

CE.PFL.1.6

Compare various investing strategies and tax implications for their potential to build wealth (e.g., individual stocks and bonds with investing in stock, giving, bonds, mutual funds, retirement plans, etc.).

Students will understand:

1. Different strategies of investment involve various types of risk and offer different opportunities for wealth.
2. Fees, tax deferrals and exemptions may significantly transform an investor's total return over time.
3. In an effort to minimize tax liabilities individuals often consider the tax implications when evaluating the investment strategy which best suits their financial goals.

Students will know:

1. Where to find information on various investments.
2. The risks and benefits associated with various types of investments.
3. The meaning of potential rate of return, liquidity, and level of risk.
4. How to read a stock ticker and stock report.
5. The significance of highs and lows in the stock exchanges.
6. The relationship between risk and return when investing.
7. The benefits of considering investments, mutual funds, certificates of deposits or money market accounts versus savings accounts.
8. How to calculate tax liability. (By applying the tax rate to the tax base to find out how much is owed to someone other than yourself.)

Key Terminology:

- Investing strategies – A systematic plan to allocate investable assets among investment choices such as bonds, certificates of deposit, commodities, real estate, stocks (shares). These plans take into account factors such as economic trends, inflation, and interest rates. Other factors include the investor's age, risk tolerance level, and short- or long-term growth objectives.