WHAT IS A STOCK?

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GROWING CENTS: WHAT IS A STOCK?

Ever thought about owning a piece of your favorite company? That's what buying a stock means! In this kit, you'll learn how the stock market works, why companies sell stocks, and how investors make (or lose!) money.

This Kit Includes:

- ★ What is a Stock?
- ★ Choose Your First Stock
- ★ Scenario Challenges
- ★ True or False?
- ★ Further Reading and Resources

Work through each section at your own pace — there's no right or wrong order. No prior investing knowledge is needed, everything you need to learn is included!

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WHAT IS A STOCK?

What Is a Stock?

A stock is a small piece of ownership in a company. When you buy a stock, you become a shareholder, which means you own a small part of that company.

Why Do Companies Sell Stocks?

Companies sell stocks to raise money so they can grow, build new products, or expand their business.

How Do Investors Make Money?

- **Stock Price Goes Up:** You buy at a low price and sell at a higher one = profit
- **Dividends:** Some companies pay part of their profits to shareholders regularly

Why Stocks Can Be Risky

- Prices can go up or down depending on how the company is doing
- If a company fails, your stock could lose value

Key Terms

Share

One unit of stock

Shareholder

A person who owns stock in a company

Dividend

A payment some companies give to stockholders

Stock Market

Where stocks are bought and sold (like a giant online marketplace)

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CHOOSE YOUR FIRST STOCK

You have $100 to invest. You're choosing between three companies. Read about each, then decide where to put your money and explain why.

Option A: SwiftFuel (Tech Company)

- Stock price: $20/share
- Known for innovation, but risky
- Has gone up 40% in the past year, but also dropped 30% the year before

Option B: GreenLife Grocery (Sustainable Business)

- Stock price: $10/share
- Small but growing company
- Pays small dividends and has grown slowly over 3 years

Option C: BigBank Inc. (Large Corporation)

- Stock price: $50/share
- Very stable, but growth is slow
- Has paid steady dividends for 10 years

Your Turn:

Which stock would you buy and how many shares?

_____

Why did you choose it? (Do you want growth, stability, or income?)

_____

_____

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SCENARIO CHALLENGE

Now its YOUR turn to apply the concept in different scenarios!
Think about what you've learned and circle your answer!

SCENARIO 1

You buy a stock and the price drops 10% the next week.
A) Sell it right away before it drops more
B) Wait and see if it goes back up over time

SCENARIO 2

You get a free $50 stock gift card.
A) Pick a company just because it's trendy
B) Research a company before choosing

SCENARIO 3

You have $100 to invest.
A) Put it all in one company's stock
B) Spread it across 2-3 companies to reduce risk

SCENARIO 4

A company you own stock in is in trouble financially.
A) Ignore the news and keep your stock
B) Stay informed and make a smart decision based on facts

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TRUE OR FALSE

Decide if each statement is True (T) or False (F):

1. When you buy a stock, you own part of a company → _____
2. Stocks are guaranteed to go up in value → _____
3. You can lose money when investing in stocks → _____
4. All companies pay dividends → _____
5. You can buy and sell stocks on the stock market → _____
6. The stock market only operates in the United States. → _____
7. A company's performance can affect its stock price. → _____
8. Stock prices can change every day based on news, supply and demand. → _____
9. It's possible to invest in stocks with less than $100. → _____

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FURTHER READING AND RESOURCES

Curious to learn more? These sites and tools are a great next step if you want to build your financial skills, learn how the market works, or even try investing for the first time.

Investopedia

Great for understanding investing terms, stock market basics, and how different types of investments work.

NerdWallet

Beginner-friendly guides on personal finance topics, including how to start investing as a teen.

MarketWatch Stock Market Game

A free simulation where you can practice investing using virtual money.

Fidelity Youth Account

An actual investment account for teens ages 13–17, created with parental guidance in mind.

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