

# Personal Finance

Fall 2024

**FINC-UB 3: Personal Finance**

**MULT-UB 4: Personal Finance for Non-Economists**

**Prof. Theresa Kuchler**

Office 9-86 KMC 9th floor

tkuchler@stern.nyu.edu

Office hours by appointment

## Meeting time and Location

MULT-UB 4: Tuesdays and Thursdays, 9:30am-10:45am

FINC\_UB 3: Tuesdays and Thursdays, 11:00am-12:15pm

9/3/2024 - 12/12/2024

Room 3-80 in KMC (44 W 4<sup>th</sup> Street)

## Overview of Class

How should you manage your student loans? Is a credit card useful to have? Should you buy a house or rent? What are the different mortgage options available to finance a home and which one should you choose? How much should you contribute to your retirement savings account? Which health insurance makes the most financial sense? How do you know if graduate school is a good investment? Every day, individuals face many financial decisions. How they make these decisions and how they choose has potentially far reaching consequences for themselves. But it also has implications for society more generally, from how policy makers design the tax code and social services, to how firms interact with customers to how persistent income and wealth inequalities are over generations.

In this class, we will draw on research insights from financial economics, public economics and behavioral economics to cover a broad range of common financial decisions individuals face throughout their lives. We will discuss how individuals can make the best decisions for themselves, as well as common pitfalls and mistakes. We will also discuss the implications for policy makers, firms interacting with consumers and society more broadly.

## Prerequisites

Course MULT-UB 4 (Personal Finance for Non-Economists) will introduce all relevant concepts during the class and does not require any pre-requisite knowledge in the topic areas.

Course FINC-UG 3 (Personal Finance) builds on some concepts introduced in Foundations of Finance. Relative to course MULT-UB 4 (Personal Finance for Non-Economists) offered without prerequisites, course FINC-UG 3 (Personal Finance) only reviews, rather than covers, concepts previously covered in Foundations of Finance. Instead FINC-UG 3 (Personal Finance) dives deeper into some advanced aspects of a given topic.

### **Class materials**

The class website is on NYU Brightspace. This is the central location containing all teaching materials such as materials used in class, reading lists, and any additional materials.

There is no required text book for the class. Reading lists for all topics will be posted on NYU Brightspace.

You need a calculator for this class. Your calculator only needs to be able to do the basics (addition, subtraction, division, multiplication, taking to power of, logarithm). A financial calculator can be used but is not required. Most importantly, you are expected to know how to operate the calculator you chose on your own. In addition, students are expected to be comfortable with EXCEL tools.

### **Academic Integrity**

Our undergraduate Academics Pillar states that we take pride in our well-rounded education and approach our academics with honesty and integrity. Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as ones own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found [here](#). To help ensure the integrity of our learning community, prose assignments you submit to NYU Classes will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

### **General Conduct and Behavior**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations and the NYU Student Conduct Policy.

### **Student Accessibility**

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for

Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website.

### **Student Wellness**

Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212 443 9999, or via the NYU Wellness Exchange app. There are also drop in hours and appointments. Find out more here.

### **Exams, Assignments, and Grades**

Grading components

- Weekly online assignment
- 2 midterm exams
- End of year quiz
- Participation

There will be two midterm exams on the following dates:

- Midterm 1 on Thursday, October 10
- Midterm 2 on Thursday, November 21

The first midterm will cover all material covered by then. The second midterm will cover all material covered after the first midterm. The end of year quiz will cover the material covered after the second midterm.

Weekly assignments will be posted on Brightspace. To calculate your score, I will exclude your two lowest scoring assignments. Assignments not submitted will receive a zero score.

Participation is based on your participation in class. You should plan to attend all lectures and actively participate in class. Occasionally missing a class due to sickness will not impact your participation grade (and please do stay home if you are not well). If you need to miss more than the occasional class due to longer illness, please be in touch.

Your course grade will be based on the two equally weighted midterms (60%), end of year quiz (15%), the weekly online assignments (20%), and participation (5%).

## **Course Content**

### Part 1 (until first midterm)

- Introduction to Personal Finance, Financial Literacy
- The basics, planning and budgeting
  - Time value of money, inflation, how the Fed works
  - Household Balance sheet
  - Taxes, income, cost of living
- Short-term saving and unsecured borrowing
- Behavioral Finance: Common biases and mistakes

### Part 2 (after first midterm and before second midterm)

- Risky financial investments
  - Basic probability and risk vs. return
  - Diversification
- Durable goods, housing and mortgage borrowing
- Saving for retirement
- Risk management and insurance

### Part 3 (after second midterm)

- Financial technology and education
- Conflicts of interest
- Disclosures and nudges
- Consumer financial protection