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Fall 9-2015

### **BFIN 205S.01: Personal Financial Planning and Investments**

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## **BFIN 205**

# **Personal Financial Planning & Investments**

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Syllabus is subject to change and is superceded by any subsequent announcements. Instructor may make changes discussed in class. Not all adaptations or changes will be changed in this document.

Semester: Autumn 2015  
Section: 01  
MW 8:10 GBB 119  
Instructor: Donald Gaumer

Office: GBB 338  
Office Phone: 243-6618 (not often answered)  
Email: don.gaumer@business.umt.edu

Office Hrs: Monday & Wednesday 9:30-11:00 other times available by appointment.

In order to insure that you get credit for being in class and contributing to discussions I need to know who you are and if you are in class. It is very important that you execute the requests listed below. Your photo will make sure I correctly recognize you as the "one of three Sams in the class" that actually participated! The IClicker is the attendance mechanism and we will start each class with a discussion based on a Wall Street Journal article of interest to a student who will be randomly selected at the beginning of each class. So please:

### **No later than September 7, 2015**

- Photo: Post a head and shoulders photo on Moodle.
- Have IClicker in hand and registered.
- Have your subscription to the Wall Street Journal.

I will not accept excuses. Failure to have these requests completed will reduce your homework grade component by one grade for each missing element. Example: miss all three and three of your homework scores will be recoded as a grade of zero.

### **Course Overview:**

This course deals with personal financial planning, insurance and investments. The course will focus on a variety of personal finance topics. The goal of this course is to provide you with knowledge that will help manage your personal finances. Upon completing this course, a student will be able to:

- Identify social and economic influences on personal financial goals and decisions. Develop personal financial goals. Assess personal and financial opportunity costs associated with financial decisions. Implement a plan for making personal financial and career decisions.
- Identify the main components of wise money management. Create a personal balance sheet and cash flow statement. Develop and implement a personal budget.

- Identify the major taxes we pay. Calculate taxable income. Prepare a federal income tax return. Select appropriate tax strategies.
- Identify commonly used financial services. Compare the types of financial institutions. Assess various types of saving plans. Evaluate different types of payment methods
- Analyze advantages and disadvantages of using consumer credit. Assess the types and sources of consumer credit. Determine whether you can afford a loan and how to apply for credit. Determine the cost of credit by calculating interest using various interest formulas. Develop a plan to protect your credit and manage your debts.
- Identify strategies for effective consumer buying. Implement a process for making consumer purchases. Describe steps to take to resolve consumer problems. Evaluate legal alternatives available to consumers.
- Assess costs and benefits of renting. Implement the home-buying process. Determine costs associated with purchasing a home. Develop a strategy for selling a home.
- Identify types of risks and risk management methods and develop a risk management plan. Assess the insurance coverage and policy types available to homeowners and renters. Analyze the factors that influence the amount of coverage and cost of home insurance. Identify the important types of automobile insurance coverage. Evaluate factors that affect the cost of automobile insurance.
- Recognize the importance of health insurance in financial planning. Analyze the costs and benefits of various types of health insurance coverage as well as major provisions in health insurance policy. Assess the trade-offs of different health insurance plans. Evaluate the differences among health care plans offered by private companies and by the government. Explain the importance of disability income insurance in financial planning and identify its sources. Explain why the costs of health insurance and health care have been increasing.
- Define life insurance and determine life insurance needs. Distinguish between the types of life insurance companies and analyze various life insurance policies these companies issue. Select important provisions in life insurance contracts and create a plan to buy life insurance. Recognize how annuities provide financial security.
- Explain why you should establish an investment program. Describe how safety, risk, income, growth, and liquidity affect your investment program. Identify the factors that can reduce investment risk. Understand why investors purchase government bonds. Recognize why investors purchase corporate bonds. Evaluate bonds when making an investment.
- Identify the most important features of common and preferred stock. Explain how you can evaluate stock investments. Analyze the numerical measures that cause a stock to increase or decrease in value. Describe how stocks are bought and sold. Explain the trading techniques used by long-term investors and short-term speculators.

- Describe the characteristics of mutual fund investments. Classify mutual funds by investment objective. Evaluate mutual funds. Describe how and why mutual funds are bought and sold.
- Analyze your current assets and liabilities for retirement and estimate your retirement living costs. Determine your planned retirement income and develop a balanced budget based on your retirement income. Analyze the personal and legal aspects of estate planning. Distinguish among various types of wills and trusts.

### **Text Book:**

Jack R Kapoor, Les R. Dlabay, and Robert J Hughes, Personal Finance, 11<sup>TH</sup> Edition, McGraw-Hill 2014. . This book comes with Connect Plus at the book store and costs \$225.00, it is about \$200 new and \$100 used on Amazon. Some sites list Used copies from \$40-\$80. If you buy a used book you can purchase Connect Plus online from McGraw-Hill at the course web site. You may also purchase an e-version of the book along with Connect Plus at the Connect web site.

