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Wall Street pays record bonuses

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13 January, 2006

THE ARTICLE

Wall Street pays record bonuses

Investment bank employees on Wall Street have received a record \$US21.5 billion in bonuses, surpassing the previous record set in 2000 by over ten percent. Bonuses were up by a whopping 15.5 percent on those for last year. The average bonus also set a new record – the pockets of bankers were lined to the tune of \$125,500. This indicates the securities market had a truly sterling year. There was enormous variation in the payouts, with around 3,000 people getting \$1.75 million or more and a lucky few being compensated with 8-digit sums. Many banks reported record profits for the year and so had sufficient funds in their coffers to fork out such generous rewards. Wall Street employees are well looked after should their companies perform. Most of their income is derived from performance and profit-based bonuses.

New York State's chief accountant Alan Hevesi said: "The industry paid record bonuses on exceptional revenue growth and solid profits." There was a 10 percent rise in stock market activity last year, coupled with a 20 percent jump in merger and acquisition activity. The bumper bonuses are good news for New York. Mr. Hevesi reckons that New York State will collect \$1.5 billion in tax revenue while New York City will net \$500 million. New York-based companies are also rubbing their hands with glee. Luxury carmakers are reporting an unexpected surge in demand, while real estate agents are looking to offload many prime properties as Wall Street's high fliers invest their fortunes in the burgeoning housing market. Cosmetic surgeons, with their bookings up, are also reaping the rewards for creating nicer looking bankers.

WARM-UPS

1. BONUSES: Are you a good worker / student? Do you think you should get a (bigger) bonus for your efforts? In pairs / groups, talk about your performance at work / school and how much of a bonus you think you deserve.

2. BONUS POINTS: In pairs / groups, discuss which of the following points should be taken into consideration when working out employee bonuses:

- How much the worker smiles
- The number of sick days taken
- The number of holidays unused
- Number of sales
- Assessment from colleagues
- Politeness and smartness of dress
- The number of good ideas given
- Contributions to training sessions

3. CHAT: In pairs / groups, decide which of these topics or words are most interesting and which are most boring.

Investments / banks / records / pockets / securities markets / variations / 8-digit sums / forks / glee / high fliers / prime property / luxury cars / cosmetic surgery

Have a chat about the topics you liked. For more conversation, change topics and partners frequently.

4. OPINIONS: How far do you agree with the following opinions on bonuses?

- a. Big bonuses are just for the very lucky few.
- b. No one should receive a bonus – people should always try their hardest.
- c. Bonuses are immoral when millions are starving around the world.
- d. People who get bonuses deserve every penny.
- e. Workers should give money back to their company if it makes a loss.
- f. Bonuses create greed, which creates accounting scandals and corruption.
- g. Companies should be legally required to pay bonuses.
- h. People who study English hard should get an annual bonus.

5. BONUS: Spend one minute writing down all of the different words you associate with the word “bonus”. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

6. WORKERS: In pairs / groups, decide how much of a bonus the following workers should get and what they must achieve to get it.

- Investment bankers
- English teachers
- Postal workers
- Soldiers
- Shop assistants
- Presidents and Prime Ministers
- Actors
- Sports players
- Chefs
- Other _____

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- a. Wall Street workers received rare and valuable records as a bonus. T / F
- b. The previous record bonuses were paid in the year 2000. T / F
- c. Many investment bankers received 10-digit bonuses. T / F
- d. Wall Street bankers get most of their income from their salaries. T / F
- e. A jump in merger and acquisition activity helped the bumper bonuses. T / F
- f. New York City and State will collect bumper tax revenues. T / F
- g. Many Wall Street workers like to fly around housing markets. T / F
- h. Cosmetic surgeons are rewarded for creating nicer looking bankers. T / F

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|---------------|-------------|
| a. surpassing | happiness |
| b. whopping | reserves |
| c. sterling | big |
| d. coffers | combined |
| e. fork out | exceptional |
| f. coupled | sell |
| g. bumper | exceeding |
| h. glee | flourishing |
| i. offload | pay |
| j. burgeoning | staggering |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|---|------------------------------------|
| a. surpassing the previous | to the tune of \$125,500 |
| b. Bonuses were up by | offload many prime properties |
| c. pockets of bankers were lined | and solid profits |
| d. a lucky few being | a whopping 15.5 percent |
| e. sufficient funds in their coffers | with glee |
| f. exceptional revenue growth | to fork out such generous rewards |
| g. coupled with a 20 percent jump | the burgeoning housing market |
| h. rubbing their hands | record set in 2000 |
| i. real estate agents are looking to | compensated with 8-digit sums |
| j. high fliers invest their fortunes in | in merger and acquisition activity |

WHILE READING / LISTENING

WHICH WORD? Delete the incorrect or least likely word from the pairs in bold.

