



FIN 190 - 3 CREDITS
Personal Finance in a Global Economy

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**Course Prerequisites:**

Courses: None

**Course Description:**

Personal Finance in a Global Economy will examine the role of the consumer in society, and how elements of our social, cultural and political systems lead to healthy and unhealthy financial behaviors. Students will learn how to manage personal finances including:

- the use of credit, savings, insurance, stocks, bonds, and other investment programs;
- analysis of expected outcomes from alternative financial strategies the role of financial institutions,
- determining personal taxes,
- planning for retirement, and estate planning within the context of changes and impacts occurring throughout our global economy. No prior background in business required.

**Liberal Studies Information:**

**Mission of Liberal Studies:**

The mission of the Liberal Studies Program at Northern Arizona University is to prepare students to live responsible, productive, and creative lives as citizens of a dramatically changing world. To accomplish the mission of Liberal Studies, Northern Arizona University provides a program that challenges students to gain a deeper understanding of the natural environment and the world's peoples, to explore the traditions and legacies that have created the dynamics and tensions that shape the world, to examine their potential contributions to society, and thus to better determine their own places in that world. Through the program students acquire a broad range of knowledge and develop essential skills for professional success and life beyond graduation.

**Distribution Block: Social and Political Worlds**

As a course fulfilling the Liberal Studies' Social and Political Worlds Distribution Block, Personal Finance in a Global Economy addresses this requirement by examining how the economy impacts our choices and how our personal decisions, in turn, impact the economy. Many of us have inherited approaches to managing our finances that may not necessarily lead to financial well-being. We will examine the role of the consumer in society, and how elements of our social, cultural and political systems lead to unhealthy financial behaviors; how peer pressure and a desire for immediate satisfaction, when coupled with easy access to money and credit, can lead to spending money we do not have. We will discuss how individual behaviors and personal

decisions have led to the Great Recession, the housing bubble, and how solutions such as TARP funding and quantitative easing impact our current predicament.

We will discover how our personal economic health translates into community and global economic health, and how our career and investment choices change based upon the economic health of our communities. Alongside this examination, we will develop tools to curb our momentary desires and make daily choices which will lead to personal financial health, which leads to the improved financial well-being of our society.

The course will also examine the history of our financial markets, why investors tend to take on more risk than necessary, and how the investment “herd mentality” can lead to poor investment strategies. We will examine how personal investment in stocks, bonds, insurance, and other investments affect the market, and, in turn, how the market can affect decisions we must make for personal financial health, including investments and savings. Students will also examine how global economic, social and political events affect career planning, insurance, investments, retirement and estate planning, and what they can do to sustain their financial health for the long-term.

Finally, we will explore the political and social impacts of the wealthy and their investment upon our daily lives, and determine decisions we can make to change our financial circumstances, as well as the impact of taxes and tax structures on individual and community wealth and financial well-being. We will explore the time value of money, and how to leverage the slow, steady process of growing financial health into wealth.

Students will demonstrate their understanding of the interactions of personal and global economics through participation in classroom discussions, including their Stock Market Presentations.

### **Essential Skills: Quantitative Reasoning**

In this course, students will be applying quantitative reasoning skills through their examination of their personal finances and an understanding of a personal financial plan. Through chapter review questions and homework assignments, students gather the knowledge to create elements of a financial plan, such as:

- Review their current financial well-being with the use of income and balance statements;
- Identify short, intermediate and long-term financial career planning goals;
- Create a personal cash flow statement, and balance sheet to examine assets vs. liabilities;
- Analyze and select alternatives to strengthen one’s financial position; and
- Use the history of markets to understand potential future outcomes of expected returns on investments.

Students will also demonstrate their quantitative reasoning skills through daily work on their homework assignments, through the Stock Market Presentation, and on quizzes and exam questions, and connect these to the selected weekly readings examining social impacts of personal decisions.