Connect Link: <http://connect.mheducation.com/class/d-gaumer-copy-of-spring-2015-sec-01-1>

### **The Wall Street Journal:**

All students are required to subscribe to Wall Street Journal, besides covering the world of business the WSJ contains a wealth of information dealing with personal finance. There are articles concerning credit use, home buying, retirement planning, and student loans just to name some of the information available.

To purchase the WSJ you may purchase a module at the bookstore, Purchase the first day in class or visit [www.wsj.com/impress](http://www.wsj.com/impress) (1 and 2-year options) or [www.wsj.com/studentoffer](http://www.wsj.com/studentoffer) (15-week option) to start your subscription

### **Your subscription must be secured by September 7, 2015**

Professors are provided a list of their WSJ student subscribers. To be on that list, make sure to follow these instructions when activating your online subscription:

Under School Information use the following:

First 3 digits of the school zip code – 598

School Name – click on UNIVERSITY OF MONTANA

Referring Professor – click on GAUMER, DON

Upon activation you will have immediate access to WSJ.com. Your print paper will begin in 3-5 days after you complete the activation and will be delivered to the address you list on the activation form.

**Each class will begin with a discussion of current events. Each day a student will be called upon to start a topic of discussion related to their reading.**

## **Evaluation:**

### A. Chapter Quizzes

Quizzes will focus on the computational and conceptual material in each chapter.

1. Each chapter quiz has up to 10 questions.
2. **While taking each chapter quiz, you may use your textbook and notes but you may not do it with the help of anyone else.**
3. There is no time limit for taking a quiz and quizzes may be taken as many times as you like up to the due date for the best grade.
4. Chapter quizzes count for 25 percent of your final grade.
5. All quizzes will be taken on the Course's Connect site

### B. Unit Exams

Unit exams will focus on both the computational material presented in each chapter along with terms and concepts. Do not start the exam until you are ready to take it. **Just opening the exam will count as your one and only try.**

1. There are four unit exams.
2. Unit exams follow Chapter 5, Chapter 10, Chapter 15, and Chapter 19.
3. Each unit exam has 50 questions.
4. While taking each unit exam, you may use your textbook and notes.
5. **Once you start a unit exam, you must answer all 50 questions within a 90-minute time period. If you submit the exam for grading before answering all 50 questions, the computer will grade the exam. You will not be allowed to restart the chapter exam and you must be complete by 11:59 PM the cut off time for each exam (see due dates below). Feedback for each exam will be available one day after the due date.**
6. The 4 exams count for 60 percent of your final grade.
7. For now, all exams are scheduled to be taken on the Course's Connect site

C. The remainder of your course grade (15 percent) will consist of Iclicker attendance,

Material covered in homework and exams will be drawn from lecture as well as the chapters in the book. Students have occasionally noted that not all exam or homework questions are covered in lecture. That is true. You are expected to read the book and attend lectures.

### **Iclicker:**

You are the key to your success in this class. In effort to have a more engaged classroom, we will be utilizing Iclicker technology in class. The Iclicker will be used in class to define attendance. I will ask you to log in with your Iclicker at randomly established times on many but not all days. Iclicker is the only means of documenting attendance. You must click in during the call for attendance. 100 percent attendance is defined as having responded via Iclicker at every request during the semester. If you don't click in on any given day then your iclicker grade is zero for that day.

Your IClicker grade will be weighted as 15% of your final grade. **IClicker grading will start on the second week of class!**

**Do not submit answers for anyone else using his/her IClicker. This is cheating and will be dealt with as so! A seating chart will be used in class to monitor actual attendance with IClicker results!**

**This component of grading has historically made a one half to full grade difference in a students final grade.**

### **Grading:**

To summarize, the percentage of your final grade is as follows:

Quizzes: 25% of grade  
Tests: 60% of grade  
Attendance (Iclicker): 15% of grade

$A \geq 93.5$	$77 \leq C+ < 80$
$90 \leq A- < 93.5$	$73 \leq C < 77$
$87 \leq B+ < 90$	$70 \leq C- < 73$
$83 \leq B < 87$	$60 \leq D < 70$
$80 \leq B- < 83$	$F < 60$

### **School of Business Administration/Mission Statement**

The University of Montana's School of Business Administration is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted the following learning goals for our undergraduate students:

- Learning Goal 1: SoBA graduates will possess fundamental business knowledge.
- Learning Goal 2: SoBA graduates will be able to integrate business knowledge.
- Learning Goal 3: SoBA graduates will be effective communicators.
- Learning Goal 4: SoBA graduates will possess problem solving skills.
- Learning Goal 5: SoBA graduates will have an ethical awareness.
- Learning Goal 6: SoBA graduates will be proficient users of technology.
- Learning Goal 7: SoBA graduates will understand the global business environment in which they operate.

In addition, the Department of Accounting and Finance prepares ethically aware decision makers with effective analytical and qualitative business knowledge and skills to become professionals in their respective fields. We commit to high quality teaching and applying scholarship to professional practice and theory.

### **Students with disabilities**

"Students with disabilities may request reasonable modifications by contacting me. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students (DSS).

"Reasonable" means the University permits no fundamental alterations of academic standards or retroactive modifications. For more information, please consult [www.umt.edu/disability](http://www.umt.edu/disability)."