

Lesson Plan

Text: *Financial Algebra* by Robert Gerver and Richard Sgroi

Unit number and title: Unit 1-8, Stock Splits

Developed by: David Sandefur

Date:

Short Description:

This unit talks about stock splits and why and how they take place. It also covers how to calculate the amount of stocks that result from a split and what their new values are.

LESSON PLAN

TEACHER: Teacher Prep/ Lesson Plan

- **Essential Question**

Why do corporations split stocks?

How do you think the perception of change might lead to an increase in sales and market prices?

- **Lesson Objectives**

The student can:

1. Calculate the post-split outstanding shares and share price for a traditional split.
2. Calculate the post-split outstanding shares and share prices for a reverse split.
3. Calculate the fractional value amount that a shareholder receives after a split.

- **Statement of pre-requisite skills needed**

Skills taught in:

- Unit 1-2, Stock Market Data
- Unit 1-3, Stock Market Data Charts
- Unit 1-4, Simple Moving Averages
- Unit 1-5, Stock Market Ticker
- Unit 1-6, Stock Transactions
- Unit 1-7, Stock Transaction Fees

- **New Vocabulary:**

Stock Split	A corporation changes the number of outstanding shares while at the same time adjusts the price per share so that the market cap remains unchanged
Outstanding Shares	The total number of all shares issued to investors by a corporation
Market Capitalization or Market Cap	The total value of all of a company's outstanding shares
Traditional Stock Split	A split where the value of a share the number of shares are changed in such a proportional way that the value decreases as the

	number of shares increases, while the market cap remains the same
Reverse Stock Split	When the number of outstanding shares is reduced and the market price per share is increased; as the price per share increases, the investor perceives that the stock is worth more
Penny Stock	A stock whose value is less than \$5 per share
Fractional Part of a Share	When a split creates a situation where less than one share remains.

- **State Standards addressed:**

Common Core Standards:

Algebra – Creating Equations A-CED

Algebra – Reasoning with Equations and Inequalities A-REI

- **Set-up information (Remind students to follow these basic rules.)**

- Be Prepared to work
- No Teasing
- Proper Computer Usage

- **Teacher Assessment of student learning (scoring guide, rubric)**

Informal Assessments:

1. Walk around
2. Thumbs up or down
3. Homework

Formal Assessments:

1. End of Unit test

- **Summary of learning**

1. Introduce the vocabulary to the students.
 - a. Give the vocabulary list without definitions
 - b. Give the definitions to the vocabulary list
 - c. Discussion about each term of the vocabulary
2. Ask:
 - a. Why do corporations split stocks?
 - b. How do you think the perception of change might lead to an increase in sales and market prices?
3. Work on Examples to Strengthen skills
 - a. Example 1, page 46
 - b. Example 2, page 46
 - c. Example 3, page 47
 - d. Example 4, page 47
 - e. Example 5, page 48
4. Check for Understanding
 - a. Check Your Understanding 1, page 46
 - b. Check Your Understanding 2, page 46
 - c. Check Your Understanding 3, page 47
 - d. Check Your Understanding 4, page 48

- e. Check Your Understanding 5, page 48
- 5. Extend Your Understanding
 - a. Extend Your Understanding 1, page 48
- 6. Assess with Applications

REACHING ALL LEARNERS – Differentiated Instruction for students with

Developing Knowledge	On-level Knowledge	Advanced Knowledge
<input type="checkbox"/> Needs help working Example 1, page 46 (Group work)	<input type="checkbox"/> Able to work Example 1, page 46 without assistance	<input type="checkbox"/> Able to create additional problems like Example 1, page 46
<input type="checkbox"/> Needs help working Example 2, page 46 (Group work)	<input type="checkbox"/> Able to work Example 2, page 46 without assistance	<input type="checkbox"/> Able to create additional problems like Example 2, page 46
<input type="checkbox"/> Needs help working Example 3, page 47 (Group work)	<input type="checkbox"/> Able to work Example 3, page 47 without assistance	<input type="checkbox"/> Able to create additional problems like Example 3, page 47
<input type="checkbox"/> Needs help working Example 4, page 47 (Group work)	<input type="checkbox"/> Able to work Example 4, page 47 without assistance	<input type="checkbox"/> Able to create additional problems like Example 4, page 48
<input type="checkbox"/> Needs help working Example 5, page 48 (Group work)	<input type="checkbox"/> Able to work Example 5, page 48 without assistance	<input type="checkbox"/> Able to create additional problems like Example 5, page 48
<input type="checkbox"/>	<input type="checkbox"/> Able to work the Check Your Understanding problems, pages 46-48	<input type="checkbox"/> Able to work and explain the Check Your Understanding problems, pages 46-48
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Able to work the Extend your Understanding on page 48

- **Optional activities**
Hands-on Labs
- **Career Applications**
Banker
Stock Broker
Investor
Venture Capitalist
Economist
Accountant
Lawyer
Business Owner
- **Evaluation of Lesson Plan**
What went well?

What did not go as well as planned?

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What would I keep and what would I toss? Why?

How well did the students master the skills? Will we need to review this in order for them to remember the information long-term?

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