UCSC Cowell 52: Personal Finance and Investing

ONLINE COURSE

SYLLABUS

Instructor: Patricia Kelly pmkelly@UCSC.edu
Time and Location: Online
Office Hours: TBD
Final: TBD
Units: 5-Units

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

Objectives
The course will provide a framework for making successful personal financial decisions. The course will build from negotiating your first job and benefits, setting up a retirement account, paying your taxes, and creating a budget to meet short and long-term goals. Financial products such as credit cards, car loans and mortgages will be explained. Investing in the stock market 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. Identifying tricks and traps of the financial services industry will be highlighted.

By the end of the course, you will be able to do the following:
- file a 1040-EZ and understanding employee withholdings
- create a budget, understanding items to include and how to plan for emergencies
- understand the characteristics of your student loans and repayment options
- 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 market place
- understand the layout of our financial service industry
Prerequisites  None

Class Format
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 six assignments, four quizzes and a 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 in the class, 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.

Canvas
The syllabus, assignments, additional reading, bibliography and resources will be available on Canvas.

Course Evaluation
Grading: You may elect to take the class for a letter grade, P/NP or simply audit.
Assignments (4 x )  20%
Quizzes  20%
Midterm  20%
Participation in Discussion and Office Hours  10%
Final  30%
100%

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
**Academic Misconduct**
While I encourage you to work together on assignments, please turn in your own versions of assignments.

**Texts**
*Also available on CANVAS*

**REQUIRED**
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.


**SCHEDULE OF LECTURES AND ASSIGNMENTS**

<table>
<thead>
<tr>
<th>Week</th>
<th>Subject, Reading, Assignments, Tests</th>
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<tbody>
<tr>
<td>Class 1</td>
<td><strong>Introduction and Overview</strong></td>
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| Class 2 | **Stock Market**: What are stocks and bonds and how does the stock market work. How do you pick stocks?  
Assignment Due: Set Up Investopedia.com/SimulatorAccount  
Reading Due: Kobliner, Ch 1 and Ch 5 Investing  
Investopedia.com  Stock Trading Simulator game |
| Class 3 | **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 |
| Class 4 | **Taxes** paying taxes  
Reading: Kobliner, Ch 9 Taxes  
What is inflation?  
http://www.investopedia.com/university/inflation/inflation1.asp |
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<tr>
<th>Class 5</th>
<th><strong>Your Job: 401ks, IRAs and retirement plans</strong>&lt;br&gt;Reading: Koblinger Ch 6 Living the Good Life in 2070&lt;br&gt;<a href="http://www.investopedia.com/articles/personal-finance/040315/why-save-retirement-your-20s.asp">http://www.investopedia.com/articles/personal-finance/040315/why-save-retirement-your-20s.asp</a></th>
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<td>Class 6</td>
<td><strong>Your Budget:</strong> Getting organized, budgeting the 50/30/20 budget&lt;br&gt;Building a budget and online services, eCommerce&lt;br&gt;Reading: Koblinger Ch 2 Taking Stock&lt;br&gt;On Canvas: Article 50/20/30 Budget</td>
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<tr>
<td>Class 7</td>
<td><strong>Your Savings:</strong> Savings, Banking and eCommerce, emergency funds&lt;br&gt;Reading: Material: Koblinger Ch 4 Banking</td>
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<td>Class 8</td>
<td><strong>Why markets move: Business Cycles and the Financial Markets:</strong> Business cycles, economic indicators, interest rates&lt;br&gt;Topics: Adam Smith to Karl Marx; today's economy&lt;br&gt;Reading: Goodwin, p.1-71 and 252-291</td>
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<td>Class 9</td>
<td><strong>Investing Part 1: General Overview:</strong> Banking versus investment accounts, compounding, stocks and bonds, risk and returns, diversification&lt;br&gt;Reading: Suze Orman, “The Money Book, Ch. 7: Investing Made Easy”</td>
</tr>
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<td>Class 10</td>
<td><strong>Investing Part 2: Investment Objectives and Portfolio Construction:</strong> investment objectives, constructing a portfolio, asset allocation, diversification expected returns and standard deviations&lt;br&gt;“Financial Planning through the Decades”, mutual funds, fees,</td>
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<td>Class 11</td>
<td><strong>Investing Part 3: Creating a Roth IRA Portfolio online</strong>&lt;br&gt;Reading: Suze Orman reading titled Investing 101 Orman&lt;br&gt;Financial Planning by the decades&lt;br&gt;Vanguard Power of Compounding</td>
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<td>Class 12</td>
<td><strong>Buying Stuff Part 1:</strong> Topics: credit cards, credit scores, car loans,&lt;br&gt;Reading: Kobliner Ch. 3 Debt</td>
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| Class 13 | **Buying Stuff Part 2**: mortgages  
Reading: Kobliner Ch. 7 Owning a Home |
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| Class 14 | **Economics and Some Economic History**: How we got to where we are now  
Topics: Adam Smith to Karl Marx; today’s economy  
Reading: Goodwin, p.1-71 and 252-291 |
| Class 15 | **Financial Service Industry Overview** |
| Class 16 | **Behavior Economics and Speculative Bubble**  
Reading: Investopedia Tulip Bulbs, The Bubble’s Lesson |
| Class 17 | **Student Loans**: student loans and repayment options |
| Class 18 | **Protecting Stuff**: Insurance: car, renters, medical, home and life insurance.  
Reading: Kobliner Ch. 8 Insurance, |
| Class 19 | **Sharing Stuff**: Partnering up and issues, wills and trusts  
Reading: Kobliner p. 20 “When a Spender Marries a Saver”;  
Suze Orman, The Money Book: Love and Money, p 323-331 |