



A POLYTECHNIC INSTITUTION

School of Business

Program: Financial Management

Option: Finance

**FMGT 4525**  
**Financial Planning**

<b>Start Date:</b>	January 2007	<b>End Date:</b>	May 2007
<b>Total Hours:</b>	80	<b>Total Weeks:</b>	20
<b>Hours/Week:</b>	4	<b>Lecture:</b>	2
		<b>Lab:</b>	2
<b>Prerequisites</b>	Error! Reference source not found. is a Prerequisite for:		
<b>Course No.</b>	<b>Course Name</b>	<b>Course No.</b>	<b>Course Name</b>
3610	Security Analysis 1	4611	Security Analysis 2

**Course Description (required)**

This course is designed to equip the student with the knowledge and skills necessary to provide advice of a personal financial nature to individuals. The primary topics include: taxation, risk management, pension planning, investments and estate planning.

↑ update the web

**Evaluation**

Final Examination	30%	Comments:
Midterm	25%	
Quizzes, Assignments, Labs	10%	
Major Project	35%	
<b>TOTAL</b>	<b>100%</b>	

**Course Learning Outcomes/Competencies**

Upon successful completion, the student will be able to:

Analyze the need for a comprehensive personal financial plan.

Evaluate and establish a procedure to develop, implement and monitor a comprehensive personal financial plan.

List and describe the six component elements of a financial plan: cash management, risk management, education, retirement, estate and investment planning.

Describe the regulatory, ethical and legal issues involved in the financial planning profession.

Describe the administrative and marketing aspects of operations of a financial planner.

**Verification**

I verify that the content of this course outline is current.

\_\_\_\_\_  
Larry Stubbs  
Authoring Instructor

\_\_\_\_\_  
November 2006  
Date

I verify that this course outline has been reviewed.

\_\_\_\_\_  
Terry Gordon  
Program Head/Chief Instructor

\_\_\_\_\_  
November 2006  
Date

I verify that this course outline complies with BCIT policy.

\_\_\_\_\_  
Tim Edwards  
Dean/Associate Dean

\_\_\_\_\_  
November 2006  
Date

Note: Should changes be required to the content of this course outline, students will be given reasonable notice.

### Instructor(s)

Larry Stubbs	Office Location: SE6 – 319	Office Phone: 604-451-6937
	Office Hrs.: Posted on Door	E-mail Address: <a href="mailto:Larry_Stubbs@bcit.ca">Larry_Stubbs@bcit.ca</a> or <a href="mailto:themiserman@telus.net">themiserman@telus.net</a>

### Learning Resources

#### Required:

- *Personal Financial Planning*, Fourth Edition by Ho and Robinson, Captus Press, ISBN 1-896691-96-X and
- *KPMG Tax Planning for You and Your Family*, current edition, Carswell, ISBN 0-459-28167-4 (current edition)
- financial calculator - Sharp EL 733A is strongly recommended, although any financial calculator capable of calculating NPV and IRR will suffice
- [www.themiserman.lovesmoney.com](http://www.themiserman.lovesmoney.com)

#### Recommended:

- *Personal Finance for Canadians*, Eighth Edition by Currie, Chambers and Brown, Prentice Hall, ISBN 0-13-122895-1

### Information for Students

*(Information below can be adapted and supplemented as necessary.)*

**Assignments:** Late assignments, lab reports or projects will **not** be accepted for marking. Assignments must be done on an individual basis unless otherwise specified by the instructor.

**Makeup Tests, Exams or Quizzes:** There will be **no** makeup tests, exams or quizzes. If you miss a test, exam or quiz, you will receive zero marks. Exceptions may be made for **documented** medical reasons or extenuating circumstances. In such a case, it is the responsibility of the student to inform the instructor **immediately**.

**Ethics:** BCIT assumes that all students attending the Institute will follow a high standard of ethics. Incidents of cheating or plagiarism may, therefore, result in a grade of zero for the assignment, quiz, test, exam, or project for all parties involved and/or expulsion from the course.

**Attendance:** The attendance policy as outlined in the current BCIT Calendar will be enforced. Attendance will be taken at the beginning of each session. Students not present at that time will be recorded as absent.

**Illness:** A doctor's note is required for any illness causing you to miss assignments, quizzes, tests, projects, or exam. At the discretion of the instructor, you may complete the work missed or have the work prorated.

**Attempts:** Students must successfully complete a course within a maximum of three attempts at the course. Students with two attempts in a single course will be allowed to repeat the course only upon special written permission from the Associate Dean. Students who have not successfully completed a course within three attempts will not be eligible to graduate from the appropriate program.

