

Course Title	:	Managing Personal Finance
Course Code	:	CLC9002
Recommended Study Year	:	Any
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional Approach
Class Contact Hours	:	3 hours per week
Category in Major Programme	:	General Education
Prerequisite	:	Nil
Restriction	:	Students having taken, or concurrently enrolled in, RIM2250 Personal Risk and Financial Planning are not allowed to choose this course. i.e., students taken RIM2250 <u>cannot</u> enroll in CLC9002.

Brief Course Description and Aims

The course is designed to provide students with general knowledge that would enable them to manage their own finance in a smart way. Topics include personal risks, personal financial planning, personal insurance products and strategies, cash and debt management skills, investment strategies and main products, and tax basics. This is a self-contained and non-technical introductory course to all students interested in having a better control over their financial life.

Learning Outcomes (LOs)

On completion of this course, students are expected to be able to:

1. identify personal financial needs and major financial risks.
2. understand the basic steps of a personal budgeting and financial planning
3. comprehend various types of insurance products and how they may be useful in dealing with personal financial risks
4. describe the differences in various forms of saving plans and personal borrowings
5. know how to keep borrowing cost down and use credit cards in a sensible way

6. explain important principles of investment and understand their implications for investment
7. analyze the features of various forms of investment products
8. draw up a disciplined and long-term investment strategy that helps to accumulate personal wealth
9. understand the basics of personal tax

Indicative Contents

To achieve the objectives, the course covers the following topics:

1. Your Financial Needs and the Role of Financial Planning
 - Personal financial needs
 - Measuring your financial health in a simply way
 - Elements of a sound financial planning
2. How to Use Insurance to Manage Unexpected Situations?
 - Identification and assessment of key personal risks
 - Introduction to simple personal insurance products
 - Buy whole life insurance or buy term life & invest the difference?
3. How Much Cash to Keep?
 - Meeting daily money needs and opportunity costs
 - Concept of interest rate and quotations
 - Types of bank accounts and saving plans (e.g., CDs, term deposit, money market fund, indexed bonds)
 - Payment methods (e.g., direct debit)
4. Borrowing Money in a Sensible Way
 - Terminology on credit cards and the cost of using credit cards
 - How to use cards safely and wisely?
 - Types of personal loans and hire purchase
 - How to keep your borrowing costs down?
 - Obtaining a home mortgage loan
5. Personal Investment
 - “There is no free lunch in the Wall Street” (the risk-return trade-off)
 - “Don’t put all your eggs into one basket” (diversification)
 - How much risk can you take? Time matters and the magic of compounding
 - Asset allocation determines most of your returns rather than stock picks
 - Understand common investment instruments (bonds, stocks, mutual funds and derivatives)

- Reading financial quotes and charts
 - Other investments (e.g., real estate investment)
 - How to buy a mutual fund
6. Tax for Individuals
- Property rents and tax
 - How to pay a tax on your income?
 - Education costs and other tax exemptions

Teaching Method/Class Activities

Class activities will include the lecture of concepts and theories, discussions participated by individual students or student groups. A high level of student participation is expected in order to learn effectively.

Measurement of Learning Outcomes

1. A mid-term examination regularly test students' understanding of lecture materials. (LO1, 2, 4, 5, and 9).
2. A comprehensive final examination covering all subject topics assesses the comprehension of, and ability to apply financial planning concepts, theories and principles. (LO1 to 9).
3. Term project requires student teams to analyze a real-life financial planning cases. A presentation of findings to the instructor and critique groups are required in order to test their understanding of financial planning and the application of their knowledge. The quality of the presentation plus the ability of the team to address questions are assessed. (LO1, 2, 3, 4, 6, 7, and 8)

Assessment

Continuous Assessment	50%
Participation:	10%
Test:	20%
Group Project:	20%
Examination	50%
Total	100%

Required/Essential Reading

Arthur J. Keown, *Personal Finance: Turning Money into Wealth*, latest edition, Pearson Prentice Hall.

Recommended/Supplementary Readings

個人財務策劃——理論與實務，鄭子雲 陳工孟 主編，商務印書館（香港）有限公司，2003.

做個有錢人 基金儲蓄致富全書（強化第8版），杜比，博穎出版有限公司，2008.

Important Notes

- (1) Students are expected to spend a total of 5 hours (i.e. 3 hours of class contact and 2 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.