gains tax and how understanding capital gains and the taxes on them will help them be more savvy investors in the future.

Watch and Complete: (20 minutes)

1. Give each student a copy of the *Cash Course: Taxes II: Capital Gains Worksheet*.
2. Watch the video, and give students the opportunity to answer the questions independently or as a class.
3. Pause the video as each concept is presented to check for understanding.

Wrap-Up: (10 minutes)

1. After the video, review the correct answers for the worksheet or collect them as a formative assessment.
2. Allow students to ask questions to clarify any misconceptions they still might have.
3. Conclude the lesson by reinforcing the idea that understanding capital gains tax is a crucial part of managing finances responsibly and planning for a financially secure future. So, even though they might not be dealing with capital gains tax right now, the skills and knowledge they're developing will help them make informed decisions in the future. Let them know that they are learning to think ahead, plan for their financial future, and understand the broader economic world around them.

Don't have time for the full lesson? Quick Activity (15 minutes)

Distribute the worksheet and allow students to complete it while they follow along with the video.