CONTENTS

Teaching staff .......................................................................................................................... 3
  Who is the workshop leader?............................................................................................ 3
  When is the workshop time?............................................................................................. 3
  Where do I get the lecture notes?..................................................................................... 3
  Who should I contact if I have a question?..................................................................... 3
Information about the course................................................................................................ 4
  What is the aim of the course?.......................................................................................... 4
  What learning outcomes should I achieve in this course?............................................ 4
  Do you have any tips?........................................................................................................ 4
  What expectations do you have of me?........................................................................... 4
  How much time do I need to allocate for this course?.................................................. 5
Assessment............................................................................................................................ 5
  How will the course be assessed?..................................................................................... 5
  Why have these methods of assessment been chosen?.......................... .......................... 5
  What are the key assessment dates for my diary?......................................................... 5
  What if I have a disability or learning difficulty?......................................................... 5
  Do any of these assessments require me to use WebCT? ............................................. 6
  How will I be notified of my results?.............................................................................. 6
  Email............................................................................................................................... 6
Learning Resources ................................................................................................................ 6
  What is the prescribed text book for the course?........................................................... 6
  Is there a course website?............................................................................................... 6
Administration...................................................................................................................... 6
  Will my situation be kept confidential?.......................................................................... 6
  Are you giving us financial advice in the workshop?................................................... 7
  My finances are in a mess! Can you give me some financial advice?.......................... 7
  Can you recommend some stocks, managed funds or other products?....................... 7
  What if I need some advice or help with my study skills?........................................... 7
  What if I am facing personal challenges?...................................................................... 7
  What if I have a disability or learning difficulty?......................................................... 8
  How do I apply for Special Consideration?................................................................... 8
  What if I need to undertake a Supplementary Examination?....................................... 8
  What is Academic Misconduct?.................................................................................... 9
Appendix ............................................................................................................................... 10
  Workshop topics and required readings...................................................................... 11
  Mid-Session Exam (30 marks)....................................................................................... 12
  Final Exam (40 marks) ................................................................................................... 13
  Financial Plan Assignment (30 marks).......................................................................... 14
  Data Sheet (2004-05 Rates)........................................................................................... 20
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>By appointment</td>
<td><a href="mailto:andrew.hingston@unsw.edu.au">andrew.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 (1 day a week) and also manages a finance and superannuation consulting company (4 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>EE G24</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.

Where do I get the lecture notes?

You are responsible for downloading and printing out the workshop notes yourselves before attending the workshop. They are available through the WebCT course website.

The workshop notes will be available on the Monday before the workshop until one week after it has been delivered. Yes, this means that they are removed from the website one week after the workshop!

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. You are welcome to answer another students questions on the forum if you know the answer. I will post answers 2-3 times per week.

3. Ask the workshop leader during the next workshop (if not urgent).

4. Please only email the workshop leader if it is a personal matter. All other questions should be posted on WebCT.

Your workshop leader is only on campus on Thursdays. Please direct your questions to the WebCT discussion forums or ask it at 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 personal library. The exams are open textbook and it will be difficult to pass without it.
• 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 before attending each workshop. Make good use of your bus and train trips.

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.

**ASESSMENT**

**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>Mid-Session Exam (open textbook, multiple-choice, wk 1-6)</td>
<td>Page 12</td>
<td>30</td>
</tr>
<tr>
<td>Final Exam (open textbook, multiple-choice, wk 1-12)</td>
<td>Page 12</td>
<td>40</td>
</tr>
<tr>
<td>Financial Plan Assignment (individual)</td>
<td>Page 13</td>
<td>30</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* and *Mid-session Exam* will be open textbook exams consisting of multiple-choice questions. The goal of these exams is to broadly test whether you have achieved the various learning outcomes discussed during the workshops. The *Financial Plan 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>Mid-Session Exam</td>
<td>Week 7</td>
<td>Thu 21/04/2005</td>
</tr>
<tr>
<td>Financial Plan Assignment Part 1 (via WebCT)</td>
<td>Week 9</td>
<td>Thu 05/05/2005</td>
</tr>
<tr>
<td>Final Exam</td>
<td>Week 13</td>
<td>Thu 02/06/2005</td>
</tr>
<tr>
<td>Financial Plan Assignment Part 2 (via WebCT)</td>
<td>Week 14</td>
<td>Thu 09/06/2005</td>
</tr>
</tbody>
</table>

**What if I have a disability or learning difficulty?**

Please identify yourself and explain your situation to the workshop leader by the end of week 4 of session. Your situation will be handled with discretion. The workshop
leader may organise an alternative form of assessment to suit your individual situation.

