



University of Massachusetts Amherst
Department of Resource Economics

Course ID: Res-Econ 314 (SEC 01)

Course Title: FINANCIAL ANALYSIS FOR CONSUMERS AND FIRMS

Class times: Tue Thu 11:30am-12:45pm (EST)

SPRING 2021 (02/01/2021 - 05/04/2021)

Instructor: **Dr. Miah Tran**

Drop-In Office Hours: Thursdays 11:30-12:45pm and by appointment.

Drop-In Remote Link: Please check Moodle.

Teaching Assistant: **Taehyun Kim** (Office hours: To be updated).

Need help?

- For questions related to class lectures, homework, or exams, go to **Help Desk for ResEcon 314** section on **Moodle**. You also can go to see the teaching assistant or the instructor during office hours (check Moodle).
- For personal questions, email: resecon314@gmail.com

COURSE WEB PAGE Moodle (<https://moodle.umass.edu/>)

I will post learning materials, grades, etc. in Moodle. It is **important** that you check the website frequently.

Course Delivery:

This course will be ASYNCHRONOUS and delivered via Zoom sessions, scheduled on Tuesdays during the regular hours of the usual class times. Students can access to the Zoom meetings through links (or meeting ID) posted on Moodle. Please make sure you check Moodle frequently to stay in contact with the class all the time. A complete class material and other information will be posted on Moodle. Tests will be conducted via Moodle too.

Course Description:

This is a course in fundamental finance, focusing on individual consumers and small firms, as opposed to the corporate or public finance. Approach wise, the focus will be on the problem solving as a direct application to the major financial concepts, which will be studied technically but in close relation to real life situations. In addition to covering the interest rate theory, the course is oriented

to introduce students to contemporary economic problems as they affect individuals, households, and their small business when it comes to their financial planning, spending for consumer goods and services, saving, investing, protecting health and wealth by insurance, and securing a comfortable retirement.

Course Objectives:

- To develop an understanding of the terms, concepts, and theories involved in personal/household finance, as well as entrepreneurial finance.
- To identify and clarify the variety of factors that may influence personal and entrepreneurial financial management.
- To explore the economic concerns of individuals and families, and their awareness of the need of financial planning in the context of the household's and small firm's economic security.
- To develop financial decision-making skills and to enhance students' ability to apply theoretical knowledge in making the best educated choices in their personal and business finance.
- Last, but not least is to enable students to solve a variety of problems by hand, away from the blind dependence on calculators and computers' ready answers.

Text Book and Other References:

Required Text:

Alhabeeb, M.J. (2012). Mathematical Finance. Wiley Publications.

Additional Text:

Garman, E.T.& Forgue, R.E. (2014). Personal Finance, South-Western.

Course Requirements:

- 3 homework sets (100 points each): 40%
- 3 exams (100 points each): 60%
- Exams are on:

Thursday March 11th

Thursday April 8th

Final (Spire)

Grading Scale:

Letter grades will be assigned based on the following percentages and ranges:

Grade	%
A	95-100
A-	90-94
B+	85-89
B	80-84
B-	75-79
C+	70-74
C	65-69
C-	60-64
D+	55-59
D	50-54
F	49 and Below

Notes:

- Class attendance is essential. A lot of material covered in class lectures may not be easily understood by just reading the texts. Attending regularly and actively is a good indicator of your responsibility and an excellent predictor of your overall performance. You are also given extra credit questions during these meetings.
- 3 homework sets: You will be assigned three sets of homework throughout the semester and each is due one week prior to an exam. While this set up is intended to give you flexible time to finish your homework, you are encouraged to complete a portion of questions in each set each week as a way to practice what you have learned. Also, be aware that since you are given time to work on each set over many weeks, NO LATE SUBMISSIONS ACCEPTED!
- 3 exams: Exams will be conducted via Moodle. You will have 75 minutes to work on exam 1, exam 2 and two hours on the final exam. There will be no make-up exams without a serious excuse documented by the university. In such cases, please notify me as early as possible. Later notifications and trivial justifications will not be accepted.

General Outline:

The Basic Economic Framework

What is Personal and Family Finance?

The Rationale of Financial Planning

Interest and Time Value of Money

Career and Income

Expenditures Management

Cash: Budgeting and Cash Management

Checking and Saving Accounts

Electronic Funds Transfer (EFT)
Financial Statements and Ratios

Credit: Borrowing and Credit Use Management

Credit Cards and Charge Accounts

Finance Charges and APR

Federal Credit Laws

Taxes: Income Tax Liability

Income Tax Return

Tax Avoidance vs. Tax Evasion

Durables:

Buying and Financing a Car

Buying and Financing a Home

Present and Future Protection

Insurance:

Property and Liability Insurance

Health and Disability Insurance

Life Insurance

Retirement and Estate Planning

Retirement Expenses and Income

Retirement Plans

Wills and Trusts

Investment Planning

Investing in Stocks

Investing in Bonds

Investing in Mutual Funds

ATTENDANCE POLICY

No attendance is taken during remote meetings. It's up to you to decide whether these sessions are valuable for your learning.

