



# Financial Literacy Education Student Handouts

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## Lesson 11: Building Wealth

### Warm-Up

When you hear the word **wealth**, what comes to mind?

Think of someone who is wealthy in a non-money way. What makes them wealthy? How is it different from having money?

### Learning Targets

I can:

- Explain different ways I can save and invest money.
- Set short-term, medium-term, and long-term goals to help build my wealth over time.
- Evaluate investment choices and identify the possible risks and rewards of each option.

### Glossary

**Asset:** Anything you own that has monetary value now or the potential to provide monetary benefits in the future.

**Bond:** A loan you make to a government or company; they agree to pay you interest over time and return your original money on a set date.

**Brokerage firm:** A company that helps people buy and sell things like stocks or bonds by connecting them to the market, usually for a fee.

**Capital:** Money or other financial assets (like equipment or buildings) that people or businesses use to start, run, or grow a business or to invest for future gains.

**Certificate of deposit:** A type of savings account where you agree to keep your money in a bank or credit union for a fixed time in exchange for a fixed interest rate, usually higher than a regular savings account, with a penalty if you take it out early.

**Cryptocurrencies:** Digital forms of money that exist online and use secure technology (blockchain) to record transactions. Their value can change quickly and unpredictably.

**Diversification:** Spreading your money across different assets so that if one loses value, the others can help balance it out.

**Dollar cost averaging:** Investing a fixed amount of money at regular intervals, which helps reduce the impact of market ups and downs over time.

**Financial nihilism:** A belief that traditional saving and investing will not be enough to achieve financial security, which can lead people to feel discouraged or take more extreme financial risks.

**Individual retirement account (IRA):** A personal retirement account that allows you to save and invest money for the future with special tax advantages.

**Inflation:** The general increase in prices over time, which means the same amount of money buys fewer goods and services.

**Intangible asset:** An asset that has value but no physical substance, such as bank accounts, stocks, patents and copyrights.

**Liquidity:** How easily and quickly something can be turned into cash without losing much of its value.

**Meme coins:** Cryptocurrencies inspired by internet trends or jokes that often gain attention through hype and social media, rather than strong underlying value.

**Meme stocks:** Stocks that gain popularity through social media and online hype, often causing rapid price swings driven more by attention than company fundamentals.

**Money market account:** A bank, credit union or brokerage firm account that usually pays higher interest than a basic savings account and may include limited check-writing, while keeping your money relatively safe and easy to access.

**Mutual fund:** A pooled investment where many investors' money is combined and managed by professionals to buy a diversified mix of stocks, bonds, or other securities.

**Net worth:** How much money you have overall after subtracting everything you owe from everything you own.

**Prediction markets:** Platforms where people place bets on the outcome of future events, using money or tokens, with prices reflecting what participants think is most likely to happen.

**Securities:** Securities are tradable financial investments, such as stocks, bonds, and mutual fund shares, that represent either ownership in a company or a loan to a company or government.

**Stock:** A share of ownership in a company, which may earn you money if the company's value grows or if it pays dividends to shareholders.

**Tangible asset:** An asset in physical form that you can see or feel, such as cash, land, a car, a home or furniture.

**Volatility:** A measure of how much something changes over time, such as the value of a financial asset such as a stock or bond. High volatility means big, frequent changes (more risk), while low volatility means small, steady changes (more stability).

## Note Catcher

### Main Ideas/Key Information

What are we discussing?

### Notes

What did I learn?

### Summary/Application

Why does it matter to me?

## Asset Menu

| Asset                              | Time Horizon          | Risk Level       | Main Idea                                                                                                   |
|------------------------------------|-----------------------|------------------|-------------------------------------------------------------------------------------------------------------|
| <b>Savings account</b>             | Short-term            | Low              | Safe place for money needed soon. Some accounts offer higher interest to encourage saving.                  |
| <b>Money market account</b>        | Short-term            | Low              | Similar to a savings account but usually pays slightly more interest.                                       |
| <b>Certificate of deposit (CD)</b> | Short- to medium-term | Low              | Fixed rate and predictable return; early withdrawal may cost a penalty.                                     |
| <b>Bond</b>                        | Medium- to long-term  | Moderate         | Loan to a government or company that pays interest over time.                                               |
| <b>Mutual fund</b>                 | Medium- to long-term  | Moderate to high | Diversified basket of investments (usually stocks, bonds, or cash) managed as one fund.                     |
| <b>Exchange-Traded fund (ETF)</b>  | Medium- to long-term  | Moderate to high | Similar to a mutual fund, but trades during the day like a stock.                                           |
| <b>Real estate</b>                 | Long-term             | Moderate to high | Buy property to earn rental income and/or value growth; requires upkeep and can be hard to sell quickly.    |
| <b>Individual stocks</b>           | Long-term             | High             | Ownership in one company; possible growth and dividends, but more risk.                                     |
| <b>Business</b>                    | Long-term             | High             | Start or invest in a company for potential profits and growth; higher uncertainty and time/effort required. |
| <b>Cryptocurrencies</b>            | Varies                | Extremely high   | Digital currencies with extreme price swings; highly unpredictable and not guaranteed to grow               |

## Asset Building Scenarios

Name: .....