**Do any of these assessments require me to use WebCT?**

Yes. The Financial Plan Assignment 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).

**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](http://www.disconnect.unsw.edu.au).

**LEARNING RESOURCES**

**What is the prescribed text book for the course?**


$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](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 assignment (discussed below) may be used by the workshop leader for research purposes. However, your details will be kept anonymous to retain your privacy and confidentiality. You should indicate on your spreadsheet assignment on the “Personal” tab if you do not want to be involved in this research.
Are you giving us financial advice in the workshop?
No! The workshop content is of a general nature only. The workshop leader does not know anything about your individual situation and needs. Any financial concepts and strategies discussed in the workshop are for illustration purposes. You should obtain advice from a financial planner before proceeding with any strategies discussed in the workshop.

My finances are in a mess! Can you give me some financial advice?
No! The workshop leader is not able to give financial planning advice in a classroom context. You should contact The Counselling Service is located on Level 2, Quadrangle East Wing, and can be contact on 9385 5418. Alternatively, you can find your nearest financial adviser by visiting the website of the Financial Planning Association of Australia (http://www.fpa.asn.au).

Can you recommend some stocks, managed funds or other products?
No! See the answer to the question above.

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
What if I have a disability or learning difficulty?

Please identify yourself and explain your situation to the workshop leader by the end of week 4 of session. Your situation will be handled with discretion. The workshop leader may organise an alternative form of assessment to suit your individual situation.

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.
APPENDIX
Workshop topics and required readings

Workshop notes can be downloaded from the course website one week before the workshop and are removed from the website one week after the workshop.

<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>The Job Market</td>
<td>Clitheroe Ch 5</td>
</tr>
<tr>
<td>4</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><em>Mid-Session Break</em></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Insurance</td>
<td>Clitheroe Ch 8</td>
</tr>
<tr>
<td>6</td>
<td>Superannuation</td>
<td>Clitheroe Ch 9</td>
</tr>
<tr>
<td>7</td>
<td><strong>Mid-Session Exam</strong> (weeks 1 to 6)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Tax</td>
<td>Clitheroe Ch 10</td>
</tr>
<tr>
<td>9</td>
<td>Ten Keys to Successful Investing</td>
<td>Clitheroe Ch 11</td>
</tr>
<tr>
<td></td>
<td>Investing in Shares</td>
<td>Clitheroe Ch 14</td>
</tr>
<tr>
<td></td>
<td><strong>Financial Plan Assignment Part 1 Due</strong></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Managed Funds</td>
<td>Clitheroe Ch 15</td>
</tr>
<tr>
<td></td>
<td>Interest bearing Investments</td>
<td>Clitheroe Ch 12</td>
</tr>
<tr>
<td>11</td>
<td>High-risk/High-return Investments</td>
<td>Clitheroe Ch 16</td>
</tr>
<tr>
<td></td>
<td>Investing in Property</td>
<td>Clitheroe Ch 13</td>
</tr>
<tr>
<td>12</td>
<td>Retirement</td>
<td>Clitheroe Ch 18</td>
</tr>
<tr>
<td></td>
<td>Estate Planning</td>
<td>Clitheroe Ch 19</td>
</tr>
<tr>
<td></td>
<td>Choosing an adviser</td>
<td>Clitheroe Ch 20</td>
</tr>
<tr>
<td>13</td>
<td><strong>Final Exam</strong> (weeks 1 to 12)</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td><strong>Financial Plan Assignment Part 2 Due</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(No classes scheduled)</td>
<td></td>
</tr>
</tbody>
</table>
Mid-Session Exam (30 marks)

3.00pm Thursday 21 April 2005 (Week 7)

- The objective of this assessment is to test whether you have achieved the learning outcomes set in workshop weeks 1 to 6.

