PERSONAL FINANCE SYLLABUS

Name of Course: Personal Finance

Number of Course: FIN 369, Section 022

Semester: Spring, 2016

Instructor: Dr. Banker Phares

E-Mail of Instructor: pharesb@sfasu.edu

Phone Number of Instructor: 936.234.9196 or 936.468.1783

Office: Room 115, SFA College of Business Building

Office Hours: Monday 9-12 and 1-2:30. Tuesday 1-5. Wednesday 1-2:30. Instructor is available after each class to discuss topics and answer questions.

Class Meeting time and Place: The first class is Wednesday, January 20, 2016. Class meeting time is 2:30 to 3:45 p.m. Room 116 of the SFA McKee Business Building. This is a Monday-Wednesday class.

Prerequisites for Course: None.


Program Learning Outcomes:

Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at http://www.sfasu.edu/cob/ug-plo.asp.

Student Learning Outcomes:

In general, SLOs in a course that support the PLOs are specific and include the exact knowledge, skill or behavior taught in the course that supports the more global PLOs.
For additional information on meaningful and measurable learning outcomes see the assessment resource page [http://www.sfasu.edu/assessment/index.asp](http://www.sfasu.edu/assessment/index.asp).

Bankruptcies and debt collections have dramatically increased in recent years. In large part, this is due to inadequate financial planning by individuals and businesses. To prepare the student to deal with a constantly changing economy by having the student: 1) Learn the importance, and have a basic understanding of, planning techniques; 2) Develop and identify analytical skills, by lecture and class discussion to facilitate effective financial decision-making, including informed decisions regarding budgets, investment, insurance, retirement, and estate planning. Upon course completion, the student should have the ability to have a working knowledge of the materials covered in the course, thereby providing the student with the ability to make – and, if necessary access, sources – for making appropriate financial decisions, both personal and business.

**Academic Integrity**

Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism.

**Definition of Academic Dishonesty**

Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one’s own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one’s paper without giving the author due credit. Please read the complete policy at [http://www.sfasu.edu/policies/academic_integrity.asp](http://www.sfasu.edu/policies/academic_integrity.asp)

**Students with Disabilities**

To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of
Disability Services (ODS), Human Services Building, and Room 325, 468-3004 / 468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to http://www.sfasu.edu/disabilityservices/.

Withheld Grade Policy

Ordinarily, at the discretion of the instructor of record and with the approval of the academic chair/director, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F. If students register for the same course in future terms the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average.

Course Requirements:

1) Exams for Course: Three, each of equal value. The Final will be one of the three tests and will have a value equal to a test. There will be no quizzes or homework (unless needed to make up for an unexcused absence). There will be an advance reading assignment each week. A legitimate excuse must be presented in order to make-up a missed exam. If a student has a D or lower average for the first two tests, the student will be required to take a comprehensive final.

2) Grading Policy: For the most part, the tests will primarily require short specific answers; i.e. objective. Tests will be announced two weeks in advance.

3) Required Attendance for Course: Three absences from each class meeting is allowed without excuse. Other absences require acceptable excuse. If absent without acceptable excuse, additional course work may be assigned.

Course Calendar:
Topics covered during this course include:
Financial Planning
Week 1. The Personal Financial Planning Process
Financial Challenges
Personal Financial Planning Process
  Evaluating, Defining, Developing, Implementing, and Reviewing

Week 2. The Time Value of Money: All Dollars Are Not Created Equal
  Compounding (Finding Future Values)
    Future Value of a Single Payment
    Future Value of an Annuity
  Discounting (Finding Present Values)
    Present Value of a Single Payment
    Present Value of an Annuity
    More Applications of Future and Present Values
    Approximation Methods with Annuities
Goal Planning for the Steeles
  Making Goals Concrete
  Adjusting for Inflation
  Determining a Savings Schedule

