UCSC Cowell 52: Personal Finance and Investing

SYLLABUS
Updated November 10, 2020

Instructor Patricia Kelly pmkelly@UCSC.edu
Time and Location MWF 10:40-11:45 am Pacific time
Office Hours TBD
Final TBD
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 meet 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 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 marketplace
• understand the layout of our financial service industry

Prerequisites
None

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.
Online—or Zoom—sessions will review the material, homework assignments and current stock
market activity. Participation credit will be earned in these sessions.

  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 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.

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
The syllabus, lectures, reading and assignments will be available on Canvas.

Assignments

1) 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
2) Prepare a 1040 Tax Return based on a scenario given
3) Prepare a budget given a scenario
4) Prepare a Statement of net worth with loan repayment calculations based on a scenario
5) 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 face-to-face class)**

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

- Assignments (5 x ) 40%
- Midterm 20%
- Investopedia Participation 5%
- Final 35%

100%

**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 ) 40%
- Quizzes 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

**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>Week 1</td>
<td><strong>Introduction and Overview</strong></td>
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<td><strong>Risk and Return</strong></td>
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<td><strong>Investing Part 1 Securities Market:</strong> What are stocks and bonds and how does the stock market work.</td>
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<td>Assignment Due: Set Up Investopedia.com/SimulatorAccount</td>
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<td>Reading Due: Kobliner, Ch 1 and Ch 5 Investing</td>
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<td><strong>Investopedia.com</strong> Stock Trading Simulator game</td>
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<td><strong>Investing Part 2 How do you pick stocks?</strong></td>
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<td><strong>ASSIGNMENT:</strong> Create an Investopedia Portfolio with comments</td>
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<td>Week 2</td>
<td><strong>Your Job: Compensation</strong> negotiating compensation and benefits, paying taxes</td>
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<tr>
<td></td>
<td>Reading: Kobliner, Ch 9 Taxes</td>
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<td></td>
<td>What is inflation?</td>
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<td><a href="http://www.investopedia.com/university/inflation/inflation1.asp">http://www.investopedia.com/university/inflation/inflation1.asp</a></td>
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<tr>
<td></td>
<td><strong>Paying taxes</strong></td>
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<td>Reading: Kobliner, Ch 9 Taxes</td>
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| Week 3 | **Your Budget**: Getting organized, budgeting the 50/30/20 budget  
Building a budget and online services, eCommerce  
Reading: Kobliner Ch 2 Taking Stock  
On Canvas: Article 50/20/30 Budget |
| --- | --- |
| **Your Savings**: Savings, Banking and eCommerce, emergency funds  
Reading: Material: Kobliner Ch 4 Banking |
| **Financial Service Industry Overview** |
| **ASSIGNMENT: Prepare a Budget** |
| **Week 4** | **The Economy and Behavioral Economics**  
**Why markets move**: Business Cycles and the Financial Markets: Business cycles, economic indicators, interest rates  
Topics: Adam Smith to Karl Marx; today's economy  
Reading: Goodwin, p.1-71 and 252-291 |
| **Behavior Economics and Speculative Bubble**  
Reading: Investopedia Tulip Bulbs, The Bubble's Lesson |
| **Week 5** | **Credit cards, credit scores**  
Reading: Kobliner Ch. 3 Debt |
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<th>Week</th>
<th>Topic</th>
<th>Reading</th>
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<tr>
<td>Week 6</td>
<td><strong>Net Worth, Insurance</strong></td>
<td>Calculating your Net Worth, Trust Fund Babies and Bankruptcy</td>
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<td><strong>Protecting Stuff</strong>: Insurance: car, renters, medical, home and life insurance.</td>
<td>Reading: Kobliner Ch. 8 Insurance,</td>
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<td><strong>Economics and Some Economic History</strong>: How we got to where we are now</td>
<td>Topics: Adam Smith to Karl Marx; today's economy</td>
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<td>ASSIGNMENT: Prepare a statement of net worth</td>
<td>Reading: Goodwin, p.1-71 and 252-291</td>
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<td>Week 7</td>
<td><strong>Investing Part 3</strong>: <strong>What is Investing?</strong> Banking versus investment accounts, compounding, stocks and bonds, risk and returns, diversification</td>
<td>Reading: Suze Orman, “The Money Book, Ch. 7: Investing Made Easy”</td>
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<td>Week 8</td>
<td><strong>Investing Part 4</strong>: <strong>Constructing an Investment Portfolio</strong>   Investment objectives, constructing a portfolio, asset allocation, diversification expected returns and standard deviations “Financial Planning through the Decades”, mutual funds, fees,</td>
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<td><strong>Creating a Roth IRA Portfolio online</strong></td>
<td>Reading: Suze Orman reading titled Investing 101 Orman</td>
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<td>ASSIGNMENT: Prepare a Roth IRA Portfolio</td>
<td>Financial Planning by the decades</td>
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<td><strong>Sharing Stuff</strong>: Partnering up and issues, wills and trusts</td>
<td>Vanguard Power of Compounding</td>
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<td>Week 10</td>
<td><strong>Review</strong></td>
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<td>ASSIGNMENT: Investopedia Final Portfolio and comments</td>
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<td><strong>Final Exam</strong></td>
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Policy on Collaboration, and Academic Integrity
Sample Academic Community & Fair Use Statement Adapted from UC Berkeley’s Center for Teaching and Learning
You are a member of an academic community at one of the world’s leading research universities. Universities like ours create knowledge that has a lasting impact in the world of ideas and on the lives of others; such knowledge can come from an undergraduate paper as well as the research of an internationally known professor. One of the most important values of an academic community is the balance between the free flow of ideas and respect for the intellectual property of others. Researchers don’t use one another’s research without attribution because we want to recognize the foundational work we have drawn on in order to create new knowledge; scholars and students always use proper citations in papers; professors may not circulate or publish student papers without the writer’s permission; and students may not circulate or post materials (handouts, exams, syllabi—any class materials) from their classes without the written permission of the instructor.
Any test, paper, or report submitted by you and that bears your name is presumed to be your own original work that has not previously been submitted for credit in another course unless you obtain prior written approval to do so from your instructor. In all of your assignments, including your homework or drafts of papers, you may use words or ideas written by other individuals in publications, web sites, or other sources, but only with proper citation (generally, quotation marks or an indented quotation) and correct attribution.
If you are not clear about the expectations for citing sources, completing an assignment, or taking a test or examination, be sure to consult the library website on citing sources University of California, Santa Cruz citl.ucsc.edu | citl@ucsc.edu (https://guides.library.ucsc.edu/citesources), and if you are still confused, seek clarification from your instructor or TA before turning in your assignment.
Finally, you should keep in mind that as a member of the campus community, you are expected to demonstrate integrity in all of your academic endeavors and will be evaluated on your own merits. The consequences of cheating and academic dishonesty—including a formal discipline file, possible loss of future internship, scholarship, or employment opportunities, and denial of admission to graduate school—are simply not worth it. Consequences and process for academic misconduct appear here: https://ue.ucsc.edu/academic-misconduct.html
Sample Statements for Specific Assignments and Class Structures Adapted from UC Berkeley’s Center for Teaching and Learning

