A. Course: 37:575:250:02 Finance for Personal and Professional Success

Instructor: Mary Evans

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Meeting time and Location: 3:55am to 6:55pm on C/D campus, Hickman Hall, Room 210

NOTE: For Emergencies No Phone calls/ text messages...please email me or you can let me know in class. In the subject of your email, please include your name, the course and the section. Please check your Rutgers email or Sakai online in cause of any class cancellations.

Office Hours: Prior to class by appointment, and immediately after classes

Pre-Requisite: None

Course Description: Overview of core financial concepts and techniques useful both at work and in personal life; interest, credit, insurance, investments, present value; and net worth

Overarching Math Philosophy/Objectives Overview: Mathematics of Life:

<u>Imagine that you are taking a vacation next year</u>. You have many financial choices to make. How big is your vacation budget and how do you want to allocate it? The more money that you save now, the more you will have to spend on your vacation.

Now imagine that you are planning your financial future. You have many choices to make. How will you pay off your student loan? How much of your budget should be allocated to food and utilities? How much can you afford to spend on clothes? Should you buy a house? Should you buy a new car? What investments should you consider? When do you want to retire? All of these decisions require detailed planning.

Financial planning, prudent financial management, and careful spending can help you achieve your financial goals, which affect one's standard of living in the future.

The **financial planning process** enables you to understand the key components of a **financial plan** and to develop a **personal financial plan**. The simple objective of financial planning is to make the **best use of your resources to achieve your financial goals**. The sooner you develop your goals and a financial plan to achieve these goals, the easier it will be to achieve your objectives. Topics in personal finance include financial and career planning, budgeting, tax management, cash management, credit cards, borrowing, major expenditures, risk management, investments, retirement planning and estate planning.

<u>Success in Life</u>. A solid understanding of personal finance topics offers you an increased probability of success in facing life's financial challenges, responsibilities and opportunities. Such successes might include: paying minimal credit costs, not paying too much in income taxes, purchasing automobiles at low prices, financing housing on good terms, buying appropriate and fairly priced insurance, selecting successful investments that match your needs and tolerance for risk, planning for a comfortable retirement, and passing on your estate with minimal transfer costs.

<u>Basic Mathematical models</u> underlie all these financial analyses. <u>The mathematics behind the time value of money</u> can be applied to determining how much **current** savings will be worth in the **future**, or how to reach your goal of saving for a house or starting a business. If you were to win the lottery, should you take the lump sum or annual payments (annuity). If you have to invest, how do you know what is a good return? How much does a credit card really cost? How much money do you need for retirement? Debt also grows through mathematical models. There are tax implications as well.

<u>Critical thinking</u> plays a major role in financial analysis, as there may be more than one way to accomplish a goal. For example, if you decide to reduce your housing expenses you can, for example, either move to a cheaper unit and/or take in a room-mate. If you're saving for retirement, and can't save enough each month to meet your goal; consider alternatives such as: later retirement, reducing current or future expenses, or investing differently.

<u>The measures of performance</u> in this class will be referred to as authentic assessments. That is, student performance is evaluated based upon realistic life decision assignments, including:

- a series of math problems,
- an ongoing case analysis,
- course projects, such as assessing a lease and managing stocks in the stock market; planning for retirement planning using the time value of money; finding the best bank to fit your needs,
- Excel applications; one project applies the Pareto Principal (80:20 Rule) to tracking your frivolous expenditures (non obligations of rent or mortgage, insurance, etc.) using Excel.
- developing your personal financial plan.

This is in sharp contrast to the types of assessments based on multiple choice, short answer, etc. in a timed environment. Clearly this type of assessment will provide the student the same type of environment as s/he will have during his/her life.

Relationship to SAS Learning Objectives:

- Goal x (Apply effective and efficient mathematical or other formal processes to reason and to solve problems.) Specifically the focus is on the mathematics underlying the process of investment, and borrowing/saving money. The student will learn to apply concepts from algebra necessary to specify and solve equations related to loans, savings, mortgage, credit and insurance using compound interest.
- Goal w (Formulate, evaluate, and communicate conclusions and inferences from quantitative information)

Other Learning Objectives:

- Familiarize students with core concepts of interest, present value, risk, diversification, and insurance,
- Improve student skills in using spreadsheets and other tools in common use for analyzing financial information, and

• Introduce students to major types of financial instruments including stocks, bonds, mutual funds, and to investments in real estate.

Assessment of Learning Objectives: Project assessments will be used to evaluate these objectives. **Text - Required**: Madura, J., **Personal Finance**, Pearson-Addison/Wesley, **5e**, <u>Fifth Edition:</u> - Barnes and Noble has the 5e in stock. The ISBN for 5e is 978-0-13-299434-7. The fourth edition can also be used: ISBN: 4e, 978-0-13-611700-1

NOTE: Although, there is a copy of the 4e of the text is on reserve at the Chang Library on the Cook/Douglass Campus, it is only allowed to be borrowed for a max of 2 hours at a time. Also, there are 6 other sections of the course being given, do not rely solely on the availability of the copy at the library. ORDER or RENT your own copy ASAP.

