

# **ACTL3192/ECON3117**

## **Retirement Saving and Spending over the Lifecycle**

### **Course Outline Semester 2, 2017**

### **Course-Specific Information**

The Business School expects that you are familiar with the contents of this course outline. You must also be familiar with the Course Outlines Policies webpage which contains key information on:

- Program Learning Goals and Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Student Support and Resources

This webpage can be found on the Business School website:

<https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>

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## COURSE-SPECIFIC INFORMATION

### 1 STAFF CONTACT DETAILS

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Email: [kevin.liu@unsw.edu.au](mailto:kevin.liu@unsw.edu.au)

Consultation Times: Monday 4pm-5pm

**Tutors: A full list of tutors will be posted on the course website.**

### 2 COURSE DETAILS

#### 2.1 Teaching Times and Locations

	Day	Time	Location
<b>Lecture</b>	Monday	11am – 1pm	Mathews Theatre B
<b>Tutorial (M09A)</b>	Monday	9am – 10am	Morven Brown G5
<b>Tutorial (M10A)</b>	Monday	10am – 11am	Morven Brown G5
<b>Tutorial (W12A)</b>	Wednesday	12pm – 1pm	Quadrangle G032
<b>Tutorial (W13A)</b>	Wednesday	1pm – 2pm	Quadrangle G032

Lectures start in Week 1 and continue to Week 12. Tutorials start in Week 2 and continue to Week 13.

The tutorial program will be circulated as a separate document and will be available on the course website.

#### 2.2 Units of Credit

The course is worth 6 units of credit.

#### 2.3 Summary of Course

In order to live comfortably in retirement, one has to make important financial decisions about saving and spending over the lifecycle. This course examines these decisions by individuals and households in the context of national retirement savings and incomes policies. The lifecycle model of saving and consumption provides the basis for analysis of individual decision making before and after retirement. This is augmented with an examination of economic and financial risks facing both individuals and product providers before and after retirement. We also examine behavioural explanations for deviations

from rational behaviour as predicted by the lifecycle model. Topics covered include: a taxonomy of the lifecycle; lifecycle theories of consumption and saving; human capital and the retirement decision; risks facing individual retirees and providers of retirement income products; market failure in the retirement benefit market; behavioural explanations for non-rational behaviour including bounded rationality, bounded self-control, inertia, procrastination, use of heuristics, complexity, framing and other behavioural biases.

## 2.4 Course Aims and Relationship to Other Courses

The aim of this course is to introduce students to the lifecycle models of saving and consumption, as well as behavioural explanations for deviations from the predictions of these theoretical models.

The course is part of the BCom, BEc and BActSt degrees. It is a recommended elective in the BActSt degree; and a recommended course in the Economics, Financial Economics and Business Economics majors in the BCom and BEc. The prerequisite for ACTL3192 is ACTL2111 or ACTL2131; and the prerequisite for ECON3117 is ECON2101 or ACTL2111 or ACTL2131 or completed at least 84UOC in BCom (and combined degrees).

**Related courses:** The public policy design issues and the provision of specific retirement planning advice are beyond the scope of this course. Public policy design issues, and the institutional arrangements of superannuation and retirement benefits in Australia and overseas are covered in *ACTL3191/ECON3114 - Superannuation and Retirement Benefits*. The provision of financial advice for retirement planning is covered in a postgraduate course: *ACTL5401 - Retirement Planning (Distance Learning)*.

## 2.5 Student Learning Outcomes

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items. By the end of this course, you should be able to:

- |    |   |
|----|---|
| 1. | Describe, analyse and use simple models of saving and consumption over the lifecycle.                 |
| 2. | Explain and evaluate the risks facing individuals and product providers, before and after retirement. |

3.	Critically assess the market for retirement benefit products in Australia and internationally.
4.	Critically evaluate the academic literature and industry studies on behavioural explanations for deviations from theoretical models of lifecycle saving and consumption.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all undergraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree (e.g. 'be an effective team player'). You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree (e.g. 'participate collaboratively and responsibly in teams').

