

Focus on Fraud

The “Basics” and Beyond

Kelly May

Kentucky Department of Financial Institutions

Why Teach About Investing?

- Give your students knowledge they will need in life.
 - Company pensions are becoming a thing of the past.
 - Social Security doesn't cover all needs.
 - Your students will be future investors.
- The Basics meets:
 - High school graduation requirements in Kentucky's Program of Studies
 - Requirements in the Practical Living/Career Studies Program Review

Why Focus on Fraud?

- Financial swindles cost Americans \$40 billion a year.
- The best defense is a smarter investor.
- Securities fraud takes many forms:
 - Fraudulent product/offering
 - Unsuitable investments for investor
 - Unlicensed adviser/broker
 - Unregistered product
 - Theft/misappropriation of funds



My Favorite Question:

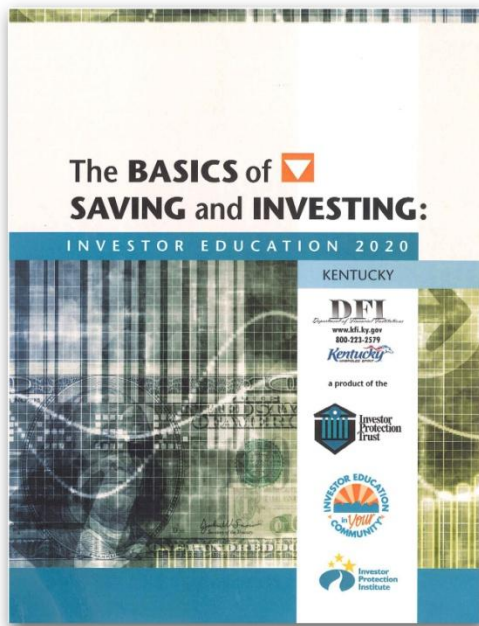
- What is the difference between saving and investing?

Unit 1, Page 14 Saving and Investment Products



The Basics ...

<http://www.investorprotection.org/teach/?fa=basics>



Unit 1 – Getting Started

Unit 2 – Introduction to Financial Markets

Unit 3 – Making a Financial Plan

Unit 4 – Investment Fraud

Time Value of Money

- Who do you think earns more on their investment by age 65?
 - Someone who invests \$20,000 between ages 25 and 34 and then stops.
 - Someone who invests \$62,000 between ages 35 and 65.



Time Value of Money

- The first investor, who started early, earns more than \$525,000.
- The second investor, who waited until age 35 earns less than \$300,000.
- Time is your friend! Starting early takes advantage of compound interest.