Third Edition/Version of the Text vs. Fourth/Fifth

Please note that if you choose to purchase the 3e of the text, there are significant differences. **The problems have changed in all chapters.** The content of the 3e and 4e appears to be the same except for one point. A new chapter had been added to Part 5, Personal Investing. Thus, you may use the 3e of the text with the understanding that the numbering of the chapters, starting with Chapter 15, is decremented by one in the 4/5e of the text.

Per the following for example, the chapter on bonds is as follows:

Version 3 Version 4/5 Ch. 17 Ch. 16

<u>International Edition</u> - Although the International version is much more affordable, you should NOTE that the international version will take much longer to be delivered, please make sure to order it WELL in advance. DO NOT WAIT FOR THE FIRST WEEK OF CLASS! It will take you over a month to receive it! You will need the text book immediately. ALSO, the questions in the International version may differ from the textbook used in class.

Others - MATLAB is not required. The CD is not needed.

Text – **Recommended (Optional)**: Dworsky, L. N., **Understanding the Mathematics of Personal Finance**, Wiley, 2009, ISBN 978-0-470-49780-7.

Required: Statistical software in Excel 2003 (or higher) and the text CD are included in the course, which is required for homework, related cases, and team assignments. Reading assignments must be completed prior to each lecture. Communication Devices: No communication devices (cell phones, palm pilots, beepers, pagers, etc.) can be used in the classroom.

Academic Integrity: All students are responsible for locating, reading, and abiding by the University Policy on Academic Integrity for Undergraduate and Graduate Students. The policy is available on-line at http://cat.rutgers.edu/integrity/policy.html

Recommendations: Requests for recommendations must be made in writing after completion of the course.

Communication:

1. NETID Needed

Rutgers uses the Sakai system. In order to use this system, you must have a NETID and PW. A NETID is an account on one of the main systems at Rutgers (Pegasus, Eden, Andromeda or RCI).

- If you have a NETID, you can currently ensure that you will be able to login to the system.
- If you do not have a NETID, please use the following page to attain one: http://netid.rutgers.edu/
- **If you have any problems**, please contact your local RUCS Help Desk. You can reach them at help@nbcs.rutgers.edu or 732-445-Help

2. Sakai

To facilitate class learning, please access and print course documents needed for class from the course management system known as Sakai. Course documents are posted in folders under Resources.

Quick Start for Sakai:

https://sakai.rutgers.edu/access/content/public/quickmember.html

Sakai website:

http://sakai.rutgers.edu/portal

If you do not see this course listed, then the site in likely in the "More" dropdown box to the right of your tabs. You can rearrange the order of your sites or hide sites from previous semesters by using the Preference tool in My Workspace and clicking on the "Customize Tabs" action button.

Student E-Mail and Phone Numbers:

a. A student can forward mail from his/her Eden/Pegasus address to a preferred e-mail address. Go to http://www.eden.rutgers.edu/tools.php and click on forwarding. Enter your NetID and PW. Then fill in your preferred e-mail address.

<u>Cautions</u>: Hotmail has problems with e-mails with attachments. Also, some corporations spam e-mails with attachments.

- If you have any problems, please contact your local RUCS helpdesk at help@nbcs.rutgers.edu
- b. Students, also, have the responsibility to then inform the professor of any changes to their phone numbers (day and evening). Please use "37:575:250:02" in the Subject section to avoid being spammed. *Please sign your full name in all e-mail correspondence.*
- c. Please check your e-mail regularly, especially on the day of class, to learn if there are any changes in the class schedule, class requirements, or for other general announcements.

Study Groups: Forming study groups will facilitate learning by keeping you focused, involved, and current in the course. In this type of course, Student who have formed study groups tend to do better then students who work alone. They have a better understanding of the material, can talk it over and catch mistakes that each person makes. I highly encourage you to form your own study group.

Classroom Etiquette: Common courtesy is expected at all times.

Parking Impacts: Special events may impact parking.

University/Campus Closings: 732-932-INFO (New Brunswick); http://campusstatus.rutgers.edu

Special Needs – Rutgers, the State University of New Jersey abides by the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments (ADAA) of 2008, and Sections 504 and 508 which mandate reasonable accommodations be provided for qualified students with disabilities and accessibility of online information. If you have a disability and may require some type of instructional accommodation, please contact me early in the semester so that I can provide or facilitate in providing accommodations you may need. If you have not already done so, you will need to register with the Office of Disability Services, the designated office on campus to provide services for students with disabilities. The Office of Disability Services is located in the Kreeger Learning Center, 151 College Ave, 732-932-2848. I look forward to talking with you soon to learn how I may be helpful in enhancing your academic success in this course.

