Financial Planning: This course is one of the six courses (3 hours each) required to obtain a minor in Financial Planning for those not majoring in Finance; and is a required course for a Financial Planning Emphasis for those students majoring in Finance. It is also one of the six courses that must be taken to take the CFP exam. Topics covered during this course are shown below. When a number appears to the side of a topic it corresponds to the topics that are identified by the CFP Board to serve as a curricular framework that the CFP Board accepts for continuing education. In addition, attached to this syllabus is the list of Student-Centered Learning Objectives based on CFP Board Principal Topics.

**Instructor:** Dr. Banker Phares

**E-Mail of Instructor:** pharesb@sfasu.edu

**Phone Number of Instructor:** 936.234.9196 (Preferred) or 936.468.1783

**Office:** Room 169, SFA College of Business Building

**Office Hours:** 9 – 12 Monday thru Thursday. Instructor is available after each class to discuss topics and answer questions.

**Class Meeting time and Place:** Class meeting time is Tuesday-Thursday, 11:00 – 12:15 p.m. Room 369 of the SFA McKee Business Building.

**Prerequisites for Course:** None.

**Required Text and Materials:** Personal Finance, To be assigned.

**Program Learning Outcomes:**

Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at [http://www.sfasu.edu/cob/ug-plo.asp](http://www.sfasu.edu/cob/ug-plo.asp).
Student Learning Outcomes:

In general, SLOs in a course that support the PLOs are specific and include the exact knowledge, skill or behavior taught in the course that supports the more global PLOs. For additional information on meaningful and measurable learning outcomes see the assessment resource page: http://www.sfasu.edu/assessment/index.asp.

Bankruptcies and debt collections have dramatically increased in recent years. In large part, this is due to inadequate financial planning by individuals and businesses. To prepare the student to deal with a constantly changing economy by having the student: 1) Learn the importance, and have a basic understanding of, planning techniques; 2) Develop and identify analytical skills, by lecture and class discussion to facilitate effective financial decision-making, including informed decisions regarding budgets, investment, insurance, retirement, and estate planning. Upon course completion, the student should have the ability to have a working knowledge of the materials covered in the course, thereby providing the student with the ability to make – and, if necessary access, sources – for making appropriate financial decisions, both personal and business.

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Course Requirements:

1) Exams for Course: Three, each of equal value. The Final will be one of the three tests and will have a value equal to a test. There will be no quizzes or homework (unless needed to make up for an unexcused absence). There will be an advance reading assignment each week. A legitimate excuse must be presented to make-up a missed exam. If a student has a D or lower average for the first two tests, the student will be required to take a comprehensive final.

2) Grading Policy: For the most part, the tests will primarily require short specific answers; i.e. objective. Tests will be announced two weeks in advance.

3) Required Attendance for Course: Three absences from each class meeting is allowed without excuse. Other absences require acceptable excuse. If absent without acceptable excuse, additional course work may be assigned.

Topics covered during this course include:

FINANCIAL PLANNING PROCESS

B.8
Facing Financial Challenges

The Personal Financial Planning Process
Step 1: Evaluate Your Financial Health
Step 2: Define Your Financial Goals
Step 3: Develop a Plan of Action
Step 4: Implement Your Plan
Step 5: Review Your Progress, Reevaluate, and Revise Your Plan

Establishing Your Financial Goals
The Life Cycle of Financial Planning

Thinking About Your Career
Choosing a Major and a Career
Getting a Job
Being Successful in Your Career

What Determines Your Income?
Keeping a Perspective – Money Isn’t Everything

Ten Principles of Personal Finance
Principle 1: The Best Protection is Knowledge
Principle 2: Nothing Happens Without a Plan
Principle 3: The Time Value of Money
Principle 4: Taxes Affect Personal Finance Decisions
Principle 5: Stuff Happens, or the Importance of Liquidity
Principle 6: Waste Not, Want Not – Smart Spending Matters
Principle 7: Protect Yourself against Major Catastrophes
Principle 8: Risk and Return Go Hand in Hand
Principle 9: Mind Games and Your Money
Principle 10: Just Do It!

