



“Take Stock in Your Future” Live Webinar from the New York Stock Exchange - April 14, 2011

Discovery Education and NYSE Euronext

<http://www.discoveryeducation.com/nyse>

Pre-webinar Classroom Guide

Overview

The purpose of this document is to provide teachers with several activity ideas and resources to prepare students for their webinar experience. The contents of this guide are intended for grade levels 6-12 and may be modified to suit the needs of the audience.

Objectives

- Describe the purpose of the “Take Stock in Your Future” webinar.
- Orient audience with the webinar features and participation functions.
- Activate prior knowledge about investing and the New York Stock Exchange.

Webinar Participation Features

► What?

It is likely that most students have never participated in a webinar, so explain what a webinar is and how it works. The word **webinar** is short for web-based seminar. Webinars allow individuals from any location around the globe to virtually participate in meetings via an internet connection and a standard telephone line. Webinars may include participant interaction via direct audio communication, online chats, and collective polls; however, most webinars consist of one-way communication from the speaker to the audience. The presenter may speak over a standard telephone line, while pointing out information being presented onscreen, and the audience can respond over their own telephones.

Provide students with specific details about the hour-long NYSE webinar:

- There will be several presenters associated with the NYSE webinar presentation, including the CEO and people working on the floor of the exchange.
- There will be opportunities for comments, questions, and live chat.
- Students will be asked to follow the performance of a particular stock during the webinar.

► How?

- Discuss your particular setup for the webinar; for example, some classrooms may have one screen with a 'collective' voice while others may have students at individual computers.
- Talk about webinar etiquette, such as using the mute function when in listening mode, actively participating, and taking notes.
- Generate a list of appropriate questions to ask the CEO of the New York Stock Exchange and the people working on the trading floor.

► Why?

Explain to students that the webinar is part of national Financial Literacy Month, which happens every April. Pose questions such as the following: What does *literacy* mean here? Is being financially literate important, even if you have no interest in a career in finance? Why? What are some ways you can be smart about your finances now, even though they may be limited? How might establishing good financial habits now benefit you in the future?

Content Activities

► **Idea Clustering**

Activate students' prior knowledge about personal finances by having them create an idea cluster centered on this main idea. Ask each student to write the phrase "personal finances" in the center of a blank sheet of paper. Then give them 5 minutes to write as many words or phrases they can think of that may be associated with personal finance. Then direct students to draw lines between words that are related in some way. As individual students share ideas, create a collective idea map on the board using their responses.

► **Brainstorming**

Write the word "stock" on the board. Ask students to offer as many associated terms, phrases, and ideas as possible related to "stock," and record the responses. Have a dialogue with the class around the responses and share a formal definition. *Stock: a type of investment that represents ownership in a company.* Discuss with students that companies sell shares of stock to raise money for operations. When investors buy some of that stock, they are buying a portion of everything that company owns and earns. Stock ownership usually comes with voting rights in the company's governance, including electing a board of directors. The value of a stock rises or falls with the financial health of the company and the economy.

► **Vocabulary Development**

Explore more vocabulary terms associated with financial literacy and investing. Some suggested formats for vocabulary development: dictionary look-up, whole class discussion, small group work, crossword puzzle, word search, etc. Some suggested terms are below.

- General finances: *bonds, diversified portfolio, investing, interest, spending, mutual funds, profit, saving, retirement account, return on investment, risk*
- Stock investment: *bear market, bull market, common stock, Designated Market Maker, dividends, floor broker, limit orders, market orders, preferred stock, share, shareholder, stock broker, stock exchange, stock market, stock quote, stock ticker*

► Investing IQ Assessment

Have students hold up the TRUE or FALSE side of an index card in response to statements in order to gauge their prior knowledge about investing. Sample statements:

- Only wealthy people can make investments. (F – Anyone can invest in a variety of ways.)
- People can buy stocks online. (T)
- The main idea of investing is to make some quick money. (F – All investing should be preceded by goal setting, which may be short-term, like saving for a down payment on a car, or long-term, like establishing a nest egg for retirement.)
- The NYSE has a physical trading floor in New York City. (T)
- It's best to invest in only one thing at a time. (F – Financial advisors can help individuals establish a diversified portfolio, which includes various investment choices with varying levels of risk to meet the needs of short-term and long-term financial goals.)

► Tracking a Stock

Provide students with stock market quotes from a newspaper such as the New York Times or an online source. Guide students in learning how to read the information provided. See sample. A reference for the meaning of each column heading can be found on the Investopedia website at <http://www.investopedia.com/university/stocks/stocks6.asp>.

