

## **Making Decisions About Your Finances**

ARTSCI 1138.x

1 Credit

Day, Time, Place: TBD

Professor: Doug Alsdorf

School of Earth Sciences, 383 Mendenhall

Office Hours: Arrange via email [alsdorf.1@osu.edu](mailto:alsdorf.1@osu.edu)

**Course Description:** After you graduate and enter the working world, you will have many financial questions. How much are my taxes? Is an advanced degree a good idea? Am I investing enough money? What are the risks of investing? Should I pay off my student loans early? Should I buy a home or rent? And so on. While all of these questions are practical, they are real life tests of your thinking skills. Learning how to thoughtfully address problems is a hallmark of a college education. Because your personal finance has a measurable balance, e.g., the amount of money in your account, you can assess the decisions that you will make.

**Course Objectives:** In this course we will explore the decision-making process as it applies directly to your money life. What might be a good decision for one person may not be for another. Having more money **is not** the answer for everyone, but understanding the financial consequences of decisions made or not made **is** important for everyone. There are two objectives. (1) After having completed the course, you should have a clearer view of the money matters that await you after you graduate from OSU and move through the next years of your life. (2) To further develop your confidence in your decision making.

**Required Activities:** Students will work together in teams and present their findings with the class throughout the semester. Teams will imagine themselves as family like groups or as groups of singles. In these realistic scenarios, they will have longitudinal salary histories and expenses for the entire group. The main tool that we will use is Excel and its spreadsheets and plots. I have already created these, so most of this will involve you and your team entering a few data points followed by assessing the output. You and your team can also create your own spreadsheets using mine as examples. Through this team approach, you will explore incomes from salaries and investing scenarios and you will explore expenses from taxes, housing costs, and childcare costs. These will be used to understand various retirement scenarios. At the end of the semester, each student will provide me with a one-page summary of their findings and a self-assessment of their decision-making.

**Grading:** Satisfactory or Unsatisfactory (S/U) where participation in class discussions counts for 33% of the grade, group oral-presentations are 33%, and individual one-page write-ups are the remaining 33%.

**Texts and Readings:** I have written an unpublished book on these issues and a PDF of it will be freely provided as well as the accompanying spreadsheets. PDFs of all required readings will be provided, as noted below. Additional highly suggested but not required readings include the book by Malkiel and the book by Bogle.

Julian, Tiffany A. and Robert A. Kominski, Education and Synthetic Work- Life Earnings Estimates, American Community Survey Reports, ACS-14. U.S. Census Bureau, Washington, DC., 2011. PDF at: <https://www.census.gov/prod/2011pubs/acs-14.pdf>

Lino, M., K. Kuczynski, N. Rodriguez, and TR. Schap, Expenditures on Children by Families, 2015. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion, Miscellaneous Report No. 1528-2015, January 2017, Revised March 2017. The PDF is available at: <https://www.cnpp.usda.gov/sites/default/files/crc2015.pdf>

Malkiel, B.G., A Random Walk Down Wall Street: The Time-Tested Strategy for Successful Investing (Eleventh Edition), W.W. Norton & Co., 2015.

Bogle, J.C., Common Sense on Mutual Funds: Fully Updated 10th Anniversary Edition, Wiley, 2009.

**Weekly Schedule:** Note that the book, spreadsheets, and other reading materials are all freely provided to students. These are useful tools for answering the following questions. Answers may vary by location, income, and expenses. Each student team will present only three times during the semester, hence the workload is appropriate for a one-credit course.

