Business F260
Personal Finance

a learning guide
(3 credit hours)

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Introduction

Business F260

Personal Finance

Overview

The term Personal Finance seems unassuming, so it is often underestimated. Many people—students and faculty alike—have inquired about the contents of this course. Some of their comments suggest that such matters should be common sense. They often conclude that the course must appeal only to people in financial distress. Other comments suggest that it must be incredibly boring to teach a class whose concepts are static.

However, personal finance is always changing. To maintain financial aptitude, you must:

— develop a knowledge base;

— be determined to apply appropriate tools;

— keep abreast of current situations; and

— continue reevaluating your progress toward self-identified goals.

Thus the practical applications of this course are countless and invaluable. Anyone and everyone can benefit from this course.

Prerequisites

The course has no prerequisites. It is designed to suit people in several situations, for example:

— those in good financial standing who want to develop a sound financial life plan;

— those now confronting financial distress: or

— those seeking to improve investment portfolios.

The Required Textbook

Kapoor, Dlabay, and Hughes. *Personal Finance*, 7th ed. 2004

This textbook is both introductory and comprehensive. Its clear, accessible presentation of essential information shouldn't overwhelm even the novice—nor will it bore those with some experience of the material.

Supplementary Material

Many lessons include references to websites or other useful resources. The course doesn't require Internet access. But if you have it, these websites will help you progress toward fiscal intelligence and financial independence.

Here's the simplest, best advice I can offer: *stay aware of current events*. For example, we now see interesting global effects of trends in the American economy. Financial experts warned of difficulties long before the recent financial downturns.

Naturally, you'll also fare better in trying times with a sound financial plan. This means periodically reevaluating your status respecting current financial conditions.

Course Objectives and Content

The course's general objectives include teaching you how to:

— plan and manage your financial future;

— make informed buying decisions;

— insure your resources; and

— invest wisely.

You’ll complete six lessons and two exams. Here is a general description of each lesson and exam.

Lesson 1: Textbook chapters 1–4

This lesson introduces you to the fundamentals of personal finance. You’ll learn standardized steps for approaching the financial process; develop a record keeping system to better organize your personal finances; set your own financial goals; and create a budget that will help you reach these personalized goals.

Lesson 2: Textbook Chapters 5–7

Here you’ll be introduced to the myriad of financial institutions and their services. You’ll study various methods of comparison, especially for the many advantages and disadvantages of credit services. By becoming aware of these alternatives, you’ll broaden your options. Thus you’ll find those more suitable to your needs from both a monetary cost perspective and an opportunity cost perspective.

Lesson 3: Textbook Chapters 8–9

This lesson introduces an area of finance most likely to spur financial difficulties: buying goods and services. You’ll learn how to develop strategies for approaching both large and small purchases, critically evaluate your needs and wants, and determine suitable buying methods. This knowledge will help you avoid financial difficulties.

Lesson 4: The Midterm Exam

The exam covers textbook chapters 1–9. Lesson 4 gives instructions for applying for the exam, plus hints for studying for it.

Lesson 5: Chapters 10–12

This lesson introduces concepts related to insurance. It discusses types of insurance, choosing an insurance provider, assessing insurance needs, and tax considerations in life insurance coverage. Particularly relevant to many students is the information on insurance coverage limitations. Whatever your interests, this lesson gives you the fundamentals of insurance, which may offer some protection against the tragedy of misinformation.

Lesson 6: Chapters 13–17

A key to your financial well-being is investment. This lesson introduces you to a process for evaluating your own investment needs. First you’ll learn how to establish reasonable investment goals, which depend on your own risk tolerance. Then you’ll study the myriad of investment options. Using this lesson’s tools, you should be able to better assess your investment deficits and the suitability of certain types of investments for your investment needs.

Lesson 7: Chapters 18–19

This lesson should help you create some realistic retirement and estate expectations. You'll examine your options, consider suggestions, and heed cautions about unrealistic plans. Retirement and estate planning are crucial to a well-balanced financial plan.

Some students may find this lesson distasteful and undesirable. A common strategy for alleviating cognitive stress, the discomfort of thinking about unpleasant things, is avoidance. Ignoring this issue has caused the underfunding of many retirees, the overtaxation of many estates, and the overburdening of many beneficiaries. Simply put, avoiding these issues won't make them go away or become less distasteful. The best defense is preparing for your future, which this lesson will help you do.

Lesson 8: Final Exam

This exam is not cumulative; it covers only the material from chapters 10–19. Like lesson 4, this one also offers helpful studying hints.

