MANAGING PERSONAL FINANCES, EN663.666.01, SPRING 2015
TH  3:00-5:30
Location:  TBA

INSTRUCTOR:   Annette Leps, CPA, MBA
Center for Leadership Education
Rm. 102, Whitehead Hall, x 7113
Email: aleps@jhu.edu

COURSE DESCRIPTION:

The class in Managing Personal Finance is a practical class designed to teach financial life skills. In order to provide a platform for financial literacy, the course includes hands-on experience in budgeting; calculating the time value of money; preparing a tax return and tax planning; understanding and managing your credit score; reading your credit report; making housing decisions; choosing the health, auto, or home insurance option best suited to you; investing fundamentals and diversification; and saving for retirement.

PROVIDED TEXTS AND RESOURCES (for your use, free of charge, in class):
Texas Instruments BAII Plus Financial Calculator

COURSE OBJECTIVES:

This course seeks to provide training in the use of basic personal financial management tools and techniques. Upon completion of this course, the student should be able to evaluate and make decisions with regard to a wide range of personal financial issues and life situations. Specifically, a student who successfully completes this course should be capable of:

- Applying time value of money concepts to determine financial outcomes,
- Understanding basic income tax preparation and long term tax planning,
- Evaluating the features and costs of various types of consumer credit,
- Purchasing and financing residential real estate,
- Evaluating insurance needs and products,
- Evaluating different types of investment opportunities, and
- Planning and executing a retirement plan.

The course accomplishes the above objectives using a combination of classroom discussion, in-class assignments and guest speakers.
USE OF BUSINESS CALCULATORS:

This course involves the use of certain mathematical formulas and functions which are pre-programmed into business calculators. Use of a financial calculator is integral to this class; calculator and instruction for the TI BAII Plus is provided.

STUDENT RESPONSIBILITIES AND CLASS POLICIES:

(1) Class attendance is vital to achieve the objectives of the class.

(2) There will be guest speakers for this class, professionals very knowledgeable in their field. In order to be respectful and to demonstrate our appreciation, attendance is required for those classes. Conflicts must be brought to my attention prior to class.

(3) After each class, students will be required to update their annual budget for the revised cash disbursements associated with the week’s topic (effective tax rate, insurance premiums, housing expenses, retirement savings, personal savings, credit card purchases, etc.). A final personal budget will be required at the completion of the class (the budget’s structure and guidelines will be provided).

COLLEGE POLICY REGARDING STUDENT DISABILITIES:

Any student with a disability who may need accommodations in this class must obtain an accommodation letter from Student Disability Services, 385 Garland, (410) 516-4720, studentdisabilityservices@jhu.edu

ACADEMIC ETHICS

The strength of the university depends on academic and personal integrity. In this course you must be honest and truthful. Ethical violations include cheating on exams, plagiarism, reuse of assignments, improper use of the Internet and electronic devices, unauthorized collaboration, alteration of graded assignments, forgery and falsification, lying, facilitating academic dishonesty, and unfair competition.

Report any violations you witness to the instructor. You may consult the Associate Dean of Student Affairs and/or chairman of the Ethics Board beforehand. See the guides on “Academic Ethics for Undergraduates and Ethics Board Website (http://ethicsjhu.edu) for more information.

EVALUATIONS:

Class is offered on a pass/no pass basis. Passing is a 70% average for the class and can be earned through a combination of attendance, participation and a final personal budget. The proportion associated with each piece is as follows:

<table>
<thead>
<tr>
<th>Attendance and participation</th>
<th>80%</th>
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<tbody>
<tr>
<td>Completed budget</td>
<td>20</td>
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<td></td>
<td>100%</td>
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CLASS TOPICS AND ASSIGNMENTS

WEEK 1: January 29

Topics: Course Introduction; Budgeting and Time Value of Money

Budgeting overview: the template for an annual budget will be provided along with guidelines as to the suggested proportion of disbursements associated with each of the template’s categories: housing, transportation, life budget, other debt repayments and savings. The budget will be refined over the course of the class and a final handed in at the completion of the course.

