Learning Objectives

Students will be able to
- Explain what Mutual Funds, Index Funds, Exchange Traded Funds, and Target Dates Funds are
- Understand the impact a brokerage fee has on your investment returns

Approximate Time
- Lesson length: 45 mins

Jump$tart Standards
Investing
- 2c: Compare total fees for buying, owning and selling various types of stocks, bonds, mutual funds and exchange-traded funds

Distribute to Students
- Student Activity Packet SC-7.4

Plan Your Unit
- Semester Course Investing Unit Plan

LESSON PLAN

	Resources	Questions	Est. Time
1	DISCUSSION PROMPTS	**Discussion Prompts** Discuss this question with your classmates or with a partner: 1. Rather than picking individual stocks and bonds, you can invest your money in funds that include a collection of stocks and bonds . What do you think are the benefits of doing so?	5 mins
2	EDPUZZLE (5:16) • What are Mutual Funds, Index Funds, and ETFs? • Publisher: MissBeHelpful	**What are Mutual Funds, Index Funds, and ETFs?** Let's take a deeper look at 3 common types of funds that people can invest in by watching this video. Then follow your teacher's directions to answer the questions either within the EdPuzzle itself or on this document. *NOTE: EdPuzzle videos shuffle answer choices and do not always match the order provided in the lesson here.* 1. Which of the following statements about Mutual Funds is FALSE? a. A majority of actively managed mutual funds "beat the market" and are worth the fees they charge. b. An advantage of investing in mutual funds is that you don't have to pick individual stocks and bonds. c. Mutual funds that are actively managed by a fund manager are trying to "beat the market" averages. d. Mutual fund managers typically charge fees of 1 - 2% on the assets they manage. 2. Which of the following are TRUE about Index Funds? a. Index funds are a type of mutual fund. b. Index funds have lower fees than actively managed mutual funds. c. Index funds try to "beat the market."	10 mins

		d. Index funds are actively managed by fund managers. 3. What is the benefit of investing in an Exchange Traded Fund (ETF)? a. ETFs guarantee a higher return than mutual funds. b. You have more control and flexibility because you can trade ETFs anytime while the market is open. c. An ETF allows you to pick which stocks and bonds you want in the fund. d. You can trade before the market closes for the day for a fee - usually 1%.	
3	VIDEO (3:08) ● Choosing the Right Target Date Fund ● Publisher: Retire Happy	**Choosing the Right Target Date Fund** In addition to the funds mentioned in the previous video, a more recent type of fund has become increasingly popular - the Target Date Fund (TDF). Watch the video to learn more about what a TDF is. Then, answer the questions. 1. What are the two factors you should consider when choosing which target date fund is best for you? 2. What is one advantage of choosing a target date fund as your primary retirement investment? 3. Describe how the asset allocation in a target date fund changes as you near retirement.	5 mins
4	ACTIVITY ● CALCULATE: Investment Fees ● Publisher: NGPF	**CALCULATE: Investment Fees** It's important to note that some funds have higher fees because they are managed by a professional called an investment manager. Let's take a closer look at how these fees compare across different types of funds in this activity. Follow the directions on the worksheet to complete the activity.	20 mins
5	EXIT TICKET ❖ **Teacher Tip:** To administer this Exit Ticket using Google Forms, make your own copy here.	**Exit Ticket** 1. Describe one of the following in detail: Mutual Fund, Index Fund, ETF. 2. What are 2 benefits of investing in a Target Date Fund (TDF)? 3. Explain the effect a high expense ratio has on your investment returns.	5 mins

EXTEND THE LEARNING

DO MORE...

INTERACTIVE
- Quizlet Cashcabulary | Investing
- Publisher: NGPF

PROJECT
-

LEARN MORE...

ARTICLES
-

QUESTION OF THE DAY
-

VIDEO
-

FAST FACTS...

- 90% of actively managed funds underperformed passive funds. (Financially SImple 2017)
- 0.75% in fees equates to a 20% smaller nest egg in just 30 years. (Financially Simple 2017)

- The average fee for a professional financial advisor’s services is 1.02% of assets under management annually for an account of one million dollars (the industry average fee is 0.99% and decreases depending on the size of your account). (Investopedia 2019)