- The exam will be held at the usual workshop time and place in week 7. The duration of the exam will be 80 minutes. You should arrive 5 minutes early.

- The exam will consist of 30 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. Negative marks will not be awarded to incorrect answers.

- The exam will be open textbook. You are permitted to bring the prescribed textbook. You will not be permitted to bring any study notes, workshop notes or separate pieces of paper. You are permitted to have post-it notes, highlighting and your own handwriting in the textbook.

- Numerical questions will be based on the tax rates and figures for the current financial year. These are included at the end of this course outline and will be provided with the exam paper.

- The exam will cover all materials from workshops and the prescribed textbook chapters relevant to the learning outcomes expressed in workshop weeks 1 to 6. Less emphasis will be placed on weeks 1 and 2 because they are tested in the Financial Plan Assignment. The specific break-up of questions will be as follows:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ten Steps to Financial Security (Ch 1)</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Your Budget, Savings, Buying Things (Ch 2-4)</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>The Job Market (Ch 5)</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Owning a Home, Mortgages (Ch 6,7)</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Insurance (Chapter 8)</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>Superannuation (Chapter 9)</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30</td>
</tr>
</tbody>
</table>

- You should bring the following items to the examination: your student card; the prescribed textbook; an ordinary scientific calculator (no phones or pocket computers!); 2B pencil and eraser.

- You will be required to place your bag, books and mobile phone at the front of the examination room for the duration of the examination.

- If you have a special situation or need relating to this assessment then you should notify the workshop leader by email by the end of week 4 of session.

- You will be notified of your results after one week through WebCT.
Final Exam (40 marks)

3.00pm Thursday 2 June 2005 (Week 13)

- The objective of this assessment is to test whether you have achieved the learning outcomes set in workshop weeks 1 to 12.

- The exam will be held at the usual workshop time and place in week 13. The duration of the exam will be 90 minutes. You should arrive 5 minutes early.

- The exam will consist of 40 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. Negative marks will not be awarded to incorrect answers.

- The exam will be open textbook. You are permitted to bring the prescribed textbook. You will not be permitted to bring any study notes, workshop notes or separate pieces of paper. You are permitted to have post-it notes, highlighting and your own handwriting in the textbook.

- Numerical questions will be based on the tax rates and figures for the current financial year. These are included at the end of this course outline and will be provided with the exam paper.

- The exam will cover all materials from workshops and the prescribed textbook chapters relevant to the learning outcomes expressed in workshop weeks 1 to 12. Less emphasis will be placed on weeks 1 and 6 because they are tested in the Mid-Session Examination. The specific break-up of questions will be as follows:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-6</td>
<td>Chapters 1 to 9 (no breakdown given!)</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Tax (Ch 10)</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Successful Investing, Shares (Ch 11,14)</td>
<td>6</td>
</tr>
<tr>
<td>10</td>
<td>Interest bearing, Property (Chapter 12,13)</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>Managed funds, High risk/return (Chapter 15,16)</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>Retirement, Estate Planning, Choosing Advisers (Ch 18-20)</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

- You should bring the following items to the examination: your student card; the prescribed textbook; an ordinary scientific calculator (no phones or pocket computers!); 2B pencil and eraser.

- You will be required to place your bag, books and mobile phone at the front of the examination room for the duration of the examination.

- If you have a special situation or need relating to this assessment then you should notify the workshop leader by email by the end of week 4 of session.

- You will be notified of your results after one week through WebCT.
Financial Plan Assignment (30 marks)

Part 1 due: 5.00pm Thursday 5 May 2005 (Week 9)
Part 2 due: 5.00pm Thursday 9 June 2005 (Week 14)

• The objective of this assessment is for you to practice the skills of tracking your personal expenses and planning your personal finances 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.

• The assignment consists of two components. The first component is to track your income and expenses for April and May (15 marks). The second component is to create a financial plan for your situation now and your expected situation after graduation (15 marks).

• This assignment includes a lot of personal information and your privacy will be respected by the Workshop Leader. You may choose to perform the assignment based on your own personal situation or the situation of an anonymous third party (you can also do it on your own situation and say that it is for an anonymous third party). However, you should note that performing the assignment based on a third party is more difficult and will not receive extra marks.

