

## ***Personal Finance Planning***

Academic Year: **2013/2014**

Semester: **1<sup>st</sup>**

Instructor(s): Ricardo F Reis

### Course Description:

This course is designed to describe the current situation of savings, pensions and social security in Europe and introduce students to the general notions of financial planning and investment decision on a personal level. This course is meant to provide students with the foundations of wise financial decision making in a personal context, under the understanding that absolutely every single one of our students will inevitably be an investor of some sort and later in life all of them will have to live from the savings they build from the investments made by them or by the welfare state. Parallel to the personal dimension every single one of them will have to master later in life, there is also the professional dimension for a few of our graduates, as some of them will become professional financial planners.

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### Course Content:

0. Back to the Finance Basics (Review of Financial Calculus)
    - a. Definition of interest and time value of money
    - b. Financial risk over a lifetime
    - c. Understanding and appreciating the Time Value of Money
  1. General principles of financial planning
    - a. Future of welfare state and demographics
    - b. National Pension planning: The Case of the Portuguese Social Security
    - c. Private Retirement planning: Defined Benefit vs Defined Contribution
    - d. Savings and macroeconomics: what to learn from a major public finance meltdown
  2. Finance Planning and Managing your Money and Investments
    - a. Cash or Credit? From liquid asset management to credit cards, and consumer loans
    - b. Big personal investments: Car and House
    - c. Insurance
    - d. Managing investments
  3. Preparing for Life events: Family, Work, Life
    - a. Raising a Family
    - b. Protecting for the unexpected
    - c. Preparing retirement
    - d. Estate Planning: protecting your heirs
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### Course Objectives:

The objective of this primarily prophylactic course should be to:

- Raise awareness as early as possible to the need to proper financial planning and developing a lifelong saving and spending strategy (primary prevention financial planning);
- Introduce technical concepts of financial planning to understand and diagnose problems and when to resort to trained professionals (secondary prevention financial planning);
- Provide introductory tools that will enhance the possibility of further professional certification in financial planning (introductory professional training).

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### Grading (to be confirmed, based on class size):

Up to 20 students:

- Midterm 30%
- Final exam 45%
- A few group assignments to weigh up to 25%.

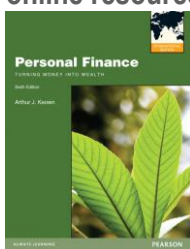
For a larger class size:

- In class final exam (late November): 65%
- Group project: 35%

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### Bibliography:

There are many Personal Finance manuals. We will primarily be using the following, including online resources.



[Personal Finance: Turning Money into Wealth: International Edition](#), CourseSmart eTextbook, 6/E  
Arthur J. Keown, Virginia Polytechnic Instit. and State University  
ISBN-10: 0133370933 • ISBN-13: 9780133370935  
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In addition to the manual, a lot of additional materials will be made available through the course's website.

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### Biography:

Professor Reis is Associate Dean for International Relations at Catolica Lisbon. The reason this is relevant for the course is that he is recurrently representing the School in several conferences. To



prevent consecutive disruptions of the regular calendar, classes are scheduled on Fridays, and additional schedules are already anticipated in the calendar. The course will only need 18 hours of contact classtime, although we are scheduling some more.

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Contact(s) and Office hours:

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Office hours: by appointment

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