Collaboration and Independence: Reviewing lecture and reading materials and studying for exams can be enjoyable and enriching things to do together with your peers. I encourage this effort to build community in the class and to study with others. However, homework assignments should be completed independently, and materials turned in as homework should be the result of your own independent work. Some assignments are meant to be done together in a group. Make sure you check with your instructor or TA if you are not sure about the level of collaboration allowable for any given assignment.
Cheating: Anyone caught cheating on a quiz or exam will receive a failing grade and will also be reported to the Provosts and Vice Provost and Dean of Undergraduate Education. In order to guarantee that you are not suspected of cheating, please keep your eyes on your own materials and do not converse with others during the quizzes and exams. [You may wish to add additional policies around exam-taking, such as how the exams will be proctored, what the seating policies are, and whether students need to bring in their own blue books or scantrons.]

Plagiarism/Self-plagiarism: To copy text or ideas from another source (including your own previously, or concurrently, submitted coursework; work purchased from others and submitted as your own; and/or work copied from others with proper attribution) without appropriate reference is plagiarism and will result in a failing grade for your assignment and usually further disciplinary action. For additional information on plagiarism, self-plagiarism, and how to avoid it, see, for example: https://guides.library.ucsc.edu/citesources/plagiarism

Academic Integrity: Academic integrity encompasses the core values and basic principles of honesty and responsibility that govern our practices as scholars, researchers, and creative artists in the university. Unfortunately, incidents of academic dishonesty, especially plagiarism, have been increasing throughout colleges and universities in the United States. Plagiarism is the act, intentional or unintentional, of using other people’s words or ideas as your own. This trend in part results from the ready availability of papers, codes, and other resources on the internet. The university, college, department, and I expect you to write your own papers and to provide full and accurate citations for University of California, Santa Cruz citl.ucsc.edu | citl@ucsc.edu any specific ideas or language—words, phrases, sentences—that you take from outside sources, including the internet.

