BUS300: PERSONAL FINANCE

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Fall, 2010

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COURSE OUTLINE

DESCRIPTION

Have you ever heard of a sports or music star who made millions of dollars a year during his professional life, only to face retirement with nothing? Too many people think that sound personal financial management is not something they will ever have to deal with—after all, there are always accountants to take care of “that stuff.” Unfortunately for the ignorant, “that stuff” is critical to functioning in today’s society. Even if you do hire professionals to manage your money, you still must provide the guidance and informed oversight that will protect your own financial health.

This class is designed to introduce you to the types of financial challenges you will face over your lifetime and to give you sufficient ammunition to conquer those challenges effectively. We will meet these objectives by concentrating on the following topics:

$ the time value of money  
$ the management of credit  
$ the evaluation of mortgages  
$ the financial markets and the securities which inhabit them  
$ insurance: life, health, property  
$ basic tax planning  
$ retirement planning

However, the approaches we use to handle these topics will allow you to understand many other aspects of the financial marketplace. You should leave here being able to critically analyze the constantly changing financial world and to make sound judgments ensuring your comfortable place in it.

This course requires some math and a lot of effort. The harder we make the work in class, the easier the tough decisions will be when you face them in real life. To make this class effective, you must be committed to doing the work. You have been warned!
MATERIALS

TEXT

PRIMERS
For most topics, you will receive a “primer.” This is a set of notes that I have compiled to accompany the topic. You don’t need to print the primers—some are quite long.

Most primers contain relevant resources, plus example homework problems, with answers. Use the primers in whatever way is most effective for you: read them in advance of our classroom discussion (if you don’t mind waiting for clarification of primer contents), or read them afterward to solidify your understanding (if you don’t mind being exposed to new material in class). These primers are your main textbook for the course, so use them to support your learning style. Just don’t forget to use them to help you with your homework!

The primers can’t help you if you don’t read them. I expect you to read the primers—that’s why I wrote them! If you have questions about the material in the primers, please ask.

HANDOUTS TO ACCOMPANY PRIMERS
For each primer, there may be an associated handout. This is material that may be difficult to package in electronic form; hence, it is instead presented as a handout. Treat this material as addenda to your primers. I will attempt to keep such material to a minimum.

Having trouble keeping up with the handouts associated with the primers? Think we have a lot of course materials?

GET A BINDER

CALCULATOR
You need a calculator that can handle exponents (i.e., that has a “y^x”-type key). If you think you may wish to take more finance courses, get a financial calculator. You do not need a financial calculator for this course.
ADDITIONAL ISSUES

COMMUNICATION: I will be e-mailing you frequently. Your homework and primers will be e-mailed. I will be sending you information about the next day’s class; I will be sending you articles; I will be asking you questions. **PLEASE CHECK YOUR E-MAIL EVERY DAY.**

COMPUTERS IN THE CLASSROOM: …are not allowed. No electronic devices that allow your access to the internet are allowed in the classroom.

COURSE REQUIREMENTS

QUIZZES: We will be having **quizzes every Friday.** These quizzes will cover the material for the week, as well as any previous material. Quizzes are closed-book, closed-note.

I also reserve the right to give any number of **unannounced quizzes** during the semester. These quizzes may count as extra credit, or they may count as homework. The number of quizzes will be negatively related to the class’s level of preparation and participation.

TAX PROJECT: You will be doing someone’s taxes! This will be done in groups of two. You will be required to get all necessary forms, instructions, and publications for this project. Look for these are [www.irs.gov](http://www.irs.gov). This project can be quite time-consuming, so you are encouraged to get started as soon as we start the tax section of the class.