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|---|----------------------------------|
| Will the money I make from a degree in X be enough? | How much are my taxes?           |
| How much does it cost to live in location X?        | How much do kids cost?           |
| What happens if I take time off from work?          | Should I buy a home or rent?     |
| Is Social Security enough for my retirement?        | What are the risks of investing? |
| Is an advanced degree a good idea?                  | Am I investing enough money?     |
| Should I pay off my student loans?                  | How much will I need to retire?  |
| <i>What are your financial questions?</i>           | Is a 401(k) the same as an IRA?  |

<b>Week</b>	<b>Topic</b>	<b>Description</b>
1	<b>Introduction</b>	How to make and use Excel spreadsheets.
2	<b>Demonstrations</b>	Form student teams. I will show you how I have answered a couple of the questions.
3	<b>Discussion on Sources of Information</b>	Together, we will discuss how to assess financial information. <u>Goal:</u> Discover how different people have different approaches to the same question.
4	<b><u>Income</u> Presentations</b>	Some student teams will present their answers to the same question. <u>Goal:</u> to discover how different incomes and taxes impact decision-making.
5	<b><u>Location</u> Presentations</b>	Remaining student teams will present their answers to the same question. <u>Goal:</u> to discover how living in different locations impacts decision-making.

6	<b>Demonstrations and Discussion</b>	I will present my answers to a couple of the questions. <u>Goal:</u> to discover how someone such as me who is three decades into their career addresses the questions.
7	<b><u>Housing</u> Presentations</b>	Some student teams will present their answers to the same question. <u>Goal:</u> to discover how different mortgages impact decision-making.
8	<b><u>Childcare</u> Presentations</b>	Remaining student teams will present their answers to the same question. <u>Goal:</u> to discover how much it will cost to raise children, including paying for their college education.
9	<b>Demonstrations and Discussion</b>	I will present answers my friends have given me to some the questions. <u>Goal:</u> to discover how people further in their careers address the questions.
10	<b>Investing Discussion</b>	Together, we will discuss and address questions dealing with investments. <u>Goal:</u> to discover how different investors have different answers to the same question.
11	<b><u>Investing</u> Presentations</b>	Some student teams will present their answers to the same investing question. <u>Goal:</u> to compare active versus passive investing methods.
12	<b><u>Investing</u> Presentations</b>	Remaining student teams will present their answers to the same question. <u>Goal:</u> to compare 401(k)s, to IRAs, and to taxable accounts.
13	<b>Retirement Discussion</b>	I will present my concerns regarding retirement and Social Security. <u>Goal:</u> to assess how much money you will need in your retirement.
14	<b>Class wrap-up</b>	One-page write-ups are due.

**The presentations should be casual and relaxed.** They can be created using screen grabs and quickly pasting the graphics into PowerPoint. They should have a statement regarding what was the most important thing the team learned and what was the most difficult thing to understand. The syllabus presents my suggested set of financial questions, but each team should feel free to ask and answer their own questions. Teams will decide where they live, what sort of incomes and expenses they have, and then use these to determine outcomes.

**Biographical Statement:** I am a professor of Geophysics and having published over 70 peer-reviewed papers, I understand how to analyze data, how to model it, and how to assess its errors and thus make informed, scientific interpretations of the data. However, I am **not** academically trained as a finance expert, nor have I published a peer-reviewed paper on personal finance. Instead, I rely upon the experts who have published their original research and then I make decisions regarding the applicability of their work to my life. Having taught introductory courses in earth science for over a decade, I have a solid understanding of undergraduate students.

**Academic Misconduct:** It is the responsibility of the Committee on Academic Misconduct to investigate or establish procedures for the investigation of all reported cases of student academic misconduct. The term “academic misconduct” includes all forms of student academic misconduct wherever committed; illustrated by, but not limited to, cases of plagiarism and dishonest practices in connection with examinations. Instructors shall report all instances of alleged academic misconduct to the committee (Faculty Rule 3335-5-487). For additional information, see the Code of Student Conduct <http://studentlife.osu.edu/csc/>

**Students with Disabilities:** Students with disabilities (including mental health, chronic or temporary medical conditions) that have been certified by the Office of Student Life Disability Services will be appropriately accommodated and should inform the instructor as soon as possible of their needs. The Office of Student Life Disability Services is located in 098 Baker Hall, 113 W. 12th Avenue; telephone 614-292-3307, [slds@osu.edu](mailto:slds@osu.edu); [slds.osu.edu](http://slds.osu.edu).