

**FIN 321, Personal Financial Planning, Spring 2023
Online**

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Office Hours: By appointment.

Zoom link: <https://maine.zoom.us/j/4156661379>

Prerequisites:

FIN 320 (C or better), Junior Standing, and Business or Econ majors.

Required Material:

[Fundamentals of Financial Planning, 6th Edition](#). ISBN: 978-1-946711-64-9

Note: The 7th edition should be fine if you can't find a copy of the 6th (or want to buy a digital copy). The primary difference between the two is updated tax figures for 2021, so I'm trying to help you save money if you can, but it does look like there may be limited supply of the 6th edition.

A financial calculator will greatly facilitate computations in this class. I strongly recommend either the TI BA II Plus or the TI BA II Plus Professional.

Course Description:

This course begins to prepare students for a career as a professional financial planner by providing fundamental concepts and principles of personal financial planning, applied with a quantifiable approach to achieving client objectives. Topics include general principles of financial planning, the changing nature of the financial services environment, code of ethics and professional responsibility, credit and debt management, budgeting, personal taxes, employee benefit planning, goal attainment, investment planning, risk management through the purchase of insurance, retirement planning, and estate planning. The course will include casework and current financial planning problem scenarios.

This is an asynchronous online course. This course will follow the weekly schedule indicated below. The course is quite rigorous and requires a self-motivated, disciplined student to keep up with the material. As we work through the course, lectures and/or practice problem videos will be posted each week. Some weeks may have multiple lectures. A list of the URLs for the chapter lectures will be posted on Brightspace.

Course Objective:

The principal objective of this course is to provide a strong base in various financial planning domains, including:

- Investment Management
- Retirement & Employee Benefits Planning
- Income Tax Planning

- Insurance Planning
- Estate Planning

Assessment:

Exams (40%): Exams will mostly cover material covered since the prior exam. However, you will continually make use of concepts covered in earlier chapters as this course progresses, and therefore you may continue to see certain concepts reemerging throughout this course. We'll have three exams. Your lowest exam score will be dropped. Exams are open book and open resource. However, you may not consult any classmates or other individuals (e.g., tutor, posting questions in online forums, etc.) when completing your exams.

Assignments (40%): An assignment will be assigned most weeks there is not an exam. Any students who join the class late will be required to make up past quizzes/assignments. In the event that a student joins late and quiz/assignment solutions have already been provided to students, an alternative quiz/assignment may be required. Your two lowest assignment scores will be dropped.

Discussion (10%): Unless we have an exam, we will generally have a weekly discussion post. Initial replies to discussion prompts are due 11:59 PM ET on Thursdays. Replies to two of your classmates are due at 11:59 PM ET on Sundays.

Case Study (10%): A final case study analysis will be worth 10% of your grade.

Number scores for the course roughly translate into letter grades as follows:

A	100-94	C+	79-77
A-	93-90	C	76-74
B+	89-87	C-	73-70
B	86-84	D+	69-67
B-	83-80	D	66-60
		F	59 or less

Any curve, if appropriate, will be applied at the end of the semester based on overall course grades.

Course Evaluations:

At the end of each semester every student has the opportunity to provide constructive feedback on the course. It is important to me that you take the time to let me know your thoughts about the course. I use your feedback to make improvements in the course materials, assignments, and outcomes.

Objective:

This course is structured to be consistent with the mission statement of School of Business: We prepare and inspire current and future leaders, and stimulate economic growth by providing quality learning opportunities, valuable research and professional service, all in partnership with the business community,

Class Schedule and Assignments:

Tentative Course Outline

Note: This tentative schedule is subject to change and MAY change at some point during the semester. Please pay careful attention to announcements in Brightspace.