### **Intended Course Learning Outcomes:**

Upon completion of the course students will be able to:

- A. Identify sound planning fundamentals and then create elements of a personal financial plan using state of the art data and analysis tools. Analyze how personal decisions and choices merge to create national and global economic impacts.
- B. Explain the impact of taxes and various tax structures on short- and long-term finances and investment returns, and how they affect wealth and financial well-being of the U.S.
- C. Describe the types of financial services and institutions utilized in preparing and implementing a personal financial plan, and how to strategically use these services and institutions during times of great economic change.
- D. Examine all types of investing, identify appropriate evaluative criteria for each investment type, and then based on these criteria:
  - a. Analyze and evaluate alternative methods of acquiring major assets such as housing and transportation;
  - b. Assess the need for life, health, and property and other forms of insurance;
  - c. Describe and compare the basic features of investment and insurance products;
  - d. Determine how changes in our economy affect personal decisions in selecting assets, insurance, and investments.
- E. Analyze and compare the fundamental characteristics and expected returns of stock and bond investing, the time value of money in creating wealth, and the impacts of wealth on social systems.
- F. Explain the concepts underlying investment strategies and retirement planning and examine potential long-term effects of current investment and retirement planning behaviors to our personal financial well-being, and our local and national financial well-being.

**Required Text:**

*PERSONAL FINANCE*, Jeff Madura , 5th Edition, Copyright 2014 Pearson Education, Inc. Along with the required text book for this course, each student will be required to sign up for Pearson MyFinanceLab. Homework, quizzes and exams will be administered on line through Pearson MyFinanceLab. Students will need to bring their laptop or similar type device to class.

*SELECTED WEEKLY READINGS ON CURRENT EVENTS:* Throughout the course, students will also review news stories on current events in finance, including such topics as: insurance, wages, investments, college tuition, debt, etc. A few example titles are as follows (please note that these articles change based on current events):

- Weekly financial brief summarizing stock index updates, international economic news U.S. economic news, impacts of geopolitical events, and corporate news *Investment Weekly Brief*
- Wal-Mart to end healthcare coverage for 30,000 part-timers *L.A. Times*
- College tuition grew at the slowest rate on record in August *Marketwatch.com*
- Consumers spending a record share of their income on college *Marketwatch.com*
- U.S. regulators press banks for more on auto loan exposure to assess risks. *uk.reuters.com*
- Etc.

**Course Outline:**

Financial Planning:

1. What is your current financial literacy? (Pre-Test)
2. Examine personal spending habits and the role of the consumer in society
3. Explore planning with personal financial statements, financial record keeping and budgeting, including career planning
4. Identify impacts of personal financial planning on local and global economic choices
5. Using tax concepts for financial planning and impacts of tax

Personal Financing:

6. Financial services and institutions, including home mortgages and financing transportation
7. How to strategically use financial services and institutions during times of great economic change
8. Impacts of debt on decision-making (personal, local, and global)
9. Consumer credit and its impacts on social systems and personal choices

Protecting Your Wealth, Personal Investing, Retirement, and Estate Planning

10. Insurance as an investment
11. The time value of money (aka. how the rich get richer)
12. Using the history of markets to understand potential future outcomes of expected returns on investments
13. Asset allocation, the herd mentality and impacts of investment on social and economic conditions

Synthesis of Financial Planning

14. Re-addressing your financial literacy (Post-test)

**Mechanisms for Feedback to Students/Interaction Between Students and Professors:**

*Students receive feedback on homework and quizzes immediately, providing the professor the opportunity to tailor learning to address student needs, and provide students input on what and how to focus their studying. Class discussion regarding assignments, quizzes and exams, Individual feedback, and appointments available during office hours.*

**Grading:**

Grades are based on total points earned. The point distribution is as follows:

|                                                 |            |
|-------------------------------------------------|------------|
| Two Mid Term exams (150 points each)            | 300        |
| One Final Exam                                  | 200        |
| Stock Market Teamwork Presentation              | 100        |
| Classroom Discussion/ Participation             | 100        |
| Fifteen Homework assignments (10 points each)   | 150        |
| <u>Fifteen Chapter Quizzes (10 points each)</u> | <u>150</u> |
| Total points                                    | 1000       |

The following grading scale will be used to assign final grades at the end of the semester.

|   |                      |
|---|----------------------|
| A | 900+ points          |
| B | 800-899 points       |
| C | 700-799 points       |
| D | 600-699 points       |
| F | Less than 600 points |

**Classroom Participation and Discussion:**

For all Lecture and Homework Review class sessions, we will engage in a One-Minute Paper handed in at the end of class wherein you identify:

- one to three financial concepts that you learned either in preparation for, or during, the class,
- one to three connections that you see between personal finance and social, political, and global economic forces, and
- one to three questions that you have about course concepts or skills.

