

### Course Outline

**COURSE:** ECON 14                      **DIVISION:** 50                      **ALSO LISTED AS:** BUS 14

**TERM EFFECTIVE:** Spring 2021                      **CURRICULUM APPROVAL DATE:** 11/10/2020

**SHORT TITLE:** PERSONAL FINANCE

**LONG TITLE:** Personal Finance

<u>Units</u>	<u>Number of Weeks</u>	<u>Type</u>	<u>Contact Hours/Week</u>	<u>Total Contact Hours</u>
3	18	Lecture:	3	54
		Lab:	0	0
		Other:	0	0
		Total:	3	54

**COURSE DESCRIPTION:**

This course is designed to equip students with specific knowledge and skills enabling them to make sound financial decisions over the course of their life, in order to build and maintain wealth. Students will develop quantitative reasoning and critical analysis abilities, and will apply them to topics including: budgeting, time value of money calculations, financial planning, retirement planning, tax planning and related calculations, investing, credit and credit cards, insurance, and estate planning. Students will take a hands-on approach to learning by using mathematical reasoning and formulae to solve problems and complete projects. Instructors will provide student-centered activity-based instruction, which emphasizes the conceptual understanding and skills of mathematics and quantitative reasoning to develop competence and confidence in problem solving abilities. This course is also listed as BUS 14. Prerequisite: Skills and knowledge equivalent to Algebra 1 or as determined by the math placement process

**PREREQUISITES:**

- Score of 2600 on MM CCCApply Math
- OR
- Score of 2600 on MM Placement Tool Math
- OR
- Completion of MATH 11, as UG, with a grade of C or better.
- OR
- Completion of MATH 12, as UG, with a grade of C or better.
- OR
- Completion of MATH 14, as UG, with a grade of C or better.
- OR
- Completion of MATH 16, as UG, with a grade of C or better.
- OR
- Completion of MATH 1A, as UG, with a grade of C or better.
- OR

Completion of MATH 1B, as UG, with a grade of C or better.  
OR  
Completion of MATH 1C, as UG, with a grade of C or better.  
OR  
Completion of MATH 208, as UG, with a grade of C or better.  
OR  
Completion of MATH 233, as UG, with a grade of C or better.  
OR  
Completion of MATH 240, as UG, with a grade of C or better.  
OR  
Completion of MATH 242, as UG, with a grade of C or better.  
OR  
Completion of MATH 2C, as UG, with a grade of C or better.  
OR  
Completion of MATH 5, as UG, with a grade of C or better.  
OR  
Completion of MATH 6, as UG, with a grade of C or better.  
OR  
Completion of MATH 7, as UG, with a grade of C or better.  
OR  
Completion of MATH 8A, as UG, with a grade of C or better.  
OR  
Completion of MATH 8B, as UG, with a grade of C or better.

COREQUISITES:

CREDIT STATUS: D - Credit - Degree Applicable

GRADING MODES

L - Standard Letter Grade

REPEATABILITY: N - Course may not be repeated

SCHEDULE TYPES:

02 - Lecture and/or discussion

05 - Hybrid

71 - Dist. Ed Internet Simultaneous

72 - Dist. Ed Internet Delayed

## **STUDENT LEARNING OUTCOMES:**

By the end of this course, a student should:

1. Upon completion of this course, students will be able to apply time value of money concepts and formulae to perform financial planning calculations.
2. Upon completion of this course, students will be able to use quantitative reasoning skills to apply federal tax codes in order to accurately compute adjusted gross income and tax liability.
3. Upon completion of this course, students will be able to apply quantitative reasoning and critical thinking skills when articulating the trade-offs among different investment opportunities.
4. Upon completion of this course, students will be able to explain and apply the expected value formula and related probabilities to accurately solve problems related to differences in insurance premiums.

## **CONTENT, STUDENT PERFORMANCE OBJECTIVES, OUT-OF-CLASS ASSIGNMENTS**

Curriculum Approval Date: 11/10/2020

(9 hours)

Topics:

Making Financial Decisions

Your Life Situation and Financial Planning

Social and economic influences

Financial Planning

Developing and Achieving Financial Goals

Opportunity Costs and Time Value of Money

Performing Time Value of Money Calculations

Career Choice and Financial Planning

Objectives:

Students will be able to:

- 1) Explain the notion of cost-benefit analysis as a rational framework for making sound financial decisions.
- 2) Set financial goals and use quantitative reasoning to create plans to achieve them.
- 3) Calculate the present value of a lump sum or annuity.
- 4) Calculate the future value of a lump sum or annuity.
- 5) Calculate the annual payment needed to achieve medium and long-term financial goals.

