

# Financial Planning

<b>Primary Career Cluster:</b>	Finance
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<b>Course Code(s):</b>	5890
<b>Prerequisite(s):</b>	<i>Personal Finance</i> (5901), <i>Accounting I</i> (5910), and <i>Banking and Finance</i> (5899)
<b>Credit:</b>	1
<b>Grade Level:</b>	11-12
<b>Graduation Requirements:</b>	This course satisfies one of three credits required for an elective focus when taken in conjunction with other Finance courses.
<b>Programs of Study and Sequence:</b>	This is the capstone course in the <i>Banking and Finance</i> program of study.
<b>Aligned Student Organization(s):</b>	DECA: <a href="http://www.decatn.org">http://www.decatn.org</a> FBLA: <a href="http://www.fblatn.org">http://www.fblatn.org</a> Steven Mitchell, (615) 532-2829, <a href="mailto:Steven.Mitchell@tn.gov">Steven.Mitchell@tn.gov</a>
<b>Coordinating Work-Based Learning:</b>	Teachers are encouraged to use embedded WBL activities such as informational interviewing, job shadowing, and career mentoring. For information, visit <a href="https://tn.gov/education/topic/work-based-learning">https://tn.gov/education/topic/work-based-learning</a> .
<b>Available Student Industry Certifications:</b>	None
<b>Dual Credit or Dual Enrollment Opportunities:</b>	There are no known dual credit/dual enrollment opportunities for this course. If interested in developing, reach out to a local postsecondary institution to establish an articulation agreement.
<b>Teacher Endorsement(s):</b>	030, 033, 035, 039, 052, 054, 152, 153, 158, 201, 202, 204, 311, 430, 435, 436, 471, 472, 474, 475, 476
<b>Required Teacher Certifications/Training:</b>	None
<b>Teacher Resources:</b>	<a href="https://tn.gov/education/article/cte-cluster-finance">https://tn.gov/education/article/cte-cluster-finance</a>

## Course Description

*Financial Planning* is the capstone course in the *Banking and Finance* program of study intended for students interested in advanced analysis of financial decision-making and wealth management. In this course, students will delve into advanced concepts related to saving, investment, taxation, and retirement planning, and will be responsible for compiling original portfolios of investment and retirement options to present to mock prospective clients. In addition, students will learn to critique the financial consultations of others based on ethical and legal considerations. Upon completion of

this course, proficient students will be prepared to pursue advanced study of financial planning, wealth accumulation and management, and market analysis at a postsecondary institution.

## **Program of Study Application**

This is the capstone course in the *Banking and Finance* program of study. For more information on the benefits and requirements of implementing this program in full, please visit the Finance website at <https://tn.gov/education/article/cte-cluster-finance>.

## **Course Standards**

### **Careers in Financial Planning**

- 1) Define financial planning as an activity performed by wage earners and investors, as well as a profession. Identify the key components of financial planning and explain why it is critical for future financial stability for individuals and families, in addition to the fact that saving and investing are essential to economic growth.
- 2) Compare and contrast the various types of financial planners and the products and services they provide. By reviewing job descriptions, identify the skills needed to succeed in the field and detail the future career opportunities. Participate in a mock interview as though applying to a financial institution or firm. Prior to the interview, research tips on dress and grooming, most commonly asked interview questions, appropriate conduct during an interview, and recommended follow-up procedures. Upon completion of the interview, write a formal thank you letter to the interviewer in a written or email format.

### **Saving, Investments, and Portfolio Theory**

- 3) Compare and contrast strategies of saving and investing, with saving being an important initial step that contributes to building the capital required for investment. Draw conclusions about the saving rate over time for U.S. households and the flow of funds into mutual funds and other popular investment vehicles, citing evidence from research. Investigate key trends in U.S. saving compared to spending as a percentage of disposable income and develop an argument to present to potential clients highlighting the importance of saving.
- 4) Analyze the major categories of investment options and determine the levels of risk and potential return on investment of each. Utilizing investment websites or documents, research the past performance of each category and create a comparison table. Determine which investments have inverse performance characteristics, and analyze which investments perform best in expansionary and recessionary economic periods.
- 5) Explain the investment concept of diversification, including the aspect of minimizing risk and delivering more consistent returns. Create a role play or other communications device to emphasize the benefits and promote the use of diversified portfolios by investors, developing claim(s) and counterclaim(s) with evidence and data.

