

Dividend Reinvestment, Capital Gains and Capital Losses

SUBJECT(S): Personal Finance

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

≡ NBEA STANDARD(S):

- Personal Finance, IV. Saving and Investing

≡ RELATED ARTICLES:

- “Portfolio Managers: The Challenge Is Picking More than One Winning Stock”
- “Inside Berkshire Hathaway’s Spectacular Shareholders Meeting”
- “Exploring the Business of Money with a Few ‘Girls Who Invest’”
- “Deconstructing the Investment Bank”

TOPIC/COMPETENCY: Investing: Dividend Reinvestment, Capital Gain, Capital Loss

CEE National Standard:

Standard 5 – Benchmark 12-7

Jump\$tart National Standard:

Investing Standard 3

Common Core State Standard:

CCSS.ELA-Literacy.RI.9-10.8

CSS.ELA-Literacy.W.9-10.1

LESSON TITLE: “Learning the Language of Money: A Lesson on Dividend Reinvestment, Capital Gains and Capital Losses”

LESSON OBJECTIVE: Students will define and describe capital gain, capital loss and dividend reinvestment plan

ESTIMATED TIME: 50 min

MATERIALS NEEDED: Computers with Internet access for both teacher and students; paper and pencil

KEY VOCABULARY/TERMS: Capital Gain, Capital Loss, [Dividend](#), DRIP, Investor, [Shareholder](#)

WHY THIS MATTERS TO YOU NOW: There’s a popular saying that people use when referring to money and investing: “You can work all your life, or you can let your money go to work for you!” Taking time when you’re young to learn strategies that allow your money to go to work for you (compound interest, dividend reinvestment, etc..) could encourage you to adopt good saving and investing behaviors while you’re young that will lead to a higher “return on your investment” in your adult life.

- Motivational hook / activity – 5 minutes
 - Write the letters D.R.I.P. on a display (chalkboard, Interactive Whiteboard, etc...) to show your students. Ask students to draw upon their prior knowledge about investing topics and get them to speculate what these letters (this acronym) might refer to as it relates to today’s topic of Investing. Write students’ suggested words on the board as they speculate. Reveal the final answer to them after they have made some attempts on their own: DRIP = Dividend Reinvestment Programs.
- Comprehension – 15 minutes
 - Show students this video about DRIPs

www.investopedia.com/terms/d/dividendreinvestmentplan.asp 1:01 length

- Provide students with the definitions of “[Capital Gain](#)” and [Capital Loss](#)”. The definitions to these words are hyperlinked to the terms here, using the website n Investor Words. Ask students to write down the two definitions.
- Instruct students to use each term in a sentence to demonstrate knowledge of both terms. Check for understanding by asking students to read their sentences aloud to the class.
- Practicing –
 - Provide students with a “T-Chart” template to use if computers are available – or they can easily create one on their own piece of paper
 - Students will read articles to gain more understanding about the pros and cons of DRIPs. Provide students access to these articles
 - “[How and Why Do Companies Pay Dividends?](#)” Source: Investopedia
 - “[Six Reasons for Not Reinvesting Your Dividends](#)” Source: MoneySmarts
- As students read each article, ask them to use their “T-Chart” to create a Pro/Con table for why someone should/should not reinvest their dividends.
- Debrief activity with the class asking students to share pro/con items featured on their charts

Use www.practicalmoneyskills.com save a million calculator to determine how much you need to save to retire with a million dollars.

- Use the web to explore a company you would like to work for someday, what is the company policy on 401k's?
- Assessment –
 - Exit Slip – Ask students to vote in a quick poll (Use Poll Everywhere with Cell Phones or Computers) by hand to see where students stand on the notion of dividend reinvesting and what they would do with their money.
 - Students will defend the stand they chose by writing a one page reflective essay about the decision to reinvest their dividends or invest this elsewhere.
 - Return to class the next day with the finished essay.

- Going Further / Homework
 - Invite students to play the game “Moneytopia”
<http://apps.finra.org/moneytopia/moneytopia.html> that is promoted by FINRA

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