• An Excel spreadsheet will be uploaded to the WebCT course website under the section “Financial Plan Assignment”. You should record your income and expenses in this spreadsheet. If you already track your finances using finance software then you are still required to enter the data into the Excel spreadsheet provided (it is too difficult for me to mark assignments provided in other formats).

• You must submit your Expense Tracking spreadsheet with completed data for April before the Part 1 due date deadline via WebCT. You will lose 5 marks if you fail to meet the deadline.

• You must submit your completed Expense Tracking spreadsheet (both April and May data) and your Financial Plan before the Part 2 due date deadline via WebCT. You will lose 5 marks if you fail to meet the deadline.

• If you are experiencing difficulties submitting via WebCT then you should email your assignment to the Workshop Leader before the due date deadline.

• You will be notified of your results in this assessment before the end of the exam period through WebCT.

Financial Plan (15 marks)

• The length of your financial plan should not normally exceed 1000 words and should not be less than 500 words. This word length does not include tables. If you believe that your financial plan will be very helpful to you then you can submit one that is longer than 1000 words (however, no extra marks will be awarded for the additional content).

• Your plan should clearly identify your name and student number at the start of the document.
• The first section of your plan should briefly identify some options for reducing your total living expenses by ten percent. Use bullet-points and provide discussion as needed.

• Your plan should then follow the guidelines in the prescribed text, chapter 1, “Step 1 Have a Plan” on pages 4 to 7. You should include four clearly labeled sections: Your objectives, Your budget, Your current financial position, Important facts. You should also include a fifth section called “Plan of Action” which contains a list of specific actions that must be taken to achieve your objectives (not discussed in textbook).

• Marks will be awarded for the following attributes:
  o Correctness – The plan correctly applies the materials covered in the course to your individual financial situation and demonstrates an accurate perception of your situation and needs and a course of action consistent with the financial wisdom covered in the textbook and course notes.
  o Conciseness – The plan is written concisely, does not “waffle on” and is formatted clearly (use bullet points!).
  o Compelling – The plan is interesting to read, is attractively formatted and clearly identifies a clear, specific and compelling action plan.

• Your plan should include objectives for while you are studying at university and objectives for post-graduation. You should use your judgement concerning which of these to focus on. If you are a first-year student living in a rented flat then you should focus more on financial goals while at university. If you are in your final year or have very little control over your financial situation while at university (for example, you are at College and spend very little) then you should focus more on your post-graduation situation and goals.

• Please write concisely and format your document clearly. Bullet-point format is both permitted and preferred!

• You should submit your financial plan in Microsoft Word formatted document via the WebCT Financial Plan Assignment page before the “Part 2” due date deadline (see above).

Income and Expense Tracking

• You are required to monitor your personal finances starting Friday 1 April 2005 up to (and including) Tuesday 31 May 2005.

• Some instructions for completing the spreadsheet are included at the end of this section on page 17.

• You must record your income and expenses for the month of April and analyse those expenses on the “Questions Tab” and submit the completed spreadsheet via WebCT before the part 1 due date deadline.

• You must record your income and expenses for both the months of April and May and have answered all questions on the “Question Tab” and submit the completed spreadsheet via WebCT before the part 2 due date deadline.
• You are responsible for entering your income and expenses into the spreadsheet early in case you experience technical difficulties.

• The Excel spreadsheet is not compatible with OpenOffice Calc (it does not seem to be compatible with Excel’s Data Validation and PivotTable Reports). If you do not have a copy of Excel on your home computer then you can use a university computer.

Cash versus Accrued expenses

• You are required to record expenses even if you did not actually pay for them in cash during the respective months. This is called “Accrual Accounting”. The idea is that an expense is incurred when you derive the benefit from something. This may actually occur at a separate time from when you actually pay for it.

• If you have significant annual or quarterly expenses then you should break that expenses into a “monthly amount” and record it on the first of each month as an “Accrued Expense”. For example, if you paid $600 for car insurance for the year in January, you should record $50 on both 1/4/2005 and 1/5/2005 and select “Accrued” under the “Method” column of the spreadsheet.