**Course Outline Changes:** The material or schedule specified in this course outline may be changed by the instructor. If changes are required, they will be announced in class.

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### Course Outcomes and Sub-Outcomes

1. Understand the nature and purpose of a financial plan.
    - a. Establish a framework for gathering data.
    - b. Identify the financial constraints.
  2. Cash budgeting.
    - a. Obtaining accurate cash management data.
    - b. Cash management planning strategies.
  3. Risk management and insurance.
    - a. Concepts of risk management.
    - b. Fundamentals of life insurance; contracts and strategies.
    - c. Disability insurance.
    - d. Property insurance.
  4. Education planning and income splitting.
    - a. Education planning and Registered Education Savings Plans.
    - b. Income splitting.
  5. Retirement planning and financial independence.
    - a. Planning and goal setting.
    - b. Government pension plans.
    - c. Registered retirement plans.
    - d. Registered retirement savings plans.
    - e. Insurance planning.
  6. Estate and tax planning.
    - a. Tax planning techniques.
    - b. Tax implications of death.
    - c. Estate planning and wills.
  7. Investment planning and asset allocation.
    - a. Portfolio analysis and management.
    - b. Asset allocation models.
    - c. Types of investments.
    - d. Limited partnerships.
    - e. Investment planning strategies.
  8. Development and implementation of a financial plan.
    - a. Form of final recommendation.
    - b. Implementation procedures.
    - c. Periodic review procedures.
  9. Regulatory, ethical and legal issues.
    - a. Federal and provincial regulations.
    - b. Management practices and strategies.
  10. The administration and marketing of a financial planner.
    - a. Marketing techniques.
    - b. Staffing and compensation.
    - c. Use of outside resources.
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Week of/ Number	Outcome/Material Covered	Reference/Reading
Jan 2	Introduction/Data Gathering/Goal Setting	TBA
Jan 9	Math of Financial Planning/Problems and Constraints	TBA
Jan 16	Credit, Debt Management and Budgeting	TBA
Jan 23	Risk Management and Insurance	TBA
Jan 30	Risk Management and Insurance	TBA
Feb 6	Tax in the Financial Plan	TBA
Feb 13	Investment Planning	TBA
Feb 20	Investment Planning	TBA
Feb 27	Review	
Mar 6	<b>Midterm Exam Week</b>	
Mar 13	<b>Spring Break</b>	
Mar 20	Planning for Retirement and Financial Independence	TBA
Mar 27	Planning for Retirement and Financial Independence	TBA
Apr 3	Employee Group Benefits	TBA
Apr 10	Estate Planning and Income Splitting	TBA
Apr 17	Education Planning and Special Situations	TBA
Apr 24	Ethical and Legal Issues & Marketing and Administration	TBA
May 1	<b>Presentation date TBA</b>	
May 8	Review	
May 15	<b>Final Exams</b>	
May 23	<b>Final Exams</b>	

Week	Textbook Coverage	Outcome/Material Covered
1	Chapters 1, 3, 4 and 6  KPMG: Chapter 1	<b>Review of Financial Planning Basics and Report Writing</b> <ul style="list-style-type: none"> <li>• Introduction to the course, its objectives and evaluation</li> <li>• Financial Planning engagements</li> <li>• The 6-Step Financial Planning Process</li> <li>• Discussion of net worth, goal establishment and cash flows</li> <li>• Budgeting, Cash and Debt management</li> <li>• Outline of the course project - developing a complete financial plan</li> <li>• Components of a comprehensive financial plan</li> </ul>
2	Chapter 2, 19 and handouts	<b>Review of Financial Mathematics</b> <ul style="list-style-type: none"> <li>• Calculating rate of return</li> <li>• Using NPV, IRR and the time value of money to make financial decisions</li> <li>• Capitalization (Cap) rate</li> </ul>
3	Chapters 12 and 13	<b>Credit and Debt Management</b> <ul style="list-style-type: none"> <li>▪ Discuss the common forms of consumer financing and assess debt capacity</li> <li>▪ Describe the concept of leverage</li> <li>▪ Describe the common forms of mortgage financing</li> <li>▪ Describe the alternatives open to the struggling debtor</li> </ul>
4	Chapters 9, 10, and 11	<b>Risk Management</b> <ul style="list-style-type: none"> <li>• Principles of risk management</li> <li>• Life insurance needs, products and solutions</li> <li>• Using NPV as an analytical approach to insurance product selections</li> <li>• Legal issues of insurance contracts</li> <li>• Taxation issues concerning insurance contracts</li> <li>• Group life insurance products</li> </ul>
5	Chapters 9, 10, and 11	<b>Risk Management continued</b> <ul style="list-style-type: none"> <li>• Government support: E.I., WCB, CPP</li> <li>• Disability, critical illness and long term care insurance</li> <li>• Group disability and support plans</li> <li>• Homeowners and Tenants insurance</li> <li>• Automobile coverage</li> <li>• Liability insurance</li> </ul>
6	Chapters 7 and 8  KPMG:	<b>Tax in the Financial plan</b> <ul style="list-style-type: none"> <li>▪ Describe the structure of a personal tax return and 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> </ul>