- 6) Evaluate the tradeoffs involved in the suggested portfolios of individuals and families for different stages of life (young, raising children, preparing for retirement, retired). Create a project illustrating students in their lives now and in future years, matched with appropriate portfolios for each stage. Develop a plan for personal and family financial security based on investing sufficient funds in order to generate necessary retirement cash flow. The plan must apply financial formulas and functions to project the future value of investments using annual growth rates.

### **Impact of Taxation on Investments**

- 7) Describe how the interest, dividends, and growth of various investments are taxed and how taxation affects investment growth and overall returns. Explain the impact of the capital gains tax on investment decisions. Investigate ways that federal and state laws allow individuals, couples, and families to reduce or defer investment taxes, including gifting and charitable donations; and investigate incentive programs like educational and retirement plans, including 529s, Education Savings Accounts, Individual Retirement Accounts, and 401(k)/403(b) accounts.
- 8) Explore the differences between tax-deferred and tax-free investments. Differentiate between plans which are “pre-tax” and “after tax” and create a growth table with accompanying written explanations to demonstrate the net cash flow each will deliver after retirement.

### **Retirement Planning**

- 9) Research the Social Security system and create a cash flow diagram to demonstrate how today's employee contributions are necessary to pay today's retirees. Research current issues associated with the Social Security system and its long-term sustainability, including proposed policy changes to this system. Write persuasively about the current system or proposed legislation and whether it stands to benefit or hurt individuals and the economy, citing evidence from studies, media commentary, and other analyses.
- 10) Determine the options for drawing Social Security retirement funds at various ages. Assess the consequences of initiating payments at the earliest possible ages, taking into account projected constraints such as cost of living, medical expenses, and inflation rates.
- 11) Calculate the compound growth of investments and identify the importance of beginning early with an investment plan to cover retirement needs. Examine various vehicles created for retirement investments, including 401(k) and 403(b) plans, IRA and Roth IRA, and defined benefit pension plans.
- 12) Develop and defend a retirement plan for a mock client, including a combination of investment options, and estimate the annual retirement cash flow it may deliver. Justify the choice of investment options and other financial decisions by citing evidence of their projected growth or success. With peers, critique each other's plans on the merits of their coherence, quality of research into investment options, strategies for safeguarding against

untenable risk, and accuracy of financial calculations and projections and revise plans to address critiques.

### **Legal Documents and Ethics**

- 13) Define and interpret the importance of documents and processes related to the end of life, including wills, living wills, power of attorney, medical power of attorney, probate, and estates. Compare and contrast the process of dissolving an estate of a person with a will versus one who died intestate (without a will). Research federal and state laws concerning the taxation of estates and identify situations in which these taxes could present significant challenges to those without proper estate planning.
- 14) Analyze the need for strong ethics in the field of financial planning; report on the ways consumers can determine the history and reputation of professionals in the financial planning field. Research case studies and news reports on investment companies engaging in ethically questionable behavior, and describe the significant impact on many individual investors. Determine the legal protections entitled to individual investors and the processes outlined for seeking restitution.
- 15) Describe the practice of insider trading and research recent cases in which violators have been identified and prosecuted. In a persuasive presentation or project, explain the benefits of compliance with government taxation authorities, and compare with the consequences associated with illegal buying and selling of investments, tax evasion, and other unethical behaviors.

### **Analysis and Communications**

- 16) Develop and refine clear verbal and written communication techniques in order to properly describe and explain key concepts in financial planning. Through small group projects and presentations, gain an understanding of the importance of teamwork and leadership.
- 17) Conduct reviews of sample portfolios and net worth scenarios and provide an evaluation culminating with a plan of action for adjustments required to maximize overall return and minimize risk in the future. Present an in-depth review of one such portfolio to the class, explaining how the analyses were conducted and risk/return were calculated. Prepare a glossary of key terms to help explain the recommendations and procedures.

### **Standards Alignment Notes**

\*References to other standards include:

- P21: Partnership for 21st Century Skills [Framework for 21st Century Learning](#)
  - Note: While not all standards are specifically aligned, teachers will find the framework helpful for setting expectations for student behavior in their classroom and practicing specific career readiness skills.