Course Syllabus

Finance 3563
Retirement Planning and Employee Benefits
Fall 2015

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Prerequisites: 2.8 GPA; BA 3500 or Consent of Instructor & Area Administrator

Course Materials: Allen, Melone, Rosenbloom, Mahoney, Pension Planning: Pension, Profit Sharing, and Other Deferred Compensation Plans, McGraw-Hill, Irwin, 10th Edition, 2008. mygateway.umsl.edu. Students need to regularly check the course MyGateway site for announcements, assignments, grades and course materials. A working knowledge of this site as well as Microsoft Office Products: Word, Excel and PowerPoint will be necessary for successful completion of the Course.

Course Objectives:
1. To introduce students to the variety of retirement vehicles available in the marketplace;
2. To provide an integrated framework for the analysis of needs and the fulfillment of goals in the workplace relative to benefit plans in general and retirement plans specifically;
3. To provide insight into the workings of the various plans within the confines of law and regulation;
4. To provide students with the tools to understand the need for and the personal ability to perform competent retirement planning for themselves and others, and
5. To provide coursework for qualification to take the CFP, ChFC, CLU and Similar Examinations (Please check with the Professor and the grantor of the certificate about the availability of such credit if this is your primary reason for taking this course, as such qualification is not controlled by the professor, but rather by external agencies).

Grading Policy

1. Class Participation 100
2. Examinations/Quizzes 225
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<td>1</td>
<td>a. Appendix 1 (OASDI) 75</td>
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<td>b. WIKI 100</td>
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<td>c. Final Exam 50</td>
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<td>Group Project 250</td>
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<td>3</td>
<td>Discussion Board 150</td>
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<td>a. WSJ (75)</td>
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<td>b. Book Club (75)</td>
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<td>Chapter Presentation 75</td>
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<td>How Much Do I Need to Retire 100</td>
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<td>Dollar Cost Averaging 100</td>
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Participation: A functional learning environment requires students interested in their education. While lecture cannot be avoided in this class, every effort will be made to have meaningful discussion and alternative learning modules. While attendance is not required, lack of attendance will result in loss of participation points. Attendance is encouraged, as it will help all of us create a positive learning environment. Your class participation grade will be judged upon your daily attendance, attention and participation.

1. If you are having a problem getting to class that day, call me in advance to discuss the problem.
2. If you have a contagious or communicable illness or disease, call me prior to class so that I am aware of the reason for your absence. I will award full participation points, but it is your responsibility to get class notes or assignments from another student.
3. Turn off all cell phones and beepers, or clear their usage with me prior to class (granted only in extreme cases).
4. Tardiness and early departure will not be tolerated for anything except a medical emergency or death in your immediate family, and only if I am previously notified. Such activity, even if cleared in advance, may result in a proportionate loss of points. Unexcused tardiness or early classroom departure will result in a proportionate loss of points.
5. I expect civil and professional conduct of all students. Please consult the Student Code for further details.

Exam Policy: Dates of Exams will be agreed to in class. The OASDI and the WIKI are take-home examinations for which you are expected to work independently of one another. While I encourage working together and studying together, for these projects I desire individual performance and assessment. Deviation from these expectations might constitute Academic Dishonesty on the part of all persons involved; doing your own work is critical to your individual development. The Final Exam is designed as an in-class exercise, but the instructor reserves the right to modify this examination to fit the educational and assessment needs of the course.

Class Schedule Attached hereto is a TENTATIVE class schedule. Everything on this schedule is subject to modification or alteration to accomplish the learning needs of the class. It is the responsibility of each student to check with classmates to determine what modifications, if any, have been made to the schedule. Do not expect that a modified schedule will be posted each time.
a change is made, or that an announcement will be placed in MyGateway. This is another reason that regular class attendance is important, because you may have an influence upon schedule modifications to better accommodate your schedule.

Work Submission

All papers must be typed and double-spaced. Assignments requiring the use of a spreadsheet must be submitted in Excel. All compositions will be evaluated for grammar, diction, style, neatness, punctuation and organization. Your work should reflect serious thought upon the project befitting a course designed for seniors. The writing lab, on the 4th floor of the SSB, may be able to assist you, but they cannot proofread nor write your papers. You may want to find a classmate, friend or acquaintance to go over all of your work prior to submission.