• If you pay for a large expense during April or May then you may like to not record the full expense under that month. You may prefer to record an accrued figure spread out over a number of months. For example, I usually accrue any holiday expenses over 6 months.

• Accrual accounting has the effect of smoothing out monthly expenses while not letting you forget that they have occurred (ie spend a lot last month and then also spend a lot this month).

College Students and those still living at home

• This assignment is obviously much easier for College Students and those still living at home because they have fewer expenses to track.

• If you are a college student then you should break down your monthly college fee into an estimate for Rent, Food, Electricity, Telephone, Internet and any other services that they provide for you and are “bundled” into the college fee. These may be significantly lower than your friends who are flatting because the residential colleges average the costs over many people. If your parents pay for your college fees then you should record the amount they pay as an “Income – Family money”.

• If you live with your family then you should pretend that your family members are “flat-mates” and you are sharing costs. Estimate how much it would cost to rent your house or flat based on others available in your suburb (see realestate.com.au). Decide on how much rent you should pay for your usage of the house (not necessarily equal share if you have a smaller room and don’t use other rooms much). Find out how much the groceries cost on average each week (normally split the costs equally for each person). Split all other bills appropriately (eg. electricity, gas, water, telephone, Internet, Foxtel, motor vehicle rego and expenses if you use their car). Given that you don’t actually pay for anything for these things then you should also record an offsetting amount as income under “Income – Family money”. This is the amount that your parents
are subsidising your living expenses (even though you don’t actually receive it as cash). Oh … and remember to give them a hug when you see how much it is! ☺

Instructions for using the spreadsheet

- If you have never used Excel before then you may like to get a friend to show you the basics or go through the basic tutorials provided by Microsoft at: http://office.microsoft.com/en-us/training/
- Download the spreadsheet from the course website under the “Financial Plan Assignment” section. Save it somewhere on your hard disk. Try not to use files from a floppy disk because they can easily become corrupted.
- Open the file using Microsoft Excel. A warning may appear saying that there are Macros in the spreadsheet. Please choose “Enable Macros” otherwise the spreadsheet won’t work properly.

Personal Tab

The first page that you come to should look something like this.

Please enter your details into the fields provided.

You can move between the fields using the <tab> key on the keyboard.

Some fields only allow you to make a selection from a drop down list. These fields have a down arrow next to them when you select the field (like the one in the picture). Use your mouse to select an option.

Notes appear when you click on some fields to give you more information.

The final question asks whether you will permit your anonymous data to be included in some research into spending patterns.

You can move in between the different pages by selecting the “Tabs” at the bottom of the page with your mouse.
Data Tab

This is where you enter your income and expenses.

Please do not leave blank lines! You must put an entry on each line otherwise it breaks the summary report!

Start by entering the date. Select a category and subcategory from the drop-down box.

Select a method depending on whether you paid by cash, credit, Eftpos or whether it is an accrued expense.

Enter the amount. Expenses should include a minus sign. Income figures should be positive and will be coloured blue.

Enter a brief description to help you remember what it was.

Report Tab

Do not click on this tab if you have any incomplete lines in your Data sheet or if any rows are incomplete since it may break the report. If you break the report then download a new spreadsheet from the website and then copy and paste your transaction data into it.

You can change or reveal things by clicking on the down arrows.

You can show and hide detail by clicking on the button. You get a summary when you hide details:
Questions Tab

There are some brief questions for you to answer on the Questions Tab. You should complete these before your final submission.

The questions only need one paragraph answers. Excel is not a word processor … do don’t try to write anything too long!

If you want to start a new line or paragraph then press <Alt> and <Enter> keys at the same time when typing your text.

