

**Spring, 2020**

Professor: M.J. Alhabeeb

Office: 210 Stockbridge Hall

Office hrs: Thursdays: 4:00-5:00 or by appointment

E-mail: [mja@resecon.umass.edu](mailto:mja@resecon.umass.edu)

Teaching Assistant: Osung Kwon [osungkwon@umass.edu](mailto:osungkwon@umass.edu)

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**RESEC 314 – FINANCIAL ANALYSIS FOR CONSUMERS AND FIRMS (3 credits)**

Tu & Th: 2:30-3:45

203 Holdsworth

**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 when it comes to 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/household finance, as well as entrepreneurial finance.
- To identify and clarify the variety of factors that may influence personal and entrepreneurial 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 and small firm'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:

Alhabeeb, M.J. (2012). *Mathematical Finance*. Wiley Publications.

Additional Recommended Text:

Garman,E.T.& Forgue,R.E. (2014). Personal Finance, South-Western.

## **Course Requirements:**

- a. 4 regular assignments: 100 points (20, 35, 35,10)
- b. 2 optional assignments to be given at the end of the term (up to 15 extra points for both)
- c. A midterm exam (scheduled on March 24th ): 100 points
- d. A comprehensive final exam:100 pts (scheduled on May 4<sup>th</sup>, 1:00-3:00, 203 Holdsworth)

## **Grading Scale:**

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

<u>Grade</u>	<u>%</u>	<u>Range of Points</u>
A	95-100	285-300
A-	90-94	270-284
B+	85-89	255-269
B	80-84	240-254
B-	75-79	225-239
C+	70-74	210-224
C	65-69	195-209
C-	60-64	180-194
D+	55-59	165-179
D	50-54	150-164
F	49 and Below	149 and Below

## **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). Please do not send your assignment via email. 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 documented 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

### Accommodation Statement

The University of Massachusetts Amherst is committed to providing an equal educational opportunity for all students. If you have a documented physical, psychological, or learning disability on file with Disability Services (DS), you may be eligible for reasonable academic accommodations to help you succeed in this course. If you have a documented disability that requires an accommodation, please notify me within the first two weeks of the semester so that we may make appropriate arrangements.

### Academic Honesty Statement

Since the integrity of the academic enterprise of any institution of higher education requires honesty in scholarship and research, academic honesty is required of all students at the University of Massachusetts Amherst. Academic dishonesty is prohibited in all programs of the University. Academic dishonesty includes but is not limited to: cheating, fabrication, plagiarism, and facilitating dishonesty. Appropriate sanctions may be imposed on any student who has committed an act of academic dishonesty. Instructors should take reasonable steps to address academic misconduct. Any person who has reason to believe that a student has committed academic dishonesty should bring such information to the attention of the appropriate course instructor as soon as possible. Instances of academic dishonesty not related to a specific course should be brought to the attention of the appropriate department Head or Chair. Since students are expected to be familiar with this policy and the commonly accepted standards of academic integrity, ignorance of such standards is not normally sufficient evidence of lack of intent ([http://www.umass.edu/dean\\_students/codeofconduct/acadhonesty/](http://www.umass.edu/dean_students/codeofconduct/acadhonesty/)).