THE UNIVERSITY OF NEW SOUTH WALES

SCHOOL OF BANKING AND FINANCE

GENC3003

USER’S GUIDE TO PERSONAL FINANCIAL PLANNING
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TEACHING STAFF

Who is the workshop leader?

<table>
<thead>
<tr>
<th>Name</th>
<th>Consultation</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Hingston</td>
<td>Tue 14:30-16:30 QUAD3043</td>
<td><a href="mailto:a.hingston@unsw.edu.au">a.hingston@unsw.edu.au</a></td>
</tr>
</tbody>
</table>

Andrew graduated in 1998 from UNSW with B.Com (First-Class Honours in Finance). He subsequently worked as a financial paraplanner for RetireInvest and then as a financial planner for his own consulting firm. He is currently teaching and performing PhD research part-time (2 days a week) and also manages a finance and superannuation consulting company (3 days a week).

When is the workshop time?

<table>
<thead>
<tr>
<th>Workshop time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday 15:00-17:00</td>
<td>CE101</td>
</tr>
</tbody>
</table>

The course consists of a weekly two-hour workshop. Attendance and participation in this workshop is an important component of the course.

Who should I contact if I have a question?

1. Carefully read this document to see if your question has already been covered.
2. Check the discussion forums at the WebCT course website to see if your question has already been answered in the discussion pages. Post the question in the discussion forums to see if another student knows the answer.
3. Ask the workshop leader during the next workshop (if not urgent).
4. Please only email me if it is very urgent. I will attempt to reply to all emails within one working day.

Your workshop leader is only on campus on Tuesdays and Thursdays. Please help him to focus on teaching and administration by directing your questions to WebCT or waiting until the next workshop.

INFORMATION ABOUT THE COURSE

What is the aim of the course?

To make wise, lifelong financial decisions through practical workshops that empower you to:
- analyse your current situation and needs;
- establish your own financial goals;
- develop a plan for the future; and
- choose appropriate products to achieve that plan;
What learning outcomes should I achieve in this course?

At the conclusion of the course you are expected to be able to:

1. Make a basic 5 year financial plan for yourself;
2. Purchase a house or investment property with greater confidence;
3. Plan your financial independence at age 60 through superannuation;
4. Put a savings plan in place for your anticipated expenses over the next 5 years and invest your saving appropriately;
5. Use insurance correctly to protect yourself against significant risks;
6. Brief a solicitor on how you would like your will to be drafted;
7. Increase your after-tax net income using some basic tax-effective strategies;
8. Regularly track your living expenses and make a budget;
9. Identify some key strategies for family members who are approaching retirement; and
10. Seek professional financial advice without being ripped off.

Do you have any tips?

- Buy the prescribed textbook. It is inexpensive and will be a valuable addition to your bookshelf. The final exam is open textbook.
- Attend every workshop. Some of the things that you will learn in the workshops will prove to be invaluable in future years.
- Read the prescribed chapters after attending each workshop but before attending the following workshop. Make good use of your bus and train trips. Write one multiple choice question for each chapter as you read it (see assessments).
- Make use of workshops to write your blog for the week (see assessments).

What expectations do you have of me?

We expect you to do the following:

- to arrive on-time to workshops not later than 5 minutes past the hour;
- to behave in an “other-person centred” way during workshops and group assignments;
- to manage your time and assessments well, submitting them well before the due dates so that you have time to solve any technical problems that may occur; and
- to invest enough time in this subject to properly achieve the learning outcomes (5 hours per week).

How much time do I need to allocate for this course?

It is expected that you will spend at least five hours per week studying this course. This time should be made up of reading, research, working on exercises and problems, performing computer tasks and attending classes. In periods where you need to complete assignments or prepare for examinations the workload may be greater.
Over commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

ASSESSMENT

How will the course be assessed?

<table>
<thead>
<tr>
<th>Assessment type</th>
<th>More info</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Assignment</td>
<td>Page 12</td>
<td>15</td>
</tr>
<tr>
<td>Blog Assignment</td>
<td>Page 12</td>
<td>15</td>
</tr>
<tr>
<td>Group Exam Preparation Assignment</td>
<td>Page 12</td>
<td>20</td>
</tr>
<tr>
<td>Final Exam (open textbook multiple-choice)</td>
<td>Page 14</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Why have these methods of assessment been chosen?

