



# Personal Finance - Scheme and Syllabus

## **Course Description**

This course integrates economics and personal finance concepts to help students of all majors better understand the implications of economic events and make informed financial decisions.

*Personal Finance* provides the tools necessary for students to gain both economic and financial literacy. The course also provides a set of practical applications to help students understand the complexities of financial decision-making. Students who complete the course will be in a position to compute the monetary value of additional education, evaluate prospective business projects, invest in and value financial securities, and plan for their future.

### **Evaluation and Grading**

Because the course covers many topics and lectures, it's critical that each student come to class well prepared. Each lecture will begin with a short quiz on the previous lecture, rather than having a midterm exam. The problem sets serve as practice and preparation for the quizzes. The last quiz will be administered in Lecture 12. The topics introduced in Lecture 12 will not be tested and will serve as supplementary material. The case study and course summary in Lecture 13 will serve as a review for the course. There will also be in-class discussions regularly.

A project will be required and students will present their work at the end of the course. A final exam will test concepts learned throughout the course.

Final grades will be calculated as follows:

Weekly quizzes	30%
Class participation	10%
Project	20%
Final exam	40%

<u>Quizzes</u>: There will be a total of 11 quizzes. The quizzes will occur during the first 10 minutes of each class and will be based on the previous lecture's material. No makeup quiz will be allowed. Instead, only ten of the eleven quizzes will count toward the final course grade. That is, if students miss or do poorly in a quiz, the score on that quiz is dropped without affecting the overall grade. If students do all quizzes, the lowest quiz grade will be dropped. The resulting ten quiz grades will have equal weight. Because there are weekly quizzes, there is no midterm.

<u>Project</u>: Students are required to apply the personal finance skills they learned in a final project. The project may be an individual case study, financial advice for a target audience, or a plan for workplace financial education, as presented in the project description and examples. Students may choose to work in groups (maximum of three per group) or individually. The project will be presented in class at the end of the course.





Final exam: The final exam covers the material presented in the lectures. Students cannot consult the lecture notes but can bring two sheets (single sided, standard size) to the final exam with anything written on it. Exams must be taken at the scheduled time.

<u>Class participation</u>: Participation will be based on attendance and contributions to class discussion.

## **Requirements and Reading**

No textbook is needed, as all course topics are covered in detail in the lecture slides. However, the course requires a financial calculator. Qualifying calculators include Texas Instruments BA II Plus Financial Calculator, Texas Instruments BA II Plus Professional Financial Calculator, and the HP 10bII+ Financial Calculator. The course material uses the Texas Instruments BA II Plus Financial Calculator for demonstrated examples.

#### **Lecture Schedule**

	Topic	Brief Description	Material
1	Course Preview	This lecture previews the topics covered in	Lecture 1 PowerPoint
	Interest Rates	the course and discusses interest rates,	Lecture 1 Problem Set
		interest compounding, and financial	
		decision-making applications.	
2	Time Value of Money	This lecture develops the concept of time	Quiz on Lecture 1
	Financial Calculator	value of money; it introduces present value	Lecture 2 PowerPoint
	Guidelines	(PV), net present value (NPV), and internal	Lecture 2 Problem Set
		rate of return (IRR), along with practical	
		applications. The second part of the	
		lecture, which is optional, explains how to	
		use a financial calculator.	
3	Consumer Borrowing	This lecture applies previous lecture	Quiz on Lecture 2
		concepts to analyze common consumer	Lecture 3 PowerPoint
		borrowing products; it introduces loan	Lecture 3 Problem Set
		amortization and APR for monthly payment	
		loans.	
4	Saving and Investing	This lecture introduces common	Quiz on Lecture 3
		investment products (stocks, bonds, and	Lecture 4 PowerPoint
		mutual funds) and uses previous concepts	Lecture 4 Problem Set
		to evaluate these products; it also shows	
		how to save for short- and medium-term	
		financial goals.	
5	Planning for	This lecture focuses on planning and saving	Quiz on Lecture 4
	Retirement	for retirement.	Lecture 5 PowerPoint
			Lecture 5 Problem Set





6	Inflation, Purchasing	This lecture covers inflation and how it	Quiz on Lecture 5
	Power, and the Fed	affects an individual's income, wealth,	Lecture 6 PowerPoint
	,	debt, and savings; it also discusses money	Lecture 6 Problem Set
		supply and the role of central banks.	
7	Mortgage Borrowing	This lecture explains mortgage borrowing	Quiz on Lecture 6
		and analyzes various mortgage terms	Lecture 7 PowerPoint
		(mortgage length, fixed vs. floating rate,	Lecture 7 Problem Set
		and mortgage points).	
8	Personal Taxes	This lecture discusses and analyzes tax	Quiz on Lecture 7
		issues related to individuals, including	Lecture 8 PowerPoint
		marginal taxation, deductions, and capital	Lecture 8 Problem Set
		gains.	
9	Basic Probability and	This lecture introduces the fundamental	Quiz on Lecture 8
	Risk vs. Return	concepts in probability theory and builds	Lecture 9 PowerPoint
		upon these concepts to explain risk and	Lecture 9 Problem Set
		how to insure against risk; it also examines	
		the trade-off between risk and returns in	
		both theory and practice.	
10	Risk Diversification	This lecture develops the concept of risk	Quiz on Lecture 9
		diversification and discusses its role in	Lecture 10 PowerPoint
		common financial situations.	Lecture 10 Problem Set
11	Risk, Leverage, and	This lecture applies previous lecture	Quiz on Lecture 10
	Retirement Planning	concepts to discuss and analyze the risks	Lecture 11 PowerPoint
		faced in saving for retirement.	Lecture 11 Problem Set
12	Biases in Consumer	This lecture explains cognitive, emotional,	Quiz on Lecture 11
	Finance	and other biases that commonly affect	Lecture 12 PowerPoint
		consumers' financial decisions.	
13	Case Study	The first part of this lecture is a case study	Case Study PowerPoint
	Course Summary	that applies the concepts learned	Course Summary
		throughout the course; the second part	PowerPoint
		summarizes main takeaways from the	
		course.	
14	Project Presentations	Students present their projects in class.	N/A