

# Personal Financial Planning

AAEC 2104

Spring 2009

## Syllabus

### Instructor

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### Teaching Assistants

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### Secretary

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### Office Hours

I will hold office hours throughout the semester; however, my Extension duties require me to travel around the state so my office hours will change each week. Hours will be announced in class and posted on Blackboard. I urge you to make use of these hours to aid in the understanding of material. We ask that you be respectful of other students by having your questions organized when you arrive. Do not expect the staff to give you the answers to the problems – it is their job to help you **think** through the situation. Please be considerate of the teaching assistant's personal life by avoiding late night calls (especially before assignments are due).

### Course Objectives

- Understand the importance of personal financial planning to economic well-being and financial security
- Describe financial statements and ratios used to evaluate the current financial situation consumers
- Explain the use of cash management, credit, and debt strategies to reach personal goals
- Discuss the importance of income tax planning and implications for financial decisions
- Identify your potential risk management needs and the need for employer-provided and/or independently purchased insurance protection
- Explain the fundamental principles of investing
- Discuss the importance of retirement planning and the associated tools and strategies
- Recognize the basic estate planning needs and tools for all consumers
- Explore the unique financial planning challenges faced by traditional and non-traditional households
- Gain exposure to the diversity of careers in financial planning
- To “tune-up” your common sense and help you be successful in your careers and personal lives. Yeah, really, I mean it!

## **Readings & Text**

There is a recommended text for this course:

Keown, A. J. (2007). Personal Finance: Turning Money Into Wealth (4<sup>th</sup> edition). Upper Saddle River, NJ. Prentice Hall, Inc.

There is an accompanying workbook to this text that contains a passcode that enables you to access on-line financial planning tools that may be very helpful in completing your assignments throughout the semester. Used copies of the text should be readily available.

Throughout the semester I will be handing out exercises, articles, etc. We will be working through these exercises or discussing the articles in class. It will be your responsibility to maintain an organized notebook of materials. **If you miss class, copies of the handouts will be posted on Blackboard (if possible).**

I will be posting my overheads/presentations on Blackboard. I will try to have them posted at least 1 day prior to the lecture where they will be used – feel free to print them from Blackboard if you would like to follow them during the lecture. Due to budget cuts in the department I cannot provide these presentations to the entire class – sorry ‘bout that.

## **Course Format**

Lectures, guest speakers, class exercises, and problem sets are the main methods of teaching. Classes will start promptly at 11:15 AM and end at 12:05 PM. Please show up for class on time. Also, please pick up any handouts before class begins and be prepared to start class on time. You will need a basic calculator for this course (Time Value of Money functions are strongly recommended but not required) – **please bring a calculator to class every day.**

Class participation is expected from everyone. This doesn't mean just showing up for class. I expect you to be active in your learning – asking questions, answering questions, making presentations, etc.

Throughout the semester, the TAs may be responsible for presenting lectures or exercises. I expect you to treat the TAs with respect and courtesy, as you would your other instructors. Same thing goes for any guest speakers. Thanks.

## **Honor Code**

All aspects of the Honor Code will be upheld in this course! Any suspected violations of the VT Honor Code will be reported under the guidelines of the Honor System. If you have any doubts as to whether your actions might be considered to be a violation, please talk with me ASAP.

I encourage you to get together with your classmates and work on problem sets. I firmly believe that you can learn a lot by working with others, or by helping others learn the material. However, I expect you to submit original work!

## “Special Needs”

If anyone has “special needs” or circumstances (LD, team commitments, etc.) please let me know. If something should arise during the semester that may interfere with your coursework, please notify me early in the process! I am happy to work with you to ensure successful completion of this course.

However, YOU are responsible for learning the course material. Should you have to miss class(es), it is your responsibility to get the handouts, learn the material, etc.

