

# Saving and Investing

## Savings Account

An account offered by a **bank or credit union** that earns interest.  
(A safer piggy bank)

The bank pays you **interest** as a reward to keep your money there. You can put money in or take it out any time.

The more money you keep in the bank, the more interest they pay you, BUT the amount of interest paid on a savings account is very low. This is where you keep your money **SAFE** because you are guaranteed to not lose it.

## Certificate of Deposit (CD)

A savings account at a **bank or credit union** where you **MUST** keep your money for a specified period of time and with a specific amount of **interest** (reward).

You buy the certificate for a certain amount of money and you are not allowed to take money out until a certain amount of time passes.

CDs have higher interest rates than savings accounts because you agree to leave the money with the bank for a specific period of time.

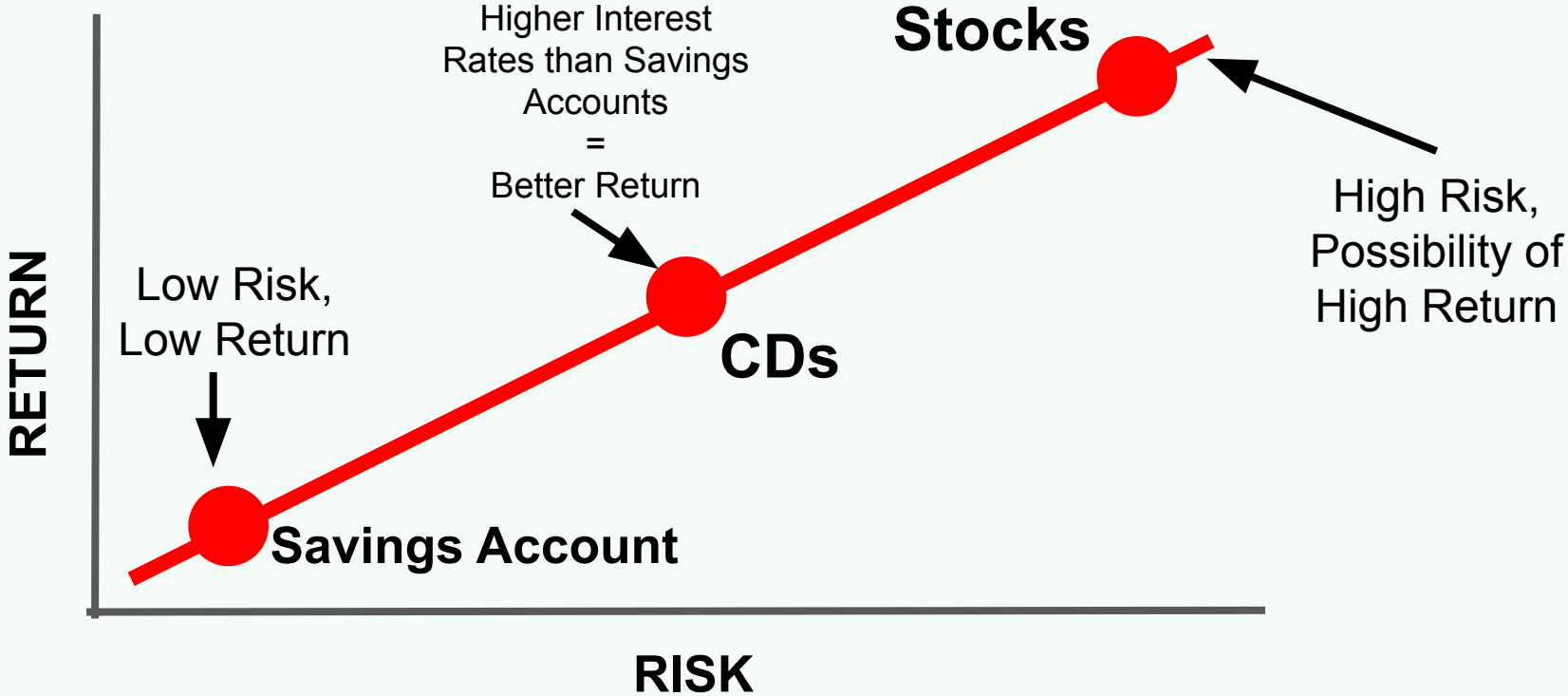
## Stock

A “**share**” or piece of a company that you own. It is bought and sold on the **stock market**.