Assignments are due on specific dates as set forth on the attached schedule, but that schedule is subject to modification. If the schedule is modified, the assignment is due upon the modified date. If work is received after the due date, it is subject to a late penalty. If a project is due in a MyGateway Assignments or Learning Unit format, it will only be accepted in that format unless prior arrangements are made. Late assignments are subject to a reduction of 1/14 per day late of 20% against the grade earned. Thus if your work justified an 80, but you turned it in two weeks late, your final grade on that assignment could be as low as a 64. I try to be flexible in these arrangements, but I will not accept work that is more than two weeks late. If you believe that the deadline will not work for your schedule, address this with me prior to that deadline date. Work will not be accepted after 12:01 pm, 1201 Hours, December 04, 2014, unless arrangements are made prior to that date.

Rewrites

After years of teaching I have come to the conclusion that do-overs are ill-suited for any learning environment other than the Kindergarten playground. Do your best to get it right the first time; I do not accept rewrites.

Academic Honesty

UMSL and the University of Missouri have an Academic Code which will be upheld at all times. This can be found in the Student Conduct Code. Plagiarism is the use of another person’s words or ideas without crediting that person. Plagiarism and cheating will not be tolerated and may lead to zero points on an assignment, failure on an assignment, a failing grade in the class, and dismissal from the University. I have in the past had the unpleasant opportunity to refer students to the appropriate authorities at the University for further action upon Academic Dishonesty matters; I
would prefer to cease this activity on my part, but I will not hesitate to act as needed should the actions or omissions to act of the student place me in this unpleasant position. Honor yourself by proper citation to sound sources, and be certain to do your own work that you may hold your head up high on the date you receive your diploma, as well as thereafter.

Access, Disability, Communication:

- Students requiring special accommodations should meet with me during office hours so that we can discuss how to meet your needs this semester. Prior to our meeting be sure you have met with someone in Disability Access Services (MSC 144).
- If you have difficulty communicating in English with the instructor of this course, contact the chairperson of the Finance Department, Associate Dean and Director of Graduate Studies, Thomas Eyssell, College Business Offices, 4th Floor SSB, 314.516.5885/7202.

General Comments

It is in your best interest to discuss with the instructor any problems that you are having or that you foresee prior the date of crisis. There are a number of helping agencies at the University, and I may be able to steer you to the one that will best help you. I want you to enjoy your time in my classroom, and to feel welcome at all times to discuss your academic experience. I will be in the office most Tuesdays and Thursdays throughout the semester. Together we can fashion a rewarding learning experience, but this must be a cooperative endeavor between all of us. One of my favorite administrative assistants had a little sign on her desk: "Lack of planning on your part does not constitute an emergency on my part."

This course requires your continued diligence and effort throughout the semester. I will do my best to post Grades on the MyGateway system as soon as I can. You should check this throughout the semester to assure that you have received the points to which you are entitled. I attempt to post Class Participation grades right after class, so be sure to track these carefully as I may be able to explain to you why you are not receiving full points that you may accordingly modify your actions. I do not give extra credit assignments. There is enough work in the semester for you to get the grade you deserve. It is incumbent upon you to do all of the work in a timely fashion. This is rather like a tortoise walk. Just do it.

Letter Grades

I utilize A, A-, B+, B, B-, C+, C, C-, D, F, and I grade on a curve because I look for clusters at or near these breakpoints so that you will be placed in appropriate proximity to peers. It generally takes 940 or more points to get an A, >900 for A-, > 880 for B+, > 820 for B and > 800 for a B-.
Grades by letter designation tend to cluster when I plot them, but these numbers have been very close to the ultimate barriers in >98% of the semesters in which I have taught. Do your work well throughout the semester and you should get a good grade.

Tentative Class Schedule

Week One       Reading:  Chapter One: The Dynamic, Ongoing Evolution of Private Pension Plans; Appendix One: Social Security and Medicare

Examination: Online, open book, open note, but individual over Appendix One; due by 2355 Hours, Wednesday, 09 Sep, 2015

Assignments: How Much Do I Need to Retire
- Determine Starting Salary (bls.gov)
- Input starting salary into template excel sheet
- Determine Inflation Rate (FRED; Gov't source, other)
- Utilize Inflation Rate to increase salary in Excel sheet
- Determine Investment of Salary Percentage
- Begin the process of Investment Allocation
  - Choose the level of investment in each category and calculate whether the total of allocations = 100%
- Research the viability of Social Security benefits
- Secure an estimate of the amount of benefits for the individual