Week	Date	Assignment	Due
1	1/16 - 1/22	Chapter 1	11:59 PM ET on 1/22
2	1/23 - 1/29	Chapter 2	11:59 PM ET on 1/29
3	1/30 - 2/5	Chapter 3	11:59 PM ET on 2/5
4	2/6 - 2/12	Chapter 4	11:59 PM ET on 2/12
5	2/13 - 2/19	Exam #1	11:59 PM ET on 2/19
6	2/20 - 2/26	Chapter 5	11:59 PM ET on 2/26
7	2/27 - 3/5	Chapter 7	11:59 PM ET on 3/5
8	3/6 - 3/12	Chapter 8	11:59 PM ET on 3/12
9	3/13 - 3/19	Spring Break	11:59 PM ET on 3/19
10	3/20 - 3/26	Chapter 11	11:59 PM ET on 3/26
11	3/27 - 4/2	Exam #2	11:59 PM ET on 4/2
12	4/3 - 4/9	Chapters 12 & 13	11:59 PM ET on 4/9
13	4/10 - 4/16	Chapter 14	11:59 PM ET on 4/16
14	4/17 - 4/23	Chapter 16	11:59 PM ET on 4/23
15	4/24 - 4/30	Exam #3 / Final Project	11:59 PM ET on 4/30

Note: First discussion post replies are due most weeks on Thursday at 11:59 PM ET with follow up replies due on Sunday at 11:59 PM ET. See Brightspace for specific details each week.

Skills

This course is designed to develop many skills that are demanded by employers. Furthermore, you will be expected to draw from the knowledge that you have gained in prerequisite courses such as accounting, statistics, math, and economics.

Computer Skills

A project will be assigned requiring computer skills. The project will employ spreadsheet analysis using Microsoft Excel in the area of retirement projections.

Analytical Skills

This course requires a working knowledge of business math, algebra, statistics, and economics. Lectures, class discussion, homework, and review of various *Wall Street Journal* articles are designed to develop your quantitative and financial planning skills

Written Communication Skills

A case assignment, which will require you to make a recommendation, will be required in this course. The project is designed to enhance your writing skills, but also to develop your ability to perform financial statement analysis within the context of financial planning.

Critical Thinking Skills

The spectrum of financial opportunities available to corporations is extremely broad and the skills needed to analyze these opportunities are even broader. This course seeks to develop your critical thinking skills in the area of financial planning. You are challenged to apply the theory advanced in class to real world situations. Specifically, your critical thinking skills will be developed through quantitative analysis, computer-related projects, and *The Wall Street Journal* articles coverage.

Ethical Context of Professional Practice

The material contained in this course is presented within a context that ethical behavior in the field of financial planning. Unethical business practices are a common source of business failures and substantial losses for individual investors, employees, and other stakeholders. We will not shy away from discussing these situations as they arise.

COURSE POLICIES

ACADEMIC INTEGRITY / PLAGIARISM

Everyone associated with the University of Southern Maine is expected to adhere to the principles of academic integrity central to the academic function of the University. Any breach of academic integrity represents a serious offense. Each student has a responsibility to know the standards of conduct and expectations of academic integrity that apply to academic tasks. Violations of academic integrity include any actions that attempt to promote or enhance the academic standing of any student by dishonest means. Cheating on an examination, stealing the words or ideas of another (i.e., plagiarism), making statements known to be false or misleading, falsifying the results of one's research, improperly using library materials or computer files, or altering or forging academic records are examples of violations of this policy which are contrary to the academic purposes for which the University exists. Acts that violate academic integrity disrupt the educational process and are not acceptable.

Evidence of a violation of the academic integrity policy will normally result in disciplinary action. A copy of the complete policy may be obtained from the office of Community Standards and Mediation, online at usm.maine.edu/communitystandards/academic-integrity or by calling and requesting a copy at (207) 780-5242.

LEARNING OBJECTIVES

Learning objectives for this course include:

A. Professional Conduct and Regulation

A.1 CFP Board's Code of Ethics and Professional Responsibility and Rules of Conduct

- a. Explain the Fitness Standards for Candidates and Registrants, as revised January 2011.
- b. Explain the seven principles of the Code of Ethics and Professional Responsibility, which are ethical and professional ideals of CFP® professionals.
- c. Apply the Rules of Conduct as they relate to being a CFP® professional.