MEASURING YOUR FINANCIAL HEALTH

Using a Balance Sheet to Measure Your Wealth
Assets: What You Own
Liabilities: What You Owe
Net Worth: A Measure of Your Wealth
Sample Balance Sheet for Larry and Louise Tate

Using an Income Statement to Trace Your Money
Income: Where Your Money Comes From
Expenditures: Where Your Money Goes
Preparing an Income Statement: Louise and Larry Tate

**Using Ratios: Financial Thermometers**
Question 1: Do I Have Enough Liquidity to Meet Emergencies?
Question 2: Can I Meet My Debt Obligations?
Question 3: Am I Saving as Much as I Think I Am?

**Record Keeping**

**Putting It All Together: Budgeting**
Developing a Cash Budget
Implementing the Cash Budget

**Hiring a Professional**
What Planners Do
Choosing a Professional Planner

**UNDERSTANDING AND APPRECIATING THE TIME VALUE OF MONEY**

**Compound Interest and Future Values**
How Compound Interest Works
The Future-Value Interest Factor
The Rule of 72
Compound Interest with Non-annual Periods

**Using an Online or Handheld Financial Calculator**
Compounding and the Power of Time
The Power of Time

**The Importance of the Interest Rate**

**Present Value—What's It Worth in Today's Dollars**

**Annuities**
Compound Annuities
Present Value of an Annuity

**Amortized Loans**
TAX PLANNING AND STRATEGIES The Federal Income Tax Structure

Marginal Versus Average Rates
Effective Marginal Tax Rate
Capital Gains and Dividend Income
Filing Status
Cost of Living Increases in Tax Brackets, Exemptions, and Deductions
Paying Your Income Taxes

Other Taxes
Other Income-Based Taxes
Non-Income-Based Taxes
Calculating Your Taxes
Step 1: Determining Gross or Total Income
Step 2: Calculating Adjusted Gross Income (AGI)
Step 3: Subtracting Deductions
Step 4: Claiming Your Exemptions
Step 5: Calculating Your Taxable Income, and from That, Calculating Your Base Income Tax
Step 6: Subtract Your Credits and Determine Your Taxes Due

Other Filing Considerations
Choosing a Tax Form
Electronic Filing
Filing Late and Amended Returns
Being Audited
Help in Preparing Taxes

Model Taxpayers: The Taylors File Their 2004 Return
Determining Gross or Total Income (line 22)
Subtracting Adjustments to Gross or Total Income and Calculating Adjusted Gross Income (line 37)
Subtracting Deductions (line 39)
Claiming Exemptions (line 42)
Calculating Total Tax (line 63)

Tax Strategies to Lower Your Taxes
Maximize Deductions
Look to Capital Gains and Dividend Income
Shift Income to Family Members in Lower Tax Brackets
Receive Tax-Exempt Income
Defer Taxes to the Future

**CASH/LIQUID ASSET MANAGEMENT (WEDNESDAY) B.10**

**Managing Liquid Assets**

**Automating Savings: Pay Yourself First**

**Financial Institutions**
“Banks” or Deposit-Type Financial Institutions
Non-deposit-Type Financial Institutions
Online Banking
What to Look for in a Financial Institution

**Cash Management Alternatives**
Checking Accounts
Savings Accounts
Money Market Deposit Account
Certificates of Deposit
Money Market Mutual Funds
Asset Management Accounts
U.S. Treasury Bills, or T-Bills
U.S. Savings Bonds

**Comparing Cash Management Alternatives**
Comparable Interest Rates
Tax Considerations
Safety

**Establishing and Using a Checking Account**
Choosing a Financial Institution
The Cost Factor
Convenience Factor
Consideration Factor
Balancing Your Checking Account
Other Types of Checks

