Unit Outline*

FINA2209

Financial Planning

Semester 2, 2011
Crawley Campus

Unit Coordinator: Professor Paul Gerrans

Business School
www.business.uwa.edu.au

* This Unit Outline should be read in conjunction with the Business School Unit Outline Supplement available on the Current Students web site http://www.business.uwa.edu.au/students
All material reproduced herein has been copied in accordance with and pursuant to a statutory licence administered by Copyright Agency Limited (CAL), granted to the University of Western Australia pursuant to Part VB of the Copyright Act 1968 (Cth).

Copying of this material by students, except for fair dealing purposes under the Copyright Act, is prohibited. For the purposes of this fair dealing exception, students should be aware that the rule allowing copying, for fair dealing purposes, of 10% of the work, or one chapter/article, applies to the original work from which the excerpt in this course material was taken, and not to the course material itself.

© The University of Western Australia 2011
UNIT DESCRIPTION

Introduction

Welcome to Financial Planning, an area which is undergoing some fundamental changes in 2011. These changes build on significant changes over the past two decades which have impacted what can be regarded as the personal finance sector and the financial planning industry. A series of reviews have been completed with wide ranging recommendations made. These reviews include: the Pension Review Report (Harmer Review); Australia’s Future Tax System (Henry Review); the Super System Review (Cooper Review); and the Parliamentary Joint Committee on Corporations and Services: Inquiry into financial products and services in Australia (Ripoll Report). The Ripoll Report has led to the Future of Financial Advice (FOFA) Reforms which are of particular interest to those providing personal financial advice. Over the semester the final form of these reforms will be revealed. Each report has been heavily influenced by, and in the case of the Ripoll Report in part precipitated by, the global financial crisis.

Unit content

The unit covers the principles, tools and knowledge needed by a financial planner in practice. First, we will discuss the role and obligations of a financial planner taking into account the rules and regulations governing the adviser-client relationship. We will then discuss the stages of the financial planning process and the components of a typical financial plan. It is important to recognise that these steps can be applied to yourself – they aren’t restricted to those providing advice. Then we will review the different investment types including equity, fixed interest, and managed funds. A discussion of investment products brings with it a discussion of taxation which we will also consider within the financial planning context. A central part of providing advice is knowing your client and learning how to profile investors in terms of their attitude toward risk and return will be explored. Next, we will expand our discussion to discuss long-term and strategic financial planning decisions such as: superannuation and retirement, social security and insurance, estate planning and asset protection. Finally, we will again review the structure and the components of a typical financial plan and the six steps followed in the financial planning process.

The goal of the unit

There are two major goals of this unit. First, the unit aims to provide an understanding of the knowledge, skills and obligations expected of those authorised to provide financial advice in Australia. These requirements are established by the Australian Securities and Investment Commission (ASIC RG146) who set out the knowledge and skills required of a license holder or authorised representative of that license holder if they are to provide financial advice. Second, the unit will take you beyond the minimum knowledge and skill requirements and will also exploring the current policy issues facing the financial planning industry. Give the amount and scope of the change underway, it is an exciting time to be undertaking this unit.

Learning outcomes

On completion of this unit, you should be able to:

- Identify the role and obligations of a financial planner providing general or personal advice;
- Identify the regulatory issues and ethics governing the financial planning profession;
- Explain the steps involved in the financial planning process;
- Outline the impact of regulations, financial markets and economic conditions on financial plans;
- Analyse an individual's personal and financial objectives, profiling their risk-return preferences and their short-term and long-term objectives;
- Identify, analyse and evaluate investment types including expected returns and risk;
- Demonstrate the impact of taxation on financial planning decisions;
• Provide strategic financial advice regarding superannuation, retirement, social security and insurance, estate planning and asset protection;
• Evaluate the role of derivatives as part of a financial plan;
• Construct a financial plan matched to an individual’s characteristics and objectives considering the available investment products;

Educational principles and graduate attributes
In addition to the content related objectives previously identified, in this unit you will be encouraged and facilitated to develop the ability and desire to:
• Adapt acquired knowledge to your personal life and your future career;
• Think and reason logically and creatively by analysing different clients’ conditions, regulatory, economic and financial conditions and applying the ideas and techniques learned in this unit to different clients;
• Undertake problem identification, analysis and solution;
• Acquire the skills needed to embrace rapidly-changing innovations in financial planning;
• Develop more effective communication skills through tutorial participation and the assignment;
• Develop your self-management and independent learning skills by completing tutorials questions and assignment; and
• Develop an awareness of ethical issues exposed in behaviour in the financial services industry particularly through the global financial crisis”.