A.2 CFP Board's Financial Planning Practice Standards

- a. Describe the Practice Standards employed during each step of the financial planning process.
- b. Integrate the Practice Standards in developing and communicating a financial plan for a client.

A.3 CFP Board's Disciplinary Rules and Procedures

- a. Identify the grounds for disciplining of CFP® professionals.
- b. Explain the disciplinary procedures employed by CFP Board.
- c. Distinguish between the disciplinary actions that can be taken by CFP Board.

A.4 Function, purpose, and regulation of financial institutions

a. Compare the secondary market institutions and their regulators for each security (stock, bond, ETFs, real estate, commodities and options exchanges) and of primary market institutions (investment banking firms, mutual funds and hedge funds).

A.5 Financial services regulations and requirements

- a. Identify the regulatory authorities that impact elements of the financial planning process. (Examples include regulation of accountancy, legal practice, real estate law, insurance regulation, etc.).
- b. Differentiate between investment knowledge that is proper to use in the evaluation of securities and insider information.
- c. Demonstrate a comprehensive understanding of investment advisor regulation and financial planning aspects of the ERISA.
- d. Explain the relevant licensing, reporting and compliance issues that may affect the business model used by a financial planning firm.

A.6 Consumer protection laws

a. Describe consumer laws that impact clients, including bankruptcy, banking, credit, privacy regulations, and other relevant laws.

A.7 Fiduciary

a. Discuss the fiduciary standard and its importance to the planner-client relationship.

B. General Principles of Financial Planning

B.8. Financial planning process

- a. Describe the personal financial planning process as defined by the Financial Planning Practice Standards.
- b. Recognize unethical practices in the financial planning profession based on the CFP Board Standards of Professional Conduct.

B.9. Financial statements

- a. Construct statements of financial positions and cash-flow statements as applied to clients consistent with sound personal accounting standards.
- b. Evaluate client financial statements using ratios and growth rates and by comparing them to relevant norms.

B.10. Cash flow management

- a. Identify opportunities and challenges related to a client's cash inflows and outflows and make recommendations to assist the client in meeting their current needs and long-term financial goals.
- b. Communicate the need for liquid assets and emergency funds and recommend strategies for accumulating the appropriate levels of funds.
- c. Calculate savings required to meet financial goals and recommend how to incorporate planned savings into the cash flow plan.

B.11. Financing strategies

- a. Analyze the various sources of borrowing available to a client and communicate the advantages and disadvantages of each for meeting a client's financial goal.
- b. Create a debt management plan for a client that minimizes cost and maximizes the potential to reach financial goals.
- c. Explain appropriate housing financing strategies.

B.12. Economic concepts

a. Apply the following economic concepts and measures in making financial planning recommendations:

- i. Supply and demand
- ii. National Income Accounts (including GDP)
- iii. Business cycles (unemployment, recession, fiscal and monetary policy)
- iv. Interest rates (including its term structure and the yield curve) and inflation
- v. Exchange rates

B.13. Time value of money concepts and calculations

- a. Calculate present value and future value of single amounts, annuities, annuities due, uneven, and serial payments.
- b. Calculate NPV and IRR and be able to apply the techniques to financial planning problems.

B.14. Client and planner attitudes, values, biases and behavioral finance

- a. Analyze a client's degree of risk and loss aversion and insure recommendations are consistent with a client's risk propensity, attitudes, capacity, knowledge, and needs.
- b. Explain how a client's psychological profile, such as a Meyers-Briggs assessment, and learning style, and values impact the format of the plan produced and presented.
- c. Evaluate how a client's values, including cultural and religious values and attitudes will affect his/her goals and a planner's recommendations.
- d. Describe how behavioral psychology, such as a client's comfort zone, impacts a client's objectives, goals, understanding, decision making, and actions.

B.15. Principles of communication and counseling

- a. Explain the applications of counseling theory to financial planning practice.
- b. Demonstrate how a planner can develop a relationship of honesty and trust in client interaction.
- c. Assess the components of communications including linguistic signs and non-verbal communications.
- d. Apply active listening skills when communicating with clients.
- e. Select appropriate counseling and communication techniques for use with individual clients.

