

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

COURSE OUTLINE

COURSE NAME Personal Financial Planning 1

COURSE NUMBER FMGT 1810

DATE Fall 1996

Prepared by School of Business

Taught to \_\_\_\_\_ Year

School Business

School \_\_\_\_\_

Program Financial Management

Program \_\_\_\_\_

Date Prepared August, 1996

Option \_\_\_\_\_

Term \_\_\_\_\_ Hrs/Wk 3 Credits 3

No. of Weeks 12 Total Hours 36

Instructor(s) \_\_\_\_\_ Home \_\_\_\_\_ Local \_\_\_\_\_

Office Hours To be announced

**PREREQUISITES**

None

**COURSE OBJECTIVES**

(Upon successful completion of this course, the student will be able to:)

Examine the basics of Financial Planning. Use their new knowledge of financial planning concepts to work on their own financial problems. Prepares the student to continue through the certificate program.

**EVALUATION**

Final Examination	<u>40</u>	%
Midterm	<u>20</u>	%
Project(s)	<u>40</u>	%
	100	%

## **REQUIRED TEXT(S) AND EQUIPMENT**

- notebook
- financial calculator (Sharp EL733A recommended)
- *Personal Financial Planning*, Second Edition by Ho and Robinson, Captus Press  
ISBN 1-896691-18-8

---

## **REFERENCE TEXTS AND RECOMMENDED EQUIPMENT**

1. Canadian Financial Planning Guide by CCH
2. Guide to Personal Financial Planning (3 Vol. Set); C.A.F.P. Carswell

---

## **COURSE SUMMARY**

A combination of lectures, discussions, and case studies provide for a working knowledge of financial services and financial planning concepts.

## **PROJECT DUE DATES**

Number 1: (15%) due week 4

Number 2: (25%) due week 10

Note: Projects and due dates are subject to change, at the instructor's discretion

**COURSE OUTLINE**  
(continued)

Week	Textbook Coverage	Course Objectives (be able to)
1	Chapters 1, 3, 4	<ul style="list-style-type: none"> <li>• Name and briefly describe the elements of a financial plan</li> <li>• Name the participants in the PFP industry</li> <li>• Describe the ways that financial planners can be compensated</li> <li>• Describe the process of setting goals and explain how this fits into the financial planning process</li> <li>• Prepare a net worth statement, personal income statement and budget</li> <li>• Develop control mechanisms to move toward financial planning objectives</li> </ul>
2	Chapter 2 plus Supplementary notes	<ul style="list-style-type: none"> <li>• Give examples of the various types of cash flows (present value, future value, annuity)</li> <li>• Given one type of cash flow, be able to calculate the other two</li> <li>• Solve common math of financial planning problems</li> </ul>
3	Chapters 5, 11, 12	<ul style="list-style-type: none"> <li>• Describe the concept of the family life cycle and use it to diagnose a family's PFP needs</li> <li>• Describe the types of institutions that exist in the financial industry</li> <li>• Discuss the common forms of consumer financing</li> <li>• Describe the concept of leverage and the role of credit within the financial plan</li> <li>• Calculate the after-tax cost of borrowing</li> <li>• Assess debt capacity</li> <li>• Discuss the common forms of mortgage financing</li> </ul>

4	Chapters 6, 7	<ul style="list-style-type: none"> <li>• Calculate federal and provincial income tax payable for an uncomplicated situation</li> <li>• Calculate income tax payable on the three main types of investment income</li> <li>• Explain the importance of and calculate marginal tax rates</li> <li>• Describe and give examples of four tax minimization strategies</li> </ul>
5	Chapters 13, 14, 15	<ul style="list-style-type: none"> <li>• Discuss three basic principles of investment: the risk-return tradeoff, diversification and the efficient market hypothesis</li> <li>• Describe the major types of investments and their most important characteristics</li> <li>• Describe the major types of mutual funds</li> <li>• Compare the fees involved with various mutual funds</li> <li>• Discuss the advantages and disadvantages of investing in mutual funds</li> </ul>
6		<ul style="list-style-type: none"> <li>• Mid-Term Exam - 20% of final mark</li> <li>• Complete material from week 5</li> </ul>
7	Chapters 16, 17	<ul style="list-style-type: none"> <li>• Describe the sources of income open to the individual upon retirement</li> <li>• Prepare a budget for retirement</li> <li>• Set goals for retirement and translate these goals into a tax efficient savings and investment plan</li> <li>• Describe the maturity choices available at retirement for different forms of savings and explain how to match them to a retirement situation</li> </ul>

8	Chapters 8, 9, 10	<ul style="list-style-type: none"> <li>• Describe 5 elements of a personal risk management process</li> <li>• Calculate the cost of insurance and how insurance works</li> <li>• Describe the types of life insurance and the standard terminology associated with life insurance</li> <li>• Explain how premiums are calculated for term, whole life and universal policies</li> <li>• Describe disability insurance and the associated terminology</li> <li>• Calculate the amount of life and disability insurance needed by an individual</li> <li>• Discuss the pros and cons of term versus whole life insurance</li> <li>• Describe the basic concepts, terminology and typical policy provisions of home and automobile insurance</li> </ul>
9	Chapters 8, 9, 10 continued	<ul style="list-style-type: none"> <li>• Complete material from week 8</li> </ul>
10	Chapter 17	<ul style="list-style-type: none"> <li>• Explain the elements to be found in a basic but comprehensive estate plan</li> </ul>
11	CFP Code of Ethics and Review	<ul style="list-style-type: none"> <li>• Discuss regulatory, ethical and legal issues that arise in financial planning</li> <li>• Discuss project number 2</li> <li>• Exam review</li> </ul>
12		<ul style="list-style-type: none"> <li>• Final Exam - 40% of final grade</li> </ul>