

AAEC 4134: Financial Planning Applications
Fall 2008

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Office Hours: Send me 2-3 available times in your schedule; I'll promise to meet one of them.

Course Description

Integration of financial planning content in the resolution of client situations in the context of ethical and compliant workplace practices. Utilizes a case analysis approach applying financial planning processes and procedures. PRE: 3104, 4104, FIN 3144, 3204, or co-requisites FIN 4004 or ACIS 4314 or permission of the instructor. (3H, 3C)

Course Objectives

Having successfully completed this course, the student will be able to:

1. Apply and explain the processes and procedures of financial planning in the resolution of the client's needs and goals.
2. Demonstrate the ability to analyze, synthesize, and evaluate financial planning situations for an individual, household, or small business owner.
3. Synthesize and integrate knowledge drawn from other courses in the financial planning option into cohesive and defensible client recommendations.
4. Comprehensively integrate financial planning content areas into the development of a financial plan that meets specific client needs.
5. Utilize oral, written and graphic communication and presentation skills appropriate to the client to summarize the financial planning situation and present recommendations.
6. Demonstrate an understanding of the ethical and compliance issues that exist in the financial services workplace.

Textbooks

The Process of Financial Planning: Developing a Financial Plan (2006), R. H. Lytton, J. E. Grable, D. D. Klock, The National Underwriter Co. (Referred to in the syllabus as LGK)
ISBN: 087218669

The Case Approach to Financial Planning: Writing a Financial Plan (2008), J. E. Grable, D. D. Klock, R. H. Lytton, The National Underwriter Co. (Referred to in the syllabus as GKL)
ISBN: 0-87218-669-5

Text readings should be completed prior to the assigned night for discussion. I reserve the right to do unannounced quizzes if it appears you are coming to class unprepared to fully engage in the planned activities.

I also suggest that you regularly read the business/money section of a major newspaper (*The Wall Street Journal*; *USA Today*; etc.), as well as industry publications such as:

Investment News, <http://www.investmentnews.com/apps/pbcs.dll/frontpage>

Journal of Financial Planning <http://www.fpanet.org/journal/>

Financial Advisor <http://www.fa-mag.com>

Financial Planning <http://www.financial-planning.com>

Investment Advisor <http://www.investmentadvisor.com>

Bloomberg's Wealth Manager <http://wealth.bloomberg.com>

Assignments

I will try to have all handouts and assignments posted on Blackboard (Bb) in a timely manner; however, some assignments will be made orally in class or will require you to do research to complete. Your principal and/or clients of the firm typically will not make requests or give assignments in writing, nor will they always give you all of the needed information. It will be up to you to interpret oral directions, find missing information (or make and document assumptions) and proceed as a professional – without an exact set of written instructions.

This class will be conducted as a *senior-level seminar* – it is NOT a lecture course. In addition to mini-lectures, the course will include discussion of the cases/problems assigned, quizzes, and the implications of the weekly topic for the analysis and preparation of a financial plan. Discussion of the content, cases, and analysis of the example plan sections are important elements for mastering the content and the skills to prepare a comprehensive plan. Also, effective communication skills – both oral and written – are essential professional skills. Therefore, active class participation and preparation will be considered in determining final grades. Bottom line: if you lack the professionalism to come to class prepared and committed to fully participating as a member of the team, *please* respect your classmates and do not come!

Occasionally you may be asked to evaluate the work (written or oral) of your classmates. Take that role seriously—it is part of professional practice and ethical conduct.

Grading

Assignments will be graded on content, presentation, and grammar – quality work is expected. Your final grade will be based on the following:

Active learning (Financial Facilitator, EOC Bedo, EOC analysis, investment project, class participation, quizzes)	25%
Special needs planning paper (divorce, disability, terminal illness, non-traditional families, job change & job loss, special needs dependent, monetary windfall, other)	10%
Exam 1	20%
Comprehensive financial plan (completed by team of 3-4 students)	30%
Client presentation of plan (8-12 minutes, with minimum of 2 speakers)	10%
Exam 2	5%

Final grades will be based on performance of the class. Individual assignments or exams will not be curved; if necessary, semester grades (total points) will be curved. The grading system will be based on a 10-point scale. That is, 90-100 is an “A”, 80-89 is a “B”, 70-79 is a “C”, etc. The +/- grading system will be used.

Honor System

The Honor Code will be strictly enforced in this course. *All assignments submitted shall be considered graded work, unless otherwise noted.* All aspects of your coursework are covered by the Honor System. Any suspected violations of the Honor Code will be promptly reported to the Honor System. Honesty in your academic work will develop into professional integrity. The faculty and students of Virginia Tech will not tolerate any form of academic dishonesty.

