

Investments and Retirement

Overview: Students investigate simple and compound interest through the topic of investments and retirement. The Compass helps to explore cultural notions of retirement.

Grade: 8, Maths

Significant Concept: My future depends on decisions I make today.

Unit: Personal Finance

Estimated duration: 3 weeks

Topic: Compound interest

Estimated duration: 1 week

Area of Interaction: Health and Social Education

Essential skills: Simple and compound interest
Fixed and variable rates
Understanding inflation in the context of budget planning
Introduction to spreadsheets

Resources/ Materials/Setting required: Calculator
Student access to a computer with spreadsheet (eg Excel)

Outline:

1. Opening discussion around the question, "What is retirement?"
If the group is culturally homogeneous, it may be necessary to encourage students to think outside of their own cultural context. Use the Compass to explore different notions of retirement and cultural influences.
N – relocating in old age for "easy weather"
E – financial independence vs. contributions to family, costs of healthcare, investment volatility
S – shifting roles, relationships, and definitions of work; isolation vs. spending time with family
W – feelings of usefulness, enjoyment; personal health and satisfaction; is it better to have breaks interspersed through life or work full time until a designated age then stop?
2. Investigate the difference between simple and compound interest (up to 5 years) with pencil, paper, and calculator. Discuss low-risk, moderate-risk and high-risk options.
3. Investigate the difference between simple and compound interest (up to 40 years) with a spreadsheet.
4. Introduce variable rates (what happens if the rate changes after 3 years or after 10 years?)
5. Discuss budget planning (how much do I need to save, at what interest rate, to provide reasonable income at a later date?)

Making it personal:

Ask students to discuss investments with their parents.

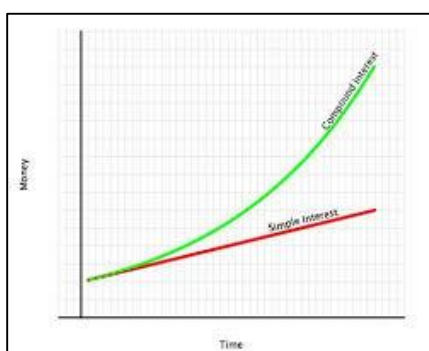
- What is the difference between saving and investing?
- What options for savings/investments are available?
- What is a reasonable interest rate?

(Answers may vary widely by nationality.)

Other math topics in this unit

(using Compass similarly to explore different dimensions of decision making and impact):

- Methods of earning money (job choices, university costs, earning potential and debt burden with and without university education)
- Methods of spending money (credit card and college loan repayments, buying a house, debit cards)



What the compass does:

- Builds a meaningful context
- Integrates maths into everyday life and decision making
- Encourages deeper thinking
- Develops a concrete, personal vision of the idea of retirement