



Personal Finance Module II, 2024-2025

Course Information

Instructor: LI Di

Office: PHBS Building, Room 616

Phone: 86-755-2603-2228

Email: dili@phbs.pku.edu.cn

Office Hour: Monday, Tuesday, and Thursday 15:30 – 16:30, or by appointment

Teaching Assistant: HUANG, Minjie

Email: 2301111291@stu.pku.edu.cn

TA Office Hour: Monday and Thursday 16:30 – 17:00

Classes:

Lectures: Monday & Thursday, 10:30-12:20

Venue: TBA

1. Course Description

1.1 Context

Course overview:

This course aims to equip students with financial literacy. It provides a comprehensive introduction to personal finance and examines the knowledge and competence required to prepare a personal financial plan. Topics covered include in the course include financial planning and budgeting, human capital and career development, liquidity and credit management, household financing, personal investment, risk management (insurance), retirement and estate planning as well as tax planning. The course also discusses a variety of topics about professional wealth management services and behaviors in personal finance. By the end of this course, students should be able to:

- Understand the concepts relevant to personal financial planning.
- Analyze individual and family financial circumstances and recommend appropriate strategies to achieve goals within a personal finance context.
- Master basic skills of planning and managing personal and household finance.
- Establish a correct concept of wealth.

The course is a mix of lectures and discussion. Lecture notes will be distributed before class. Students are expected to come to class prepared for active participation. It is your own responsibility to get informed of important developments pertaining to the course. It is important to check email messages regularly for class announcements. We do problems in class, so bring a calculator. A financial calculator is recommended but a basic scientific calculator that calculates powers is fine too. Solutions to in-class exercises will not be distributed or posted.

Prerequisites:

This course presumes that students have taken basic courses in accounting, economics, finance, and statistics. Students need to have completed the following course: "Financial Economics".

1.2 Textbooks and Reading Materials

Lecture notes, announcements, and other useful materials will be distributed electronically.

Textbooks:

Personal Finance: Turning Money into Wealth, by Arthur J. Keown. Pearson, 6th ed. [Keown]

Earlier editions of the textbook can be used. Students will find the following references useful:

The New Wealth Management: The Financial Advisors' Guide to Managing and Investing Client Assets, by Harold Evensky, Stephen M. Horan, and Thomas R. Robinson. Wiley. [HER]

Investment, by Zvi Bodie, Alex Kane, and Alan J. Marcus. McGraw Hill, 10th ed. [BKM]

Corporate Finance, by Ross, Westerfield, Jaffe, and Jordan. McGraw Hill, 11th ed. [RWJJ]

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	√
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	√
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	√
	2.2. Students will be able to apply leadership theories and related skills.	√
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	√
	3.2. Our students will practice ethics in the duration of the program.	√
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	√
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	√
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	√
	5.3. Our students will demonstrate competency in critical thinking.	√

2.3 Assessment/Grading Details

The course grade will be determined by the following scheme:

Midterm exam	60%
Project	20%
Presentation of Project	10%
Class attendance & participation	10%
Total	100%

2.5 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits

earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Important Class Policies

3.1 Class Attendance

Class attendance is required. Students without unauthorized absences will earn five points for class attendance. Each unauthorized absence will result in a deduction of two points from the class attendance points and the deduction continues from other parts of the course grade if the attendance points have been used up. Students with five or more unauthorized absences will be automatically dropped from the class. The application for absences must be documented (e.g., doctor's notes), and the approval is at the instructor's discretion. Students who miss a class are responsible themselves to make up the missed materials and to get in-class announcements from peer classmates.

It is important to be punctual and students should arrive on time. Students must remain in the classroom throughout the class time. Early exits must be approved by the instructor. The instructor will randomly re-check attendance. An unauthorized early exit will be treated as an unauthorized absence.

3.2 Team Activities and Evaluation

There is one project to be completed in teams. At the beginning of the course, students will be assigned into different teams (self-selection plus random grouping). Each team will have five students (or fewer). Every student must contribute to the team works fairly and sufficiently. To prevent free riding, if a student feels that some peer teammates fail to contribute enough, he/she can submit a claim to the instructor. The instructor will investigate the claim and adjust the teamwork grades of the accused students based on the severity of the problem if the accusation is affirmed.

3.3 Class Participation and Cold-Call Policy

Students should actively participate in class activities such as Q&A, problem solving, discussion, and presentation, etc. To motivate participation, the instructor will make cold calls randomly. A student who is called but fails to meaningfully participate will be penalized with a reduction of one point per occurrence from the grade. Volunteers are highly encouraged and will be awarded (up to five points for active class participation).

3.5 Others

Phones must be turned off or muted during the class. Students should avoid chats with peer classmates unless the instructor calls for a discussion.

4. How to Excel

This course is very intensive. A student who wishes to excel in the class should follow the tips provided below:

- A. Review class materials from earlier prerequisite courses.
- B. Preview class notes before arriving in the classroom. Normally, class notes will be distributed one day prior to the class.
- C. Be concentrated and actively participate in activities (e.g., problem solving, discussion, and presentations) in class.
- D. Do the in-class examples. You learn little until you do it.
- E. DO NOT FREERIDE others.
- F. Ask questions whenever they arise. Take advantage of the office hours offered by the instructor and the teaching assistant. Do not wait and accumulate the problems.

5. Topics, Teaching and Assessment Schedule

The following course outline is an approximate schedule of topics to be covered. Please note that it is subject to change.

Date	Topics	Notes
Nov. 14, Thursday	Course Introduction What is personal finance and why is it important?	
Nov. 18, Monday	Financial planning and budgeting Personal financial planning process Personal financial health evaluation Household financial statements Budgeting	Keown Chapters 1 and 2
Nov. 21, Thursday	Economics and income Factors that influence income Career planning Human capital and income Employment and benefits Interest and the power of compounding Time value of money Reward to patience	Keown Chapters 1 and 3
Nov. 25, Monday	Liquidity management Cash and savings Liquid assets management Credit management Credit card and credit line Credit assessment and maintenance	Keown Chapters 5 and 6
Nov. 28, Thursday Dec. 2, Monday	Financing consumptions Consumption loan Home and car purchasing decisions Mortgage loan How to structure your debt terms?	Keown Chapters 7 and 8
Dec. 5, Thursday Dec. 9, Monday	Personal investment management Stock investment Bond investment Mutual fund Alternative investments Investment and asset allocation	Keown Chapters 11, 13, 14, and 15 EMR Chapters 9 and 14
Dec. 12, Thursday	Risk management and insurance Life insurance and health insurance Property insurance and liability insurance	Keown Chapters 9 and 10

Dec. 18, Wednesday	Life cycle and financial planning Retirement planning Generational wealth transfer	Keown Chapters 16 and 17
Dec. 19, Thursday	Tax planning in personal finance Income taxes Deductions Tax planning in investment, financing, wealth management, and wealth transfer	Keown Chapter 4 EMR Chapter 11
Dec. 23, Monday	Midterm	Covers lectures up to Dec. 19
Dec. 26, Thursday	Behaviors in personal finance Rational vs. behavioral finance Behavioral biases in personal finance	BKM Chapter 12
Dec. 30, Monday Jan. 2, Thursday	Professional wealth management Wealth in China and the globe Sector of wealth management	
Jan. 6, Monday	Miscellaneous topics	
Jan. 9, Thursday Jan. 13, Monday	Group presentations	Project due on Jan. 9