# **Investing Money Discussion Guide (for use during or after reading)**

1. What does it mean to “invest” and why do some people invest their money? (Introduction & Why Do People Invest p. 4-9)
   1. Investing is a way to use the money you have now to hopefully earn a profit later.
2. How do people invest in real estate? (Real Estate, p. 10-11)
   1. People can invest in real estate by purchasing land, houses, apartments, and/or other buildings and then renting them out. They need to make sure they take care of the property so they can turn a profit. Hopefully, they can eventually sell their real estate and make an even bigger profit.
3. How do bonds work? (Bonds, p. 12-13)
   1. People purchase a bond now for a certain price. If they wait the proper amount of time, their bond will be worth more when they cash it in.
4. How do stocks work? (Stocks, p. 14-15)
   1. When people purchase stock, they are essentially purchasing a small piece of the company. They make money when the company makes money. They are called “shareholders.”
5. Why might a corporation decide to sell stock in the first place? (Why Do Corporations Sell Stock?, p.16-17)
   1. Corporations will often decide to sell stock in order to get the capital (money) they need for new projects, to hire new staff, to open new locations, or other expensive purchases. Corporations often sell stock instead of taking out loans.
6. What happens to the shareholders of a company if that company experiences losses? (Trading Stocks, p. 18-19)
   1. If a company experiences losses, its shareholders also experience those losses. They will not make a profit unless the company does. This can be risky, but it can also be rewarding.
7. Why is the winter a good time for Stock to invest in PC’s Lemonade? (Choosing a Good Stock, p.22-25)
   1. The demand for PC’s Lemonade stock is down in the winter because not many people are purchasing lemonade due to the cold weather. This is a great time for Stock to invest because the value of PC Lemonade’s stock will likely increase in the summer when the demand for lemonade rises and Paycheck begin to sell more.
8. Why should people diversify their investment portfolios? (Diversification, p. 30-33)
   1. People should diversify their investment portfolios because it reduces their risk. If one of the companies loses money, diverse investment portfolios still have a chance of profit because they have other potential investments.
9. What is a mutual fund? Why do some people choose to invest in these funds? (Investing in Funds, p.34-35)
   1. A mutual fund is often run by an investment company that pools funds from many investors to buy stocks and other securities. People often choose to invest in these because experts choose the stocks, it is easier to diversify an investment portfolio, and they can work together to make a profit.
10. Why is it important to research prior to making an investment? (General)
    1. It is important to do your research before investing your money because you want to understand the risks you are taking and the possible rewards associated with them. You do not want to invest your money into something that will not succeed.