CLASSROOM DECORUM

Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have the opportunity to gain from time spent in class, I propose certain basic standards of classroom respect be adhered to. Respect does not eliminate appropriate humor, enjoyment, or other indications of a comfortable and pleasant classroom community. However, there is an expectation that all participants in this course will:

- Display respect for all members of the classroom community: your instructor, TAs, your teammates, and fellow students.

- Attend and participate in lectures, group discussions, and other classroom activities.
- Avoid unnecessary disruptions during class such as private conversations, reading newspapers, speaking on cell phones, using a laptop for something other than current classroom work, arriving late or leaving early, eating, drinking, and sleeping during class.
- ***Please wait for the class to be formally dismissed before you leave the meeting room.***
- Avoid negative language that is considered racist, sexist, or homophobic or in other ways may exclude members of our campus and classroom community.

Accommodation Statement

The University of Massachusetts Amherst is committed to providing an equal educational opportunity for all students. If you have a documented physical, psychological, or learning disability on file with Disability Services (DS), you may be eligible for reasonable academic accommodations to help you succeed in this course. If you have a documented disability that requires an accommodation, please notify me within the first two weeks of the semester so that we may make appropriate arrangements.

Academic Honesty Statement

Since the integrity of the academic enterprise of any institution of higher education requires honesty in scholarship and research, academic honesty is required of all students at the University of Massachusetts Amherst. Academic dishonesty is prohibited in all programs of the University. Academic dishonesty includes but is not limited to: **cheating, fabrication, plagiarism, and facilitating dishonesty**. Be aware that **offering and accepting solutions from others, distributing or using old homework or exams from the classes** is an act of plagiarism, which is a serious offense and all involved parties will be penalized according to the Academic Honesty Policy. Appropriate sanctions may be imposed on any student who has committed an act of academic dishonesty. Instructors should take reasonable steps to address academic misconduct. Any person who has reason to believe that a student has committed academic dishonesty should bring such information to the attention of the appropriate course instructor as soon as possible. Instances of academic dishonesty not related to a specific course should be brought to the attention of the appropriate department Head or Chair. Since students are expected to be familiar with this policy and the commonly accepted standards of academic integrity, ignorance of such standards is not normally sufficient evidence of lack of intent

(http://www.umass.edu/dean_students/codeofconduct/acadhonesty/).

Tentative Course Outline: Remember this is just a preliminary schedule. I may change it along the course to make your learning more efficient and valuable. Please check your Moodle frequently for updates!

	Contents	Deadlines
<i>Remote Class Meetings scheduled Tuesday and Thursday 11:30am-12:45pm. Meeting recordings are posted on Moodle.</i>		
Week 1 (2/2-2/4)	<ul style="list-style-type: none"> Syllabus Introduction to Time Value of Money 	
Week 2 (2/9-2/11)	<ul style="list-style-type: none"> Simple Interest 	
Week 3 (2/16-2/18)	<ul style="list-style-type: none"> Bank Discount Compound Interest 	
Week 4 (2/23-2/25)	<ul style="list-style-type: none"> Annuities 	
Week 5 (3/2-3/4)	<ul style="list-style-type: none"> The Rationale of Financial Planning (Financial Ratios) 	HW set 1 due 3/4 midnight
Week 6 (3/9-3/11)	<ul style="list-style-type: none"> Q&As about exam 1 	Exam 1 on Thu 3/11
Week 7 (3/16-3/18)	<ul style="list-style-type: none"> The Rationale of Financial Planning (Credits) 	
Week 8 (3/23-3/25)	<ul style="list-style-type: none"> Taxes 	
Week 9 (3/30-4/1)	<ul style="list-style-type: none"> Taxes 	HW set 2 due 4/1 midnight
Week 10 (4/6-4/8)	<ul style="list-style-type: none"> Q&As about exam 2 	Exam 2 on Thu 4/8
Week 11 (4/13-4/15)	<ul style="list-style-type: none"> Mortgages 	
Week 12 (4/22)	<ul style="list-style-type: none"> Insurance 	
Week 13 (4/27-4/29)	<ul style="list-style-type: none"> Depreciation 	HW set 3 due 4/29 midnight
Week 14 (5/4)	<ul style="list-style-type: none"> Final Exam Review on Tuesday 	
FINAL WEEK	Final Exam (check Spire for the exam date)	