For more information on Program Learning Goals and Outcomes, see the School's Course Outlines Policies webpage available at <https://www.business.unsw.edu.au/degrees-courses/course-outlines/policies>.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

Program Learning Goals and Outcomes		Course Learning Outcomes	Course Assessment Item
<i>This course helps you to achieve the following learning goals for all Business undergraduate students:</i>		<i>On successful completion of the course, you should be able to:</i>	<i>This learning outcome will be assessed in the following items:</i>
1	Knowledge	Describe, analyse and use simple models of saving and consumption over the lifecycle.  Explain the market for retirement benefit products in Australia and internationally	<ul style="list-style-type: none"> <li>• Mid-session Exam</li> <li>• Final Exam</li> </ul>
2	Critical thinking and problem solving	Evaluate the risks facing individuals and product providers, before and after retirement.  Critically assess the academic literature and industry studies on behavioural explanations for deviations from theoretical models of lifecycle saving and consumption.	<ul style="list-style-type: none"> <li>• Tutorial Participation and Discussion</li> <li>• Assignment</li> <li>• Mid-session Exam</li> <li>• Final Exam</li> </ul>

3a	Written communication	Produce written work which is logically and professionally presented.	• Assignment
3b	Oral communication	Not specifically addressed in this course.	
4	Teamwork	Not specifically addressed in this course.	
5a.	Ethical, social and environmental responsibility	Not specifically addressed in this course.	
5b.	Social and cultural awareness	Not specifically addressed in this course.	

### 3 LEARNING AND TEACHING ACTIVITIES

#### 3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on 'Guidelines on Learning that Inform Teaching at UNSW'. These guidelines may be viewed at: [www.guidelinesonlearning.unsw.edu.au](http://www.guidelinesonlearning.unsw.edu.au). Specifically, the lectures, tutorials and assessments have been designed to appropriately challenge students and support the achievement of the desired learning outcomes.

The broad approach to learning and teaching in the course is to combine institutional knowledge, theoretical analysis and practical examples. With appropriate guidance, students are encouraged to take responsibility for their own learning.

#### 3.2 Learning Activities and Teaching Strategies

##### Lectures

The purpose of **lectures** is to provide a logical structure of the topics that make up the course and to emphasise the important or difficult concepts and methods of each topic. Not all examinable material can be covered in lectures. Lectures commence in Week 1.

The material introduced in lectures is supplemented by **designated readings** and the **tutorial program**.

##### Tutorials

Tutorials begin in Week 2 and are an integral part of the course. The tutorial questions and exercises provide a vehicle for discussion of applications and case studies of the concepts and theories introduced in lectures. **Students are required to be well**

prepared to participate in the tutorial discussions by reading the designated readings and attempting the questions and exercises before the tutorial.

### **Out-of-Class Study**

Lectures can only provide a structure to assist your study, and tutorial time is limited. In this course it is important to read the designated readings – marked on the reading list with a star (\*) – in conjunction with the introduction of the relevant topic in lectures and the subsequent discussion in tutorials.

## **4 ASSESSMENT**

### **4.1 Formal Requirements**

In order to pass this course, you must:

- achieve a composite mark of at least 50;
- make a satisfactory attempt at all assessment tasks (see below); and
- attend at least 80% of all lectures.

### **4.2 Assessment Details**

The examinable content of this course is defined by the content of the lectures, the designated readings and the exercises and questions discussed in tutorials.

To encourage you to follow a path of active and regular learning, the assessment in the course will consist of:

<b>Assessment Task</b>	<b>Weighting</b>	<b>Length</b>	<b>Due Date</b>
Tutorial Participation and Discussion	5%		Ongoing (Week 2-13)
Assignment	20%		As advised on Moodle
Mid-session Exam	15%	1 hour	Week 6
Final Exam	60%	2 hours	University Exam Period
<b>Total</b>	<b>100%</b>		

### **Tutorial Participation and Discussion – 5%**

*The purpose of the tutorial is to reinforce and clarify the concepts and issues covered in the lectures, and to provide a forum for further analysis and discussion of these issues.*



5% of the course marks are reserved for tutorial participation and discussion. Up to 3 of the 5 marks will be awarded for attendance. However, in order to obtain the remaining marks, you must participate in a *relevant and constructive* way in tutorial activities and discussions. Your tutor is the final judge of the quality of your participation.