The lines should expand to match the length of your answer.
Data Sheet (2004-05 Rates)

Resident income tax rates

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Tax rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $6,000</td>
<td>Nil</td>
</tr>
<tr>
<td>$6,001 - $21,600</td>
<td>Nil + 17% of each dollar over $6,000</td>
</tr>
<tr>
<td>$21,601 - $58,000</td>
<td>$2,652 + 30% of each dollar over $21,600</td>
</tr>
<tr>
<td>$58,001 - $70,000</td>
<td>$13,572 + 42% of each dollar over $58,000</td>
</tr>
<tr>
<td>$70,000 &amp; over</td>
<td>$18,612 + 47% of each dollar over $70,000</td>
</tr>
</tbody>
</table>

plus Medicare Levy

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Tax rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $15,529</td>
<td>Nil</td>
</tr>
<tr>
<td>$15,530 - $16,788</td>
<td>20% of the different between your taxable income and $15,529</td>
</tr>
<tr>
<td>$21,601 - $58,000</td>
<td>1.5% of your taxable income</td>
</tr>
</tbody>
</table>

plus Medicare Levy Surcharge (if applicable)

Individuals and families on higher incomes, who do not have private patient hospital cover for themselves and all of their dependants (including their spouse if they have one), may be liable to pay a 1% MLS for any period during the income year.

<table>
<thead>
<tr>
<th>Situation</th>
<th>Income threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$50,000</td>
</tr>
<tr>
<td>Family with 0-1 children</td>
<td>$100,000 total for family</td>
</tr>
<tr>
<td>2+</td>
<td>Add $1500 for each dependant child after the first one.</td>
</tr>
</tbody>
</table>

Plus HECS repayments

<table>
<thead>
<tr>
<th>HRI</th>
<th>Repayment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $36,185</td>
<td>Nil</td>
</tr>
<tr>
<td>$36,185–$40,306</td>
<td>4% of HRI</td>
</tr>
<tr>
<td>$40,307–$44,427</td>
<td>4.5% of HRI</td>
</tr>
<tr>
<td>$44,428–$46,762</td>
<td>5% of HRI</td>
</tr>
<tr>
<td>$46,763–$50,266</td>
<td>5.5% of HRI</td>
</tr>
<tr>
<td>$50,267–$54,439</td>
<td>6% of HRI</td>
</tr>
<tr>
<td>$54,440–$57,304</td>
<td>6.5% of HRI</td>
</tr>
<tr>
<td>$57,305–$63,062</td>
<td>7% of HRI</td>
</tr>
<tr>
<td>$63,063–$67,199</td>
<td>7.5% of HRI</td>
</tr>
<tr>
<td>$67,200 and above</td>
<td>8%</td>
</tr>
</tbody>
</table>

*HRI = Taxable income plus any net rental losses, total reportable fringe benefits amounts and exempt foreign employment income.

Superannuation employer contributions

| SGC | 9% of salary |

The following people may not receive SGC:

- Part-time employees aged below 18 working less than 30 hours per week.
- Employees who earn less than $450 per month from the employer.
- Any employee aged 70 years or older
- Casual employees who work outside ordinary hours
- Contractors or self-employed people.

Tax rates for employer contributions going into superannuation

| Tax rate | 15% + Surcharge (if appropriate) |

Surcharge

The surcharge is an additional tax of between 0% and 15% at the following levels of Adjusted Taxable Income (ATI).

<table>
<thead>
<tr>
<th>Threshold</th>
<th>ATI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surcharge lower threshold</td>
<td>$99,710</td>
</tr>
<tr>
<td>Surcharge upper threshold</td>
<td>$121,705</td>
</tr>
</tbody>
</table>

ATI = Taxable Income + fringe benefits + non-member super contributions.

Tax rates for withdrawing taxed superannuation

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 55</td>
<td>20%</td>
</tr>
<tr>
<td>55 or over:</td>
<td>Nil</td>
</tr>
<tr>
<td>Up to $123,808</td>
<td>15%</td>
</tr>
</tbody>
</table>

Maximum superannuation contributions per year

<table>
<thead>
<tr>
<th>Age</th>
<th>Maximum deductible contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 35</td>
<td>$13,934</td>
</tr>
<tr>
<td>35-49</td>
<td>$38,702</td>
</tr>
<tr>
<td>50 and over:</td>
<td>$95,980</td>
</tr>
</tbody>
</table>

Reasonable Benefits Limit (RBL)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump Sum</td>
<td>$619,223</td>
</tr>
<tr>
<td>Pension</td>
<td>$1,238,440</td>
</tr>
</tbody>
</table>

The lump sum RBL figure is reduced by 2.5% for each whole year a person taking benefits is under age 55.