SAVING AND INVESTING ALWAYS HAVE SOME RISK

Risk (usually) Equals Reward

Want to make money without doing a thing? Sounds too good to be true, right? Well it's not. When you save or invest your money, you're doing just that.

Putting money into a savings account means you're loaning your money to the bank, instead of the other way around. Which means the bank pays you interest, or extra money, for letting them use it.

Savings accounts offer little reward, but little risk as well.

Investing is a long-term plan for earning interest. This means you have the potential to make more money, but there are strings attached. The 3 most popular types of investing are stocks, bonds, and mutual funds.

Buying stocks means you're buying a tiny part of a specific company. It could be the company that makes your favorite shoes, cell phone, computer game, or even laundry detergent. The tiny part that you own is called a share, because you're now sharing ownership of that company with everyone else who has that same stock. If the company does well, the price of your stock will go up and you'll make money. But if the company does poorly, you could lose money. So there's the potential to make a lot of money in a hurry, but there's a chance that it could be a bust as well.

Bonds (or Savings Bonds) are like small loans to the government. Buying a savings bond is like putting money into a savings account for months or even years at a time. You're not allowed to take the money out before this time is up, but the interest rates are much higher. So when the time runs out, you will have made much more than you would have with a savings account. These also carry little risk.

Mutual Funds are a little different. Putting money in a mutual fund means you put money into an account with a bunch of other people, and experts will take that money and invest it to the best of their ability. They might buy stocks, bonds, or several other types of investments. Basically it's like having professionals play the stock market for you. If these experts are good, they'll earn you a lot of money in a short time. If they're not so hot… you could lose all the money you've invested.

You will need:
•A die from a board game • pen & paper

Let's test your nerve at taking risks. In this game you'll roll the die to earn cash. Here's the catch – You decide the risk factor involved.

Choose a scorekeeper. Then, taking turns, each player first decides which investment to buy for that turn. He or she then rolls the die. If any of the winning numbers comes up, that player wins the money. The scorekeeper adds that money to their total.

Go around the circle until each player has rolled 10 times. You are allowed to change your investment choice each turn, as long as you do it before you roll.

Whomever has the most points after 10 rolls wins.

Play it several times, experimenting with different portfolios. Does slow and steady win the race? Does the biggest equal the best?
Is the middle of the road going to earn you some money? You Decide It!

A game show contestant learns that investments that pay high dividends may also be risky.