

Investing & Financial Risk

RISKS & BENEFITS FOR INVESTORS

Stocks, Bonds,
Dividends, Risk
Capital Gains

Editable
Interactive Slides
Critical Thinking

A Google Slides file
that easily converts
to PowerPoint

NO PREP!
SAVES YOU TIME!



BUSINESS EDUCATION WITH *Denise Leigh*

NO PREP Intro Digital Activity

What's included?

- ✔ 15-slides Google Slides lesson
- ✔ Teacher's Key
- ✔ Interactive Student Response Questions
- ✔ Critical-Thinking Discussion Prompts
- ✔ Real-World Investing Examples and Scenarios
- ✔ Exit Ticket / Review Questions



Stocks • Bonds • Dividends • Capital Gains

Risks and Benefits for Lenders & Investors

Risks and Benefits for Investors

Why Would People Invest?

Benefits

- Earn interest
- Earn profits
- Stock value may increase

Risks

- Business could fail
- Investors could lose money
- Stock prices can drop

Simple Real-Life Connection

Why do people still invest even though there's risk?

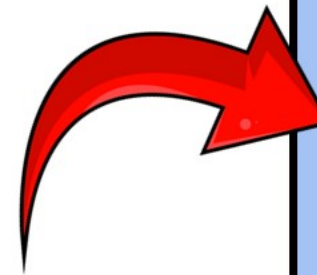


Why would people invest?

Risks and Benefits for Investors

1. What's the difference between a loan and equity financing?
2. Why might a new business struggle to get a loan?
3. Which is riskier, stocks or bonds?
4. What does an investor receive in exchange for funding?

Interactive Slides

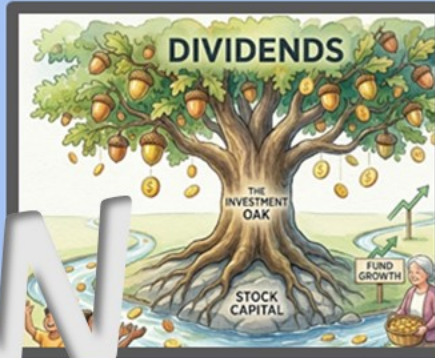


Dividends

Dividends

How Investors Make Money

Some companies share profits with investors.
These payments are called dividends.
Investors who own stock are called shareholders.



Not all companies pay dividends.

Some businesses reinvest profits back into the company instead.

Example:

If you owned Nike stock and Nike paid shareholders money each year:
that payment = dividend

Business Education with Denise Leigh ©

How Investors Make Money

Dividends



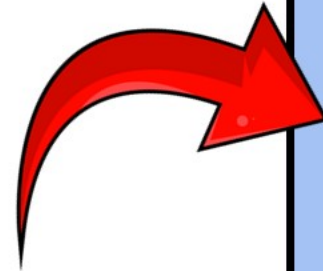
Why might some companies choose to pay dividends to shareholders?

How do investors benefit from receiving dividends?

Why would a company choose to reinvest profits instead of paying dividends?

Business Education with Denise Leigh ©

Interactive Slides



Capital Gains

Capital Gains

Buying Low and Selling High

Key Points

- Investors earn a **capital gain** when they sell an investment for more than they paid
- Stock and bond prices change constantly

Prices Change Because Of:

- Business performance
- Investor demand
- Economic conditions
- Trends and news

Example

- Buy stock at \$50
- Sell at \$80
- Capital gain = \$30

Compare it to sneaker reselling:

- Buy Jordans cheap
- Sell later for more money



Buying Low and Selling High

Capital Gains

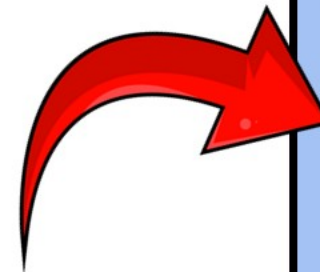


What is a capital gain?

Why do stock prices go up and down?

How is earning a capital gain similar to reselling sneakers or concert tickets?

Interactive Slides



Rate of Return

Rate of Return

Was the Investment Worth It?

Formula

Rate of Return =
Money Gained ÷ Original Investment

Simple Example

- Invested: \$100
- Earned: \$20
- Rate of return = 20%

Explain Simply

This measures:

"How much money did you make compared to what you invested?"



Was the investment worth it?

