

Risk vs. Reward (or Return)

Grades: 8-12

Objectives:

- Students will understand the relationship between risk and reward.
- Students will know which investments are higher in risk and which are present a lower risk.

Procedure:

1. Begin by giving the students two options.
 - a. Option 1 – Hold up a card and ask students “What if the decision they make about this card could determine their grade in the class?” Here’s the scenario: Students will get an automatic A in class if they can answer the question on the back of the card. They don’t get to know what the question is, but they won’t need to turn in any work or take any tests the rest of the semester if they can answer the question correctly. The downside? If they answer the questions incorrectly the highest grade they can earn in class is a C, if they turn everything in and get 100% on all tests.
 - b. Option 2 – Students continue to do work for the remainder of the course and get the grade they earn.
2. Ask students to raise their hand for option 1 or 2 to let you know what their choice is.
3. Talk about the risk and the reward of each option. Explain that this is the same concept you will be learning about today regarding investing.
4. Lead students through the Risk vs. Reward PowerPoint.
5. When you get to the Risk vs. Reward game, stop and read through the instructions with the students before playing the game. Please reach out to Kristin at kristinm@pnwfcu.org if you have any questions about how to play the game.
6. Play the game several times through, encourage students to try different strategies, and discuss after each round.
 - a. Who earned the most points? What was their strategy?
 - b. Is anyone willing to share that it wasn’t a great round for them? What was your strategy? Why do you think it didn’t work for you?
7. To close the lesson, ask students to consider what their risk tolerance would be if given \$1,000 dollars. Would they invest it all? Would they put some in savings and invest the rest? Would they not chance anything in the market?
8. Encourage students to ask adults about their risk tolerance and how they view risk. Also, have them ask what the adult’s risk tolerance is now vs. when they were in high school/college. Do they feel it has changed?

Dice Numbers							Pay to play (-1)	Win/Loss Amount	Total (Start with 20)
Round Number	1	2	3	4	5	6			
1							-1		
2							-1		
3							-1		
4							-1		
5							-1		
6							-1		
7							-1		
8							-1		
9							-1		
10							-1		

Risk vs Reward Score Chart

Risk vs. Reward Game Rules

Use the “Risk vs Reward Score Chart to keep track of your losses or gains each round.

Each round

1. Pick the number of guesses you'd like to make for the round.
2. Put a check mark under each number your teacher will roll this round.
3. After your teacher rolls the die, check to see if it was one of the numbers you checked. If it was, add the points based on the chart below. If it wasn't, subtract the points.
4. It costs 1 point to play every round. So, if you make 3 guesses and win 5 points in a round, your total winnings for the round would be 4. Alternately, if you make 3 guesses and lose 4 points, your total loss would be 5.

# of Guesses	Points Won	Points Lost
6	0	0
5	1	1
4	2	3
3	5	4
2	10	6
1	20	15