

Cowl52 Personal Finance and Investing

Instructor	Patricia Kelly pmkelly@UCSC.edu
Office Hours	by appointment, and after Live Zoom sessions
TAs/Readers	tbd
Live Lectures	tbd
Final	Online, no ProctorU
Units:	5-Units

(Updated July 25, 2024)

Course Overview

A survey of the financial responsibilities young adults take on after college. Topics covered include compensation, taxes, budgeting, banking and savings, credit, insurance and investing. Ubiquitous terms, such as 401(k), will be defined and financial principles applied to personal financial decision making.

The course provides a framework for managing personal finances and investments. The course follows a path from negotiating your first compensation package, paying your taxes to creating a budget. Financial products such as credit cards, car loans and mortgages will be explained. It also covers insurance-health, auto and life insurance-and how to manage finances with a partner.

The basics of investing are also covered. Throughout the class you participate in a stock market investing game, buying stocks and learning what makes the stock market move. The last part of the course covers creating a basic investment strategy suitable for an IRA or 401K portfolio.

While the marketplace and Google are full of information on personal finance and investing, this course aims to teach the 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 US Federal Tax Form 1040 and understanding employee withholdings
- create a budget and plan for financial emergencies
- understand the terms and conditions of credit cards, loans and a credit score
- create a statement of net worth

- set up a retirement investment portfolio
- identify the components and fees of consumer financial products
- understand the layout of our financial service industry

This course is for educational purposes only. The Professor's comments are not to be considered investment advice. Financial management and investing involve risk and the potential loss of money.

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.

Prerequisites None

Class Format

Online Format: The course, including all recorded lectures, readings, assignments, quizzes and final are on Canvas. Students can move through the course at their own pace. Weekly live Zoom sessions will review the material, homework assignments and current stock market activity.

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. Keeping up and completing assignments is imperative to be successful in the class, and frankly, to apply the material in the future.

Each week follows the same pattern:

- Watch the videos and take the embedded quizzes
- Do the readings
- Attend/view the Live Zooms (extra credit quizzes!)
- Take the weekly quizzes which cover material from the readings
- Each week's materials are DUE on Sundays at midnight. If turned in on time, you are welcome to redo an assignment to improve your score. Late penalties accrue at 1% grade per day late.

Grades are based on assignments, quizzes and a final.

Live Zoom Lectures

The course can be done asynchronously, but there are weekly live Zooms to go over how to do homework and the material. The sessions are recorded and posted on Canvas under the respective module. **Extra Credit** is given if you complete the associated quiz for the live Zoom.

Student Commitment: It is assumed for a 5-unit course you should expect to spend at least 150 hours over the quarter, or 15 hours per each of the 10 weeks. (Summer is over 5 weeks at 30 hours.)

Canvas

The syllabus, lectures, reading and assignments and all tests are on Canvas. There is a “Checklist” at the start of each module with listings of required lectures, readings and assignments. It also has links to supplemental and advanced material for interested students.

Assignments

- 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
- *CORRECTED HOMEWORK CAN BE RESUBMITTED*
- *LATE PENALTIES: 1% off per each day late*

MS Office 360

Several of the assignments use spreadsheets, available on Google Docs and MS Excel.

All active UC campus faculty, staff, and students should be able to access MS Office 365 for free. Instructions on signing in can be found here [Microsoft Office 365 ITS page](#). You can sign into www.office.com [Links to an external site.](#) via a web browser to use the web apps as well.

Key Terms, Concepts and Principles and a Bibliography are linked in the first module under Reference Material. They may be useful.

Teaching Assistants

The course will have several TAs. You will be assigned a TA. Each TA will have office hours and hold a section to answer group questions. These times will be announced in the first week of class. Participation is not mandatory but encouraged.

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.

50% Assignments (7 x)

20% Quizzes (weekly and withing the videos)

30% Final

5% Extra Credit

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 No Pass

F < 60 No Pass

Texts

Texts on Canvas:

- Koblner, Beth. *Get a Financial Life: Personal Finance in Your Twenties and Thirties*. New York: Simon & Schuster, 2017. Print.
- Lynch, Peter. *One Up on Wall Street*.
- Elizabeth Warren & Amelia Warren Tyagi. *All Your Worth*. New York: Free Press, 2005. Print.
- Orman, Suze. *The Money Book for the Young, Fabulous & Broke*. New York: Riverhead, 2007. Print.
- Investopedia.com

OPTIONAL

- Goodwin, Michael. *Economix: How Our Economy Works (and doesn't work) in words and pictures*. New York: Abrams ComicArts, 2012. Print.
- Tina Hay. *Napkin Finance*. Harper Collins, 2019. Print.

- Wall Street Journal Student Subscription: sign up at wsj.com/studentoffer. [LINK](#)

SCHEDULE OF LECTURES AND ASSIGNMENTS (not updated for Summer 2024, See Canvas modules)

Week	Subject, Reading, Assignments, Tests
Week 1	<p>Introduction and Overview</p> <p>Risk and Return</p> <p>Investing Part 1 Securities Market: What are stocks and bonds and how does the stock market work?</p> <p>Assignment Due: Set Up StockTrak Simulator Account</p> <p>Reading Due: Koblner, Ch 1 and Ch 5 Investing</p> <p>Investopedia.com Stock Trading Simulator game</p> <p>Investing Part 2 How do you pick stocks?</p> <p>ASSIGNMENT: Create an Investopedia Portfolio with comments</p>
Week 2	<p>Your Job: Compensation negotiating compensation and benefits, paying taxes</p> <p>Reading: Koblner, Ch 9 Taxes</p> <p>What is inflation? http://www.investopedia.com/university/inflation/inflation1.asp</p> <p>Paying taxes</p> <p>Reading: Koblner, Ch 9 Taxes</p> <p>What is inflation? http://www.investopedia.com/university/inflation/inflation1.asp</p> <p>Your Job: 401ks, IRAs and retirement plans</p> <p>Reading: Koblner Ch 6 Living the Good Life in 2070</p> <p>http://www.investopedia.com/articles/personal-finance/040315/why-save-retirement-your-2015-03-15.html <u>external site.</u></p> <p>ASSIGNMENT: Tax Return</p> <p>Your Budget: Getting organized, budgeting the 50/30/20 budget</p>
Week 3	<p>Building a budget and online services, eCommerce</p> <p>Reading: Koblner Ch 2 Taking Stock</p> <p>On Canvas: Article 50/20/30 Budget</p>

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 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

Buying Stuff Part 2: Amortizing Loans, mortgages car loans

Reading: Kobliner Ch. 7 Owning a Home

Student Loans: student loans and repayment options

Week 6

Net Worth, Insurance

Calculating your Net Worth, Trust Fund Babies and Bankruptcy

Protecting Stuff: Insurance: car, renters, medical, home and life insurance.

Reading: Kobliner Ch. 8 Insurance,

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

ASSIGNMENT: Prepare a statement of net worth

Week 7

Investing Part 3: What is Investing? Banking versus investment accounts, compounding and returns, diversification

Reading: Suze Orman, "The Money Book, Ch. 7: Investing Made Easy"

Week 8

Investing Part 4: Constructing an Investment Portfolio Investment objectives, construction

allocation, diversification expected returns and standard deviations
“Financial Planning through the Decades”, mutual funds, fees,

Creating a Roth IRA Portfolio online

Reading: Suze Orman reading titled Investing 101 Orman
Financial Planning by the decades
Vanguard Power of Compounding

ASSIGNMENT: Prepare a Roth IRA Portfolio

Week 9

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

Week 10

Review

ASSIGNMENT: Investopedia Final Portfolio and comments

Final Exam