A record of attendance at tutorials will be kept.

### **Assignment – 20%**

The information about the assignment and the Submission Procedure will be circulated as a separate document and will be available on the course website.

### **Mid-Session Exam – 15%**

*The purpose of the Mid-Session Exam is to test your understanding of all material introduced in the first four weeks of the course, including lectures and the exercises and questions covered in tutorials.*

The Mid-Session Exam will be of 1 hour in duration. It will be held in the first hour of the Week 6 lecture.

### **Final Exam – 60%**

*The purpose of the Final Exam is to assess understanding of all material presented in the course, including lectures and the exercises and questions covered in tutorials.*

The Final Exam will be held in the University examination period and will be 2 hours in length. The Final Exam will cover the entire course.

## **4.3 Assessment Format**

Mid-Session Exam: A combination of multiple choice and short answer questions.

Final Exam: Information on the content of the Final Exam will be provided on the course website towards the end of the session.

## **4.4 Assignment Submission Procedure**

An electronic copy of your assignment must be submitted through the Turnitin submission box on the course website. A cover sheet, which must be attached to the written answer, is available on the course website. Turnitin reports on any similarities between your own cohort's assignments, as well any other sources (such as the internet

or all assignments submitted all around the world via Turnitin). More information is available at: <https://student.unsw.edu.au/turnitin-support>. Please read this page, as we will assume that its content is familiar to you. You will be able to make multiple submissions, but won't have access to the originality reports.

You need to check your document once it is submitted (check it on-screen). Students are reminded of the risk that technical issues may delay or even prevent their submission (such as internet connection and/or computer breakdowns).

Students should make sure they understand what plagiarism is (see the discussion of plagiarism in Course outline 'Part B: Key Policies, Student Responsibilities and Support' on the course website, and do the quiz): cases of plagiarism have a very high probability of being discovered.

#### **4.5 Special Consideration, Late Submission and Penalties**

For information on Special Consideration please refer to the Business School's [Course Outlines Policies webpage](#).

##### **Special consideration and assessments other than the Final Exam in undergraduate courses:**

For courses offered by the School of Risk and Actuarial Studies, the weight of the assessment items for which special consideration is granted is re-allocated to the Final Exam. Alternatively, in exceptional cases and only for assessment items with a submission deadline, a delayed deadline may be granted. This may be no more than 5 business days after the initial deadline, and must be before feedback is provided to students.

Special consideration **does not** entitle students to a supplementary opportunity to complete the assessment item.

##### **Late submission of assessment items**

When an assessment item had to be submitted by a pre-specified submission date and time and was submitted late, the School of Risk and Actuarial Studies will apply the following policy.

A penalty of 25% of the mark the student would otherwise have obtained, for each full (or part) day of lateness (e.g., 0 day 1 minute = 25% penalty, 2 days 21 hours = 75%

penalty). Students who are late must submit their assessment item to the LIC via e-mail. The LIC will then upload documents to the relevant submission boxes. The date and time of reception of the e-mail determines the submission time for the purposes of calculating the penalty.

#### **4.6 Protocol for viewing final exam scripts**

The UNSW Business School has set a protocol under which students may view their final exam script. Please check the protocol [here](#).

Individual Schools within the Faculty may set up a local process providing it is in keeping with the Faculty protocol. The School of Risk and Actuarial Studies implements the abovementioned faculty guidelines in the following way:

1. There will be only one viewing.
2. Students must register (that is, lodge a request to view their final exam script) to [rasadmin@unsw.edu.au](mailto:rasadmin@unsw.edu.au) after results are released, but no later than COB on Wednesday 6 December 2017.
3. The viewing will take place on Monday 11 December 2017, at a time and location to be announced to registered students by COB on Friday 8 December 2017. Student MUST remain available for the WHOLE of 11 December 2017 until the time of their viewing is communicated.