TEACHING AND LEARNING RESPONSIBILITIES
Teaching and learning strategies
The subject is structured with a two-hour lecture commencing in the first week followed by a one hour tutorial commencing in week two.

The lecture emphasises the conceptual side of the topic and provides you with the tools to apply the ideas and concepts covered in the tutorial questions. At the end of the lecture, and after reading through the assigned text, you will be in a position to complete the assigned tutorial questions. These questions will help you apply, demonstrate and evaluate your understanding of the ideas and concepts covered in the lecture. To get the most out of this subject, I advise you to read the lecture notes beforehand, attend the lecture and bring with you the lecture notes, listen to the lecturer carefully, and write down notes. When you go home, read the lecture notes again and do not forget to refer to the textbook for further details. After you have read the lecture, attempt the tutorial questions. And, when you come to the tutorial, compare your answers with the tutor’s answers and correct your mistakes. You are expected to interact with your tutor in an effective and fruitful way to earn your participation mark. Do not hesitate to ask your tutor to clarify any point you feel ambiguous. You can also consult the lecturer in charge if you still need further assistance.

Teaching and learning evaluation
You may be asked to complete two evaluations during this unit. The Student Perception of Teaching (SPOT) and the Students’ Unit Reflective Feedback (SURF). The SPOT is optional and is an evaluation of the lecturer and the unit. The SURF is completed online and is a university wide survey and deals only with the unit. You will receive an email from the SURF office inviting you to complete the SURF when it is activated. We encourage you to complete the forms as your feedback is extremely important and can be used to make changes to the unit or lecturing style when appropriate.
Attendance

Participation in class, whether it be listening to a lecture or getting involved in other activities, is an important part of the learning process, therefore it is important that you attend classes. More formally, the University regulations state that ‘to complete a course or unit students shall attend prescribed classes, lectures, seminars and tutorials.

Tutorial registration

Tutorials commence in Week 2 and contribute toward your grade in the unit. Marks will be awarded for your preparation and participation in the tutorial.

To register for a tutorial, you need to use the On-Line Class Registration (OLCR) system (http://www.olcr.uwa.edu.au/) to submit preferences for a tutorial time. If you are unsure of the OLCR process, please collect a handout from the Accounting & Finance Office or view the on-line version on the OLCR web site. Based on your preferences, you will be assigned to a tutorial class. Tutorial allocations will be made available via the OLCR. Please ensure you check your allocation as soon as possible in order to know which tutorial to attend in Week 2.

If you need to change your allocated tutorial time or have not yet been allocated a tutorial, you can select a new time in a tutorial that has vacancies by following the links within the OLCR system.

CONTACT DETAILS

You are strongly advised to regularly access your student email accounts and unit website. Important information regarding the unit will be communicated through the unit website and your UWA email.

<table>
<thead>
<tr>
<th>Unit coordinator/lecturer</th>
<th>Professor Paul Gerrans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td><a href="mailto:paul.gerrans@uwa.edu.au">paul.gerrans@uwa.edu.au</a></td>
</tr>
<tr>
<td>Phone</td>
<td>(08) 6488 2910</td>
</tr>
<tr>
<td>Consultation hours</td>
<td>Please see WebCT</td>
</tr>
<tr>
<td>Lecture times</td>
<td>Thursday 11am -1pm</td>
</tr>
<tr>
<td>Lecture venue</td>
<td>Wesfarmers Lecture Theatre</td>
</tr>
<tr>
<td>Tutors</td>
<td>Clint Beeck and Yeok Fun Mah</td>
</tr>
</tbody>
</table>

