

Cowell 52 Personal Finance and Investing Syllabus Winter 2023

Instructor	Patricia Kelly pmkelly@UCSC.edu
Readers	tba
Time and Location	The course can be taken asynchronously. Homework workshops and advanced material discussion sections will be announced.
Office Hours	tba
Final	Online, no ProctorU, during first three days of finals week
Units:	5-Units

About the Instructor

Patricia Kelly has taught this course since 2015. After working on Wall Street in corporate finance, she spent her career in investment management, investing for private and corporate clients, including the Vanguard Equity Income Fund. She earned her BA in Economics from UCSC and an MBA from Harvard Business School.

She is currently a private investor living in the Monterey Bay Area. She serves on the investment committees of several nonprofit organizations and is the past President of the Harvard Business School Association of Northern California.

Course Overview

Overview of financial responsibilities young adults take on after college. Topics cover are taxes, budgeting, banking and e-commerce, student loans, credit, insurance and investing in the stock market. Ubiquitous terms, such as 401(k), will be defined and financial principles applied to personal financial decision making.

Prerequisites None

Objectives

The course provides a framework for making successful personal financial decisions. The course builds from negotiating your first job and benefits, to creating a budget to meeting short and long-term goals. Setting up a retirement account and paying taxes are covered. Financial products such as credit cards, car loans and mortgages will be explained. Investing in the stock market and constructing an investment portfolio are outlined.

While the marketplace and Google are full of information on personal finance and investing, this course aims to provide the organic memory of financial principles to guide responsible and successful financial decision making. Basic concepts such as compound interest, the tradeoffs between risk and return, opportunity costs, inflation, and the erosion of purchasing

power, and diversification will be explained and applied. We will look at financial products and their uses, and the motives for financial institutions to offer them.

By the end of the course, you will be able to do the following:

- file a 1040 and understanding employee withholdings
- create a budget, understanding items to include and how to plan for emergencies
- understand the terms and conditions of credit cards, loans and your credit score
- calculate what you need for retirement
- set up a retirement investment portfolio and track its' performance
- identify the components and fees of consumer financial products with an eye to avoiding overpriced and inappropriate products or services
- understand a bit of the economic history behind our capital system and marketplace
- understand the layout of our financial service industry

Class Format

Online Format: The course, including all lectures, readings, assignments, quizzes and final are on Canvas. Students can move through the course basically at their own pace. Live Zoom sessions will review the material, homework assignments and current stock market activity. (Participation credit may or may not be earned in these sessions-tbd.)

Lectures will be followed with assignments aimed toward practical application of the material covered. In class, the financial decision-making process will be examined with open discussions of specific financial problems. The assignments, quizzes and final will comprise the evaluations.

As the class will cover discrete topics as we move through the quarter, to skip a class or assignment will mean a large chunk of material will be missed. Attending class and completing assignments is imperative to be successful, and frankly, to apply the material in the future.

The material is rich in details and deals with subjects for which you may not have a personal context. Reviewing material to fully understand it will make for a better grade and easier time applying the knowledge in the future.

Student hours for class: It is assumed for this 5-unit course you should expect to spend at least 150 hours on this course over the quarter, or 15 hours per each of the 10 weeks.

Canvas All materials--the syllabus, lectures, reading and assignments are on Canvas.

Assignments

- Investopedia Stock Market Simulation: Participate throughout the course in the online stock market game: in the first week you will buy a collection of stocks and write a brief summary of your selections. At the end of the course, you will prepare a brief summary on what you learned from the game

- Prepare a 1040 Tax Return based on a scenario given
- Prepare a budget given a scenario
- Prepare a Statement of net worth with loan repayment calculations based on a scenario
- Create a Roth IRA portfolio of mutual fund meeting risk and return criteria

Final

The final will consist of multiple choice, true false, and fill in the blanks. You may be asked to reproduce financial statements we learn about in class. Questions will be based on the lectures and reading.

Course Evaluation (For the online Class)

Grading: You may elect to take the class for a letter grade, P/NP or simply audit.

Assignments (5 x)	50%
Quizzes	20%
Participation in Discussion and Office Hours	10%
<u>Final</u>	<u>30%</u>
	<u>100%</u>

Letter grades:

A+	>98%,
A	97-93,
A-	92-90,
B+	89-87,
B	86-83,
B-	82-80,
C+	79-77,
C	76-73,
C-	72-70,
D	69-60
F	< 60

REQUIRED *Texts on CANVAS*

Kobliner, Beth. *Get a Financial Life: Personal Finance in Your Twenties and Thirties*. New York: Simon & Schuster, 2017. Print.

Goodwin, Michael. *Economix: How Our Economy Works (and doesn't work) in words and pictures*. New York: Abrams ComicArts, 2012. Print.