Note that students must make a separate, subsequent appointment with the LIC, should they wish to lodge a formal application for re-assessment.

#### **Quality Assurance**

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

## **5 COURSE RESOURCES**

The website for this course is on Moodle at: <http://moodle.telt.unsw.edu.au>. The website includes: all course handouts; lecture slides; designated readings; the tutorial program

and readings for Review Essays. To access the course website online support site for students, follow the links from that website to UNSW Moodle Support/Support for Students. Additional technical support can be obtained from [itservicecentre@unsw.edu.au](mailto:itservicecentre@unsw.edu.au) (02 9385 1333).

It is important that you visit the course website regularly to see any notices and documents posted there, as it will be assumed that they are known to you within a reasonable time.

### **Textbook and Readings**

**There is NO set textbook for this course.** All required readings will be posted on the course website. The list of required and recommended readings will be included in the tutorial program. This will be circulated as a separate document and be available on the course website. It is important that you read and understand all the essential readings. The examinable content of this course is defined by the content of the lectures, the designated readings and the content of the tutorial program.

## **6 COURSE EVALUATION AND DEVELOPMENT**

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's **myExperience** survey is one of the ways in which student evaluative feedback is gathered. In this course, we will seek your feedback through end of semester **myExperience** responses. You are strongly encouraged to take part in the feedback process.

We take student feedback and evaluations very seriously and respond to comments and suggestions made by students in future course design and assessments.

## 7 COURSE SCHEDULE

### Lecture Schedule

Lectures start in Week 1 and finish in Week 12.

LECTURE SCHEDULE		
Week	Week Starting	Topic
1	24 July	Introduction
2	31 July	Lifecycle Theories of Consumption and Saving 1: Human Capital
3	7 August	Lifecycle Theories of Consumption and Saving 2: Modelling the Human Lifecycle
4	14 August	Lifecycle Theories of Consumption and Saving 3: Intertemporal Choice Model
5	21 August	Risks in Retirement
6	28 August	<b>MID-SESSION EXAM</b>
7	4 September	Retirement Income Products
8	11 September	Behavioural Retirement Economics 1: An Introduction and Financial Literacy
9	18 September	Behavioural Retirement Economics 2: Barriers to Participation and Policy Responses
<b>Mid-semester break:</b> 23 September – 2 October inclusive (2 Oct = Labour Day Public Holiday)		
10	2 October	NO LECTURES (Public Holiday)
11	9 October	Behavioural Retirement Economics 3: Investment Decisions, Menus and Information Provision
12	16 October	Behavioural Retirement Economics 4: Retirement Benefit Decisions, Review
13	23 October	NO LECTURES

## Tutorial Schedule

Tutorial start in Week 2 and finish in Week 13.

TUTORIAL SCHEDULE		
Week	Week Starting	Topic
1	24 July	NO TUTORIALS
2	31 July	Introduction
3	7 August	Lifecycle Theories of Consumption and Saving 1: Human Capital
4	14 August	Lifecycle Theories of Consumption and Saving 2: Modelling the Human Lifecycle
5	21 August	Lifecycle Theories of Consumption and Saving 3: Intertemporal Choice Model
6	28 August	<b>MID-SESSION EXAM (NO TUTORIALS)</b>
7	4 September	Risks in Retirement
8	11 September	Retirement Income Products
9	18 September	Behavioural Retirement Economics 1: An Introduction and Financial Literacy
<b>Mid-semester break:</b> 23 September – 2 October inclusive (2 Oct = Labour Day Public Holiday)		
10	2 October	NO TUTORIALS
11	9 October	Behavioural Retirement Economics 2: Barriers to Participation and Policy Responses
12	16 October	Behavioural Retirement Economics 3: Investment Decisions, Menus and Information Provision
13	23 October	Behavioural Retirement Economics 4: Retirement Benefit Decisions