The value of a share of stock goes up and down every day as the company’s value changes.  
You can buy or sell stock at anytime.

You lose money if you sell the stock for a lower price than you bought it for. You make money if you sell the stock for a higher price than you bought it for.

# Risk vs. Return



# Calculated Chances Game

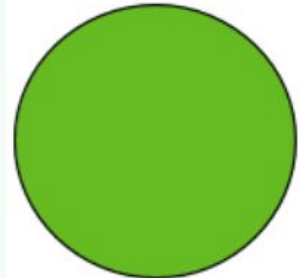
In this game, you start with six tokens and decide how to save and invest. Your goal is to end the game with the most tokens, representing the greatest **return** on your money. There will be three rounds: There will be three rounds: a chance to save in a CD and then two rounds with a chance to buy stocks.

**Savings First:** Responsible investors always SAVE first.

You must have **at least 1 token** in your savings account at **ALL times**. After each round you will not earn or lose any tokens in your savings account (low risk and low return). You can take out or add tokens to your savings account each round.

**Directions:** Start with all tokens stacked in your Savings Account Circle

Savings Account



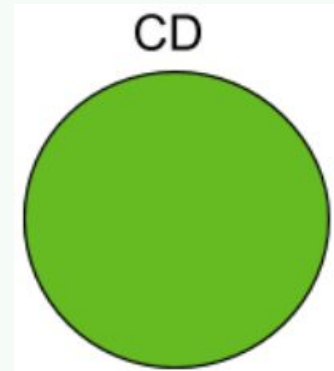
# Calculated Chances CD Opportunity

## Better Savings Opportunity: Certificate of Deposit

If you save money in the CD, it costs 3 tokens. At the end of the game you will earn 1 additional token.

**REMEMBER:** Since this is a CD, so you must KEEP the 3 tokens in the CD for the rest of the game. You cannot use the tokens in your CD to invest in stocks or to put in your savings account. Also because this is a CD you have to wait to earn the 1 token until the end of game.

**Directions:** If you decide to save in the CD, put 3 tokens in your CD circle. If not, leave all of your tokens in your savings account.

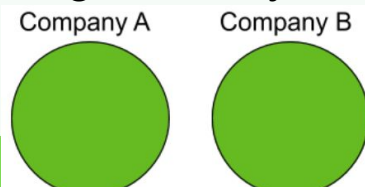


# Calculated Chances: Scenario 1

**Directions:** Read the scenarios and then put some tokens (invest) in Company A, Company B, or neither. Your investment must be an even number of tokens! \*REMEMBER: always 1 token in your savings and you can't use any tokens from your CD.

Company A has been around 100 years. The stock climbs a little bit almost every year.

Company B is a newer company. They have a new type of social media platform that they think will be cooler than anything currently out there.



## What Happens:

- Company A: Congrats, your stock rose a little. Multiply your investment by 3 and put the tokens back in your savings account
- Company B: Sorry, the stock fell because three new companies started with the same idea. Divide your investment in half and put those tokens back in the bin.

# Calculated Chances: Scenario 2

**Directions:** Read the scenarios and then put some tokens (invest) in Company A, Company B, or neither. The number is up to you! \*REMEMBER always 1 token in your savings and you can't use any tokens from your CD.

Company A has been around 100 years. The stock climbs a little bit almost every year, but there are new taxes on their product.

Company B is a newer tech start-up. They have a new type of social media platform that they think will rival anything currently out there, and hired a successful CEO.

## What Happens:

- Company A: The stock rose a little bit. Multiply your investment by 2 and put your tokens back into your savings account.
- Company B: Congrats, the stock price is booming. Multiply your investment by 5 and put your tokens back in your savings account.

# Calculated Chances: Who Won!?!

**If you saved 3 tokens in the CD - take your 1 token (interest) and move all of your tokens to your savings account**

**Count up all of your tokens and see who got the most returns on their savings or investments.**

# Discussion: Your Investment Strategy

- How did you decide how much to invest? What was your strategy?
- Were you risk averse (choosing safer investments) or risk tolerant (choosing riskier investments)?
- Discuss risk aversion in relation to saving accounts/CDs, and high risk tolerance in relation to stocks.
- Do you feel that your strategy was successful? Would you take the same approach again with your money?