52W high	52W low	Stock	Ticker	Div	Yield %	P/E	Vol 00's	High	Low	Close	Net chg
37.89	26.12	ABC Co	ABC	1.13	2.9	43.7	5729	35.62	30.60	31.75	-1.04
19.55	15.82	XYZ Corp	XYZ			22.1	793	18.44	17.85	18.11	+0.28

► Researching a Stock

Ask students to identify companies they know from their favorite products or services. Have students research a company of their choice and record answers to the following:

- What is the stock's symbol?
- Where is the company's stock traded?
- What is its current stock price?
- What is the stock's historical performance (52-week hi/lo)?
- What is the stock's PE ratio?
- Does it pay a dividend?
- What is the company profile? (large or small; old or new; national or international)
- Are there any recent or planned changes in the company's focus or business practices?

► Stock Market History

Give students some basic information on the history of the NYSE. A *stock market* is a public marketplace where stocks and other securities are bought and sold. The stock market may include physical places, where traders are on an organized trading floor executing transactions that have been requested by investors. It may also include a virtual market, in which trades are

made electronically. There are dozens of stock markets around the world. The New York Stock Exchange is the world's biggest stock market, based on the market capitalization of its listed companies, which include large corporations like Coca-Cola, Wal-Mart, and McDonald's. The NYSE was founded in 1792. Its trading floor is located on Wall Street in New York City, and the building's façade is now a world-recognized symbol of finance.

► **The Inner Workings of the NYSE**

Have students conduct research on how stocks are bought and sold. How does an individual go about making a purchase order? What are the roles and obligations of the market participants (Stock Broker, Designated Market Maker, Floor Broker)? How is a trade made on the floor of the NYSE? What tools do trading floor professionals use to effect investors' transactions?

► **Concept Development**

Below are several discussion starters that lend themselves well to a Think/Pair/Share format, in which students *think* about questions on their own, *pair* up with another student(s) to exchange ideas, and then *share* their conclusions with the whole class. Some ideas to highlight in student responses are given below in brackets following each discussion starter.

- ❖ People can invest in many things, including stocks, bonds, mutual funds, a savings account, just to name a few. What are the risks associated with each? Arrange them on a scale from least to most risky. What is the earning potential of each? Why would someone choose one type of investment over another?

[You may want to have students organize thoughts in a table format such as the one below:

Investment	Description	Risk (High, Medium, Low)
Stocks		
Mutual Funds		
Etc.		

Historically, the level of risk from least to greatest is: savings accounts, bonds, mutual funds, stocks. The investment vehicle's earning potential is directly related to its risk, i.e. less risk equates to less growth potential and vice versa. Individuals choose to invest their money in "safer" things because they do not want or cannot afford to take on high risk ventures. Perhaps they're nearing retirement for example, and need to ensure their investment will be secure when they have no working income. Other investors are willing to take more risk because their rewards could be greater.]

- ❖ If you were the head of a company, how would you raise capital – that is, raise money to hire new workers, create new stores or plants, do more research or offer new services to customers? What are the different ways to raise capital, and what are the advantages and disadvantages of each? How would you decide how to best use your capital?

[There are many different ways to raise money. One is to go to the bank and borrow money which you will pay back with interest. Another is to bring in more partners. These partners will buy a part of the business in return for a stake in the business. A smaller partnership is easier to manage because there are fewer decision makers who have a say in running the company affairs. It is also easier to buy, sell, or merge with companies with fewer partners who have to sign off on the decision.

However, small companies may have a harder time raising money than larger, publicly-owned companies. Large, publicly-owned companies, like *General Motors* can raise a lot of money quickly. They sell stock to the public and this does not need to be paid back. However, publicly run companies must adhere to government-mandated levels of transparency and disclosure, which can be both healthy yet challenging. How you best use your capital depends on the size of your company, the amount of money you wish to raise, and the level of governance and approvals you are willing to accept.]

- ❖ How do people actually “make money” by investing in stocks? Can you give a hypothetical numerical example? Is it possible to lose money on stocks?

[If you sell shares for more than your purchase price, you’ve earned a profit. The return on an investment can be generally calculated as: $ROI = (final\ value - initial\ investment) \div initial\ investment$. It is usually expressed as a percent. For example, if someone bought 300 shares of stock at a time when shares were valued at \$25 each, then sold them later when they were valued at \$35 each, they’ve made a \$10 per share profit, or \$3,000. This is a 40% return on the investment. $ROI = (300 \cdot \$35 - 300 \cdot \$25) \div 300 \cdot \$25 = (\$10,500 - \$7,500) \div \$7,500 = \$3,000 \div \$7,500 = 0.4 = 40\%$. Not all returns are positive. People often lose money on stocks when the value drops and never recovers. Some stocks also provide investors with dividends, which provide a steady, but relatively small income.]

Resources

- ▶ Best Practices for Interactive Webinars:

<http://www.nationalserviceresources.org/files/webinar-planning-advice.pdf>

Although written primarily for the webinar creator, this document provides useful information for those who are new to webinars, explaining the value of such an educational experience and how to help participants get the most out of it.

- ▶ EduStock: <http://library.thinkquest.org/3088/>

Created by students for students, this is an excellent resource for an uncomplicated presentation of many concepts associated with stock investment. This site includes stock exchange history, sample company profiles, stock tracking tutorial, and an extensive glossary.