## Problem Sets

Several problem sets will be assigned throughout the course to give practical experience in applying the various concepts and principles covered in class to real world problems. Due dates will be announced throughout the course for each assignment. **All problem sets must be fastened to a folder.** Please leave a sufficient margin so that we can read the report without taking it out of the folder. Put your name on the outside of the folder where it can easily be seen. If you are using a folder that you have used before, please remove previous work (previous assignments). **Incomplete and late problem sets will not be graded. No exceptions!**

Some assignments will require individual work, while you may be allowed to work in teams on others. Each assignment will indicate which is required. When working in teams, you are expected to fully comprehend all of the material, not just the part you may have been responsible for completing. For every assignment that involves group work, you will be expected to evaluate each person’s efforts in completing the assignment.

Be prepared to answer questions or make a short presentation to the class concerning any assignment. It is important for you to work on (and to struggle with) problem sets, because they involve application of viewpoints, concepts, and techniques explained in class.

## “Koofer” Policy

I have never provided koofers (copies of tests or assignments) to anyone during my teaching career at Virginia Tech. I am not going to start doing that now.

## Exams & Quizzes

Four written mid-term exams will be given during class on the following dates (**tentative**).

<b>Midterm 1</b>	<b>Friday, February 13<sup>th</sup></b>
<b>Midterm 2</b>	<b>Wednesday, March 4<sup>th</sup></b>
<b>Midterm 3</b>	<b>Friday, April 10<sup>th</sup></b>
<b>Final Exam</b>	<b>Friday, May 8<sup>th</sup> 7:45-9:45am</b>

You will be allowed to bring a calculator and a 4"x 6" note card into these exams. I do not like to ask memorization questions. Rather, I try to have you work through real life situations. Show your work, tell me what you are thinking, and you will do well on the tests. It is your responsibility to be present when these exams are given. If your schedule requires you to miss an exam, please contact me beforehand so that we can make alternative arrangements.

Short quizzes and class exercises will also be given throughout the semester. It will be your responsibility to be present when these quizzes and class exercises are given. These quizzes are designed to help you understand the material and give you opportunities to improve your participation grade.

### **Term Grades**

Your final course grade will be based on exams, problem sets, and class exercises, quizzes, and participation. The weights for each area are as follows:

First Mid-Term Exam	20%
Second Mid-Term Exam	20%
Third Mid-Term Exam	20%
Final Exam	15%
Problem Sets	20%
<u>Quizzes</u>	<u>10%</u>
Total	100%

I will give discretionary points to students who stand out in the class by speaking up in class, answering questions, doing superior work on assignments, etc. Just coming to class everyday does not earn any discretionary points. I want to work with active students, not zombies.

Final grades will be based on performance of the class. For a rough guideline of my grading system, use the 10-point scale. That is, 90-100 is an "A", 80-90 is a "B", 70-80 is a "C"; below 65 is an automatic "F". I use the +/- grading system (90-93 = A-, etc.). I do not curve individual assignments or exams. I will implement a curve on overall grade (total points) if I feel it is appropriate.

### **Regrading**

We strive to be consistent, objective, and fair in the grading of each problem set and midterm. We will return problem sets and exams as soon as possible. If you wish to have a paper or exam re-graded, please **wait 24 hours** (cool-down period) and submit your request for regrade in writing. All re-grades must be submitted **within one week of return**. No exceptions.

## Review Sessions & How to Get Help

My policy on review sessions is very simple – **if you ask for a review session, we will try to have 1-2 sessions scheduled within 48 hours (dependent on my travel schedule and the TA’s schedule)**. If you need a review session at a special time, let us know so we can schedule a room. At these review sessions, we will work practice problems and try our best to answer your questions related to the material. We will not give you answers to the problem sets – we will help you work through the problems.

If you cannot attend the scheduled review sessions, make an appointment with me or the TAs or come by office hours for assistance. You will find that we will go out of our way to help you learn the material.