The Final Exam will be an open textbook exam consisting of multiple-choice questions. The goal of this exam is to broadly test whether you have achieved the various learning outcomes discussed during the workshops. The Budget Assignment and Blog Assignment will provide you the opportunity to consider how the financial planning strategies discussed in workshops apply to your personal situation and provide you with some basic budgeting and planning skills.

What are the key assessment dates for my diary?

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Week</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Assignment</td>
<td>Week 7</td>
<td>Fri 23/04/2004</td>
</tr>
<tr>
<td>Blog Assignment</td>
<td>Week 12</td>
<td>Fri 28/05/2004</td>
</tr>
<tr>
<td>Group Exam Preparation Assignment</td>
<td>Week 12</td>
<td>Fri 28/05/2004</td>
</tr>
<tr>
<td>Final Exam</td>
<td>Week 14</td>
<td>Thur 10/06/2004</td>
</tr>
</tbody>
</table>

Do any of these assessments require me to use WebCT?

Yes. All three assignments must be submitted online via the course WebCT website. You can log into the WebCT system at [http://webct.unsw.edu.au](http://webct.unsw.edu.au).

This is the first year that the School of Banking & Finance has started to make significant use of the WebCT system. Any technical difficulties that you experience while submitting assignments online will be dealt with compassionately. However, you are also expected to manage this technology shrewdly by familiarising yourself with the technology early and to test uploading your assignment well before the due dates.

How will I be notified of my results?

You can view your results via the “My Grades” section of WebCT. Your marks for each assessment will be uploaded as soon as they are finalised.
Email
The University provides an email account for enrolled students. Official communications regarding this course including notification of assessment times and dates may be sent to student email accounts. You are responsible for checking your official email account. Please note that you can easily divert your official email account to another email account at http://www.disconnect.unsw.edu.au.

LEARNING RESOURCES

What is the prescribed text book for the course?
Paul Clitheroe, 
Making Money – The Keys To Financial Success Updated 2004 Edition,  
$29.95 from Dymocks and less from the University Book Shop.

Is there a course website?
Yes. The course assessments have a significant online component using WebCT. You can access WebCT using your student number and Unipass by visiting: http://webct.unsw.edu.au

The WebCT website has detailed information and guides to help you make the best use of the various online learning features.

ADMINISTRATION

Will my situation be kept confidential?
Another student may discuss details about their personal financial situation in a workshop. This information is considered private and confidential and should not be discussed outside the workshop time.

The contents of your various assignments (discussed below) may be used by the workshop leader for research purposes. However, your details will be associated with a “fake name” to retain your privacy and confidentiality. You should notify the workshop leader in writing if you do not want to be involved in this research.

What if I need some advice or help with my study skills?
Additional learning support, tailored to the needs of FCE students, is available from the Education Development Unit (EDU) in the Faculty. The EDU offers a range of services for FCE students including:

- academic skills workshops run throughout the session;
- printed and on-line study skills resources e.g. referencing guide, report writing and exam preparation;
- a drop-in resource centre containing books and audio visual material that can be borrowed;
• a limited consultation service for students with individual or small group learning needs.

More information about the EDU services including on-line resources, workshop details and consultation request forms are available from the EDU website.

EDU Web: http://education.fce.unsw.edu.au
EDU Location: Room 2039, Level 2 Quadrangle Building

EDU services are free and confidential and are available to students of the Faculty of Commerce and Economics.

Other UNSW support

In addition to the EDU services, the UNSW Learning Centre provides academic skills support services for students. The Learning Centre is located on Level 2 of the Library and can be contacted by Phone: 9385 3890 or through their website: http://www.lc.unsw.edu.au/.

What if I am facing personal challenges?

Students experiencing difficult circumstances of an academic or personal nature are encouraged to contact the Counselling Service at UNSW. This service is free and confidential and run by professional counsellors. The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contact on 9385 5418.

