**Financial Literacy**

**ECO s330T**

**Second semester Summer 2024**

**MTWTHF 2:30pm – 4:00pm**

**Online via Zoom**

**Professor:** Bruce Pflug

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**Financial Literacy** aims to provide students with core competencies of personal financial management and financial literacy. The course intertwines components of economics relevant to developing financial literacy and financial management skills. Students will learn financial planning concepts and applications for their personal lives. The objective is for students to gain applicable and practical knowledge while expanding their understanding of financial and economic issues faced by different households and how those issues can be managed.

* Students will study the personal financial planning process, goal-setting, cash flow and budgeting, the loanable funds market, personal credit and debt, the concept of time value of money and compound interest, and personal investing concepts and practices including risk management and diversification practices.
* Students will apply economic principles along with analytical tools and approaches as they pertain to financial literacy. Examples include:
  + The economic way of thinking and relevance to financial literacy
  + Consumer and firm behavior
  + The loanable funds market
  + Money and banking
  + Federal Reserve monetary policy and relevance to personal finance

**Text:**

# **Financial Literacy for Millennials: A Practical Guide**

Andrew O. Smith

ISBN-13: 978-1440834028

ISBN-10: 1440834024

**Additional readings:**

1. Real Life Examples of Opportunity Cost
2. Basics of elasticity and examples of elastic and inelastic Goods
3. 3 things you should do if you have no credit history
4. How To Build Credit In Your 20s; Follow These 7 Crucial Steps
5. How to Set Up a Budget; Building a budget in four steps
6. Make Investing about you with a Personal Investment Plan
7. The Basics of Financial Literacy: Getting and Building Credit
8. What Is Your Credit Utilization Ratio?
9. Skoko – Simplified Principles of Microeconomics

**Grading:**

**Exams: There will be two mid-term exams, each = 25% of final grade**

**Personal Financial Plan: Each student will develop a personal financial plan and budget along with a hypothetical personal investment portfolio. The total Personal Financial Plan (PFP) will equal 50% of the final grade, but it will comprise two parts each equaling 25%.**

**Course Calendar/Outline:**

**Part One**

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| --- | --- | --- |
| **Est Dates** | **Readings** | **Topic Outline** |
| **Week One** | **Ch. 1 Smith**  **Ch. 5 Smith** | **The Financial Planning Process**   * **What is a financial plan** * **The importance of a creating and having a financial plan** * **Elements of a Financial Plan** * **Budgets** * **Expenses** * **Financial planning professionals** |
| **Week Two** | **Skoko** | **Factors which influence financial literacy**   * **Economic factors:** * **The economic way of thinking** * **Opportunity Costs** * **Demand and supply** * **Elasticity** * **Market forces** * **Costs** * **Finance factors:** * **Income and expenses** * **Assets** * **Debt and equity** * **Income and risks** * **Evaluating choices: time, risk and value** * **Micro and Macro factors:**   + - **Inflation**     - **Unemployment**     - **Money and Banking**   + **Loanable Funds market**   + **Interest rates** |
| **Friday July 26** |  | **Exam 1**  **Personal Financial Plan Part I due 2:30pm ct** |

**Course Calendar/Outline continued:**

**Part Two**

|  |  |  |
| --- | --- | --- |
| **Est Dates** | **Readings** | **Topic Outline** |
| **Week Three** | **Ch. 8 Smith** | **The Practice of Investing**   * **Stocks** * **Bonds** * **Other**   **Market behavior**   * **Investor Risk Management** |
| **Week Four** | **Ch. 4 Smith**  **Ch. 6 Smith** | **Savings and Banking**  **Credit and Debt**   * **Importance of credit scores** * **Loans and the loan process**   **Cash management** |
| **Week Four** | **Ch. 11 Smith** | Financial Management   * **Taxes and Tax planning** |
| **Week Four** |  | **Consumer strategies**   * **Buying a car** * **Buying a home** |
| **Week Four** | **Ch. 10 Smith** | **Personal Risk Management**   * **Insurance** * **Retirement and Estate Planning** |
| **Week Five** | **Ch. 12 Smith**  **Ch. 14 Smith** | **Benefits/entitlements**   * **Government sponsored** * **Employer sponsored** |
| **Week Five** | **Ch. 2 Smith** | **Career Planning** |
| **Friday August 16** |  | **Exam 2**  **Personal Financial Plan Part II due 2:30pm ct** |

* No late submissions for any of the deliverables will be accepted unless previously agreed to by the professor