Here is a simple flow chart for getting help from us in this course. If you don’t understand something during lecture, after working exercises, and the reading material in the course pack:

1. Ask questions in class
2. Talk to us before/after class
3. Come to regularly scheduled office hours
4. Send us an email with your question – we will try to answer by email if possible
5. Make an appointment to meet with us
6. Ask for a review session

## Tips for Success in the Class

- Attend class and arrive early! Have your in-class handouts and calculator out and ready to go at 11:15 AM. Bring a calculator to class every day. **DO NOT USE A CELL PHONE AS A CALCULATOR. I hate cell phones.**
- Complete your problem sets on time – **START EARLY**, and if group sets are allowed, don't depend too much on your partner(s). You are still responsible for learning the material.
- Work on the problem sets and struggle with them before coming for help. We’re glad to help you, but we also expect you to work on the assignments before crying “uncle”. The best way to learn the material is to apply it to real world situations.
- Keep up with handouts. If you miss class, check Blackboard for copies of the handouts.
- If you have a problem, contact the instructor or a teaching assistant for help. We are here to help you learn and succeed! **BUT**, we will not give you the answer – we will make you work to learn and understand the concepts. The TAs have standing orders not to give answers.

- **I hate grade whiners.** I try to be fair, consistent, and objective in grading. However, this is a finance class where there is not always one correct answer. The better you explain/defend your answer, the more likely you are to get points. **Marginal answers get marginal grades.** Messy, unorganized work gets points deducted. In my grading scheme, losing 2-3 points on an individual assignment is NOT going to make a difference in your final grade, so don't submit a regrade over a couple of points. Trust me on this.
- Creativity is actually encouraged in this course. Your creativity and extra effort will be rewarded.
- Let us know if/when you want review sessions. We will try our best to meet your requests.
- **SPEAK UP, BE HEARD, AND DON'T BE AFRAID TO ASK QUESTIONS !!!** I encourage and I expect you to speak up in class. However, I hate "chatter" that's not related to class.
- **No cell phones, PDAs, Blackberries, iPods, video games, beepers, etc.** Please turn off these devices at the beginning of class. I hate the interruption and I think it's rude for phones to be ringing during a presentation (lecture or professional). If a situation arises where you need to have your cell phone turned on, please do not come to class – your attention will not be on the course material.

Here's my electronic device policy –no exceptions – zero tolerance.

- Every time we (TAs and/or I) **hear** a cell phone ring, that's 5 percentage points off your final (post-curve) average.
- If we **SEE** anyone using an electronic device (other than a real calculator or laptop/tablet computer for class purposes), that's another 5 points for each occurrence. This includes text messaging, or seeing who is calling you when your phone is on vibrate mode....
- If we see anyone using a laptop/tablet computer for anything not related to class work (IM, games, surfing the web, email, etc.), that's another 5 points.
- If the guilty party doesn't fess up, those points come off of everyone's final grade.

**The moral of the story – remind your classmates to turn off their phones, etc. and put it away at the beginning of every class. It's not fair to me, the TAs, guest lecturers or other students to have to deal with these distractions.**

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**Tentative Schedule (subject to change)**

Week 1	Course Administration, Introduction, Budgeting/Planning	Chapter 1, 2
Week 2	Planning/Budgeting, Income Taxes	Chapter 2, 4
Week 3	Income Taxes, Time Value of Money	Chapter 4, 3
Week 4	Time Value of Money Midterm 1	Chapter 3
Week 5	Cash Management, Credit Cards	Chapter 5, 6
Week 6	Loans, Housing	Chapter 7, 8
Week 7	Life Insurance Midterm 2	Chapter 9
Week 8	Health Insurance	Chapter 9
Week 9	Property & Liability Insurance	Chapter 10
Week 10	Investment Basics	Chapter 11
Week 11	Stocks, Bonds Midterm 3	Chapter 12, 13, 14
Week 12	Mutual Funds	Chapter 15
Week 13	Retirement Planning	Chapter 16
Week 14	Estate Planning Life Events	Chapter 17, 18
Week 15	Non-traditional Household Situations	

**Final Exam**

**Friday, May 8<sup>th</sup>**

**7:45-9:45a**