TEXTBOOK(S) AND RESOURCES

Unit website

Unit support materials are available in WebCT: http://webct.uwa.edu.au. To login to WebCT, you need to supply a valid Person ID and password. Your Person ID is your student number (8 digits) and your password is your PHEME password.
If you are having trouble using WebCT please read the list of Frequently Asked Questions (FAQs), accessible at http://students.webct.uwa.edu.au/faq, which describes common login errors and who to contact for further help.
In addition to the web pages, unit email lists are used to send information to students enrolled in a particular unit. Students enrolling late and students who change their enrolment will not be on the list. To update your details, please see the following web page:

http://www.bits.biz.uwa.edu.au/students/account_update.htm

**Recommended/required text(s)**


**Additional resources and reading material**

An additional and more comprehensive reference is:


This is not a required text and will not be available until mid-August. The 2010/2011 edition is useful but there have been changes between editions. This guide does provide a more detailed treatment of a number of topics which you may find useful.

Over the past three years a number of reviews and reports have been completed which impact on financial planning. These reports provide excellent background and you are encouraged to review them. A complete read is not expected (some exceed 500 pages!) but you will find some excellent overviews of sectors of the financial planning industry. Copies are available through WebCT.


The following books are more general personal finance readings. The Milevsky reading is aimed at a more general audience whereas the Redhead text is a thorough examination of personal finance. The Redhead text is a UK one which renders some tax and regulatory examples not applicable. However its theoretical discussions are thorough.

Journals
The following provides a list of journals which you may find useful (particularly the industry publications). The academic journals are available electronically through the library.


The Wednesday edition of the Australian has a useful “Wealth Supplement”. The Weekend Edition has a much shorter version as well. When reading these you always need to remember the commercial basis of those interviewed or products being discussed. You should reflect on any information provided given the investments theory you have covered.

Website
The Future of Financial Advice reforms are an extremely important issue for financial planners. These will be covered during the course but you should also look for developments in the area. The website is a good starting point for this:

http://futureofadvice.treasury.gov.au

UNIT SCHEDULE

<table>
<thead>
<tr>
<th>Week</th>
<th>Lecture Date</th>
<th>Topic</th>
<th>Text Readings</th>
<th>Tutorial Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4th August</td>
<td>Financial Planning Industry, Regulatory Environment &amp; Reforms, Economic Environment</td>
<td>1, 15</td>
<td>Ch.1 PAQ 1.1, 1.3, 1.5, 1.6 Ch.15 PAQ 15.8</td>
</tr>
<tr>
<td>2</td>
<td>11th August</td>
<td>The Financial Planning Process, Developing a Financial Plan, Ethics</td>
<td>2,15 Case Study: Smith FOFA Reforms</td>
<td>Ch.1 PAQ 1.1, 1.3, 1.5, 1.6 Ch.15 PAQ 15.8</td>
</tr>
<tr>
<td>3</td>
<td>18th August</td>
<td>Taxation Issues for Investors: Individuals</td>
<td>3</td>
<td>A Ch.2 PAQ 2.9, 2.10, 2.17 Ch.15 PAQ 15.1, 15.2, 15.4, 15.13</td>
</tr>
<tr>
<td>4</td>
<td>25th August</td>
<td>Taxation Issues for Investors: Individuals and Entities</td>
<td>3</td>
<td>B Ch.3 PAQ 3.3, 3.5 Ch.3 PAE 3.9, 3.11</td>
</tr>
<tr>
<td>5</td>
<td>1st September</td>
<td>Principles of Risk and Return: Investment Choices, Measurement of Required Inputs</td>
<td>4, 5</td>
<td>A Ch.3 PAQ 3.4, 3.7 Ch.3 PAE 3.13, 3.15abc</td>
</tr>
<tr>
<td>Week</td>
<td>Date</td>
<td>Topic</td>
<td>Notes</td>
<td>Lessons</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
<td>--------------------------------------------</td>
<td>--------------------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>6</td>
<td>8th September</td>
<td>Investment Opportunities: Direct &amp; Indirect, Asset Classes</td>
<td>5, 6, 7</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ch.4 PAQ 4.2, 4.5, 4.8 Ch.4 PAE 4.12, 4.14 Ch.5 PAQ 5.2, 5.9 Ch.5 PAE 5.15, 5.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>15th September</td>
<td>Superannuation and Retirement Planning</td>
<td>11</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ch.6 PAQ 6.1, 6.3, 6.5 Ch.6 PAE 6.11, 6.14 Ch.7 PAQ 7.1, 7.4, 7.18, 7.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>22nd September</td>
<td>Mid-Semester Exam Thursday 22nd September 5.30-7.30pm, Venue – Check WebCT No lecture or tutorials</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>29th September  No Class – Vacation Week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>6th October</td>
<td>Retirement Planning and Social Security</td>
<td>12, 13</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ch.11 PAQ 11.1, 11.8, 11.9, 11.14 Ch.11 PAE 11.18, 11.16a, 11.21a, 11.22, 11.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>13th October</td>
<td>Savings Products &amp; Strategy: Gearing, Derivatives, FHSAs</td>
<td>8 Case Study: Storm Financial No on-campus tutorial. Refer WebCT video for questions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ch.12 PAQ 12.5, 12.6, Ch.12 PAE 12.15, 12.16, 12.19, 12.20 Ch.13 PAQ Ch.13 PAE 13.11, 13.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>20th October</td>
<td>Social Security &amp; Insurance</td>
<td>13, 10</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ch.13 PAQ 13.8, 13.9 Ch.13 PAE 13.16, 13.18 Ch.10 PAQ 10.1, 10.4, 10.7 Ch.10 PAE 10.14, 10.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>27th October</td>
<td>Estate Planning and Asset Protection</td>
<td>14</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ch.14 PAQ 14.1, 14.3, 14.7, 14.12 Ch.14 PAE 14.16, 14.18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>3rd November</td>
<td>Unit Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exams</td>
<td></td>
<td>TBA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ASSESSMENT MECHANISM