There is an opportunity for you to parlay your tax project into an internship and a chance to help people in our community. Four Horsemen Investments (4HI: [http://www.4hinvestments.org/#](http://www.4hinvestments.org/#)) offers an internship that will train you to do taxes and to participate in the IRS’s Volunteer Income Tax Assistance Program (VITA: [http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers](http://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers)). In the fall, you will train to become certified by the IRS. A lot of this training can come from our in-class sessions; the rest will be based on your independent study and/or on group meetings. In the spring, you will donate at least 20 hours to tax preparation at VITA. You can find the internship posting here: [https://nic-csm.symplicity.com/](https://nic-csm.symplicity.com/) and also posted on the finance section of the bulletin board outside of Mc107.
PERSONAL FINANCE PROJECT: Each student will prepare a personal finance project on a topic of her choice. (If the magnitude of the project warrants it, you may choose to do your project in a group of two.) This project is meant to give you an opportunity to explore a topic of special interest to you. After your research is complete, you will prepare a report for me, then share your knowledge with your colleagues through a brief (10-15 minute) presentation.

You must prepare a written proposal of your project. These will be due at least two weeks before your presentation. I will then schedule a time to meet with you to flesh out your proposal, if necessary.

Some ideas—just ideas, now...you’re free to come up with whatever is of interest!—include:

- recording and summarizing all of your transactions for a week, then making recommendations for adjusting your behavior (if necessary) to meet your own goals
- evaluating competing credit card offers
- researching a (relatively complex) tax question
- evaluating employment benefits choices, including 401(k) opportunities
- evaluating mortgage refinancing options
- researching automobile insurance
- researching low-downpayment mortgage opportunities
- researching automobile purchase/lease options
- reviewing a popular personal finance book
- learning how to set up and manage your accounts on a personal finance website such as Mint

Some of the most interesting past projects have been the most personally useful to their authors. For example, we’ve had topics like:

- how to managing wedding costs
- how to buy an engagement ring
- how to set up accounts for a special-needs child
- how to manage a trust fund
- how to handle currency issues when traveling abroad
- how to help someone who hasn’t filed federal taxes for many years

Please try to make this project as personally meaningful as possible. (You may certainly disguise whatever details that you wish, of course.) The more you accept this as an opportunity to really straighten out something in your financial life, the more valuable the project will be to you—and the more educational your presentation will be for the rest of us.

We can have up to two presentations per day. Sign-ups are first come-first served. Don’t wait until the last minute! **You must choose your date by the end of September.**
COURSE REQUIREMENTS, continued

HOMEWORK: There will be homework assignments required throughout the semester. Homework will be e-mailed or handed out in class. Different assignments will have different preparation times and point totals; some will be due the class period following their distribution, and some will be due later. The exact number of assignments will vary according to my interpretation of your degree of comfort with the material. Some of these homework assignments may be old quiz questions, so that you can get an idea of what the quizzes are like.

Homework is due at the end of class on the due date. NO LATE HOMEWORK ASSIGNMENTS WILL BE ACCEPTED. I will be handing out homework answers on the same day that the assignments are due, and I obviously cannot accept homework handed in after answers have been given out.

You may work with others in developing answers to homework problems, but you must write up your assignments yourself. Any suggestion of scholastic dishonesty will result in a NONDROPPABLE grade of 0 for that assignment for both the author of the original and the copy.

One of the homework assignments will require you to obtain a copy of your credit report. This may take a while—so get started early. The place to begin is annualcreditreport.com. (Do NOT go to freecreditreport.com, the place that advertises on TV!)

Another homework will be a two-hour continuing professional education (CPE) requirement. One way to meet this requirement is to attend one Institute of Managerial Accountants (IMA) meeting in downtown Tacoma. The fall meetings are on Wednesdays: 9/18 (topic: networking; sign up here: http://www.brownpapertickets.com/event/447992), 10/16, and 11/20. You can also attend two Four Horsemen Investments’ speaker presentations, held on campus (details TBA).

PARTICIPATION: Class participation is critical! We are in the happy situation of being involved in an elective here. That means you CHOSE this class. That puts special demands on each of us.