Wall Street pays record bonuses

Investment bank employees on Wall Street have received a record \$US21.5 billion in bonuses, **bypassing / surpassing** the previous record set in 2000 by over ten percent. Bonuses were up by a **whopping / hopping** 15.5 percent on those for last year. The average bonus also set a new record – the **packets / pockets** of bankers were lined to the **tune / music** of \$125,500. This indicates the securities market had a truly sterling year. There was enormous variation in the payouts, with around 3,000 people getting \$1.75 million or more and a lucky few being **compensated / composted** with 8-digit sums. Many banks reported record profits for the year and so had sufficient funds in their coffers to **fork / knife** out such generous rewards. Wall Street employees are well looked after **should / would** their companies perform. Most of their income is **deceived / derived** from performance and profit-based bonuses.

New York State's chief accountant Alan Hevesi said: "The industry paid record bonuses on exceptional revenue growth and **stout / solid** profits." There was a 10 percent rise in stock market activity last year, **coupled / married** with a 20 percent jump in merger and acquisition activity. The bumper **stickers / bonuses** are good news for New York. Mr. Hevesi reckons that New York State will collect \$1.5 billion in tax revenue while New York City will net \$500 million. New York-based companies are also rubbing their **feet / hands** with glee. Luxury car makers are reporting an unexpected **surge / urge** in demand, while real estate agents are looking to **upload / offload** many prime properties as Wall Street's high fliers invest their fortunes in the **bludgeoning / burgeoning** housing market. Cosmetic surgeons, with their bookings up, are also **reaping / reading** the rewards for creating nicer looking bankers.

LISTENING

Listen and fill in the spaces.

Wall Street pays record bonuses

Investment bank employees on Wall Street have received a record \$US21.5 billion in bonuses, _____ the previous record set in 2000 by over ten percent. Bonuses were up by a whopping 15.5 percent on those for last year. The average bonus also set a new record – the _____ of bankers were lined to the tune of \$125,500. This indicates the securities market had a truly _____ year. There was enormous variation in the payouts, with around 3,000 people getting \$1.75 million or more and a lucky few being _____ with 8-digit sums. Many banks reported record profits for the year and so had sufficient funds in their _____ to fork out such generous rewards. Wall Street employees are well looked after should their companies perform. Most of their income is _____ from performance and profit-based bonuses.

New York State's chief accountant Alan Hevesi said: "The industry paid record bonuses on _____ revenue growth and solid profits." There was a 10 percent rise in stock market activity last year, _____ with a 20 percent jump in merger and acquisition activity. The bumper bonuses are good news for New York. Mr. Hevesi _____ that New York State will collect \$1.5 billion in tax revenue while New York City will net \$500 million. New York-based companies are also rubbing their hands with _____. Luxury carmakers are reporting an unexpected surge in demand, while real estate agents are looking to _____ many prime properties as Wall Street's high fliers invest their fortunes in the _____ housing market. Cosmetic surgeons, with their bookings up, are also reaping the rewards for creating nicer looking bankers.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words **'bank'** and **'employee'**.

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. WHICH WORD? In pairs / groups, compare your answers to this exercise. Check your answers. Talk about the words from the activity. Were they new, interesting, worth learning...?

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. STUDENT "BONUS" SURVEY: In pairs / groups, write down questions about bonuses.

- Ask other classmates your questions and note down their answers.
- Go back to your original partner / group and compare your findings.
- Make mini-presentations to other groups on your findings.

6. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

- record
- whopping
- tune
- digit
- fork
- derived
- solid
- coupled
- net
- hands
- fliers
- reaping

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a. What were your initial thoughts on this headline?
- b. Did the headline make you want to read the article?
- c. Do you think it is acceptable that people can get million-dollar bonuses simply for doing their job?
- d. Do you think investment bankers who get such big bonuses are more important than doctors, teachers and refuse collectors?
- e. Have you ever received a bonus?
- f. How lucky do you think Wall Street bankers are?
- g. Do you think the job of investment banking is an easy one?
- h. If bankers get bonuses for making profits for their companies, do you think they should also pay the company in times of loss?
- i. Do you think investment banking fees are too high if companies can pay such huge bonuses?
- j. Would you like to be an investment banker?