The purpose of assessment

There are a number of reasons for having assessable tasks as part of an academic program. The assessable tasks are designed to encourage you to explore and understand the subject more fully. The fact that your work is graded provides you an indication of how much you have achieved. Providing feedback on your work also serves as part of the learning process.

The strategy adopted for this unit is to employ assessment based on class contribution and participation, individual and group written reports, individual and group presentations, and an individual examination.

Assessment mechanism summary

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial</td>
<td>10%</td>
<td>As assigned</td>
</tr>
<tr>
<td>Mid-Semester</td>
<td>20%</td>
<td>Week 8</td>
</tr>
<tr>
<td>Group Project</td>
<td>20%</td>
<td>Week 10</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
<td>Exam date TBA</td>
</tr>
</tbody>
</table>

Note 1: Results may be subject to scaling and standardisation under faculty policy and are not necessarily the sum of the component parts.

Note 2: Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning outcomes as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the unit.

Assessment components

Tutorial

Your contributions to weekly discussion are an essential part of this course. Your tutorial assessment is based on attendance and participation over the whole semester but in particular during your assigned tutorial stream. In week two you will be assigned to one of two streams (A or B) within your tutorial. Commencing in week three, individual members of the nominated stream will be called upon in the tutorial to lead discussion of a question(s) for that week. Your participation mark will recognise how you well you individually contribute to the discussion of these questions. This isn’t a group assessment – you are assigned to a group to make sure effective assessment is possible. You still are expected to attend all tutorials – but to make it easier to make your contribution you will know the nominated weeks you will be called upon.

At a minimum you must attend and display an interest in discussion. To achieve a mark above 4/10 however you will need to be active, and show evidence of completing the weekly work and be able to communicate this effectively in class. For a mark beyond 6/10 you also need to do this on an ongoing basis, and do so voluntarily not just when called on. For a mark beyond 8/10 you will additionally need to make active contributions which both analyse prepared work and incorporate other class discussion and synthesise competing arguments.
If for reasons of ill health you are unable to attend an assigned tutorial you should make arrangements with your tutor to either attend another of the tutor’s tutorials in the correct week or to substitute a tutorial from the alternate stream. If it is necessary to attend another tutor’s tutorial you should discuss arrangements with your tutor.