Week 3. Financial Statements and Budgets: Where Are You Now and Where Are You Going?
  The Balance Sheet
    Assets
    Liabilities
    Net Worth
  The Income Statement
    Income
    Expenses
    Contribution to Savings
  Evaluating Past Financial Performance
    Matching or Beating the Inflation Rate
    Maintaining Adequate Liquidity
    Avoiding Excessive Amounts of Debt
  Review of the Steeles’ Financial Situation
Achieving Goals through Budgeting
  Goal Setting
  Preparing the Annual Budget
  Monitoring and Controlling Activities

Week 4. Taxes: The Governments Share of Your Rewards
Determining Your Federal Income Tax
  Gross Income Items
  Adjustments to Income
  Adjusted Gross Income
Taxable Income
Determining Your Tax Liability Before Tax Credits
Tax Credits
Do You Get a Refund or Owe More Taxes?
Determining the Steeles’ Income Tax
Other Aspects of the Federal Income Tax
Capital Gains and Losses
Alternative Minimum Tax
The Role of the Internal Revenue Service
Getting Outside Help
Special Considerations for Students
Planning to Reduce Your Income Taxes
Invest Where You Receive Tax-Advantaged Income
Take Capital Losses Quickly
Split Your Income
Stagger Income and Expenses
Defer Income to Later Years
Other Important Taxes
Social Security Taxes
State and Local Taxes
Death and Transfer Taxes

PART 2
LIQUIDITY MANAGEMENT:
Managing Current Assets and Current Liabilities

Week 5. Cash Management: Funds for Immediate Needs
Meeting Cash Needs
Why Hold Cash?
Fundamental Deposits
Other Deposits
Using Your Checking Account
Selecting a Bank
Checking Account Procedures
End-of-Month Activities
Checks That Guarantee Payment
Electronic Banking
Understanding How Your Account Earns Interest
How Interest Is Calculated
Determining Interest on Your Account
Cash Management Strategy
Interest Rate Volatility

Week 6. Short-Term Credit Management: Consumer Credit
Arranging and Using Credit
Reasons for Using Credit
Disadvantages of Using Credit
How to Get Credit
Sales Credit
Kinds of Accounts
Credit Cards
Protection against Credit Card Fraud
Correcting Credit Card Mistakes
Credit Cards Contrasted with Debit Cards
Cash Credit
The Contract
How Interest Charges Are Determined
Obtaining Credit and Resolving Credit Problems
Sources of Credit
A Credit Management Strategy
Resolving Personal Debt Problems

PART 3
BUYING NOW AND PAYING LATER:
Managing Your Long-Term Liabilities

Week 7. Consumer Durables: The Personal Auto
Major Household Purchases and the Electronic Market
Electronic Purchases
Online Auctions and Electronic Payments
Warranties
Selecting an Automobile
Pricing Information
Rebates and Dealer-Supplied Financing
The Costs of Owning and Operating an Automobile
The Cost of Ownership
The Cost of Operation
The Total Cost of Ownership and Operation
The Mass-Transit Alternative
The Leasing Alternative
The Closed-End Lease
The Open-End Lease
Evaluating a Car Lease
A Lease/Buy Comparison
What If You Bought a Lemon?
Secret Warranties
Alternative Dispute Resolution
Lemon Laws

Week 8. Housing: The Cost of Shelter
Rent or Buy?
Determining What You Can Afford
Types of Housing
A Cost Comparison
The Real Estate Transaction
The Appraisal
The Real Estate Agent
The Home Inspection
The Purchase Contract
The Title Search 208
The Closing
Warranties
Financing the Purchase
Fixed Rate Mortgages
Adjustable Rate Mortgages
Specialized Mortgage Formats and Creative Financing
Reading the Fine Print
Insured Mortgages
Refinancing
What If You Can't Meet Your Mortgage Payments?