STUDENT B's QUESTIONS (Do not show these to student A)

- a. Did you like reading this article?
- b. What do you think about what you read?
- c. What do you know about Morgan Stanley, Merrill Lynch, Goldman Sachs and other investment banks?
- d. How would you explain what investment banking is to someone who didn't know?
- e. Do you think you'll ever use the services of an investment banker?
- f. Have you ever dabbled or do you dabble in the stock market?
- g. Have you ever invested in anything?
- h. Would you like to be a high flier?
- i. When was the last time you rubbed your hands with glee?
- j. Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a. What was the most interesting thing you heard?
- b. Was there a question you didn't like?
- c. Was there something you totally disagreed with?
- d. What did you like talking about?
- e. Which was the most difficult question?

SPEAKING

BONUS POINTS: You are on the committee that decides how company bonuses are decided. Decide on what percentage each of the points below contributes to the bonus. Outline the guidelines so that employees know how to get a bigger bonus

POINTS	%AGE	GUIDELINES
How much the worker smiles		
The number of holidays unused		
Number of sales		
Assessment from colleagues		
Politeness and smartness of dress		
The number of good ideas given		

Change partners and talk about what you agreed on with your old partner(s).

Give each other feedback on your ideas.

Talk about which of your ideas are most likely to result in increased company performance.

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find more information Wall Street. Share your findings with your class in the next lesson.

3. LETTER: Write a letter to the CEOs of the Wall Street investment banks. Tell them what you think of the record bonuses. Read your letters to your classmates in your next lesson. Did you all write about similar things?

4. MY BONUS: Write a recommendation to your employer containing the reasons for you receiving a record bonus this year. Show your recommendation to your classmates in your next lesson. Did you all work equally hard to deserve your bonus?

ANSWERS

TRUE / FALSE:

- a. F b. T c. F d. F e. T f. T g. F h. T

SYNONYM MATCH:

- | | |
|---------------|-------------|
| a. surpassing | exceeding |
| b. whopping | staggering |
| c. sterling | exceptional |
| d. coffers | reserves |
| e. fork out | pay |
| f. coupled | combined |
| g. bumper | big |
| h. glee | happiness |
| i. offload | sell |
| j. burgeoning | flourishing |

PHRASE MATCH:

- | | |
|---|------------------------------------|
| a. surpassing the previous | record set in 2000 |
| b. Bonuses were up by | a whopping 15.5 percent |
| c. pockets of bankers were lined | to the tune of \$125,500 |
| d. a lucky few being | compensated with 8-digit sums |
| e. sufficient funds in their coffers | to fork out such generous rewards |
| f. exceptional revenue growth | and solid profits |
| g. coupled with a 20 percent jump | in merger and acquisition activity |
| h. rubbing their hands | with glee |
| i. real estate agents are looking to | offload many prime properties |
| j. high fliers invest their fortunes in | the burgeoning housing market |

WHICH WORD?

Wall Street pays record bonuses

Investment bank employees on Wall Street have received a record \$US21.5 billion in bonuses, **surpassing** the previous record set in 2000 by over ten percent. Bonuses were up by a **whopping** 15.5 percent on those for last year. The average bonus also set a new record – the **pockets** of bankers were lined to the **tune** of \$125,500. This indicates the securities market had a truly sterling year. There was enormous variation in the payouts, with around 3,000 people getting \$1.75 million or more and a lucky few being **compensated** with 8-digit sums. Many banks reported record profits for the year and so had sufficient funds in their coffers to **fork** out such generous rewards. Wall Street employees are well looked after **should** their companies perform. Most of their income is **derived** from performance and profit-based bonuses.

New York State's chief accountant Alan Hevesi said: "The industry paid record bonuses on exceptional revenue growth and **solid** profits." There was a 10 percent rise in stock market activity last year, **coupled** with a 20 percent jump in merger and acquisition activity. The bumper **bonuses** are good news for New York. Mr. Hevesi reckons that New York State will collect \$1.5 billion in tax revenue while New York City will net \$500 million. New York-based companies are also rubbing their **hands** with glee. Luxury carmakers are reporting an unexpected **surge** in demand, while real estate agents are looking to **offload** many prime properties as Wall Street's high fliers invest their fortunes in the **burgeoning** housing market. Cosmetic surgeons, with their bookings up, are also **reaping** the rewards for creating nicer looking bankers.