Written Assignments

The Basics

Each lesson ends with questions that cover the lesson's material. You may submit these assignments on typed printouts in clearly printed written text.

Many students find it helpful to answer questions in an outline format whenever possible. Doing so aids your instructor in giving clear feedback for incorrect answers. These outlines also create a clear, useful study tool for reviewing before exams. For example, if you are asked to list the features of XYZ, you might create this kind of outline.

A. Features of X:
   i. first feature
   ii. second feature

B. Features of Y:
   i. first feature

and so on....

For Your Benefit

You'll learn most from this course by assuming the lessons' specific examples pertain to you—even if they don't right now. For example, if asked which type of life insurance you carry and why, you might simply respond with this sentence.

> “I am only 19, and don’t carry insurance.”

Alternatively, you could answer with more information.

> “I’m now 19, and have no pressing financial obligations, no family or descendants to support, and no large outstanding debt. So I don’t now need life insurance. However, in the future I will likely carry whole life coverage for the following reasons.....”

This response demonstrates your comprehension of the lesson’s concepts. It shows you’re prepared to make an informed future decision. The more organized and detailed your answers are, the more your instructor can redirect you or suggest options beneficial to your individual position. In short, answers should always err on the side of maximum detail.

Please note: Your instructor will keep strictly confidential any personal information you volunteer. He/she may use it only to help you in financial planning. However, please do not submit facts such as account numbers, names, or other such personal information.

Exams

The Basics

Each exam contains five equally-weighted questions. The style and some content of these questions resemble those in the lesson written assignments. So in preparing for exams it’s useful to test yourself by answering the lesson questions as if they were on the exam. That is, don’t use the textbook or your notes.

Exam Objectives

The lesson grades bear directly on course grades, but most of the grading weight is assigned to your exam scores. Since the total of both exams is worth 65 percent of your course grade, you’ll want to study carefully for the exams. You should feel well prepared for them if you’ve already adopted the financial planning guides discussed here.

Thus, when you’ve finished the course, you should recall its information at the level of detail you mastered for these exams. After all, when making your next significant financial decision, you won’t have your textbook in hand! To benefit most from this course, you must adopt the concepts you’ve learned and apply them conscientiously.

Grading

Please note that, to be fair to all students, your instructor will not deviate from this grading scheme. So he/she can't consider requests to do so.

Your instructor expects you to demonstrate your overall comprehension of the course materials in both the written assignments and the exams.

Lessons 1–3 and 5–7: 35 percent, equally weighted among these lessons

Midterm: (Lesson 4): 30 percent

Final: (Lesson 8): 35 percent

All written assignments are equally weighted in assessing the overall lesson percentage. These grades total 30 percent of your course grade, so each of the non-exam lessons is worth 5 percent of the total grade.

The following table exemplifies how to calculate grades. If you received the following scores, your grade would be calculated accordingly.

Lesson #	**Your score out of 100 points**	**X**	**Course Allocation**	**=**	**Total Contribution**
1	90	X	.05	=	4.5
2	90	X	.05	=	4.5
3	90	X	.05	=	4.5
4	85	X	.35	=	29.75
5.	95	X	.05	=	4.75
6	95	X	.05	=	4.75
7	95	X	.05	=	4.75
8	90	X	.35	=	31.05

Each lesson grade depends on your answers' competence, completeness, and correctness—when a correct answer is identifiable. The organization and grammatical form of your submissions are also factors in determining your grade. Here's a guide to best procedures.

1. Thoroughly review the lesson before completing the written assignments.

2. Carefully read the questions and answer appropriately.

3. Organize your answers logically and concisely. Write complete sentences that your instructor can easily understand.

4. Respond completely to each question.

Total Course Percentage	**Corresponding Course Grade**
95–100	A
90–94	A–
87–89	B+
84–86	B
80–83	B–
77–79	C+
74–76	C
70–73	C–
67–69	D+
64–66	D
60–63	D–
0–59	F

Using the score of 89 in the above example, your final grade would be a B+.

Plagiarism

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a. quotes another person's actual words, either oral or written;

b. paraphrases another person's words, either oral or written;

c. uses another person's idea, opinion, or theory; or

d. borrows facts, statistics, or other illustrative material, unless the information is common knowledge."

Contacting Your Instructor

With each lesson you are required to submit an assignment cover sheet. Every assignment cover sheet has a space for your questions and comments; you are strongly encouraged to use this space. If problems arise between assignments, you can write to your instructor at the Independent Study Program. Many instructors can be contacted via e-mail or reached by telephone during established office hours. To learn your instructor's e-mail address and/or office hours, please refer to the contact information on the back cover of this learning guide.