

Student investment in simulation pays dividends

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Classes managed stock portfolios and did research to try to outpace the market

By Toni Takeno / Special to the Star-Advertiser

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Every semester, Hawaii's students take to their computers and tablets to research the stock market, brush up on economic indicators and participate in the Hawaii Stock Market Simulation, which allows them to manage their own financial portfolio by buying and selling stocks at real-time prices.

The Hawaii SMS is an interactive program that helps students learn how the U.S. market system operates by encouraging students to think about setting goals and saving the money they need to reach those goals. It also introduces them to the discipline required to become successful investors. The program is administered by the Hawaii Council on Economic Education, working in partnership with the Department of Commerce and Consumer Affairs, Office of the Securities Commissioner.

"I have been involved with the Hawaii SMS for about eight years," said Fred Ito, business teacher at Moana-lua High School. "I believe that it piques student interest by providing a technical platform for which to learn investments. Students learn financial nomenclature and the basics of investing."

Over the course of a 10-week period that ended Nov. 30, teams of two to four students invested a hypothetical \$100,000 in stocks, bonds and mutual funds. They followed the world markets, read the business section of local and national newspapers, discussed current events in class and researched market trends to make their investments. By gaining an understanding of the securities markets, students learned about the importance of saving and investing to help provide a sound economic and financial base for their own future.

Throughout the simulation, students worked together to ensure that their portfolios were balanced while trying to compete against the market.

"When we found our investment going south, we Googled a question to find out if something had happened to affect the company," said Victoria Chang, a senior at Sacred Hearts Academy whose team placed second in the income/growth division. "If we found out that they were having financial difficulty, we made a decision to get out fast."

"We sold a lot," added Kelly Zheng, another Sacred Hearts Academy senior, whose team placed second in the growth division. "Any time a company dropped, it was headed for the chopping block."

The first-place team in the growth division, junior Bret Bergeman and senior Siu Tung Tang of Moana-lua High School, employed similar tactics in deciding when it was time to sell a stock.

"We decided it was time to sell a stock based off of two factors," Siu said. "One was if the company's trend consistently stayed below our purchase price and we could never make money off of it. The other way we decided to sell a stock was if a company had made us plenty of money and we didn't want to risk losing our profit on that

Teachers and students would regularly check the Hawaii SMS website and the business section of the paper to see how they stacked up against other teams.

"It was a surprise when we were in first place and stayed there for several weeks," said Nicole Stewart, a senior at Sacred Hearts Academy whose team placed first in the income/growth division. "We were so proud of each other because we really took this assignment seriously. A special thank-you to our teacher, who reminded us daily to 'balance.'"

Although students compete for prizes and bragging rights, they often find other benefits to participating in the simulation. "It was a surprise for the both of us that we didn't know each other at the beginning of the competition," Bergeman said. "But in the end we became buddies since we had a lot in common."

Surprising also to seventh-grade student Trixie Hila-rio from Paau-ilo Elementary and Intermediate School was her aptitude for investing. "It was interesting because we were learning the stock market at such a young age, and in the future I want to be a stock marketing person."

This semester, 784 teams comprised of 1,907 students participated in the fall trading session from 28 schools and organizations across Hawaii.

The Hawaii SMS is one of HCEE's longest-running programs. It allows students to demonstrate their understanding of the stock market every semester by utilizing concepts they learn from their teachers. That sets the framework for their own healthy financial futures.

Teachers whose students participate in the program agree that it can be a useful tool in teaching about saving and investing.

"The Hawaii SMS is a great opportunity for our rural students to experience something that is so important," said Paau-ilo teacher Stephen Chang, whose students placed first and second in the elementary division. "It's fascinating because the students are so engaged with the material because it is something that is incredibly real to them. It is a meaningful activity."

Ito, the Moanalua teacher, said: "I would think that the Great Recession would have brought this point home about everyone being responsible for their own financial situation. I tell my students that other than glamorous celebrities and sports figures, most wealthy people I know got there by investing wisely and not depending solely on salary.

"With this generation having to face a bleak employment market and having to change jobs as many as 10 times in their careers, they have to look out for themselves financially," Ito said.

The spring SMS will begin Feb. 11 and end April 19. Visit www.hcee.org or call 536-6304.

HCEE is a statewide partnership of business, labor and education. It is an independent, nonpartisan, nonprofit, 501(c)3 educational organization. HCEE's mission is to promote and improve the teaching of economics in Hawaii's public and private schools and increase the economic and financial literacy of Hawaii's students and residents.

Toni Takeno is executive director of the Hawaii Council on Economic Education.

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