I see my mandate as ensuring that the class is what you want—you chose this for a reason, and I want you to get what you came for. Since this is not a required part of your academic training, and since I will assume that you are taking other classes that are, I will attempt to concentrate most of our activities during class time. Of course, making class as productive as possible will require you to come prepared. I see your contribution to this exercise as first defining, to the extent possible, the content of the course, and then being prepared to follow through with learning what you said you wanted to learn. Hence the participation grade.

Your participation score will reflect my assessment of your attendance, your contributions to class discussions, and your overall positive demeanor during class.
GRADING

Course grades will be determined as follows:

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<tr>
<td>QUIZZES</td>
<td>20</td>
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<tr>
<td>PERSONAL FINANCE PROJECT</td>
<td>15</td>
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<td>TAX PROJECT</td>
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<td>HOMEWORK</td>
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<td>PARTICIPATION</td>
<td>20</td>
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SCHEDULING

We won’t attempt to stick to a predetermined schedule. Being flexible will allow us more time to work through issues as they arise and to accommodate any guest speakers. However, I will let you know well in advance what to expect for the week.

In that spirit, for the first week, we’ll be considering cash management.

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NO CLASS ON

**WEDNESDAY & FRIDAY, SEPTEMBER 4 & 6 (L.L. out of town at conference),**  
**MONDAY, OCTOBER 21 (fall break),**  
and **WEDNESDAY & FRIDAY, NOVEMBER 27 & 29 (Thanksgiving holiday).**

Since I have to miss the first two days of class, I will be sending you several homework assignments before school begins so that you have the opportunity to use your time off effectively. (You would have had these assignments anyway. This way, you can get them out of the way early.)

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YOUR INPUT HERE:

Help create the course! We’ll cover what you’re interested in. To help determine what that is, please rank the following topics according to their importance for you. (See next page.) Feel free to add any other topics you’re interested in.

**PLEASE E-MAIL ME YOUR COMPLETED RANKING BY FRIDAY, 9/6.**

RANKING SCHEME:

1 = ESSENTIAL! (Put “1” for **ALL** topics you consider critical.)
2 = PRETTY DARN CRITICAL! (Put “2” for **ALL** topics you consider of 2nd-tier importance.)

and so on…
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<thead>
<tr>
<th>Topic</th>
<th>Rank #</th>
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<tr>
<td>Taxes</td>
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<td>Mortgages</td>
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<td>Credit cards</td>
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<td>Cash management</td>
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<td>Health insurance</td>
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<td>Personal property insurance (house, car)</td>
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<td>Mutual funds</td>
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<td>Estate planning</td>
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<tr>
<td>Stocks and bonds</td>
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<td>Cars</td>
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<tr>
<td>Retirement planning (IRAs, 401(k)s, etc.)</td>
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<tr>
<td>Personal finance software (like Quicken)</td>
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<tr>
<td>Disability insurance</td>
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Other (please list your choices):
FROM THE UNIVERSITY:

*Classroom Emergency Response Guidance:*

Please review university emergency preparedness and response procedures posted at www.pugetsound.edu/emergency/. There is a link on the university home page. Familiarize yourself with hall exit doors and the designated gathering area for your class and laboratory buildings.

If building evacuation becomes necessary (e.g. earthquake), meet your instructor at the designated gathering area so she/he can account for your presence. Then wait for further instructions. Do not return to the building or classroom until advised by a university emergency response representative.

If confronted by an act of violence, be prepared to make quick decisions to protect your safety. Flee the area by running away from the source of danger if you can safely do so. If this is not possible, shelter in place by securing classroom or lab doors and windows, closing blinds, and turning off room lights. Lie on the floor out of sight and away from windows and doors. Place cell phones or pagers on vibrate so that you can receive messages quietly. Wait for further instructions.

*Office of Accessibility and Accommodations:*

If you have a physical, psychological, medical or learning disability that may impact your course work, please contact Peggy Perno, Director of the Office of Accessibility and Accommodations, 105 Howarth, 253.879.3395. She will determine with you what accommodations are necessary and appropriate. All information and documentation is confidential.