**Electronic Funds Transfers**
Automated Teller Machines
Debit Cards
Smart Cards
Stored Value Cards—Another Way to Carry Cash
Fixing Mistakes—Theirs, Not Yours
A First Look at Credit Cards and Open Credit
Interest Rates
Calculating the Balance Owed
Buying Money: The Cash Advance
Grace Period
Annual Fee
Additional Fees

The Pros and Cons of Credit Cards
The Advantages of Credit Cards
The Drawbacks of Credit Cards

Choosing a Source of Open Credit
Bank Credit Cards
Bank Card Variations
Travel and Entertainment Cards
Single-Purpose Cards
Traditional Charge Account
The Choice: What's Best for You

Getting a Credit Card
Credit Evaluation: The Five Cs of Credit
The Key To Getting Credit: Your Credit Score
Determining Creditworthiness
Your Credit Score
How Your Credit Score Is Computed
What's in Your Credit Report
The Factors that Determine Your Credit Score
Monitoring Your Credit Score
Consumer Credit Rights
The Credit Bureau and Your Rights
If Your Credit Card Application Is Rejected
Resolving Billing Errors
Identity Theft
How Do You Know If You're a Victim of Identity Theft?

Controlling and Managing Your Credit Cards and Open Credit
Reducing Your Balance
Protecting Against Fraud
Trouble Signs in Credit Card Spending
If You Can't Pay Your Credit Card Bills
Using Consumer Loans

Consumer Loans—Your Choices
First Decision: Single-Payment Versus Installment Loans
Second Decision: Secured Versus Unsecured Loans
Third Decision: Variable-Rate Versus Fixed-Rate Loans
Fourth Decision: The Loan’s Maturity—Shorter Versus Longer Term Loans

Understanding the Terms of the Loan: The Loan Contract
Insurance Agreement Clause
Acceleration Clause
Deficiency Payments Clause
Recourse Clause

Special Types of Consumer Loans
Home Equity Loans
Student Loans
Automobile Loans

Cost and Early Payment of Consumer Loans
Cost of Single-Payment Loans
Payday Loans—A Dangerous Kind of Single-Payment Loans
Cost of Installment Loans
Early Payment of an Add-On Loan

Getting the Best Rate on Your Consumer Loans
Inexpensive Sources
More Expensive Sources
Most Expensive Sources
Keys to Getting the Best Rate
Should You Borrow or Pay Cash?

Controlling Your Use of Debt
Debt Limit Ratio
Debt Resolution Rule
Controlling Consumer Debt

What To Do If You Can’t Pay Your Bills
Chapter 13: The Wage Earner’s Plan
Chapter 7: Straight Bankruptcy

Home and Automobile Decision
Smart Buying
Step 1: Differentiate Want from Need
Step 2: Do Your Homework
Step 3: Make Your Purchase
Step 4: Maintain Your Purchase

Smart Buying in Action: Buying a Vehicle
Step 1: Differentiate Want from Need
Step 2: Do Your Homework
Step 3: Make Your Purchase
Step 4: Maintain Your Purchase

Smart Buying in Action: Housing
Your Housing Options
Step 1: Differentiate Want from Need
Step 2: Do Your Homework
Renting Versus Buying
Determining What You Can Afford
Financing the Purchase—The Mortgage
Conventional and Government-Backed Mortgages
Fixed-Rate Mortgages
Adjustable-Rate Mortgages
Adjustable-Rate Versus Fixed-Rate Mortgages
Specialty Mortgage Options
A Word of Warning: Beware of Subprime Mortgages and Predatory Lending
Mortgage Decisions: Length or Term of the Loan
Coming Up with the Down Payment
Prequalifying
Step 3: Make Your Purchase
Step 4: Maintain Your Purchase

LIFE AND HEALTH INSURANCE
The Importance of Insurance
Why are Health and Life Insurance So Important?
Why is it so Costly?
What Do These High Costs Mean for You?
What About Those Who Have No Health Insurance?