What if I have a disability or learning difficulty?

Students with disabilities or learning difficulties are encouraged to identify themselves to the workshop leader and their tutorial leader by week 2 of the course. If you notify us after week 2 then the staff may not be able to accommodate your special situation and needs.

How do I apply for Special Consideration?

Attention is drawn to the following extract from the University of New South Wales Calendar "Procedures":

"Students who believe that their performance in a subject, either during session or in an examination, has been adversely affected by sickness or any other reason should inform the Registrar and apply for special consideration in the determination of their standing. The application must be made on the 'Application for Special Consideration' form available from the Student Centre. This application explains the specific information the University requires in order to make a decision.

Such requests should be lodged as soon as practicable after the occurrence and in any event no more than seven days after the final examination in a subject."

A photocopy of all material supporting an application for special consideration, as lodged with the Registrar, must also be provided to the workshop leader-in-Charge within seven (7) days of any event for which special consideration is sought.
Students should be aware that 'minor' ailments are not eligible grounds for special consideration. Any unsubstantiated request for special consideration will be considered to be 'minor'.

Students are expected to complete their work in a timely manner so that an illness in the last few days will not jeopardise the submission of their assignment. Such illness will not constitute grounds for special consideration.

What if I need to undertake a Supplementary Examination?

Please note the following policy of the Faculty of Commerce and Economics concerning supplementary examinations:

“the lodging of applications for special consideration does not guarantee that supplementary assessments will be granted. ---- It is the responsibility of the students who apply for special consideration to be available for supplementary assessments during the specified period (holiday plans are not sufficient reason for non-availability).”

Supplementary exams may involve an oral examination as well as the written exam. If a student is granted a supplementary examination but does not attend that supplementary examination, he/she will not be granted further assessment except in exceptional circumstances.

Students are advised that if they are intending to travel overseas at the end of the session/year, they should consider taking out travel insurance which allows supplementary examinations as valid circumstances for canceling travel.

What is Academic Misconduct?

Attention is drawn to the following extract from the University of New South Wales Calendar "Procedures":

“Students are reminded that the University regards academic misconduct as a very serious matter. Students found guilty of academic misconduct are usually excluded from the University for two (2) years. Because of the circumstances in individual cases, the period of exclusion can range from one session to permanent exclusion from the University. The following are some of the actions which have resulted in students being found guilty of academic misconduct in recent years:

1. taking unauthorised materials into an examination;
2. submitting work for assessment knowing it to be the work of another person;
3. improperly obtaining prior knowledge of an examination paper and using that knowledge in the examination;
4. failing to acknowledge the source of material in an assignment.”

Code of Conduct

While casual conversation related to class material is acceptable, continued distractions caused by one or a group of students will not be tolerated. Such distractions reduce the ability of the workshop leader to deliver material and,
furthermore, reduce the ability of students to comprehend the material. This provides for a less-than-optimal learning environment, which is not acceptable.
## Workshop topics and required readings