Introduce Syllabus, Projects, one another (we are a learning community)

Week Two       Reading:  Chapter Two: Strategic Plan Design

Assignments: How Much Do I Need to Retire
- Complete prototype spreadsheet based on all of the above
- Complete draft of paper respecting Income and Social Security
- Begin the work of finalizing investment allocation choice
- Utilize at least three different spreadsheets in the file
- Consider the salary numbers relative to age and promotions
- What is appropriate risk in a retirement portfolio? Justify!
- Is a Conservative portfolio appropriate in the accumulation phase? Justify! Most problems are the Goldilocks problem.
Class Activities: Introduce the DAM RR project to help us structure the semester and its investigation of the various choices available in the benefits world. Discuss the current project. Please note, I am contemplating alteration of the framework of this model to mirror a problem in my Legal Environment of Business classes where the students are studying a franchising opportunity in the hospitality industry (think Holiday Inn Express or competitor). With a little tweaking on my part, we can take established projects and deadlines and modify them to fit this franchising opportunity/going concern.

Looking forward: Chapter Presentations: Each student will teach a chapter out of the book choosing from among Chapters: 7, 9, 10, 11, 12, 13, 14, 16, 17, 20, 21, 24, 28, 29, 30, 31. Look over these chapters and choose your top three so that you are able to find a chapter for you. We will sign up for these chapters in Week Three. We will do these presentations beginning the middle of October and ending the first week of November. We play ready golf: whoever is ready to go will go, regardless of chapter order. It is best to get this out of the way to give yourself room for other projects in this and other classes (Note that the Dollar Cost Averaging Project and the DAM RR project will be worked on outside and inside class at the same time).

Book Club: Find a book on a topic of interest to you in the field of Personal, Corporate or Organizational Finance. Make a photocopy of the title and copyright page and bring it to me for comments (or bring the book and show it to me). Read the first thirty to forty pages of the book by next week.

Week Three

Reading: Chapter Three: Defined Contribution versus Defined Benefit Plans

Assignments: How Much Do I Need to Retire
- Review all prior work for improvement
- Determine the Retirement Need (income required)
- Lifestyle choices, realistic looks at expenses
- Will Social Security be a keystone, a blessing, or other? Justify!
- Endowment Model Test each of the Portfolios
- Will the investment strategy meet the income need?
- Has the performance of the model altered the risk profile?
- What measures can you take to preserve the risk profile and achieve the income goal?

Chapter Presentations: We will select chapters the first day of the week, and
you should begin the process of preparing for this project.

Book Club: Create a thread with your book title, and in the first post tell us why you chose the book and what you have learned thus far as well as what more you expect to learn.

Week Four

Reading: Risk Management through Retirement Planning

Book Club: Respond to the posts of two classmates with interesting and encouraging comments that also show that you are continuing to read your book.

Chapter Presentation: Read your chapter; begin PowerPoint outline

DAM RR: Research your "character" and their locale.

Assignments: How Much Do I Need to Retire

- Review all prior work for improvement
- Early in the week, finalize the rough draft
- Find a time in the week for a serious proofread of all materials
- The Assignment is due Sunday at 2355 Hours
- Would your [insert "common" person] understand your spreadsheets and your paper? Have them read the paragraphs on Social Security availability and retirement needs analysis. Ask them for ways you could improve the communication to them and someone like them. Consider their advice.
- Have you funded the retirement by outsize growth in the riskiest funds (for instance, a 4% investment in Small Caps can grow to 17% or more of the total investment. Is that safe approaching retirement (Small Caps correct by 80% or more))? What steps can you take in the fifteen or so years prior to retirement to reallocate the portfolio to retain risk profile (or can you argue modification of risk profile through time in

1 PowerPoint slides should rarely have more than twenty words (eight is ideal); they should attempt entertainment with pictures, clip art and transition animations and movement. Avoid Death by PowerPoint, the number one career killer! When presenting, your speech should complement your slides: don't read the slides back to us. Show us your personality, your engagement and your expertise.
Week Five

Reading: Chapter Five: *Overview of Defined Contribution Plan Types and Their Use in Retirement Plan Design.*

DAM RR:
- Research your locale
- Are you a union (CBA) employee? Which plan type (DBP or DCP) do CBAs favor (real world, what is preferred)? Why?
- Do you have a DBP/DCP preference? List at least three and not more than five reasons why each is superior to the other. Be clear, precise, succinct and complete in making these judgments.
- Give it about three days, review all posts in your geographic circle, then make a strong argument for each plan individually followed by a concluding paragraph that picks one with supporting reasoning. [Once you have made this decision, do you have the flexibility to adjust the decision if new information arises? Are there gaps in your knowledge? If so, identify the areas that need more research]

Book Club: Respond to the posts of two classmates with interesting and encouraging comments that also show that you are continuing to read your book.