The One-Minute Paper will help you solidify what you learned in the class, and will provide quick input to me about what to focus on in the next class session.

#### **Stock Market Teamwork Presentation:**

At the beginning of the semester students will be placed in teams and will participate in the "Stock Market Simulator Game". The Stock Market Teamwork Presentation students will work in a team to select U.S. and International stocks based on a variety of indicators, will report changes in their portfolios based on stock performance, and will discuss the impacts of global social, political and economic events on their investment performance. At the end of the semester each team will present their results with a power point or video presentation to the class. Team presentations will be 5 - 8 minutes long. *This project will be presented by each team on a specified date. All team members must be present in order for the team to receive their points.*

#### **Homework and Quizzes:**

Homework assignments and quizzes are designed to provide you with quick information about how well you have learned the latest course topics, concepts, and skills. Use your scores to inform how you study, and if you find you haven't done well on a topic or skill:

- Team up with another student who has done well, and have them work with you on the material,
- Bring the topic up in class for review and discussion (if you have a question or don't understand a topic, likely your speaking for many of your classmates, too), or
- Find me during office hours and we can work through the topics together.

#### **Quiz Policy:**

Make-up quizzes are given only in cases of emergency, not for student convenience. The instructor **MUST** be notified **PRIOR** to the quiz in order to schedule a make-up quiz.

#### **Exams:**

There are three scheduled exams, including the final. The first two exams will be held during regularly scheduled lecture periods. Exam dates are listed below.

#### **Exam Policy:**

All exams are mandatory and are closed book. Students will need to bring their laptop or similar type device to class. No one will be allowed to begin the exam 10 minutes after the start.

Make-up exams are given only in cases of emergency, not for student convenience. The instructor **MUST** be notified **PRIOR** to the exam in order to schedule a make-up exam. The exam schedule is given in advance so that you can arrange work, club events, etc. accordingly.

**Attendance Policy:**

You are paying for this class. The best way to get your money's worth is to show up and learn something. You are expected to attend class on time, each day. If you cannot attend class, please get the notes from a classmate.

**NAU Policy Statements:**

NAU has adopted a standard set of policies that apply to you. Policy information can be found at <http://www4.nau.edu/avpaa/policy1.html>. I have a zero-tolerance policy for breaches of academic integrity. **Anyone caught cheating on an exam or other assignment will receive one or more of the following: (1) zero points on the exam or assignment, (2) one letter grade reduction in final course grade, (3) an "F" for the entire course.** Severity of penalty depends on the nature of the academic integrity breach. All incidences are reported to NAU officials, in accordance with NAU policy.

Emergency Textbook Loan Program: To help students acquire the materials they need to be successful in class. NAU has partnered with Follett to create the Emergency Textbook Loan program. The program is administered by the LEADS Center. The program assists students with unmet financial need in obtaining required textbook(s) and other materials for courses. Students must apply and meet eligibility criteria before textbooks are purchased on their behalf. Textbooks must be returned at the end of the term in which the textbooks were loaned. More information can be found online: <http://nau.edu/LEADS-Center/Textbook-Loan-Program/>

**Helpful Hints:**

- ✓ Try not to get behind. It will make exam preparation harder than it should be.
- ✓ Read each chapter *before* the material is presented in class. This way you can ask questions about issues you did not understand.
- ✓ Attend all classes so you do not miss the opportunity to learn.
- ✓ Take good notes, study them, and ask relevant questions in class.
- ✓ Put away cell phones.
- ✓ Plan for plenty of study time outside of class.
- ✓ An NAU Institutional Excuse Form is required for making up Exams or Quizzes.
- ✓ Understand that I reserve the right to make changes to the syllabus or class schedule if/when needed.
- ✓ Feel free to approach me with questions, suggestions or concerns.
- ✓ Try to smile a lot and allow time for relaxation and exercise. This will keep you happy and healthy!
- ✓ Introduce yourself to some of your classmates. Exchange phone #'s and email addresses. Why? You may need to connect another student to get notes or talk about homework.