Fall, 2014
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RESEC 314 – FINANCIAL ANALYSIS FOR CONSUMERS AND FIRMS
Tu & Th: 2:30-3:45
201 Flint Lab

Course Description:

This is a course in fundamental finance focusing on individual consumers and small firms, as opposed to the corporate or public finance. Approach wise, the focus will be on the problem solving as a direct application to the major financial concepts, which will be studied technically but in close relation to real life situations. In addition to covering the interest rate theory, the course is oriented to introduce students to contemporary economic problems as they affect individuals, households, and their small business in their financial planning, spending for consumer goods and services, saving, investing, protecting health and wealth by insurance, and securing a comfortable retirement.

Course Objectives:

- To develop an understanding of the terms, concepts, and theories involved in personal and family finance.

- To identify and clarify the variety of factors that may influence individual and family financial management.

- To explore the economic concerns of individuals and families, and their awareness of the need of financial planning in the context of the household's economic security.

- To develop financial decision-making skills and to enhance students’ ability to apply theoretical knowledge in making the best educated choices in their personal and business finance.

- Last, but not least is to enable students to solve a variety of problems by hand, away from the blind dependence on calculators and computers’ ready answers.
Text Book and Other References:

Required Text:


Additional Recommended Text:


Course Requirements:

a. 4 regular assignments: 100 points (20, 35, 35, 10)
b. 1-3 optional assignments to be given at the end of the term (up to 21 extra points, 7 points each)
c. A midterm exam (scheduled on October 28): 100 points
d. A comprehensive final exam (university schedule): 100 points

Grading Scale:

Letter grades will be assigned based on the following percentages and ranges:

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<thead>
<tr>
<th>Grade</th>
<th>%</th>
<th>Range of Points</th>
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<tbody>
<tr>
<td>A</td>
<td>95-100</td>
<td>285-300</td>
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<tr>
<td>A-</td>
<td>90-94</td>
<td>270-284</td>
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<td>B+</td>
<td>85-89</td>
<td>255-269</td>
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<tr>
<td>B</td>
<td>80-84</td>
<td>240-254</td>
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<td>B-</td>
<td>75-79</td>
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<td>55-59</td>
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Notes:

- Class attendance is essential. A lot of material covered in class lectures may not be easily understood by just reading the texts. Attending regularly and actively is a good indicator of your responsibility and an excellent predictor of your overall performance.

- Assignments may be turned in prior to the beginning of the class session in which they are due, either to me personally or left in my mailbox (205 Stockbridge). Assignments turned in within three days after the due date will be considered "LATE". Late assignments will be marked down one letter grade. Assignments turned in later than the third day (including
Weekends and holidays) after the due date will not be accepted. Their grades will be recorded as zero.

- There will be no make-up exams without university excused absences. In such cases, please notify me as early as possible.

**General Outline:**

The Basic Economic Framework
- What is Personal and Family Finance?
- The Rationale of Financial Planning
- Interest and Time Value of Money
- Career and Income

Expenditures Management
- Cash: Budgeting and Cash Management
  - Checking and Saving Accounts
  - Electronic Funds Transfer (EFT)
- Financial Statements and Ratios

Credit: Borrowing and Credit Use Management
- Credit Cards and Charge Accounts
- Finance Charges and APR
- Federal Credit Laws

Taxes: Income Tax Liability
- Income Tax Return
- Tax Avoidance vs. Tax Evasion

Durables:
- Buying and Financing a Car
- Buying and Financing a Home

Present and Future Protection

Insurance:
- Property and Liability Insurance
- Health and Disability Insurance
- Life Insurance

Retirement and Estate Planning

Retirement Expenses and Income
- Retirement Plans
- Wills and Trusts

Investment Planning
- Investing in Stocks
- Investing in Bonds
- Investing in Mutual Funds