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Required Reading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ten Steps to Financial Security</td>
<td>Clitheroe Ch 1</td>
</tr>
<tr>
<td>2</td>
<td>Your Budget</td>
<td>Clitheroe Ch 2</td>
</tr>
<tr>
<td></td>
<td>Savings</td>
<td>Clitheroe Ch 3</td>
</tr>
<tr>
<td></td>
<td>Buying Things</td>
<td>Clitheroe Ch 4</td>
</tr>
<tr>
<td>3</td>
<td>Owning a Home</td>
<td>Clitheroe Ch 6</td>
</tr>
<tr>
<td></td>
<td>Mortgages</td>
<td>Clitheroe Ch 7</td>
</tr>
<tr>
<td></td>
<td>Investing in Property</td>
<td>Clitheroe Ch 13</td>
</tr>
<tr>
<td>4</td>
<td>Insurance</td>
<td>Clitheroe Ch 8</td>
</tr>
<tr>
<td>5</td>
<td>Superannuation</td>
<td>Clitheroe Ch 9</td>
</tr>
<tr>
<td>6</td>
<td>Tax</td>
<td>Clitheroe Ch 10</td>
</tr>
<tr>
<td></td>
<td>Mid-Session Break</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Scheduled Assignment Time (no workshop)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Ten Keys to Successful Investing</td>
<td>Clitheroe Ch 11</td>
</tr>
<tr>
<td>9</td>
<td>Investing in Shares</td>
<td>Clitheroe Ch 14</td>
</tr>
<tr>
<td></td>
<td>Interest bearing Investments</td>
<td>Clitheroe Ch 12</td>
</tr>
<tr>
<td>10</td>
<td>Managed Funds</td>
<td>Clitheroe Ch 15</td>
</tr>
<tr>
<td></td>
<td>High-risk/ High-return Investments</td>
<td>Clitheroe Ch 16</td>
</tr>
<tr>
<td>11</td>
<td>Retirement</td>
<td>Clitheroe Ch 18</td>
</tr>
<tr>
<td></td>
<td>Choosing an adviser</td>
<td>Clitheroe Ch 19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clitheroe Ch 20</td>
</tr>
<tr>
<td>12</td>
<td>Scheduled Assignment Time (no workshop)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Self Revision for Final Exam (no workshop)</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Final Exam</td>
<td></td>
</tr>
</tbody>
</table>
Budget Assignment (15 marks)

4.00pm Friday 23 April 2004 (Week 7)

- The **objective** of this assessment is for you to practice the skills of tracking your personal expenses and establishing a realistic budget based on your current situation and needs. Many people have found that the process of tracking their personal expenses for a few months revolutionises their personal financial situation.

- You may choose to track your own personal expenses or the expenses of an anonymous third party. However, you should note that monitoring the expenses of a third-party is more difficult.

- You are required to monitor your personal finances starting Monday 15 March 2004 up to (and including) Sunday 11 April.

- An Excel spreadsheet will be uploaded to the WebCT course website. You should record your income and expenses in this spreadsheet.

- If you live with your family then you should assume that your family members are “flat-mates”. Calculate a market rate of rent for your room and assume that all bills are shared equally (such as electricity, gas, water, rates, groceries, telephone, and internet). If your family pays for these bills on your behalf then you should treat this as “income” from your parents and record it as a “Gift from family”.

- You should work out a way to check your expenses to make sure that you have not missed anything (this is called reconciliation). You should explain how you do this in the appropriate section of the spreadsheet.

- If you incur an expense once every three months (such as an electricity bill), you should divide it by three and include a “monthly” figure as an expense for the month. Don’t forget to include a monthly equivalent figure for your annual bills (such as car insurance).

- Ask for a receipt whenever you buy something ... then record your expenses in your register at the end of each day (or week). Buy a small pocket notebook and record any other expenses that you incur. Don’t rely on your memory!

- After summarizing your results you should analyse your expenses and provide a brief plan for reducing your total expenses by 10%. This may involve cutting back significantly on a few significant expense categories.

- You should then establish a budget for your average monthly income and expenses for the next 12 months.

- You will be notified of your final results through the WebCT course website.

Blog Assignment (15 marks)

4.00pm Friday 28 May 2004 (Week 12)

- The **objective** of this assessment is to encourage deeper thinking and application of the course material to your personal situation and to also encourage the use of Weblogs for making personal journals.
You are required maintain a journal in the form of a Weblog (blog) that summarises how the workshop material applies to both your personal situation and a nominated third person.

Your blog can be maintained at a website of your choice. One popular blog website is www.blogger.com. You may choose to keep your blog private (only you can see) or you can let the world know your thoughts and plans by making your blog public.

Your nominated third-person should be someone who is working full-time between the ages of 22 and 65.

Your blog should commence with a brief description of your own situation and the situation of your nominated person. You may choose to keep the name of your nominated person anonymous.

You should update your blog each week with a brief description of the following:

- How the workshop material applies to your current needs;
- How you think it will apply to your needs after graduation;
- How it applies to the needs of your nominated person;
- Anything that you have implemented over the past week from previous blogs;
- Any interesting articles that you have read in magazines or newspapers or seen on television.