Mid-Semester

The test will cover content from lectures one to six, (tutorials two to seven inclusive). The test will be predominantly multiple choice with some written problems/questions. The test will be conducted in Week Eight, Thursday 5.30-7.30pm and the venue will be advised on WebCT. There will be no lecture or tutorial scheduled for this week. More details on the test will be provided in the Week Seven lecture and on WebCT.

Please ensure that you are available to sit the test at the scheduled time. Extra-curricular activities will not provide sufficient grounds for deferrals, except for the few situations provided for in University regulations. Note specifically that requests for deferrals will not be allowed for part-time work commitments. Requests for deferrals are made via the Sub-Dean.

Special examination conditions

Students who require special examination conditions for the mid-semester examination must inform the University’s Disability Officer (ph: 6488 3809 or email: uniline@uwa.edu.au) as soon as possible and no later than two weeks before the examination date, to allow adequate time to provide the necessary facilities. The Disability Officer will contact the lecturer-in-charge of the unit to communicate any special requirements.

Group Assignment: Due: Wednesday 12 noon 12th October 2011

You will be assigned to a group of four for the assignment in your week five tutorial. Your group members will be from your tutorial. The assignment itself, required tasks and assessment marking will also be posted in week five on WebCT in the Assignment Folder.

SPARK

Peer feedback and assessment will be used to allow all group members to comment on and assess the contribution of all group members as well as themselves. To facilitate this SPARK (Self and Peer Assessment Resources Kit) will be utilised.

What is SPARK? SPARK is a tool designed to aid the development of team-skills and enhance the team experience. SPARK has been developed with the purpose to improve learning from team assessment tasks and make the assessments fairer for students. It is used to help students in a very important skill of giving and receiving feedback. By operating from a set framework of criteria, a full understanding of the attributes of your own and others work can be achieved.

What will the assessment involve? There are two parts for you to complete: self and peer assessments. The program will require you to logon, complete your own self-assessment followed by evaluation of your peers. You can amend your ratings during the period specified by the instructor. Your final team score will be weighted by the final SPA score you receive from your peers. Your SPA score can range from 0.8 to 1.2. This score will then be used to weight your team score.

For example, a team scores 80% for all team tasks and two individuals in the team receive peer scores of 1.1 and 0.9.

Individual 1 score = 80 x 1.1 = 88%
Individual 2 score = 80 x 0.9 = 72%
You will complete an interim (week eight) and final assessment (week ten). The interim assessment will not be used in the final grading but is intended to provide feedback for you and other group members which can be reflected upon and responded to during the remainder of the assignment. The second SPARK assessment will be used in awarding individual scores from the final group assessment.

**Individuals who fail to complete SPARK will receive a SPA score of 0.8.**

https://uwa.sparkplus.com.au

**Submission of assignments**

Submit your assignment in an electronic format by going to the Uniprint website www.uniprint.uwa.edu.au, then click on “Submitting Student Assignments” on the right hand side of the page and follow the instructions.

**Group Tips**

Do not apportion sections of the assignment to be completed individually. Work together. Discussion of ideas is a cornerstone of this unit. Ensure you

- Set your group aims and objectives
- Allocate roles
- Establish a timeframe & deadlines
- Agree on rules and future meetings
- Ensure you keep a copy of the group work

For further information on working groups visit http://www.studentservices.uwa.edu.au/ss/learning/online_services/jump_start/group_work and http://www.studentservices.uwa.edu.au/__data/page/65536/Group_work.pdf for specific suggestions that will assist.

**Final Exam**

Full details will be provided during the semester. The final exam covers the whole course though it will be more weighted to the content covered in lecture weeks seven to thirteen.

**Student Guild**

Phone: (+61 8) 6488 2295
Facsimile: (+61 8) 6488 1041
E-mail: enquiries@guild.uwa.edu.au
Website: http://www.guild.uwa.edu.au

**Charter of Student Rights and Responsibilities**


**Appeals against academic assessment**

The University provides the opportunity for students to lodge an appeal against assessment results and/or progress status (refer http://www.secretariat.uwa.edu.au/home/policies/appeals).