

# Financial Fitness for Life

May 5, 2018

# Financial Fitness for Life

- Materials targets four grade levels: K-2, 3-5, 6-8, and 9-12
- Contains integrated materials for teachers, students, and parents
- Available in multi-media formats— print, CD-ROM, and Web
- In both English & Spanish





# Financial Fitness for Life

The curriculum is divided up into 5 themes:

1. The Economic Way of Thinking
2. Earning Income
3. Money Management
4. Saving
5. Spending and Credit



# Overview of Lesson Structure

Each lesson includes the following:

- Lesson Description and Background
- Economic and Personal Finance Concepts
- Lesson Objectives
- Time Required
- Materials
- Additional Resources
- Assessment



# Personal Finance Standards

- Financial Fitness for Life is aligned to national standards in Economics and Personal Finance.
- Financial Fitness for Life meets all of the Personal Finance standards in SB 317 and SB 249.



# FFFL focuses on conversations about decision making, not...

- Filling out forms.
- Balancing a check book.
- Completing pages in a workbook or watching videos.



# FFFL focuses on teaching students....

- To evaluate the costs and benefits of each decision.
- The importance of developing their education and skills including self-discipline and delayed gratification.
- Managing their money, which includes budgeting, saving, and credit.
- Investing their savings to meet their long-term goals.



# There Is No Free Lunch in Investing

## ■ Lesson Overview:

- Risk is inherent in all investments.
- There is a trade-off between risk and rewards when investing. Low risk investments pay very low returns or none at all. High-risk investments pay higher returns, but can result in large losses.
- The key is to develop a risk-reward ratio you are comfortable with when investing your money.





# There Is No Free Lunch in Investing

- Investment return is the additional income earned from saving or investing money.
- Risk is the uncertainty that an investor will receive the expected return.
  - The greater the risk, the higher the expected return.
  - Investors are paid to take risks.
- There is no free lunch in investing.

# Types of Investment Risk

1. **Financial Risk** -The risk that the business or government that you have invested in will not be able to return your money—much less pay a rate of return.
  - *Businesses, state agencies, and local governments have declared bankruptcy.*
2. **Market Risk** -The risk that the price of an investment will go down.
  - *The prices of stocks, bonds, and mutual funds are determined by supply and demand, and they do go down (as well as up).*
3. **Liquidity Risk** -Liquidity is the ability to turn your investment into cash or spendable funds.
4. **Inflation Risk** –The risk the value of your investment will grow slower than the rate of inflation.
  - *Investors are more interested in the real rate of return than the nominal rate of return.*



# The Savings Game

Each of you has \$5,000 to invest and you must choose the financial strategy that best helps you achieve your risk-reward investment goals.