



## **SAVINGS AND INVESTMENT CHALLENGE**

---

**Sponsored by the Investor Education Fund**

### **CONTEST CHAIR**

Bill Velos  
Lester B. Pearson C.I.  
150 Tapscott Rd  
Toronto ON M1B 2L2  
Tel 416-396-5892 ext 20105  
Email billvelosobea@gmail.com

Contest entry is due on or before the contest submission date (refer to the Contest Time Line Chart page). Entries must be sponsored by a current member of OBEA and must include a typed OBEA Identification Form.

### **REMINDER - 5 ENTRIES PER SCHOOL**

### **CURRICULUM CONNECTION**

The challenge meets the overall expectation from the Ontario Curriculum 2006 Business Studies course (p. 32), BBI Introduction to Business; Finance strand, “demonstrate an understanding of effective investment practice”.

### **CHALLENGE OVERVIEW**

In this challenge, students will learn about saving and investing money in various financial vehicles. They will research various financial institutions, record and track the growth potential of saving and investing vehicles, chart the results, summarize their findings and reflect on the vehicle that best meets their needs. Support materials (Student Information & Lesson Plan) are available from the OBEA Contests Web site at [www.obea.ca](http://www.obea.ca).

### **CHALLENGE COMPONENTS & GUIDELINES**

#### **1. GLOSSARY OF TERMS**

Create a glossary of at least 15 terms related to saving and investing.

- The glossary of terms should be expressed in your own words and with clear understanding of the term.
- Use primarily Canadian sources for your research.
- Some suggested terms include: liquidity, return on investment, yield, risk, index etc.
- Include the source for each term on your list.

#### **2. INVESTMENT CHARTS**

- i) Research and compare Canadian financial institutions to choose the best growth potential for \$1,000 in each of the following saving vehicles and investment funds over an 8 month period:
  - Chequing account
  - Savings account
  - Guaranteed Investment Certificate (GIC)
  - Canada Savings Bond (CSB)



Check with your local bank, trust company or credit union for information on saving and investing. Include some information about the financial institution in your submission.

Note: You may choose different financial institutions for each saving alternative.

Create a table for each saving vehicle (chequing, savings account, GIC, CSB) and record the following:

- name of the financial institution
- rate of return
- growth of \$1,000 over a period of one year, using a spreadsheet application (you choose the start date of the time period)
- any service fees that you may be charged

Chart your results.

ii) Invest \$1,000 each in two index funds

Research the performance of \$1,000 in each of the following index funds over an 8 month period.

- Canadian Equity Index Fund OR Canadian Composite Index Fund
- Canadian Bond Index Fund

Create a table for each of the stock (equity) and bond indexes performance on a monthly basis for an 8 month period. Note: The time period for these two index funds must be backdated 8 months to review past performance since you cannot anticipate future returns for the indexes.

- use a spreadsheet application to complete all calculations
- include any fees that you may be charged for the funds

Chart your results for each investment vehicle (for example, bar graph, line chart, etc.; include a legend).

### **3. SUMMARY**

Prepare a summary of your findings to include the following points:

- analysis of the advantages and disadvantages of selecting these savings and investment vehicles
- rate of return, the level of risk and liquidity of the vehicles
- comparison of all the saving and investment vehicles
- rank the vehicles in terms of potential growth of the invested \$1,000
- choose which vehicle you would personally place your \$1,000 in and why

### **4. REFLECTION**

Describe at least three key things you discovered about saving and investing from doing this project with specific evidence from the experience. How will this project impact your financial behaviour?



## EVALUATION CHECKLIST

Criteria	Marks				
	1	2	3	4	5
REPORT - Organized and easily accessible with cover page and table of contents					
1. Glossary (knowledge) - A meaningful selection of terms related to saving and investing. - Examples included on how the term is used - Sources identified clearly	7	9	11	13	15
2. Investment Charts (Application) Each of the following groups requires a chart, includes information about the vehicle. - Savings Account - Chequing Account - GIC - Canada Savings Bond	7	9	11	13	15
- Canadian Equity Index Fund or Canadian Composite Index Fund - Canadian Bond Index Fund	7	9	11	13	15
3. Summary (Thinking) - Summary of findings including the advantages and disadvantages of each saving/ investment vehicle - Reasons for investing \$1,000 in chosen investment vehicle	2	4	6	8	10
4. Reflection (Communication) Describe at least three key learnings about saving and investing you discovered from doing this project with specific evidence from the experience.	2	4	6	8	10
WOW FACTOR – Something creative or more! An extra step!			1	2	3
TOTALS					

**Total Score** /73

### TEACHERS

Resources to help you teach this activity are available from the Investor Education Fund.

Visit: [www.investorED.ca](http://www.investorED.ca), Teachers' Corner

Email: [fundmail@investorED.ca](mailto:fundmail@investorED.ca)

Tel: 416-593-2369

### Resource – Activity

Fair Play – Lesson #1, 1.4 Scavenger Hunt Activity  
Taking Stock in Your Future Senior Guide – Pretest A

Developing Financial Skills: A Teacher's Guide – Budgeting Wisely Internet Activity

Taking Stock in Your Future Senior Guide – Activity 1.2 and 1.3,  
Compound Interest and Accumulated Value

Online resources:

Bank of Canada: [www.bankofcanada.ca/en/](http://www.bankofcanada.ca/en/)  
Canada Savings Bonds: [www.csb.gc.ca/eng/](http://www.csb.gc.ca/eng/)  
Canoe Money: <http://money.canada.ca/rates/gics.html>  
Finance Yahoo: <http://finance.yahoo.com>  
Fiscal agents: [www.fiscalagents.ca](http://www.fiscalagents.ca)  
Globe and Mail: [www.globefund.ca](http://www.globefund.ca)  
Investor Education Fund: [www.investorED.ca](http://www.investorED.ca)  
Investopedia: [www.investopedia.com/directory](http://www.investopedia.com/directory)  
Morningstar: [www.morningstar.ca](http://www.morningstar.ca)

### Challenge component

Glossary of terms

Researching financial institutions

Creating formulae for calculations  
& Graphing (spreadsheet app.)