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| **Standard** | **Benchmarks** | **Possible Activities** | **Financial Freedom** |
| [SS.912.FL.5](http://www.cpalms.org/Public/PreviewStandard/Preview/8586)  Invest  Ch. 10 | [SS.912.FL.5.1:](http://www.cpalms.org/Public/PreviewStandard/Preview/8586)Compare the ways that federal, state, and local tax rates vary on different types of investments. Describe the taxes effect on the after-tax rate of return of an investment. | Given tax rates and inflation rates, calculate the real, after-tax rates of return for groups of stocks and bonds. | Ch. 10 |
|  | [SS.912.FL.5.2:](http://www.cpalms.org/Public/PreviewStandard/Preview/8587)Explain how the expenses of buying, selling, and holding financial assets decrease the rate of return from an investment. | Identify and compare the administrative costs of several mutual funds and estimate the differences in the total amount accumulated after 10 years for each mutual fund, assuming identical market performance. |  |
|  | [SS.912.FL.5.3:](http://www.cpalms.org/Public/PreviewStandard/Preview/8588)Discuss that buyers and sellers in financial markets determine prices of financial assets and therefore influence the rates of return on those assets. | Predict what will happen to the price and rate of return on a bond if buyers believe that the bond has increased in risk. | Ch. 10 |
|  | [SS.912.FL.5.4:](http://www.cpalms.org/Public/PreviewStandard/Preview/8589)Explain that an investment with greater risk than another investment will commonly have a lower market price, and therefore a higher rate of return, than the other investment. | Explain why the expected rate of return on a “blue chip” stock is likely to be lower than that of an Internet start-up company. | Ch. 10 |
|  | [SS.912.FL.5.5:](http://www.cpalms.org/Public/PreviewStandard/Preview/8590)Explain that shorter-term investments will likely have lower rates of return than longer-term investments. | Explain how markets will determine the rates of return for two bonds if one is a long-term bond and the other a short-term bond, assuming each bond pays the same rate of interest. | Ch. 10 |
|  | [SS.912.FL.5.6:](http://www.cpalms.org/Public/PreviewStandard/Preview/8591)Describe how diversifying investments in different types of financial assets can lower investment risk. | Compare the risk faced by two investors, both of whom own two businesses on a beach. | Ch. 10 |
|  | [SS.912.FL.5.7:](http://www.cpalms.org/Public/PreviewStandard/Preview/8592)Describe how financial markets adjust to new financial news and that prices in those markets reflect what is known about those financial assets. | Explain how prices of financial investments can adjust when given specific news about a company’s or industry’s future profitability. |  |
|  | [SS.912.FL.5.8:](http://www.cpalms.org/Public/PreviewStandard/Preview/8593)Discuss ways that the prices of financial assets are affected by interest rates and explain that the prices of financial assets are also affected by changes in domestic and international economic conditions, monetary policy, and fiscal policy. | Give an example of a change in interest rates affecting the current value of a financial asset that pays returns in the future. Explain why the current value increases when interest rates fall. Explain how a change in economic growth might change the value of a stock held by an investor. | Ch. 10 |
|  | [SS.912.FL.5.9:](http://www.cpalms.org/Public/PreviewStandard/Preview/8594)Examine why investors should be aware of tendencies that people have that may result in poor choices, which may include avoiding selling assets at a loss because they weigh losses more than they weigh gains and investing in financial assets with which they are familiar, such as their own employer’s stock or domestic rather than international stocks. | Explain why investors may sell stocks that have gained in value, but hold ones that have lost value. Explain why this may not make sense. Identify an example of why an investor may have a bias toward familiar investments and why this may or may not be a rational decision. | Ch. 10 |
|  | [SS.912.FL.5.10:](http://www.cpalms.org/Public/PreviewStandard/Preview/8595)Explain that people vary in their willingness to take risks because the willingness to take risks depends on factors such as personality, income, and family situation. | Explain how the portfolio of a retiree might differ from that of a young, single person. | Ch. 10 |
|  | [SS.912.FL.5.11:](http://www.cpalms.org/Public/PreviewStandard/Preview/8596)Describe why an economic role for a government may exist if individuals do not have complete information about the nature of alternative investments or access to competitive financial markets. | Explain why it is important for individuals to have accurate information about a company’s sales and profits when investing in that company. | Ch. 10 |
|  | [SS.912.FL.5.12:](http://www.cpalms.org/Public/PreviewStandard/Preview/8597)Compare the Securities and Exchange Commission (SEC), the Federal Reserve, and other government agencies that regulate financial markets. | Conduct research to learn about the SEC or the Federal Reserve and identify their roles in regulating financial markets. |  |