Time Value of Money overview: a financial calculator (the TI BAII Plus) will be provided for your use in class to calculate common financial questions like how much house can I afford given my projected monthly payment; what will be my monthly auto payment for a car I buy; what would the payment be if I were to lease the car; what will my IRA contribution today grow to in 40 years; what will an annuity contribution to a Roth IRA be worth at age 65 if I begin this year; what is the value of saving now versus later, etc. While terms mentioned above may be unfamiliar at the onset, the topics will be introduced early and expanded upon in weeks to come.

WEEK 2: February 5

Topic: Tax Planning and Preparation

Tax overview: Using available resources, you will complete an itemized IRS Form 1040 and applicable supporting schedules. In conjunction with the tax return preparation, common tax planning venues like flexible spending accounts, health savings accounts, voluntary contributions to pension plans/IRAs, etc. will be discussed to demonstrate paying for things with before tax versus after tax dollars. As attendance is required, conflicts must be brought to my attention before class.

Guest Speaker—James Eaton, III, CPA, MBA; Katz Abosch

WEEK 3: February 12

Topic: Tax Planning (continued)
Topic: Consumer Credit: FICO score, annual credit reports and student debt; laptops required

Consumer credit overview: a guest speaker (an accredited financial counselor) will lead us through a discussion of how your credit score (FICO score) is calculated and how that score impacts available credit and rates, insurance premiums, etc. Using your laptops, personal credit reports (available free of charge through each of three credit reporting bureaus on an annual basis) will be accessed and you will learn to read these reports for possible discrepancies. Individual credit scores will be approximated using free on-line calculators and the web. Student loans will be discussed with any remaining time. As attendance is required, conflicts must be brought to my attention before class.

Guest Speaker—Mia Baytop Russell
WEEK 4: February 19
Topic: Insurance (health, home, auto, disability, life)

Insurance Overview: have you had the experience of picking out a health insurance plan yet? If so, you understand the complexity of the process. The same can be said of making choices for auto insurance: how much of a deductible, what about liability limits, etc. to select. A seasoned insurance professional will lead us through a discussion of how to make an educated choice among your insurance options. Learn how to compare and contrast available alternatives to discern the plan right for you and your circumstances. As attendance is required, conflicts must be brought to my attention before class.

Guest Speaker--Lee Rock, CI; CPCU; PSA Financial, Inc.

WEEK 5: February 26
Topic: Saving for Retirement

Retirement overview: the class begins with an overview of how saving for retirement is shifting to an individual’s responsibility versus that of an employer. We will look at the trend for employers to substitute defined contribution plans for defined benefit pension plans; also, the risk of relying on social security will be explored. Once the stage has been set for us to realize retirement is our responsibility, we will examine how to maximize employer contributions, how to make supplemental contributions to our retirement account and defer taxes, Roth IRA versus traditional IRA options, etc.

WEEK 6: March 5
Topic: The sequence of events facing a first time homebuyer; discussion of housing options

The process of renting versus buying a dwelling is explored including the use of a real estate agent. You will walk through process of home buying: pre-qualification and pre-approval of a mortgage, the house hunt and reading a multiple list document, contract negotiation and the closing process.

Guest Speaker-Allison Sheff; Realtor; Berkshire Hathaway Home Sale Realty

WEEK 7: March 12
Topic: Investing Fundamentals

Required reading: The Random Walk Guide to Investing by Burton Malkiel. This easy to read paperback provides an excellent resource for new investors. The book will be distributed in class during week 5 and will be returned week 6; its content will make this week’s class even better.

Investing overview: a certified financial planner will be our guest speaker who will address how to meet your personal financial goals given your time horizon, various investing options and the need to diversify. Discover long-term strategies to accomplish financial independence. As attendance is required, conflicts must be brought to my attention before class.

Guest Speaker-Stuart Ritter, CFP; TRowe.Price

TBA: Final Budget is due for anyone having missed more than one class