

## PERSONAL FINANCE

<b>Course code</b>	<i>FIN115</i>
<b>Compulsory in the programmes</b>	<i>Finance</i>
<b>Level of studies</b>	<i>Undergraduate</i>
<b>Number of credits</b>	<i>6 ECTS (48 contact hours + 2 consultation hours+ 2 hours of examination, 110 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Dmitrij Katkov, PhD, CFA</i>
<b>Prerequisites</b>	<i>Principles of Finance</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

The objective of the course is to provide students with an understanding of financial decision making framework as it relates to personal (household) finance. The major topics covered include: prudent debt management, savings and investments, retirement planning, insurance. Students will learn how to evaluate different services provided by financial institutions as well as learn how to effectively use those services to their own benefit and the benefits of their future clients. An emphasis is drawn on the ethical considerations that financial advisers are facing in their work.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learning objectives (Number of LO) BBM	Degree level learning objectives (Number of LO) BSS	Assessment methods	Teaching methods
SLO1.Appreciate the need of financial planning and its impact on wealth of the households	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Mid-term exam	Lectures, seminars, self-study
SLO2. Identify and follow wise debt management practices.	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Mid-term, final exam, group works	Lectures, seminars, self-study
SLO3. Apply concepts of time value of money to solve various financial planning problems.	BLO1.1 BLO1.2 BLO2.1	ELO1.1 ELO1.2 ELO2.1	Mid-term, final exam, group works	Lectures, seminars, self-study
SLO4. Identify and successfully manage risks that individuals and families face.	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Mid-term, final exam, group works	Lectures, seminars, self-study
SLO5. Recognize, describe and evaluate various banking and investment products in the liquidity/risk and return framework	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Mid-term, final exam, group works	Lectures, seminars, self-study, simulation
SLO6. Identify and engage in sound investment	BLO1.1	ELO1.1	Mid-term, final	Lectures,

management practices	BLO1.2	ELO1.2	exam, group works	seminars, self-study
SLO7. Acquire and demonstrate awareness of consumer protection/regulation.	BLO4.1 BLO4.2 BLO4.3	ELO4.1 ELO4.2 ELO4.3	Final exam, group works	Lectures, seminars, self-study
SLO8. Demonstrate familiarity with ethical responsibilities inherent in the work of financial advisors	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Final exam, group works	Lectures, seminars, self-study

## ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

## COURSE OUTLINE

Topic	In-class hours	Readings
1.Introduction to personal finance Role of financial planner/advisor Financial planning process	4	Textbook, handouts
2.Time value of money revisited & Global Investment performance standards  Interest calculation methodologies Nominal and effective APR Geometric and arithmetic rates of return Excel formulas	4	Textbook, handouts
3.Long-term debt management Rent vs. buy decision “Good” and “bad debt” Loan amortization methods	4	Handouts, excel file
4.Short-term debt management Credit cards, term loans Credit rating assessment Consumer protection	4	Textbook, handouts
5.Insurance markets. Risk Management for Individuals Life insurance Investment add-ons	4	Textbook, handouts
<b>Mid-term</b>	2	Topics 1-5
6.Wealth management Goals and constraints Investment policy statement	2	
7.Investment in stocks	6	Handouts
8.Investment in bonds	4	Handouts

9.Mutual/ pension/ hedge funds  Investment Styles Management process Performance evaluation	4	Handouts
10.Diversification and global investing	2	Handouts
11.Ethical considerations in wealth management  CFA code of ethics	6	Handouts
12.Risk management of financial portfolios	2	Handouts
	<b>Total: 48 hours</b>	
FINAL EXAM	2	Topics 6-12
CONSULTATIONS	2	

#### FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components</i>	20%
Research Paper	20
<i>Individual Components</i>	80%
Mid-term examination	40
Final examination	40
<b>Total:</b>	<b>100</b>

#### DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

##### Examinations

Midterm test and exam are closed book. Students should bring calculators and can have special tables for present and future value counting.

Midterm test counts towards 40% of the final grade. It consists of multiple-choice questions and problems from theory and exercises.

The final exam counts towards 40% of the final grade. Exam consists of multiple choice, problems, essay questions from theory and exercises.

##### RETAKE POLICY

The *retake* examination for the students who do not meet the passing score is normally scheduled 1-2 weeks after the announcement of the final grades. The retake examination covers the materials from the entire course, and it is worth 80% of the total grade (the remaining 20% comes from the group paper).

**Group work**

There will be one formal group work during the course. Tasks (that will be given during the course) must be completed in a group up to 5 people (1-2 students do not make a group). Each group turns in a single copy of its work with the names of all contributing members listed. Coursework counts towards 20% of the final grade.

Assessment requirements, procedures, and other important regulations may be communicated verbally during lectures. Failure to attend a lecture where such information is provided does not exempt the student from the responsibility to comply with these requirements.

**REQUIRED READINGS**

Kapoor, Jack R., Les R. Dlabay, Hughes, R.J. *Personal Finance*. New York: McGraw-Hill/Irwin, 2022

**ADDITIONAL READINGS**

Evensky, Harold, Stephen Michael. Horan, Thomas R. Robinson. *The New Wealth Management: The Financial Advisor's Guide to Managing and Investing Client Assets*. Hoboken, NJ: J. Wiley, 2021. Print.  
Redhead, Keith. *Personal Finance and Investments: A Behavioural Finance Perspective*. London: Routledge, 2018. Print

**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*  
*International Business and Communication,*  
*Business Management and Marketing,*  
*Finance,*  
*Industrial Technology Management,*  
*Entrepreneurship and Innovation*

Learning Goals	Learning Objectives
Students will be critical thinkers	BLO1.1. Students will be able to understand core concepts and methods in the business disciplines
	BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions
Students will be socially responsible in their related discipline	BLO2.1. Students will be knowledgeable about ethics and social responsibility
Students will be technology agile	BLO3.1. Students will demonstrate proficiency in common business software packages
	BLO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	BLO4.2. Students will be able to convey their ideas effectively through an oral presentation
	BLO4.3. Students will be able to convey their ideas effectively in a written paper

**Learning objectives for the Bachelor of Social Science**

*Programmes:*  
*Economics and Data Analytics,*  
*Economics and Politics*

Learning Goals	Learning Objectives
Students will be critical thinkers	ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines
	ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements
Students will have skills to employ economic thought for the common good	ELO2.1. Students will have a keen sense of ethical criteria for practical problem-solving
Students will be technology agile	ELO3.1. Students will demonstrate proficiency in common business software packages
	ELO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	ELO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	ELO4.2. Students will be able to convey their ideas effectively through an oral presentation
	ELO4.3. Students will be able to convey their ideas effectively in a written paper