

Personal Finance – Scheme and Syllabus

Course Description

This course integrates economics and personal finance concepts to help students of all majors better understand the implications of economic events and make informed financial decisions.

Personal Finance provides the tools necessary for students to gain both economic and financial literacy. The course also provides a set of practical applications to help students understand the complexities of financial decision-making. Students who complete the course will be in a position to compute the monetary value of additional education, evaluate prospective business projects, invest in and value financial securities, and plan for their future.

Evaluation and Grading

Because the course covers many topics and lectures, it's critical that each student come to class well prepared. Each lecture will begin with a short quiz on the previous lecture, rather than having a midterm exam. The problem sets serve as practice and preparation for the quizzes. The last quiz will be administered in Lecture 12. The topics introduced in Lecture 12 will not be tested and will serve as supplementary material. The case study and course summary in Lecture 13 will serve as a review for the course. There will also be in-class discussions regularly.

A project will be required and students will present their work at the end of the course. A final exam will test concepts learned throughout the course.

Final grades will be calculated as follows:

Weekly quizzes	30%
Class participation	10%
Project	20%
Final exam	40%

Quizzes: There will be a total of 11 quizzes. The quizzes will occur during the first 10 minutes of each class and will be based on the previous lecture's material. No makeup quiz will be allowed. Instead, only ten of the eleven quizzes will count toward the final course grade. That is, if students miss or do poorly in a quiz, the score on that quiz is dropped without affecting the overall grade. If students do all quizzes, the lowest quiz grade will be dropped. The resulting ten quiz grades will have equal weight. Because there are weekly quizzes, there is no midterm.

Project: Students are required to apply the personal finance skills they learned in a final project. The project may be an individual case study, financial advice for a target audience, or a plan for workplace financial education, as presented in the project description and examples. Students may choose to work in groups (maximum of three per group) or individually. The project will be presented in class at the end of the course.

Final exam: The final exam covers the material presented in the lectures. Students cannot consult the lecture notes but can bring two sheets (single sided, standard size) to the final exam with anything written on it. Exams must be taken at the scheduled time.

Class participation: Participation will be based on attendance and contributions to class discussion.

Requirements and Reading

No textbook is needed, as all course topics are covered in detail in the lecture slides. However, the course requires a financial calculator. Qualifying calculators include Texas Instruments BA II Plus Financial Calculator, Texas Instruments BA II Plus Professional Financial Calculator, and the HP 10bII+ Financial Calculator. The course material uses the Texas Instruments BA II Plus Financial Calculator for demonstrated examples.

Lecture Schedule

	Topic	Brief Description	Material
1	Course Preview Interest Rates	This lecture previews the topics covered in the course and discusses interest rates, interest compounding, and financial decision-making applications.	Lecture 1 PowerPoint Lecture 1 Problem Set
2	Time Value of Money Financial Calculator Guidelines	This lecture develops the concept of time value of money; it introduces present value (PV), net present value (NPV), and internal rate of return (IRR), along with practical applications. The second part of the lecture, which is optional, explains how to use a financial calculator.	Quiz on Lecture 1 Lecture 2 PowerPoint Lecture 2 Problem Set
3	Consumer Borrowing	This lecture applies previous lecture concepts to analyze common consumer borrowing products; it introduces loan amortization and APR for monthly payment loans.	Quiz on Lecture 2 Lecture 3 PowerPoint Lecture 3 Problem Set
4	Saving and Investing	This lecture introduces common investment products (stocks, bonds, and mutual funds) and uses previous concepts to evaluate these products; it also shows how to save for short- and medium-term financial goals.	Quiz on Lecture 3 Lecture 4 PowerPoint Lecture 4 Problem Set
5	Planning for Retirement	This lecture focuses on planning and saving for retirement.	Quiz on Lecture 4 Lecture 5 PowerPoint Lecture 5 Problem Set

6	Inflation, Purchasing Power, and the Fed	This lecture covers inflation and how it affects an individual's income, wealth, debt, and savings; it also discusses money supply and the role of central banks.	Quiz on Lecture 5 Lecture 6 PowerPoint Lecture 6 Problem Set
7	Mortgage Borrowing	This lecture explains mortgage borrowing and analyzes various mortgage terms (mortgage length, fixed vs. floating rate, and mortgage points).	Quiz on Lecture 6 Lecture 7 PowerPoint Lecture 7 Problem Set
8	Personal Taxes	This lecture discusses and analyzes tax issues related to individuals, including marginal taxation, deductions, and capital gains.	Quiz on Lecture 7 Lecture 8 PowerPoint Lecture 8 Problem Set
9	Basic Probability and Risk vs. Return	This lecture introduces the fundamental concepts in probability theory and builds upon these concepts to explain risk and how to insure against risk; it also examines the trade-off between risk and returns in both theory and practice.	Quiz on Lecture 8 Lecture 9 PowerPoint Lecture 9 Problem Set
10	Risk Diversification	This lecture develops the concept of risk diversification and discusses its role in common financial situations.	Quiz on Lecture 9 Lecture 10 PowerPoint Lecture 10 Problem Set
11	Risk, Leverage, and Retirement Planning	This lecture applies previous lecture concepts to discuss and analyze the risks faced in saving for retirement.	Quiz on Lecture 10 Lecture 11 PowerPoint Lecture 11 Problem Set
12	Biases in Consumer Finance	This lecture explains cognitive, emotional, and other biases that commonly affect consumers' financial decisions.	Quiz on Lecture 11 Lecture 12 PowerPoint
13	Case Study Course Summary	The first part of this lecture is a case study that applies the concepts learned throughout the course; the second part summarizes main takeaways from the course.	Case Study PowerPoint Course Summary PowerPoint
14	Project Presentations	Students present their projects in class.	N/A