B.16. Debt management

- a. Review all types of client debt and provide recommendations on optimal management of debt within the context of the client's overall financial plan.
- b. Calculate required payment, interest owed or saved, and the new payment term in developing the debt prioritization plan for the client.
- c. Evaluate the financial effects of reducing or increasing debt on the client's probability of success in meeting short-term and long-term goals.
- d. Illustrate the effect of debt management decisions on long-term goals.
- e. Review client's credit report and identify how different debt management approaches will impact the client's credit score and develop a plan to maximize the client's credit score over the short and long run.

C. Education Planning

C.17. Education needs analysis

- a. Calculate the dollar amount needed to meet the education goals of the client.
- b. Evaluate the client's ability to meet the savings requirements.

C.18. Education savings vehicles

- a. Compare and contrast the tax implications and other features for the primary account types or strategies used for saving for higher education expenses.

- b. Recommend appropriate education savings vehicles given tax implications, dollar amount of savings needed, and the client's preferences and situation.
- c. Recommend appropriate investment alternatives for the education accounts chosen given the client's risk tolerance and risk capacity.

C.19. Financial aid

- a. Review and describe the likelihood and types of qualifying financial aid generally available.
- b. Evaluate the client's qualifications for various types of financial aid as part of an education plan.
 - i. Determine to what extent education tax credits may be utilized to reduce the net cost of education

C.20. Gift/income tax strategies

- a. Calculate the funds needed to meet gifting goals of a client.
- b. Evaluate and recommend the availability of and qualifications for gift tax exclusions for the client's gifting goals.

C.21. Education financing

- a. Evaluate and recommend the availability of and qualifications for financing education expenses as part of an education plan.

D. Risk Management and Insurance Planning

D.22. Principles of risk and insurance

- a. Explain the risk management process.
- b. Provide examples of the four primary risk management techniques available to clients.
- c. Describe how insurers use risk pooling to pay for losses incurred by policyholders.
- d. Explain the factors that affect policyholder premiums and recommend appropriate methods for reducing household insurance costs.

D.23. Analysis and evaluation of risk exposures

- a. Identify and measure liability, automobile, homeowner's, flood, earthquake, health, disability, long-term care, and life risks.
- b. Explain maximum possible and maximum probable loss amount to a client.

E. Investment Planning

E.33. Characteristics, uses and taxation of investment vehicles

- a. Describe and compare the characteristics, including risk and return, of all asset classes including cash-equivalent securities, individual bonds and stocks, real estate, other tangible assets, all pooled asset categories, and derivatives.
- b. Select the appropriate use for each asset class and investment vehicle based upon its risk/return characteristics and expected cash flows.
- c. Advise clients on the tax implications of holding and disposing of each security type or asset class.

F. Tax Planning

F.42. Fundamental tax law

- a. Compare and contrast the fundamental components of the income tax system including filing forms, filing status, income, exemptions, exclusions, deductions, adjustments, credits, and tax rates.
- b. Explain how a progressive income tax system works and contrast it with other tax systems.
- c. Compute marginal and average tax brackets and explain the appropriate use of each.

G. Retirement Savings and Income Planning

G.52. Retirement needs analysis

- a. Identify and evaluate the assumptions used in analyzing retirement needs including: age at retirement, cash inflows and outflows in various stages of retirement, goal priority and importance, longevity, rate of investment return, market volatility, and effects of inflation.
- b. Recognize the potential sources of income during retirement including social security, employer plan benefits, personal savings and investments, individual retirement plans, and employment income.
- c. Calculate an appropriate savings plan to meet funding needs and communicate the importance of having a well-funded retirement plan.
- d. Recommend a plan for maximizing the probability of achieving the client's goals and mitigating longevity risk.
- e. Use statistical and probability techniques in calculating retirement funding and income distribution plans.
- f. Explain various patterns of work-to-retirement transitions and phased retirement.

H. Estate Planning

H.63. Characteristics and consequences of property titling

- a. Compare and contrast the most common types of titling property (sole ownership, joint tenancy with rights of survivorship, tenants in common, tenants by the entirety, and community property).
- b. Recommend the appropriate property titling mechanism given the client's lifetime and estate distribution objectives, and relevant state laws.