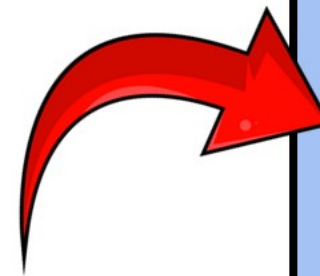
Rate of Return

What does rate of return measure?

If someone invested \$200 and earned \$40, what would their rate of return be?



Interactive Slides



Investment Risk

Investment Risk

You Can Lose Money Too

Key Points

Lenders and investors take risks because:

- Businesses can fail
- Stock prices can drop
- Loans may not be paid

Risks for Lenders

- Missed loan payments
- Business defaults

Risks for Investors

- Lost dividends
- Falling stock prices
- Losing the entire investment

Example

A new app company shuts down:

- investors lose money
- stock value drops to zero



Investments Can Lose Money Too

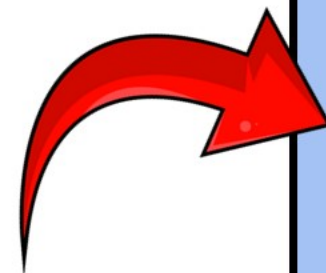
Investment Risk

A student invests money into a brand-new gaming app company. A year later, the company shuts down. What risks did the investor face, and what happened to the investment?

Why might investors not always be considered "risking" their money into a savings account?

A bank loans money to a small restaurant business, but the restaurant stops making payments and closes. What risk did the lender take?

Interactive Slides



Risk Tolerance

Risk Tolerance

How Much Risk Can Someone Handle?

Definition

Risk tolerance = how comfortable someone is with taking financial risks

High Risk Tolerance

- More willing to take risks
- Wants higher returns
- Invests in riskier assets

Low Risk Tolerance

- More cautious
- Wants safer investments
- Accepts smaller returns

Real-Life Comparison

High Risk	Low Risk
Crypto	Savings account
Startup companies	Government bonds
Growth stocks	CDs



**How much risk
can someone
handle?**

Risk Tolerance



1. Marcus wants to invest all of his money into a brand-new cryptocurrency because he hopes to make a huge profit quickly. Would Marcus most likely have a high or low risk tolerance? Explain your reasoning.
2. Sophia put her money into a savings account because she does not want to risk losing her money, even if she earns less over time. What does this suggest about her risk tolerance?
3. Two friends each receive \$1,000 to invest. One chooses stocks in new startup companies, while the other buys government bonds. Which student has the higher risk tolerance, and why?

Interactive Slides



PREVIEW

15 Slides included

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Risks

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Simple Real-Life Connection

Why do people still invest even though there are risks?

Risks and Benefits for Investors

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2. Why might a new business struggle to get a bank loan?
3. Which is riskier: stocks or bonds?
4. What does an investor receive in return for investing?

Dividends

How Investors Make Money

Some companies share profits with investors. These payments are called **dividends**. Investors who own stock are called **shareholders**.

Not all companies pay dividends. Some businesses reinvest profits back into the company instead.

Example:

If you owned Nike stock and Nike paid shareholders money, that payment = dividend.

Dividends

Why might some companies choose to pay dividends to shareholders?

How do investors benefit from receiving dividends?

Why would a company not pay dividends?

Capital Gains

Buying Low and Selling High

Key Points

- Investors earn a **capital gain** when they sell an investment for more than they paid.
- Stock and bond prices change constantly.

Prices Change Because Of:

- Business performance
- Investor demand
- Economic conditions
- Trends and news

Example

- Buy stock at \$10
- Sell at \$15
- Capital gain = \$5

Compare it to a savings account:

- Buy \$100
- Sell \$100
- No gain

CAPITAL GAINS

Rate of Return

What does the rate of return measure?

If someone invests \$200 and earned \$40, what would their rate of return be?

Investment Risk

Can you lose money too?

Points

- Stocks and investors can lose money.
- Businesses can fail.
- Stock prices can drop.
- Companies may not be able to pay dividends.
- Lenders can face business defaults.
- Investors can lose money if stock prices drop.
- Losing the entire investment.

Example

A new app company shuts down: the money drops to zero.

Investment Risk Analysis

Exit Ticket Questions

1. What is a dividend?
2. What is a capital gain?
3. Why do stock prices change?
4. What does risk tolerance mean?
5. Why do risky investments usually offer higher returns?

PREVIEW

Google Slides that **easily converts** to PowerPoint

Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