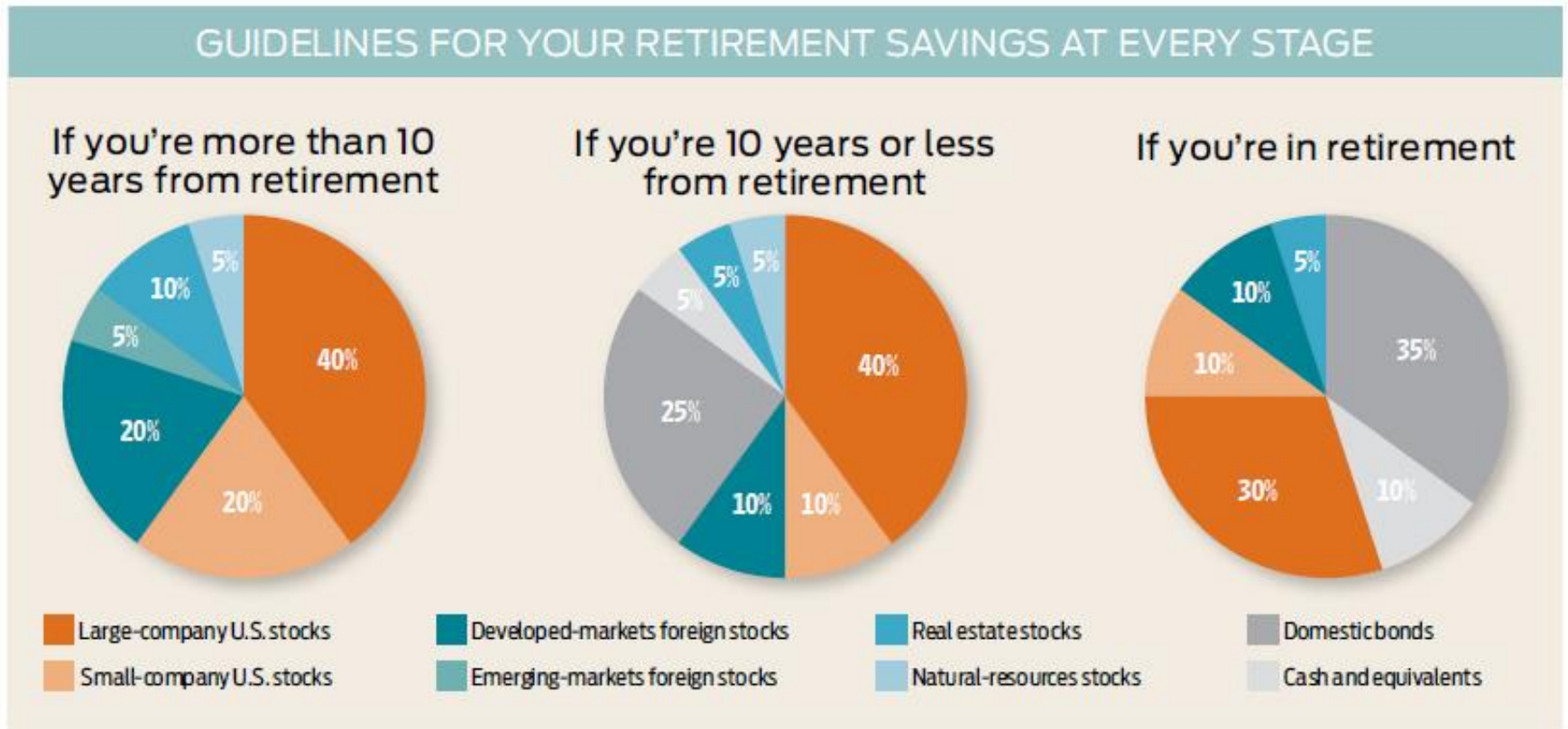
Five Keys (a Unit 1 Lesson)

- Key Concepts of Saving and Investing
 - 1. Pay yourself first
 - 2. Set goals that inspire success (short, medium and long term)
 - 3. Don't take unnecessary risks
 - 4. Put time to work for you
 - 5. Diversify!