PART 4
INVESTING FOR THE FUTURE:
Growing Your Financial Resources

Week 9. Financial Markets and Institutions:
Learning the Investment Environment
Goals and Investment Alternatives
What Are Your Needs?
Basic Investment Alternatives
Securities Markets
Organized Exchanges
Over-the-Counter Markets
Regulation of the Securities Industry
Federal Legislation
State Law and Self-Regulation
Using the Services of a Stockbroker
Selecting a Stockbroker
Kinds of Accounts
Kinds of Positions
Kinds of Orders
Do Things on Paper First
Finding Investment Information
Company Sources
Investment Advisory Services
Newspapers and Magazines
Internet Data Sources
Week 10. Investment Basics: Understanding Risk and Return
Risk and Return
  What is Risk?
  Sources of Risk
  How Much Return Do You Need?
The Rewards of Diversification
  Why Diversification Works
  Diversification Guidelines
Applying a Risk-Return Model
  Eliminating Random Risk
  Managing Market Risk
  Making Stock Selections
Building and Changing a Portfolio
  Acquiring Securities
  Selling Securities
  Economic Changes and the Portfolio 265

Week 11. Stocks and Bonds: Your Most Common Investments 270
An Overview of Common Stocks
  Characteristics of Common Stock
Fundamental Analysis of Common Stocks
  Application Of the CAPM
  Price-to-Earnings Analysis 278
  The PEG Ratio
  Fundamental Value and Book Value
Corporate-Issued Bonds
  Your Rights as a Bondholder
  Payment Characteristics of Bonds
  Retirement Methods
  Investing in Corporate Bonds
Government-Issued Bonds
  U.S. Treasury Securities
  U.S. Agency Bonds
  Municipal Bonds
Return and Risk Characteristics of Bonds
  Expected Return from Bonds
  Risks of Bond Investment
Preferred Stock
  Characteristics of Preferred Stock
  Expected Return from Preferred Stock

Week 12. Mutual Funds and Other Pooling Arrangements: Simplifying and (Maybe)
  Improving Your Investment Performance
Mutual Funds
  Characteristics of Mutual Funds
Important Mutual Fund Services
Selecting a Mutual Fund
Other Pooling Arrangements
Unit Investment Trusts (UTTs)
Exchange-Traded Funds
Real Estate Investment Trusts (REITs)
Limited Partnerships
Investment Clubs
Constructing and Maintaining Your Personal Portfolio
Portfolio Construction
Maintaining Your Portfolio
Asset Allocation Mutual Funds
Mutual Funds Management in the 401(k) Retirement Plan

PART 5
PROTECTING YOUR WEALTH:
Insurance and Retirement Planning

Week 13. Property and Liability Insurance Protecting your Lifestyle Assets
 Fundamental Insurance Concepts
 Risk
 Risk Management
 Homeowners’ Insurance
 The Terminology of Homeowners' Policies
 Property Coverage
 Liability Coverage
 Policy Format
 Specialized Insurance
 Selecting Homeowners' Insurance
 Making Sure You Collect on a Loss
 Automobile Insurance
 Who Needs Auto Insurance Coverage?
 Coverage Under Your Auto Policy
 The Cost of Auto Insurance
 Before, At and After the Accident

Week 14. Health Care and Disability Insurance: Protecting Your Earning Capacity
 Health Care Insurance
 Types of Coverage
 Important Provisions
 Insurance Providers
Employment Related Health Care Insurance
Publicly Provided Health Services
Individually Selected Health Care Insurance
Disability Income Protection
Sources of Disability Income
Insurance Clauses Affecting Disability Benefits
Determining Disability Income Insurance Requirements

Week 15. Life Insurance and Estate Planning: Protecting Your Dependents
Estimating Your Life Insurance Needs
The Transition Fund
The Family Maintenance Fund
Specialized Funds
The Insurance Protection Gap
The Special Language of Life Insurance Policies
The Basic Policy
Special Provisions
Kinds of Insurance Protection
Term Insurance
Cash Value Insurance
Selecting the Right Policy
Selecting the Type of Policy
Term or Cash Value Insurance?
Comparison Shopping
Estate Planning
The Last Will and Testament
Transferring Your Estate Outside the Will

Week 15. Retirement Planning: Planning for Your Long-Term Needs
Saving and Investing for Retirement
Company Pension Plans
Other Company Retirement Plans
Individual Retirement Plans
Establishing a Personal Retirement Plan
Social Security Benefits
Estimating and Saving for Your Retirement Needs

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