Assessments: This class is hands-on and features assessment of projects and assignments, rather than a lecture course that uses exams to assess learning. Course assessment is calculated as a weighted average of the following projects.

Grading: Assessment:

Posting of Grades, http://www.acs.rutgers.edu/grades

Assessment Policy:

Letter	Scores Based on Course
Grade	Components
Α	90-100
B+	85-89
В	80-84
C+	75-79
С	70-74
D	60-69
F	< 60

Note: The thresholds for final letter grades will be re-scaled if a conventional standard seems unreasonable.

GRADING COMPONENTS

1) In class quizzes = 5%

- There will be a short 10 minute quiz given every 4 weeks in the middle of class, usually after a break.
- Quizzes will be taken from class material that has been covered.

2) Assignments = 40%

- All homework assignments are to be handed in via Sakai, using the
 <u>Assignments tab</u>. Do not put it in the Drop box, it will not be accepted and I
 will not look for it there.
- If you chose to do the assignment by hand...Hardcopies can be handed in, but must be handed IN CLASS by the due date.
- Penalty: 10% for every assignment is submitted late, with a <u>max of one</u> week.
- Submissions must be complete; no partial assignments can be submitted, they will not be accepted.
- Cheating or copying from another student's answers will result in a ZERO for both involved.
- Working or studying together does not constitute as cheating as long as all work is original and not duplicated, where assignments indicate. All names of group members or who you worked with <u>must</u> be added to the assignment and a note explaining the division of work or how the task was performed.
- Uploading or downloading course answers/materials/etc... or someone else's work from previous semesters is Plagiarism and considered cheating. Resulting in a Zero.

3) Participation and Attendance =5%

NOTE: Active participation is critical. This is PERSONAL finance; it involves a person being present and actively involved in the discussions.

- Cell phones, Texting, blogging, Twitter, Tumblr, Flickr, Facebook, Google+, etc... are not permitted. All devices must be turned off at the beginning of class. In case of emergency, please leave the room to make or take a call.
- A 5 minute presentation will be made each week by a group of students on a

topic relating to Finance.

Participation in exercises and discussions are highly valued.

NOTE: There will be many in class assignments and group exercises. Group assignments are to be done in class and handed in, with *all work shown or* <u>no</u> <u>credit</u> will be given (e.g. formulas used or rational explanation...In other words, what did you do to get that answer?). Group assignment answers can be the same. You <u>must</u> include your group member's names on your paper or points will be taken off for the entire group.

4) Guest speaker summary = 10%

There will be guest speakers throughout the semester. Your attention is crucial. You will have a chance to ask questions and network. No cell phones, laptops or texting. It is considered extremely rude.

Note: A summary is due for each guest speaker. It must demonstrate listening skills and what you learned from them. (e.g. what did you learn from the guest speaker that you did not know before? Who are they, what do they do? What was interesting or not? Did it help you in anyway? What might you also want to know?) It can be <u>2</u> <u>paragraphs maximum</u>. Summary must be handed in that same day of speaker's appearance.

5) PROJECTS=15%

 There will be various projects assigned throughout the semester, some of which may be group presentations, online trivia, etc...

6) Personal Financial Plan= 25%

Students are expected to develop their own Personal Financial Plan throughout the semester. This will be ongoing and highly individual to each person.

Assignments Overview

NOTE: All Assignments and projects as well as their related documents can be found under the <u>Assignment Tabs</u> in Sakai.

Assignment #	Components (Note: Please go to Sakai, under Resources, for the Assignments for	Target	Weight
	the Excel document delineating the specifics of these assignments.)	Due Date	(%)
Assignment 1	 Selected Homework Problems, Chapters 3, 4, & 5 Case Studies Out of Pocket project 	February 13	13.3%
Assignment 2	1) Selected Homework Problems, Chapters 6, 7, & 92) Case Studies	March 13	13.3%
Assignment 3	Selected Homework Problems, Case Studies	April 10	13.3%
Final Deliverable	1) Personal Financial Plan	May 1st	25%
Total	For any non-working websites, please first check Yahoo and/or Google as alternatives. Otherwise, please e-mail me.		

In-Class Projects: Ethical Dilemma, films, etc.

