



## Investing & Bonds | Lesson Plan

How do individual investment choices like bonds reflect and support the principles of a free market economy?

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Students will learn the basics of bonds, how they function, and the importance of incorporating this knowledge into making informed investment decisions.

### Learning Objectives:

- Explain how bonds are issued and how they yield a return on investment.
- Define key terms associated with bonds, including bond, maturity, and coupon payments.
- Distinguish between investment grade and high-yield bonds and factors that make each more or less desirable for an investor.
- Discover actions to take to invest wisely using bonds in the future.

### Key Vocabulary:

- **Bond:** A loan issued from an investor to an issuer.
- **Maturity:** The period after which a bond must be paid in full.
- **Coupon Payments:** Yearly interest payments on a bond.
- **Investment Grade Bonds:** High-grade bonds with reliable payment outcomes.
- **High-Yield Bonds:** Low-grade bonds with greater risk of the outcome of the payment.

**Educational Standards:** CCRA.R.7, CCRA.L.6, CCRA.R.10, CCRA.SL.2, CCRA.SL.4, CCRA.W.7, CCRA.W.8, CCSS.MP1, CCSS.MP2, CCSS.MP3, CCSS.MP4, CCSS.MP5, CCSS.MP6, CCSS.MP7, CCSS.MP8

**Academic Subject Areas:** Financial Literacy, Money, Investors

### What You'll Need

- Video: Ca\$h Cour\$e: Investing and Bonds (Watch [Here](#))
- Worksheet: Ca\$h Cour\$e: Investing and Bonds (Click [Here](#))
- Classroom whiteboard and dry-erase markers (Or a technology resource if available).

### Lesson Plan (45 mins.)

Warm-Up: (10 mins.)

1. Guiding Activity: Begin with an interactive activity to explore risk and return. For example, present students with a hypothetical situation where they must decide how to risk their money, facing various potential outcomes. Discuss as a class how risk might affect their decisions.
2. Discussion Prompts:
  - What factors would you consider before deciding where to place your money?



- Would the guarantee of returning your initial investment change your willingness to take a risk?
  - How does the potential to lose or gain money influence investment decisions in real-life investing?
3. After this discussion, highlight the video's relevance to understanding financial instruments like bonds. Encourage students to think about the function of bonds in financial markets and personal investment.

Watch and Apply: (25 mins.)

1. Watch the video, *Ca\$h Cour\$e: Investing and Bonds*.
2. Distribute the "Ca\$h Cour\$e: Investing and Bonds Worksheet." Allow students 10 minutes to complete the worksheet independently.
3. Facilitate a collaborative review of the worksheet questions or collect them as a formative assessment.
4. Encourage students to share their understanding and clarify any misconceptions that arise.

Wrap-Up: (10 mins.)

1. Invite students to share their takeaways from the lesson. What new insights about bonds have they gained?
2. Encourage students to consider the role of bonds in a diversified investment portfolio and discuss the factors that make bonds a more or less attractive investment option.
3. Extension Activity: As a class or in small groups, list key considerations for investing in bonds. This could include factors such as interest rates, economic conditions, and the creditworthiness of issuers.

**Don't have time for the full lesson? Quick Activity (10-15 mins.)**

Distribute the worksheet and allow students to complete it while they follow along with the video. Or, have students watch the video at home and use the worksheet as a quick quiz the next day in class.