H.64. Strategies to transfer property

- a. Describe the probate process, its advantages, disadvantages, and costs.
- b. Explain the characteristics and consequences of using alternative methods of transferring property at death, including named beneficiary, trusts (revocable and irrevocable), payable on death and transfer on death designations, probate, intestate succession, and direct transfer through titling).
- c. Select the most appropriate property transfer mechanism for a client's situation.

H.65. Estate planning documents

- a. Identify and describe the components of estate planning documents, such as wills and trusts that are used to facilitate the transfer of one's assets.
- b. Explain the roles of the parties used in estate planning including executor, trustee, power of attorney, beneficiary(ies), heirs, and guardians.
- c. Recommend appropriate estate planning tools to meet a client's goals and objectives.

UNIVERSITY POLICIES AND RESOURCES

DISABILITY ACCOMMODATIONS

The university is committed to providing students with documented disabilities equal access to all university programs and services. If you think you have a disability and would like to request accommodations, you must register with the Disability Services Center. Timely notification is essential. The Disability Services Center can be reached by calling 207-780-4706 or by email dscusm@maine.edu. If you have already received a faculty accommodation letter from the Disability Services Center, please provide me with that information as soon as possible. Please make a private appointment so that we can review your accommodations.

TUTORING AND WRITING ASSISTANCE

Tutoring at USM is for *all* students, not just those who are struggling. Tutoring provides active feedback and practice, and is available for writing, math, and many more subjects. Walk-in tutoring is available at

the Glickman Library in Portland, the Gorham Library, and the LAC Writing Center. For best service, we recommend making an appointment at <https://usm.maine.edu/learningcommons/schedule-tutoring-appointment>. Questions about tutoring should be directed to Naamah Jarnot at 207-780-4554. Interested in becoming a more effective, efficient learner? Check out <https://usm.maine.edu/agile!>

COUNSELING

Counseling is available at USM. The best way to schedule an appointment is to email usm.health@maine.edu. More information is available at <https://usm.maine.edu/uahcs>.

NONDISCRIMINATION POLICY

The University of Southern Maine is an EEO/AA employer, and does not discriminate on the grounds of race, color, religion, sex, sexual orientation, transgender status, gender expression, national origin, citizenship status, age, disability, genetic information or veteran's status in employment, education, and all other programs and activities. The following person has been designated to handle inquiries regarding non-discrimination policies: Sarah E. Harebo, Director of Equal Opportunity, 101 North Stevens Hall, University of Maine, Orono, ME 04469-5754, 207.581.1226, TTY 711 (Maine Relay System).

STATEMENT ON RELIGIOUS OBSERVANCE FOR USM STUDENTS

Absence for Religious Holy Days: The University of Southern Maine respects the religious beliefs of all members of the community, affirms their rights to observe significant religious holy days, and will make reasonable accommodations, upon request, for such observances. If a student's religious observance is in conflict with the academic experience, they should inform their instructor(s) of the class or other school functions that will be affected. It is the student's responsibility to make the necessary arrangements mutually agreed upon with the instructor(s).

TITLE IX STATEMENT

The University of Southern Maine is committed to making our campuses safer places for students. Because of this commitment, and our federal obligations, faculty and other employees are considered mandated reporters when it comes to experiences of interpersonal violence (sexual assault, sexual harassment, dating or domestic violence, and stalking). Disclosures of interpersonal violence must be passed along to the University's Deputy Title IX Coordinator who can help provide support and academic remedies for students who have been impacted. More information can be found online at <http://usm.maine.edu/campus-safety-project> or by contacting Sarah E. Holmes at sarah.e.holmes1@maine.edu or 207-780-5767.

If students want to speak with someone confidentially, the following resources are available on and off campus: University Counseling Services (207-780-4050); 24 Hour Sexual Assault Hotline (1-800-871-7741); 24 Hour Domestic Violence Hotline (1-866-834-4357).