Lynch, Peter. *One Up on Wall Street*.

Investopedia.com

OPTIONAL

Wall Street Journal Student Subscription: sign up at wsj.com/studentoffer. Subscription is 15 weeks at \$15.

Orman, Suze. *The Money Book for the Young, Fabulous & Broke*. New York: Riverhead, 2007. Print.

SCHEDULE OF LECTURES AND ASSIGNMENTS

Week	Subject, Reading, Assignments, Tests
Week 1	Introduction and Overview
	Risk and Return
	Investing Part 1 Securities Market: What are stocks and bonds and how does the stock market work.
	Assignment Due: Set Up Investopedia.com/SimulatorAccount
	Reading Due: Kobliner, Ch 1 and Ch 5 Investing
	Investopedia.com Stock Trading Simulator game
	Investing Part 2 How do you pick stocks?
	ASSIGNMENT: Create an Investopedia Portfolio with comments
Week 2	Your Job: Compensation negotiating compensation and benefits, paying taxes
	Reading: Kobliner, Ch 9 Taxes
	What is inflation? http://www.investopedia.com/university/inflation/inflation1.asp
	Paying taxes
	Reading: Kobliner, Ch 9 Taxes
	What is inflation? http://www.investopedia.com/university/inflation/inflation1.asp
	Your Job: 401ks, IRAs and retirement plans
	Reading: Kobliner Ch 6 Living the Good Life in 2070
	http://www.investopedia.com/articles/personal-finance/040315/why-save-retirement-your-20s.asp
	ASSIGNMENT: Tax Return

<p>Week 3</p>	<p>Your Budget: Getting organized, budgeting the 50/30/20 budget</p> <p>Building a budget and online services, eCommerce</p> <p>Reading: Kobliner Ch 2 Taking Stock</p> <p>On Canvas: Article 50/20/30 Budget</p>
	<p>Your Savings: Savings, Banking and eCommerce, emergency funds</p> <p>Reading: Material: Kobliner Ch 4 Banking</p> <p>Financial Service Industry Overview</p>
	<p>ASSIGNMENT: Prepare a Budget</p>
<p>Week 4</p>	<p>The Economy and Behavioral Economics</p>
	<p>Why markets move: Business Cycles and the Financial Markets: Business cycles, economic indicators, interest rates</p> <p>Topics: Adam Smith to Karl Marx; today’s economy</p> <p>Reading: Goodwin, p.1-71 and 252-291</p>
	<p>Behavior Economics and Speculative Bubble</p> <p>Reading: Investopedia Tulip Bulbs, The Bubble’s Lesson</p>
<p>Week 5</p>	<p>Credit cards, credit scores</p>
	<p>Reading: Kobliner Ch. 3 Debt</p>
	<p>Buying Stuff Part 2: Amortizing Loans, mortgages car loans</p> <p>Reading: Kobliner Ch. 7 Owning a Home</p>
	<p>Student Loans: student loans and repayment options</p>
<p>Week 6</p>	<p>Net Worth, Insurance</p>
	<p>Calculating your Net Worth, Trust Fund Babies and Bankruptcy</p>
	<p>Protecting Stuff: Insurance: car, renters, medical, home and life insurance.</p> <p>Reading: Kobliner Ch. 8 Insurance,</p>
	<p>Economics and Some Economic History: How we got to where we are now</p> <p>Topics: Adam Smith to Karl Marx; today’s economy</p> <p>Reading: Goodwin, p.1-71 and 252-291</p>
	<p>ASSIGNMENT: Prepare a statement of net worth</p>

Week 7	<p>Investing Part 3: What is Investing? Banking versus investment accounts, compounding, stocks and bonds, risk and returns, diversification</p> <p>Reading: Suze Orman, “The Money Book, Ch. 7: Investing Made Easy”</p>
Week 8	<p>Investing Part 4: Constructing an Investment Portfolio Investment objectives, constructing a portfolio, asset allocation, diversification expected returns and standard deviations</p> <p>“Financial Planning through the Decades”, mutual funds, fees,</p>
	<p>Creating a Roth IRA Portfolio online</p> <p>Reading: Suze Orman reading titled Investing 101 Orman</p> <p>Financial Planning by the decades</p> <p>Vanguard Power of Compounding</p>
	<p>ASSIGNMENT: Prepare a Roth IRA Portfolio</p>
Week 9	<p>Sharing Stuff: Partnering up and issues, wills and trusts</p> <p>Reading: Kobliner p. 20 “When a Spender Marries a Saver”;</p> <p>Suze Orman, The Money Book: Love and Money, p. 323-331</p>
Week 10	<p>Review</p>
	<p>ASSIGNMENT: Investopedia Final Portfolio and comments</p> <p>Final Exam</p>