Unit 1, Page 6-10 Key Concepts of Saving and Investing

Key #5: Diversify

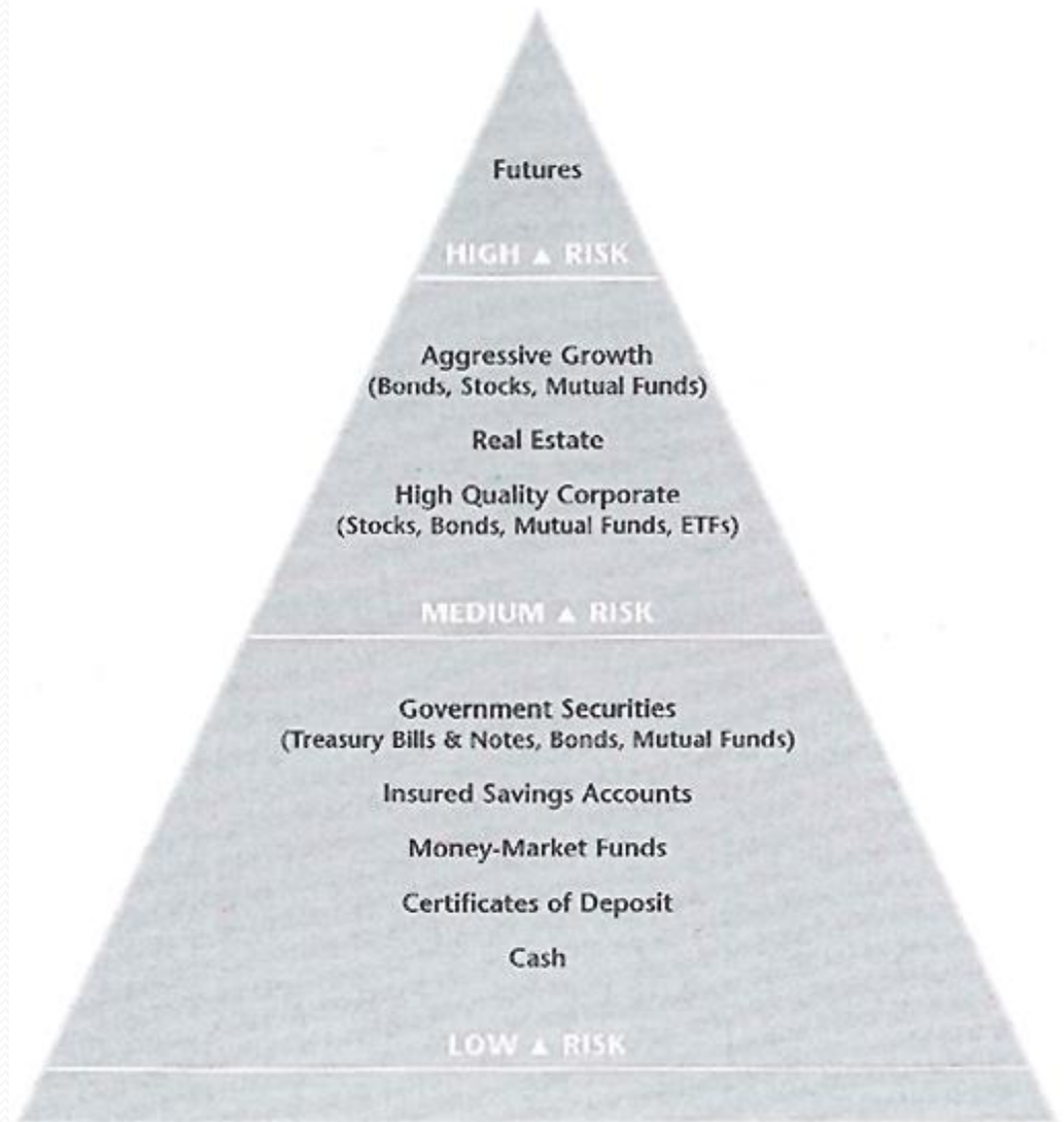
- Revise your asset allocation as you near retirement.



Investment Product Overview

- Pyramid of Investment Risk
Unit 1, Page 18-19
- Product descriptions
Unit 2, Pages 6-13

Pyramid of Investment Risk



More Great Lessons ...

- How Financial Markets Work – Lesson Outlines

Unit 2, Pages 18-22

- Reading Stock Tables

Unit 2, Page 23

- Financial/Investment Planning: Myth vs. Reality

Unit 3, Page 12

- Major Types of Investment Fraud

Unit 4, Pages 3-6

- How Regulators Help to Protect Investors –Add DFI! www.kfi.ky.gov

Unit 4, Page 9



Charles Ponzi, Unit 4, Page 4

Fraud Scene Investigator

http://www.nasaa.org/Investor_Education/FSI/



MoneyTrack Videos

<http://moneytrack.org/videos-2/top-stories/>



214: Millionaire in the Making

Damon Williams turned a passion for athletic shoes into a stock portfolio worth \$50,000. The best part? He's o...



305: Lessons from a High Sc...

Meet one ex-con who tells us how easy it was to lure so many investors into his get-rich quick schemes. An...

Other Resources

- Two Dozen Ways to Make Investing Basics Fun for Your Students
- Basics can supplement The Take Stock in Kentucky Stock Market Game
- Stock Market Game/Take Stock in Kentucky
www.econ.org/teachers/index.html
- Savings Tips from FDIC Money Smart

Contact Information

- Kelly May
- Department of Financial Institutions
- 800-223-2579
- kelly.may@ky.gov
- Information on DFI speaker programs:
- www.kfi.ky.gov/public/teacher.htm