	Chapters 2, 5, and 9	<ul style="list-style-type: none"> <li>Explain the importance of and calculate marginal tax rates</li> <li>Describe and give examples of tax planning strategies</li> </ul>
7	Chapters 14, 15 and 16  KPMG: Chapters 6 and 7	<b>Investment Planning</b> <ul style="list-style-type: none"> <li>List the basic principles of investment</li> <li>Explain the risk-return trade-off</li> <li>Explain the concept of diversification and how to achieve it</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 various fees involved with mutual funds</li> <li>Discuss the advantages and disadvantages of investing in mutual funds</li> <li>Calculate bond values and yields</li> <li>Calculate common stock values</li> </ul>
8	Chapters 14, 15 and 16  KPMG: Chapters 6 and 7	<b>Investment Planning cont'd</b> <ul style="list-style-type: none"> <li>List the basic principles of investment</li> <li>Explain the risk-return trade-off</li> <li>Explain the concept of diversification and how to achieve it</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 various fees involved with mutual funds</li> <li>Discuss the advantages and disadvantages of investing in mutual funds</li> <li>Calculate bond values and yields</li> <li>Calculate common stock values</li> </ul>
9		<b>Exam Review</b>
10		<b>MIDTERM EXAMINATION</b>
11		<b>Spring Break</b>
12	Chapters 17 and 18  KPMG: Chapters 3, 20	<b>Retirement Planning</b> <ul style="list-style-type: none"> <li>Government retirement programs: OAS, CPP, and GIS</li> <li>Registered Plans: RPPs, RRSPs, RRIFs, and others</li> <li>Rules and limits</li> <li>Non-registered retirement income options</li> <li>Sources and planning options</li> </ul>
13	Chapters 17 and 18  KPMG:	<b>Retirement Planning cont'd</b> <ul style="list-style-type: none"> <li>Government retirement programs: OAS, CPP, and GIS</li> <li>Registered Plans: RPPs, RRSPs, RRIFs, and others</li> <li>Rules and limits</li> </ul>

	Chapters 3, 20	<ul style="list-style-type: none"> <li>• Non-registered retirement income options</li> <li>• Sources and planning options</li> </ul>
14	Chapters 9, 10, 18 and 19  KPMG: Chapter 10 and 12	<b>Employee Group Benefits</b>
15	Chapters 5 and 18  KPMG: Chapters 21 and 22	<b>Legal Issues and Estate Planning</b> <ul style="list-style-type: none"> <li>• Family Law issues</li> <li>• Power of Attorney and Representation Agreements</li> <li>• Inter vivos Gifts and Trusts</li> <li>• Will planning, Probate and Will alternatives</li> <li>• Estates</li> <li>• Income splitting concepts and the attribution rules</li> </ul>
16	Chapter 8  KPMG: Chapters 4, 11, 14 and 18	<b>Education planning and Special Issues</b> <ul style="list-style-type: none"> <li>▪ Describe the regulations and restrictions that relate to Registered Education Savings Plans</li> <li>▪ Describe the regulations and restrictions that relate to the Canada Education Savings Grant</li> <li>▪ Small Business Planning</li> </ul>
17	Chapter 8  KPMG: Chapters 4, 11, 14 and 18	<b>Education planning and Special Issues cont'd</b> <ul style="list-style-type: none"> <li>▪ Describe the regulations and restrictions that relate to Registered Education Savings Plans</li> <li>▪ Describe the regulations and restrictions that relate to the Canada Education Savings Grant</li> <li>▪ Small Business Planning</li> </ul>
18		<b>Financial Planning Presentations</b>
19		<b>Exam Review</b>
20		<b>Final Exams</b>
21		



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