### Directions:

Work with your group to read your assigned scenario. Use the scenario analysis questions to identify the person's goal, time frame, and risk tolerance. Then decide which savings or investment option fits best and be ready to explain your recommendation.

Your teacher will assign your group a scenario, or your group may choose one if directed.

### Scenario A: Mia's First Car

Mia is 18 and just got her learner's permit. She works weekends at a local pizza place and usually brings home about 300 dollars per month. She has 800 dollars in a regular savings account. Mia wants to buy a used car by the time she turns 21 so she can drive herself to school and work. She expects the car to cost about 7,500 dollars. Mia can save around 200 dollars per month, but she sometimes dips into her savings when she sees things she wants online. She has heard about high-yield savings accounts and certificates of deposit (CDs) from a TikTok video, but she is nervous about locking her money up. Mia wants her money to grow faster than it would in a basic savings account, but she cannot risk losing it because she really needs the car.

### Scenario B: Jordan's Nursing School Savings

Jordan is a 19-year-old sophomore in college who plans to go to nursing school after he graduates in three years. He has already saved \$2,200 from his retail job, which is sitting in a basic savings account. Jordan's parents have said they can help with some of the costs, but he wants to take responsibility for his education and save at least \$10,000 over the next three years to help cover nursing school tuition and books. He recently started another part-time job and can set aside about \$600 each month toward this goal. Because nursing school is still a few years away, Jordan is willing to take a bit more risk with his money if it means it could grow faster, but he does not want to risk losing everything he has worked for. He has heard that mutual funds and ETFs are ways to spread risk when investing, yet he feels unsure where to begin and is looking for guidance on how to use these options to build his nursing school savings.

### Scenario C: Leila's Retirement Head Start

Leila is 21 and just graduated from community college this year. She plans to work full time at a local hospital as a medical assistant. Her new job will pay 40,000 dollars per year and offers a 401(k) plan where the employer will match 50 percent of her contributions up to a certain limit. Leila has 500 dollars in a checking account and 300 dollars in savings. Retirement feels very far away, but she has heard that starting early can make a huge difference over time. She also wants to move out on her own in about three years, so she cannot afford to tie up all her money. Leila is willing to take more risk with money she will not need for decades, but she is unsure whether to choose stock mutual funds, a target-date fund, or something safer in her 401(k).

**Scenario D: Carlos’s Small Business Dream**

Carlos is 19 and loves baking. He often sells cupcakes and cookies to friends and neighbors. He wants to start a small food truck business within about seven years, once he has more experience and possibly has taken some business classes. Carlos has 1,500 dollars in a high-yield savings account that he calls his “business fund,” and he can add about 100 dollars per month from his current job. He knows a food truck, permits, and equipment could cost tens of thousands of dollars, so he wants his savings to grow faster than it would in a regular savings account. Because his goal is several years away, Carlos is open to more risk if it means higher potential returns, but he does not want to risk everything on one company’s stock. He is curious about investing in a mix of bonds and stock, mutual funds or ETFs to grow his “business fund” over time.

**Scenario Analysis:**

- 1. What is the person’s goal? What do they want, how much do they need, and by when?

- 2. Is the goal short-term, medium-term, or long-term? Explain why.

- 3. What risk level makes the most sense: low, medium, or high? Why?

- 4. Which savings or investment tools fit best? Explain your recommendation.

- 5. What are 2–3 next action steps this person should take?

## Building Financial Wealth for My Future

Name: .....

### Directions:

Think about your financial goals and the needs you might have at different points in your life and match them with financial wealth-building tools you learned about that could make sense to use. You can use needs and goals you identified in your work on the **Me at 20, 40, 60 and 80 handout** in **Lesson 1: Money and Me** as a starting point or create new or updated goals.

| Me at Age: | My Financial Goals and Needs | Financial Wealth-Building Tool(s) I Could Use | Reasons |
|------------|------------------------------|-----------------------------------------------|---------|
| 20         |                              |                                               |         |
| 40         |                              |                                               |         |
| 60         |                              |                                               |         |
| 80         |                              |                                               |         |

## Exit Ticket

One saving or investing option I learned about today is:

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One financial goal I have for the future is:

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When choosing an investment, it is important to think about risk and reward because:

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