Determining Your Life Insurance Needs
Do You Need Life Insurance?
How Much Life Insurance Do You Need?

Major Types of Life Insurance
Term Insurance and Its Features
Cash-Value Insurance and Its Features
Term Versus Cash-Value Life Insurance
Fine-Tuning Your Policy: Contract Clauses and Riders
Contract Clauses
Riders
Settlement or Payout Options
Buying Life Insurance
Selecting an Agent
Comparing Costs
Making a Purchase: The Net or an Advisor

**Health Insurance**
Basic Health Insurance
Dental and Eye Insurance
Dread Disease and Accident Insurance

**Basic Health Care Choices**
Private Health Care Plans
Government-Sponsored Health Care Plans

**Controlling Health Care Costs**
Flexible Spending Accounts
Health Savings Accounts (HSAs)
COBRA and Changing Jobs
Choosing No Coverage—or "Opting Out"

**Finding the Perfect Plan**
Important Provisions in Health Insurance Policies

**Disability Insurance**
Sources of Disability Insurance
How Much Disability Coverage Should You Have?
Disability Features That Make Sense

**Long-Term Care Insurance**

**PROPERTY AND LIABILITY INSURANCE** D.32

**Protecting Your Home**
Packaged Policies: HO's
Supplemental Coverage

**Your Insurance Needs**
Coinsurance and the "80-Percent Rule"
The Bottom Line
Keeping Your Costs Down—Insurance Credit Scoring
Keeping Your Costs Down—Discounts and Savings

**Making Your Coverage Work**

**Automobile Insurance**
- Personal Automobile Policy
- No-Fault Insurance
- Buying Automobile Insurance
- Filing a Claim

**INVESTMENT BASICS**

**Before You Invest**
- Investing Versus Speculating
- Setting Investment Goals
- Financial Reality Check
- Starting Your Investment Program
- Fitting Taxes into Investing
- Investment Choices
- The Returns from Investing

**Market Interest Rates**
- Nominal and Real Rates of Return
- Historical Interest Rates
- How Interest Rates Affect Returns on Other Investments

**A Look at Risk-Return Trade-Offs**
- Historical Levels of Risk and Return
- Sources of Risk in the Risk-Return Trade-Off
- Diversification
- Understanding Your Tolerance for Risk

**The Time Dimension of Investing and Asset Allocation**
- Meeting Your Investment Goals and the Time Dimension of Risk
- Asset Allocation

**What You Should Know About Efficient Markets**
- Beating the Market
- Thinking Back to Principle 9: Mind Games and Your Money

**PUTTING THE PIECES TOGETHER**

**The Ingredients of Success**

**The Financial Life Cycle**
Women and Personal Finance

Financial Life Events
Life Event 1: Getting Started
Life Event 2: Marriage
Life Event 3: Buying a Home
Life Event 4: Having a Child
Life Event 5: Inheritances, Bonuses, or Unexpected Money
Life Event 6: A Major Illness
Life Event 7: Caring for An Elderly Parent
Life Event 8: Retiring
Life Event 9: Death of a Spouse
Life Event 10: Divorce

The Keys to Success: A Dozen Decisions
Number 1: Become Knowledgeable
Number 2: Don’t Procrastinate
Number 3: Live Below Your Means
Number 4: Realize You Aren't Indestructible
Number 5: Protect Your Stuff
Number 6: Embrace the "B" Word (Budget)
Number 7: Reinvent and Upgrade Your Skills
Number 8: Hide Your Plastic
Number 9: Stocks Are Risky, but Not as Risky as Not Investing in Them
Number 10: Exploit Tax-Favored Retirement Plans to the Fullest
Number 11: Plan for the Number of Children You Want
Number 12: Stay Married

Tying Things Together: Debt and the Real World

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