ALL WORK IS TO BE COMPLETED INDEPENDENTLY, unless EXPLICITLY STATED BY THE INSTRUCTOR or ASSIGNMENT INSTRUCTIONS

Student Accommodations

If you need adaptations or accommodation because of a disability (learning disability, attention deficit disorder, psychological, physical, etc.), if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible..

Class Policies

As *professionals*, let's make a commitment to:

- ✓ Start class on time, end class on time! (Ending on time not likely – sorry!)
- ✓ Cut out the chatter!
- ✓ Turn off the cell phones prior to starting class.
- ✓ Interact and support a collaborative learning environment.
- ✓ Come to class prepared, ready to discuss, add insights or make presentations in class. Practice the art of client education in the classroom.
- ✓ Act as a professional financial advisor – study, think, behave, reflect, question, and work – like you truly are committed to this career.
- ✓ Reflect professional behavior by demonstrating ethical behavior; follow the Honor Code.
- ✓ Respect the other members of the team and communicate what is working and not working – that's the only way collaboration succeeds.
- ✓ Accept responsibility – don't whine and complain. If class is not going well – say something. If the assignment is unclear, ask a question. If the lecture is boring, ask a question. Learning is not always fun and games – it takes commitment and effort, just as is required of a professional to serve clients.

AAEC 4134: Financial Planning Applications
Tentative Course Outline

Aug 26 Introduction to AAEC 4134 and update – LGK, Ch. 1
Professional review: Designations, Licensure
Compensation
Future of the profession

The Process of Financial Planning

Sept. 2 Steps 1, 2 & 3 – LGK, Ch. 5, 6 and 7
Sep 9 Steps 4, 5, & 6 – LGK, Ch.7, 8 and GKL, Ch. 14 (PDF on Bb)

The Profession of Financial Planning

Sep 16 Ethics, Laws, & Regulation in Financial Planning -- LGK, Ch. 2
Read and report: Current article on 7/1/08 CFP Board changes in standards of conduct or other timely article related to this chapter.

The Plan: The Product of Financial Planning

Sept 23 Writing a Financial Plan—LGK, Ch. 9
Review of plans – written by students and professionals

Analysis & Evaluation of the Client's Financial Situation

Sept 30 Take-Home Exam 1 Due: Essay and In-class MC/TF exam

Financial Facilitator (FF), Meet the Bedos – GKL, Ch. 1

Cash Flow Planning – GKL, Ch. 3
Income and expense tracking, balance sheets, budgeting
Financial ratios and analysis
Implications/applications for the plan section

Oct 7 Cash Flow Planning – continued

Tax Planning – GKL, Ch. 4
Tax formula, forms, schedules
Capital gains/losses, basis
Alternative Minimum Taxes
Determining needs
Implications/applications for the plan section

FF
Bedo, Ch. 3
Group 1

Oct 14 Life Insurance Planning– GKL, Ch. 5
Determining needs
Taxation of insurance products

FF
Group 2

	Implications/applications for the plan section	
	Health Insurance Planning – GKL, Ch. 6	FF
	Determining needs	Group 3
	Taxation of insurance products	
	Implications/applications for the plan section	
Oct 21	Disability Insurance Planning – GKL, Ch. 7	FF
	Determining needs	Group 1
	Taxation of insurance products	
	Implications/applications for the plan section	
	LTC Insurance Planning – GKL, Ch. 8	Group 2
	Determining needs	
	Taxation of insurance products	
	Implications/applications for the plan section	
Oct. 28	Property & Liability Insurance Planning – GKL, Ch. 9	Group 3
	Important planning needs	
	Implications/applications for the plan section	
	Investment Planning – GKL, Ch. 10	
	Assets (cash equivalents, stocks, bonds, mutual funds, real estate, etc.)	
	Theory of Portfolio Construction	
	Diversification, Asset allocation strategies	
	Taxation	
	Implications/applications for the plan section	
Nov. 4	Investment Planning – continued	Investment
Project		
Nov. 11	Education Planning – GKL, Ch. 11	FF
	Determining needs	Group 1
	Planning tools (characteristics, taxation, advantages, disadvantages)	
	Implications/applications for the plan section	
	Retirement Planning – GKL, Ch. 12	Group 2
	Retirement plans (IRAs, 401(k), SEP, SIMPLE, etc.)	
	Distribution options and taxation	
	Determining needs	
	Implications/applications for the plan section	
Nov 18	Estate Planning – GKL, Ch. 13	FF
	Tools (wills, POAs, trusts, etc.)	Group 3
	Strategies for use and tax implications	
	Determining needs	

Implications/applications for the plan section

Friday, November 21: Special Needs Paper Due

Thanksgiving Break

- Dec 2 No class; Work session with faculty consultants, if desired
- Dec 9 Marathon class – presentation of plans and discussion
- Dec 15 FINAL EXAM, 7 – 9 p.m.