

News Release

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Business students learn from playing the stock market

KOKOMO, Ind. — The first day Shane Martin played the stock market, he chose his stocks quickly, and lost \$30,000.

It's not a mistake he's likely to repeat.

"I learned to do my research before I invest," Martin, a senior at Indiana University Kokomo, said. "If it's on a 52-week low or high, the odds are good it's going to go down."

Lucky for Martin, he didn't lose any real money — his purchase was part of a simulation for his investments class in the IU Kokomo School of Business.

Dianne Roden, professor of finance, includes the Stock Trak simulation in her class because it allows students to experiment with what they are learning in class without risking real money.

"It's about as realistic as you can imagine," she said. "It's real time, real prices, buying stocks, bonds, options, and futures. They can experience first-hand what we talk about in class."

Each team of students starts with a \$500,000 account, to buy and sell throughout the semester. Roden awards a bonus to the team that ends with the most money, but encourages them to take risks.

"I tell them to have fun with it," she said. "The more they do it, the more fun they have. Then I see them checking on it on their phones or iPads during class. They really get into it."

Senior Brandon Rose said he enjoys trying what he's learned in class, knowing he won't lose real money if his strategy doesn't work.

"You can be a little more courageous because it isn't real," he said. "It gives you a chance to apply what you've learned in class to a real-world situation. It's a lot different than reading about it in a book."

He appreciates that mistakes aren't hitting his real pocketbook, after one of his strategies backfired. He bought stock in Budweiser shortly before the Super Bowl, planning to sell quickly when it peaked. However, he forgot until the day after the game, when the value had dropped, so he lost money.

"That was a big mistake, and I won't forget and do that again," he said.

Kayla Ashmore, also a senior, said even though they aren't spending real money, it is still nerve-wracking to make choices and buy.

"I cringe spending that much money, even if it's fictitious money," she said. "I bought Apple when it was down, and then learned to be patient and wait for it to go up before I sold it, so I made money."

Martin said the losses feel real too.

"You have to learn to be patient and wait for a stock to go back up, and not panic and sell right away to get rid of it," he said. "It makes you furious to see a loss."

Contessa Lawson, a Master of Business Administration (M.B.A.) student, said she's built confidence in her ability to manage her own retirement portfolio from the simulation.

"When I opened my account, I didn't know what I was doing, so I just trusted my financial advisor," she said. "Now I can make a more informed decision."

Roden said that is why students benefit from the simulation, even if they don't become financial advisors.

"Someday they will have retirement accounts, and they will be informed consumers when they chose how to invest," she said. "I can talk about all these principals over and over, but it's a whole different level of learning when you experience it for yourself."

Indiana University Kokomo serves north central Indiana.

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