(3 hours)

Topics:

Money Management Skills

Psychology of Money: Wealth and Status

Components of Money Management

Personal Financial Statements

Your Cash Flow Statement: Inflows and Outflows

Money Management and Achieving Financial Goals

Objectives:

Students will be able to:

- 1) Create a personal cash flow statement by applying quantitative budgeting concepts.
- 2) Identify the factors that affect cash flows.
- 3) Create a personal balance sheet to compute net wealth.
- 4) Enumerate various short-term money management vehicles and use quantitative reasoning to describe the trade-offs between risk and expected return.

(3 hours)

Topics:

Taxes in Your Financial Plan  
Planning Your Tax Strategy  
Calculating Federal Tax Liability and Adjusted Gross Income  
Social, Family, Cultural Implications  
Tax Preparation Services  
Tax Planning Strategies  
Consumer Purchasing  
Investment Decisions  
Retirement and Education Plans

Objectives:

Students will be able to:

- 1) Analyze objective criteria to determine tax filing status.
- 2) Apply available deductions and exemptions in the tax code to minimize tax payments in problem sets.
- 3) Use quantitative reasoning to apply the IRS framework to calculate adjusted gross income.
- 4) Use quantitative reasoning to apply tax brackets to a given amount of taxable income to compute tax liability.

(3 hours)

Topics:

Financial Services: Savings Plans and Payment Accounts  
Financial Services and Economic Conditions  
Comparing Savings Plans  
Money Market Accounts and Funds  
U.S. Savings Bonds

Objectives:

Students will be able to:

- 1) Use quantitative reasoning to identify superior savings plans based on objective criteria.
- 2) Obtain data to assess and determine current economic conditions.
- 3) Weigh the costs and benefits of various low-risk short-term investment opportunities, and use quantitative reasoning to explain the trade-offs between risk and expected return.

(6 hours)

Topics:

Consumer Credit: Advantages, Disadvantages, Sources, and Costs  
The Importance of Consumer Credit in Our Economy  
Psychological implications of credit  
Uses and Misuses of Credit  
General Rules of Credit Capacity  
Credit Scores  
Familial and Social Obligations  
Cosigning a Loan  
Consumer Credit Protection Laws  
Managing Your Debts  
Financial Counseling Services  
Declaring Personal Bankruptcy

Objectives:

Students will be able to:

- 1) List the various factors used to compute credit scores.
- 2) Describe common misuses of credit.
- 3) Use quantitative reasoning to explain when it might be appropriate to declare bankruptcy.

(3 hours)

Topics:

Consumer Purchasing Strategies

Warranties

Research-Based Buying

Major Consumer Purchases: Buying Motor Vehicles

Legal Options for Consumers

Objectives:

Students will be able to:

- 1) Use quantitative reasoning to calculate and compare the full cost of buying and leasing cars.
- 2) Describe strategies consumers can use to avoid and resolve issues related to major purchases.

(3 hours)

Topics:

Selecting and Financing Housing

Evaluating Renting and Buying

Lifestyle and Housing Choices

The Finances of Home Buying

Home-Selling Strategy

Objectives:

Students will be able to:

- 1) Use quantitative reasoning to calculate and compare the costs of renting versus buying a home.
- 2) Calculate the cost per square foot of homes in an area for the purpose of objectively assessing the value of a given home.
- 3) Estimate down payment requirements for purchasing a home and compute the effect of different interest rates on mortgage payments.

(3 hours)

Topics:

Home and Automobile Insurance

Insurance and Risk Management for Various Life Stages

Risk Management Methods

Physiological Factors Affecting Options and Cost

Property and Liability Insurance

Home and Property Insurance

Renter's Insurance

Automobile Insurance Coverages

No-Fault Insurance

Factors Contributing to Insurance Premiums (expected value formula)

Objectives:

Students will be able to:

- 1) Explain the role of insurance companies in the sharing of risk in society.
- 2) Use quantitative analysis to apply the expected value formula to identify the factors contributing to different premiums for different people across insurance policies.
- 3) Explain the concept of liability.

(3 hours)

Topics:

Health and Disability Income Insurance

Health Insurance and Financial Planning

Private Health Care Plans and Government Health Care Programs

Health Insurance and the Patient Protection and Affordable Care Act of 2010

Disability Income Insurance

Objectives:

Students will be able to:

- 1) Provide a brief explanation or overview of the different public health insurance options.
- 2) Explain the differences in the definition of "disability" among disability insurance policies.
- 3) Use quantitative analysis to apply the expected value formula to identify the factors contributing to different premiums for different people across insurance policies.

