

Retirement Products

SUBMITTED BY: Brian Page

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, IV. Saving and Investing

≡ RELATED ARTICLES:

- [“Your Money and the 40-hour Workweek”](#)
- [“Understanding Risk and Return: The Roller Coaster Ride of Investing”](#)
- [“Student Essay: Saving for Retirement: ‘Time Is on Our Side’”](#)
- [“Strengths, Weaknesses, Opportunities, Threats: The SWOT Analysis”](#)
- [“Mobile Payments: A Cautionary Tale”](#)
- [“Live Long and Prosper: Planning for a Social Security Shortfall”](#)
- [“Educator Toolkit: Learning to Invest”](#)
- [“5 Truths about Money During the Pandemic”](#)
- [“10 Terms New Investors Should Know”](#)

JUMP\$TART NATIONAL STANDARD: Investing, Standard 2

COMMON CORE STATE STANDARD: CCSS.ELA-LITERACY.WHST.11-12.9

CONTENT STATEMENT: Students will evaluate investment opportunities when initially getting a full-time job.

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Retirement Products – Worksheet2 (Included); Retirement Products Diagram (Included); Internet and projector (for the embedded quiz); Retirement Products Vocab (Included); Worksheet Master; Diagram Master; Each student needs access to a computer and the Internet

KEY VOCABULARY/TERMS: 401K, IRA, Tax deferred, Vesting, Compound interest

WHY THIS MATTERS TO YOU NOW: In the near future, teens will need to begin investing for retirement.

1. Exhibit to students the impact of investing in a retirement product with a matching contribution, and the concept of compound interest. To do so, you will need one measuring cup, two large clear pitchers or glasses, and two labels (retirement product with a match, retirement product without a match) and a large bottle of water. Follow the steps below:
 1. Have the clear pitchers or glasses laid out and labeled retirement product with a match and retirement product without a match.
 2. Round 1:
 1. Dump $\frac{1}{8}$ cup of water into the measuring cup and then into the pitcher representing a retirement product without a match.
 2. Dump $\frac{1}{4}$ cup of water into the measuring cup and then into the pitcher representing a retirement product without a match.
 - Dump a small amount, representing 7% of each, into each pitcher.
1. Round 2:
 1. Dump $\frac{1}{8}$ cup of water into the measuring cup and then into the pitcher representing a retirement product without a match.
 2. Dump $\frac{1}{4}$ cup of water into the measuring cup and then into the pitcher representing a retirement product without a match.
- Dump the water from the pitcher representing a retirement product without a match back into the measuring cup, and then add water that what would represent 7% more into the measuring cup, and pour it all back into the pitcher. This represents compounding interest.

1. Dump the water from the pitcher representing a retirement product with a match back into the measuring cup, and then add water that what would represent 7% more into the measuring cup, and pour it all back into the pitcher. This represents compounding interest.

1. Repeat round 2 until you have exhibited your points:
 1. The value of a match
 2. The concept of compounding interest
2. Have students complete the retirement product worksheet. Students calculate and predict retirement savings.
3. Have students complete the Venn Diagram worksheet
4. Students are to put to practice what they have learned by responding to the scenario questions [here](#).

HOMEWORK / FURTHER EXPLORATION: Have students read [Live Long and Prosper: Planning for a Social Security Shortfall](#) and discuss the article as a class.

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