
MAINSTREAMING MUTUAL FUNDS

Anne Macy, West Texas A&M University

ABSTRACT

Investment techniques are a basic skill lacked by many Americans and not always taught to students. Even with the frenzy surrounding the stock market in the last decade, many educators have overlooked including basic financial economic skills in their curriculum. Mutual funds provide an easy and affordable way for many people to begin investing. The basics of mutual funds are fairly simple and can easily be incorporated into the high school and core college curriculum. This paper presents a lesson plan and ways to include mutual funds into already existing coursework. The material stresses critical thinking and using mutual funds to problem solve and meet investment goals. A main focus of the lesson is mutual fund returns and the effects of fees and taxes. This important consideration in choosing mutual funds is frequently overlooked. The lesson has active components including two simulations in order to engage the students in the decision-making process of investing.

INTRODUCTION

If we want our students to begin investing early, we need to teach them how to invest when they have limited money and experience. Educational materials on investing are usually limited to stocks and bonds. While these instruments are certainly important, mutual funds provide an important foray into investing for beginners. The automatic diversification benefits of mutual funds along with the low dollar amount needed to open an account make mutual funds the ideal choice for beginning investors.

Unfortunately, mutual funds are ignored or overlooked in many personal finance and investing books for students. The National Council on Economic Education, Jumpstart and the National Endowment for Financial

The body of this manuscript is not reproduced in this posting. The full text of the manuscript is available through most university libraries. Should you have difficulty in finding the full text, you may acquire it from the original journal. Visit <http://www.alliedacademies.org> to find a link to the original journal source.

become involved in the decision-making process of investing in mutual funds and take a first step toward investing on their own.

REFERENCES

- Brigham, E.F. & Houston J.F. (2004). *Fundamentals of Financial Management*, Tenth edition. Orlando, Florida:Harcourt Brace & Company.
- EconEd Link website. (2004). Retrieved June 12, 2004, from <http://www.econedlink.org>.
- Investment Company Institute. (2004). Fact Book 2004. Retrieved June 12, 2004, from http://www.ici.org/stats/mf/2004_factbook.pdf.
- JumpStart Coalition for Personal Financial Literacy (2004). Financial Literacy Improves Among Nation's High School Students. Retrieved June 12, 2004, from http://www.jumpstart.org/fileuptemp/FINAL_PR_JumpStart_2004_Survey.doc
- Keown, A.J., Martin, J.D., Petty, J.W. & Scott, Jr., D. F. (2005). *Foundations of Finance: The Logic and Practice of Financial Management*, Tenth Edition. Upper Saddle River, New Jersey: Prentice Hall.
- Lasher, W.R. (2005). *Practical Financial Management*, Fourth Edition. South-Western College Publishing.
- MarcoPolo website (2004). Retrieved June 12, 2004, from <http://www.marcopolo-education.org>.
- McCarthy, M. & McWhirter, L. (First Quarter 2000). Are employees missing the big picture? *Benefits Quarterly*, 16(1), 25-31.
- The Mint website. (2004). Retrieved June 12, 2004, from <http://www.themint.org>.
- Morningstar website. (2004). Address is <http://www.morningstar.com>.
- National Council on Economic Education. (1997). *Voluntary National Content Standards in Economics*. New York: National Council on Economic Education.
- National Council on Economic Education.. (2001). *Financial Fitness for Life*. New York: National Council on Economic Education.

- Quinn, J. M. (May 2000). Mainstreaming financial education as an employee benefit. *Journal of Financial Planning*, 13(5), 70-79.
- Ross, S.A., Westerfield, R.W. & Jordan, B.D. (2005). *Essentials of Corporate Finance*, Seventh Edition. Irwin McGraw-Hill Press.
- United States Treasury Department. (2004). Financial Literacy and Education Commission. Retrieved June 12, 2004, from <http://www.treas.gov/press/releases/news2004230.htm>