(3 hours)

Topics:

Financial Planning with Life Insurance

The Principle and Psychology of Life Insurance

Estimating Your Life Insurance Requirements

Financial Planning with Annuities

Tax Considerations

Objectives:

Students will be able to:

- 1) Explain the difference between term and whole-life policies.
- 2) Use quantitative analysis to apply the expected value formula to identify the factors contributing to different premiums for different people across insurance policies.
- 3) Describe how life insurance fits in with estate planning.

(3 hours)

Topics:

Investing Basics and Evaluating Bonds

Asset Allocation and Diversification

The Psychology of Investing in Bonds

Government Bonds and Debt Securities

Corporate Bonds

Current Yield Calculations

Trade-offs Among Investment Opportunities

Objectives:

Students will be able to:

- 1) Describe the different types of bonds.
- 2) Use quantitative reasoning in the application of time value of money concepts to compute the present value of a bond.
- 3) Enumerate the various sources of risk associated with investing in bonds.
- 4) Use the concept of diversification to differentiate between various investment opportunities.
- 5) Calculate the return on an investment in bonds.

(3 hours)

Topics:

Investing in Stocks

Common and Preferred Stock

Numerical Measures That Influence Investment Decisions

Dividend Yield and Total Return

Long-Term and Short-Term Investment Strategies

Objectives:

Students will be able to:

- 1) Describe the different types of stocks that are available.
- 2) Explain different sources of risk associate with investing in stocks.
- 3) Interpret stock quotations.
- 4) Use the concept of diversification to differentiate between various investment opportunities.
- 5) Use quantitative analysis to calculate the return on an investment in stocks.

(3 hours)

Topics:

Investing in Mutual Funds

The Psychology of Investing in Funds

Classifications of Mutual Funds

Managed Funds versus Index Funds

Objectives:

Students will be able to:

- 1) Explain the costs and benefits of investing in mutual funds relative to picking individual stocks and bonds.
- 2) Use quantitative analysis to calculate the effect of loads on long-term investment returns.
- 3) Explain how mutual funds help investors achieve low-cost diversification.
- 4) Use quantitative analysis to calculate the return on an investment in mutual funds.
- 5) Explain the difference between open and closed-end mutual funds.

(3 hours)

Topics:

Starting Early: Retirement and Estate Planning

Conducting a Financial Analysis

Estimating Retirement Living Expenses

Employer Pension Plans

Public Pension Plans

Personal Retirement Plans

Annuities

Legal Documents

Types of Wills

Types of Trusts

Taxes and Estate Planning

Objectives:

Students will be able to:

- 1) Apply the time value of money concepts to calculate the difference in annual savings amounts required to meet a specified retirement goal, for various ages at which saving begins.
- 2) Describe different types of trusts and some of their popular uses.
- 3) Identify the required elements of a valid will.
- 4) Use mathematical calculations to perform financial analyses.

5) Calculate the impact of estate taxes on family wealth and recommend strategies to minimize estate tax exposure.

(2 hours) FINAL

**METHODS OF INSTRUCTION:**

Lecture, demonstration, discussion, collaborative student projects.

**OUT OF CLASS ASSIGNMENTS:**

Required Outside Hours: 108

Assignment Description: Homework for each week:

Read the chapters covered in the class lectures, and do the homework at the end of the chapters.

**METHODS OF EVALUATION:**

Writing assignments

Percent of total grade: 10.00 %

10% - 30% Written homework; Reading reports

Problem-solving assignments

Percent of total grade: 10.00 %

10% - 70% Homework problems; Quizzes; Exams

Skill demonstrations

Percent of total grade: 20.00 %

20% - 50% Performance exams

Objective examinations

Percent of total grade: 30.00 %

30% - 70% Multiple choice; True/false; Matching items; Completion

**REPRESENTATIVE TEXTBOOKS:**

Jack Kapoor. Focus on Personal Finance. McGraw Hill, 2018.

Reading Level of Text, Grade: 12+ Verified by: MS Word



**ARTICULATION and CERTIFICATE INFORMATION**

Associate Degree:

CSU GE:

IGETC:

CSU TRANSFER:

Transferable CSU, effective 200630

UC TRANSFER:

Not Transferable

**SUPPLEMENTAL DATA:**

Basic Skills: N

Classification: Y

Noncredit Category: Y

Cooperative Education:

Program Status: 1 Program Applicable

Special Class Status: N

CAN:

CAN Sequence:

CSU Crosswalk Course Department: ECON

CSU Crosswalk Course Number: 14

Prior to College Level: Y

Non Credit Enhanced Funding: N

Funding Agency Code: Y

In-Service: N

Occupational Course: E

Maximum Hours:

Minimum Hours:

Course Control Number: CCC000344516

Sports/Physical Education Course: N

Taxonomy of Program: 220400