You should submit your blog via WebCT by copying and pasting the blog into a Word Document and submitting it as an Assignment in WebCT. The procedure for doing this will be explained in workshops.

You will be notified of your final results through the WebCT course website.

**Group Exam Preparation Assignment (20 marks)**

4.00pm Friday 28 May 2004 (Week 12)

The objective of this assessment is to help you prepare for the final exam by understanding the course content, thinking like an examiner and writing a set of multiple choice questions.

You will be randomly assigned to a group using the WebCT course website. Each group will consist of either three or four students. Random groups have been chosen to give you the opportunity to meet students from other disciplines. You can find out the members of your group by logging into the course website. You can communicate with your other group members through your group’s discussion board (other groups cannot see your group’s discussion board).

Your group must submit two multiple choice questions for each chapter of the textbook covered in workshops. The easiest way to achieve this goal is for each group member to individually read the prescribed chapters each week and to then write one question each. You can then choose the best two questions from the four questions written by your group members.
• Each question should have five possible solutions. Each solution should be credible. You should also provide a brief explanation of why the chosen answer is correct.

• You are required to contribute a fair level of work towards the group assignment. Your peers will assess your performance through a WebCT survey. Your final mark may be adjusted downwards based on these peer assessments.

• Your questions should be designed and written at an appropriate level of difficulty for an open textbook examination. There should be an appropriate balance between theoretical questions (testing whether key principles are understood), case study questions (testing how to apply a theory to a specific situation) and calculation questions (testing how to calculate a numerical answer to a question).

• The better questions will be uploaded onto the WebCT course website so that you can self-test yourself for the final exam.

• The best questions will be included in the final exam!

• Marks will be allocated as follows:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>General assessment of the quality of your questions and answers</td>
<td>10 marks</td>
</tr>
<tr>
<td>The proportion of your group’s questions selected for uploading</td>
<td>10 marks</td>
</tr>
<tr>
<td>Less penalties for lack of contribution to your group</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20 marks</strong></td>
</tr>
</tbody>
</table>

• Questions that test important components of the chapter, are original, challenging, well written and validly test the material in the textbook are more likely to be selected for uploading. For each chapter, you may like to write one question that tests an important component of the chapter and one question that tests a more minor component. The question that tests the important component may be included based on the criteria of importance. The question that tests the minor component may be included based on the criteria of originality.

• You should submit your questions in the Excel template provided at the WebCT course website. Your questions and answers should follow the format of the sample questions provided in the spreadsheet. Entering questions into the spreadsheet will be demonstrated in the workshop.

• You should name your Excel spreadsheet as follows ##_Questions.xls where ## is your group number. For example, if you are in group 7 then you should name your spreadsheet 07_Questions.xls.

• You should submit your completed assignment by uploading it to the student presentations section of the WebCT course website. Instructions will be provided in workshops.

• You will be notified of your final results through the WebCT course website.

**Final Exam (50 marks)**

3.00pm Thursday 10 June 2004 (Week 14)
• The **objective** of this assessment is to test whether you have achieved the learning outcomes set in workshop weeks 1 to 11.

• The exam will be held at the usual workshop time and place in week 14. You should arrive at the exam location early. The duration of the exam will be 90 minutes.

• The exam will consist of **multiple choice** questions. Each multiple choice question will have five possible solutions. While more than one answer may be partly correct, you are required to select the most correct answer. A negative mark of minus $\frac{1}{4}$ will apply to any incorrect answers. Your final mark will be rounded up to the nearest whole number.

• The exam will cover all materials from workshops and prescribed textbook chapters relevant to the learning outcomes expressed in workshop weeks 1 to 11.

• The exam will be open textbook. You will be permitted to bring an unmarked edition of the prescribed textbook. You will not be permitted to bring any study notes or workshop notes.

• You should bring the following items to the examination:
  
  o your student card;
  
  o an ordinary scientific (non-programmable) calculator (no Palms or Pocket PCs); and
  
  o 2B pencil and eraser.

• If you have a special situation or need relating to this assessment then you should notify the workshop leader in writing by Tuesday 11 May 2004.

• You will be notified of your results through the WebCT course website.