Chapter Presentation: Select your slide template. Marshall your visual effects. Try to create a final rough draft of the slides. (If you need a script, type it into the notes section of each slide; when presenting one makes the best appearance when one uses the slides for your notes.)

Week Six:

Reading: Chapter Six: *Profit Sharing Plans and Money Purchase Pension Plans.*

DAM RR:
- Research your workforce for your geographic locale
• Invent an employee roster
• Make certain the roster contains a variety of types of employees: CBA labor, non-CBA labor, office and clerical, sales, HR, Management and others as you see the need. Are there any leased employees?
• Is it possible to have different plans for each geographic area? Can two areas share a plan and the other area have its own plan? If an employee were to shift locales, could they elect to keep their old plan as is and join or not join the locale's plan?
• Alabama is a right to work state (since 1954); Minnesota tends toward socialism with individual freedoms; and Algoma is located in Ontario, Canada (enough said?) Will this influence the thinking of the participants, or will they all want the same plan?

Book Club: Respond to the posts of two classmates with interesting and encouraging comments that also show that you are continuing to read your book.

Week Seven:

Reading: Chapter Eight: *Cash or Deferred Arrangements (CODAs) under Section 401(k).*

DAM RR: Select your topic of study. Finalize the schedule of presentation/examination of topics; within your group allocate the roles of chairman, secretary and expert for each topic. (You can double and triple up on roles, if your group so desires.)

Book Club: Respond to the posts of two classmates with interesting and encouraging comments that also show that you are continuing to read your book.

Dollar Cost Averaging Assignment (hereafter DCA): Introduce the project, Morningstar, Value Line (Library Online Databases) Spreadsheet Requirements

Week Eight:
Reading: Chapter Eleven: Behavioral Finance Impacts on Defined Contribution Plan Designs

Book Club: Conclude Book Club with final post on your book.

Chapter Presentations: It is time to begin presenting to the class.

Wall Street Journal (WSJ): Section A

Week Nine

Reading: Chapter Twelve: Individual Retirement Arrangements

Chapter Presentations: Continue

WSJ: Section B

DCA: First Fund Iteration Due: Turn in your Fund Selections for Review and Comment: Investor Spreadsheet and Morningstar (or equivalent) Information Sheets

DAM RR: Class Time for Meeting re Presentations

Week Ten

Reading: Chapter Thirteen: Keough Plans, SEPs, SIMPLE Plans, and Solo 401(k) Plans

Chapter Presentations: Conclude

WSJ: Section C

DCA: Final Fund Iterations Due

DAM RR: Class Time for Meeting re Presentations

Week Eleven

Reading: Chapter Twenty-One: Cash Balance and Other Hybrid Retirement Plans

WSJ: Section D
DCA: Troubleshooting; Peer Review

DAM RR: Presentations Begin

Week Twelve

Reading: Chapter Twenty-Five: *Tax Qualification Requirements*
         Chapter Twenty-Six: *Tax Qualification Requirements (Continued)*

DCA: Due, 2355 Hours, Sunday

WSJ: Letters and Opinions

DAM RR: Presentations Continue

Week Thirteen

Reading: Chapter Twenty-Seven: *Other Legal Requirements*
         Chapter Twenty-Eight: *Fiduciary Oversight and Plan Governance*

DAM RR: Presentations Continue

Week Fourteen

Reading: Chapter Thirty: *Retirement Asset Wealth Management*
         Chapter Thirty-One: *Retirement Asset Distribution Planning*

DAM RR: Presentations Conclude

Week Fifteen

DAM RR: Final Meetings

Evaluations and Suggestions: Help me make this course better!

FINAL EXAM:

WEDNESDAY, 16 DEC, 0745 to 0945