Refer to https://ue.ucsc.edu/academic-misconduct.html for the university’s policy on Academic Dishonesty. Any act of academic dishonesty in this class will be reported to the department, to the Provost of your college, and to the Vice Provost and Dean of Undergraduate Education, and may result receiving an F on the assignment, dismissal from class with a final grade of F, and even suspension or expulsion from the university, depending upon the severity of the violation.

Academic Dishonesty and Plagiarism Policy. Academic dishonesty includes cheating, fabricating or falsifying information or sources, improper collaboration, submitting the same paper for different classes without permission, and plagiarism. Plagiarism occurs when writers deliberately or unintentionally use another person’s language, ideas, or materials and present them as their own without properly acknowledging and citing the source.

Familiarize yourself with the library’s excellent resources on source citation (https://guides.library.ucsc.edu/citesources ), tutorials on how to avoid plagiarism (https://guides.library.ucsc.edu/citesources/plagiarism ), and checklists for ensuring that you have properly cited your sources (https://guides.library.ucsc.edu/checklists).

Academic Community & Fair Use Statement Adapted from UC Berkeley’s Center for Teaching and Learning
You are a member of an academic community at one of the world’s leading research universities. Universities like ours create knowledge that has a lasting impact in the world of ideas and on the
lives of others; such knowledge can come from an undergraduate paper as well as the research of an internationally known professor. One of the most important values of an academic community is the balance between the free flow of ideas and respect for the intellectual property of others. Researchers don’t use one another’s research without attribution because we want to recognize the foundational work we have drawn on in order to create new knowledge; scholars and students always use proper citations in papers; professors may not circulate or publish student papers without the writer’s permission; and students may not circulate or post materials (handouts, exams, syllabi—any class materials) from their classes without the written permission of the instructor. Any test, paper, or report submitted by you and that bears your name is presumed to be your own original work that has not previously been submitted for credit in another course unless you obtain prior written approval to do so from your instructor. In all of your assignments, including your homework or drafts of papers, you may use words or ideas written by other individuals in publications, web sites, or other sources, but only with proper citation (generally, quotation marks or an indented quotation) and correct attribution. If you are not clear about the expectations for citing sources, completing an assignment, or taking a test or examination, be sure to consult the library website on citing sources University of California, Santa Cruz citl.ucsc.edu | citl@ucsc.edu (https://guides.library.ucsc.edu/citesources), and if you are still confused, seek clarification from your instructor or TA before turning in your assignment. Finally, you should keep in mind that as a member of the campus community, you are expected to demonstrate integrity in all of your academic endeavors and will be evaluated on your own merits. The consequences of cheating and academic dishonesty—including a formal discipline file, possible loss of future internship, scholarship, or employment opportunities, and denial of admission to graduate school—are simply not worth it. Consequences and process for academic misconduct appear here: https://ue.ucsc.edu/academic-misconduct.html

Accessibility and Accommodations Disability Resource Center (DRC) UC Santa Cruz is committed to creating an academic environment that supports its diverse student body. If you are a student with a disability who requires accommodations to achieve equal access in this course, please submit your Accommodation Authorization Letter from the Disability Resource Center (DRC) to me privately during my office hours or by appointment, preferably within the first two weeks of the quarter. At this time, I would also like us to discuss ways we can ensure your full participation in the course. Campus resources include:

DRC services by phone at 831-459-2089 or by email at drc@ucsc.edu.

CARE Center (Campus Advocacy Resources and Educations) advocates provide nonjudgmental support and resources for survivors of sexual assault, dating/domestic violence, and stalking, and their significant others. https://care.ucsc.edu/

TITLE IX https://titleix.ucsc.edu/

Inclusivity Statement Adapted from University of Iowa College of Education It is my intent that students from all backgrounds and with all perspectives feel included and are able to learn and achieve their goals in this course. The diversity that all students bring to this class is a resource, strength, and benefit to us all. It is my intent to bring to class materials and activities that embrace a diversity of perspectives, experiences, and positions. Your suggestions
for making this learning community as inclusive as possible are encouraged and appreciated. Please let me know if you identify ways to improve the effectiveness of the course for you personally or for other students or student groups. If any of our class meetings conflict with your religious or cultural events, please let me know so that we can work together to make alternative arrangements.