

INVESTING FUNDAMENTALS

Dollar-Cost Averaging Decisions

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Investment schedule analysis
YOUR CHALLENGE Calculate shares purchased through regular investing, compare the result with a one-time investment, and explain what dollar-cost averaging can and cannot do.			

A Schedule, Not a Prediction

Dollar-cost averaging means investing equal amounts at regular times, even when prices move up and down. The same dollar amount buys more shares when the price is lower and fewer shares when the price is higher. The strategy does not guarantee a profit or protect against loss.

Term	Student-friendly meaning
Contribution	New money added to the investment.
Share price	Cost of one share at that time.
Shares purchased	Contribution divided by share price.
Total shares	All shares purchased added together.
Average cost per share	Total invested divided by total shares.
Ending value	Total shares multiplied by ending share price.
ROUNDING RULE Round shares to three decimal places when needed and money to the nearest cent. Keep unrounded values in your calculator until the final step.	

Part 1 - Follow a Four-Month Schedule

Month	Contribution	Share price	Shares purchased	Running total shares
1	\$100	\$10.00		
2	\$100	\$8.00		
3	\$100	\$5.00		
4	\$100	\$10.00		

Use: $\text{shares purchased} = \text{contribution} / \text{share price}$. Find total invested, total shares, and average cost per share.

Part 2 - Find the Ending Value

At the end of Month 4, the share price is \$10.00.

Measure	Calculation	Answer
Total invested		
Total shares		
Average cost per share		
Ending value		
Dollar gain or loss		
Percent gain or loss		

Explain how the purchases at \$8 and \$5 affected the total number of shares.

Part 3 - Compare a One-Time Investment

A second investor puts the full \$400 into the same fictional investment in Month 1 at \$10 per share and makes no later purchases.

Measure	Regular \$100 schedule	One-time \$400 investment	Difference
Total invested			
Shares owned			
Average cost per share			
Ending value at \$10			
Dollar gain or loss			

Which approach has the higher ending value in this falling-then-recovering example? Why does this single example not prove one approach always wins?

Part 4 - Evaluate the Strategy

Claim	Supported, unsupported, or depends?	Evidence
Regular investing guarantees a profit.		
A fixed contribution buys more shares at lower prices.		
A one-time investment always performs worse.		
A regular schedule can reduce pressure to guess the perfect day.		
Fees and available cash still matter.		

Correct any unsupported claim using accurate, student-friendly language.

Part 5 - Write a Schedule Recommendation

Decision check	My evidence
Amount available each month	
Emergency savings protected	
Schedule frequency	
Total planned contribution	
Share calculation	
Ending-value comparison	
No-guarantee statement	
Fee or research question	

Write a 150-200 word recommendation for a fictional teen with \$100 available monthly for four months. Include the share math, average cost, ending value, comparison with the one-time investment, and two limits of the strategy.