U	ects: Ethical Dilemma, films, etc.
Target	Proposed Chapter Series
Week	Notes: Guest lecturers may result in modifications to the schedule. As a COURTESY to our guest lectures, please turn off all laptops and communication devices.
#1 January 23rd	Syallabus, Course expectations, layout
	Chapter 1 (Overview of a Financial Plan); Excel
	Components and Developing a Financial Plan
	 Excel spreadsheets, graphics and financial applications
	Pre-Assessment of Financial Literacy
	goal setting (short-term, intermediate-term, and long-term
	<u>In class:</u>
	Bucket List PER Project Minimum Programmer
"0	PFP Project: Vision Board project
#2 January 30 th	Chapter 2 (Planning with Personal Financial Statements); and 4 (Using Tax Concepts for Planning)
	Factors that affect cash flows; creating a budget,
	Discussion of tradeoffs regarding: What's it worth to reduce my spending and understanding the
	Latte Factor Introduce Out of Pocket tracking project
	Savings Plan, Cash inflow/Cash outflow, Balance Statements
	Pick Group members and dates of presentations
#3	
February	Chapters 3 (Applying Time Value Concepts)
6th	Future and present value of a single dollar amount
	Future and present value of an annuity
	To be a millionaire, how long would it take with different rates of savings and rates of return, etc.
	Research Project: Bank comparison of your area. Go to Sakai→Forum tab-→Follow instructions
#4 February 13th	Chapters 5 (Banking and Interest Rates) and 6 (Managing Your Money) Types of financial institutions and their banking services; Interest rates; Money market investments and their risk How to choose a bank, with given minimum deposits, balances, monthly fees, check-writing charges? How do you evaluate choosing between two CDs? How much do you need to save to purchase a car?
	How should you plan to purchase a condo?
	Assignment 1 Due - All course projects must be posted on the Sakai by 11:59:59 PM. Paper copies are to be submitted in class. Late submissions must be emailed to me afterwards
#5	Chapters 7 (Assessing and Securing Your Credit) and 8 (Managing Your Credit)
February 19th	Credit cards; dealing with credit debt Evaluate your preparedness to defend against identify theft
19111	Identity theft Assessment Project
	monthly their Assessment i Tojeet
#6	Chapters 9 (Personal Loans) and 10 (Purchasing and Financing a Home)
February	Evaluation of personal loans, auto loans and 30-year mortgages
27th	Evaluate what you can afford to borrow to finance the purchase of a home
	Valuation of a home How much can I borrow?
	Parata Project
	Pareto Project Annual Report project
#7 March 6th	Chapters 11 (Auto and Homeowner's Insurance) and 12 (Health and Disability Insurance)
March 6th	Managing risk; factors that affect auto insurance premiums; homeowner's and renter's insurance

	What insurance should I have?
"0	
#8 March 13th	Chapters 13 (Life Insurance) and 14 (Investing Fundamentals) Types of life insurance and determining the amount of life insurance needed Types of investments; tradeoffs between return and risk How much life insurance do I need?
	How do my investment decisions impact my wealth?
	Assignment 2 Due - All course projects must be posted on the Sakai (Assignment tab) by 11:59:59 PM.
	Paper copies are to be submitted in class.
#9	
March 20th	Spring Break. We have no class. ©
#10	Chapters 17 (Investing in Mutual Funds)
March 27 th	
#11	Chapter 18 (Asset Allocation)
April 3rd	How diversification reduces risk; strategies for diversifying; asset allocation strategies; factors that affect your asset allocation decision
	Is my asset allocation conservative, moderate or aggressive?
#12	Chapters 15 (Investing in Stocks) and 16 (Investing in Bonds) Analyzing the firm's annual report; industry analysis of stocks; stock valuation (Price-earnings
April 10th	method and price-revenue method)
	Stock Exchanges; purchasing or selling stocks; buying stock on margin and assessing performance of stock investments
	What stocks meet my criteria? How do I compare and contrast them?
	How do I assess analysts' comments and earnings estimates? Types of bonds; valuing a bond; risk from investing in bonds; bond investment strategies
	Type of mutual funds; return and risk of a mutual fund
	How do the purchase of bonds impact my protecting of assets and income, as well as my retirement? How do I select mutual funds that best meet my individual financial goals?
	Assignment 3 Due - All course projects must be posted on the Sakai, upload into Assignment
	Tab, by 11:59:59 PM. Paper copies are to be submitted in class.
#13	Chapter 19 (Retirement Planning)
April 17th	Social Security; employer-sponsored retirement plans (defined-benefit and defined-contribution plans) Retirement plans offered by employers; Keogh Plan, SEP, IRAs, etc.
	How do my savings decisions and what types of plan(s) contribute to impact my retirement?
	Life Expectancy Project and Retirement Calculator
#14	Chapter 20 (Estate Planning)
April 24th	Purpose of a will; estate taxes; trust, gifts, and contributions What key events and changes in my assets impact the review and change of my will?
r =	Financial Literacy Assessment
15 May 1 at	Chapter 21 (Integrating the Components of a Financial Plan)
May 1st	Budgeting, managing liquidity; personal financing; protecting your assets and income; managing investments; retirement planning; maintaining your financial documents
	How can I further improve my financial health?
	PERSONAL FINANCIAL PLAN DUE By 7pm