

<b>Course Title</b>	:	Personal Risk and Financial Planning
<b>Course Code</b>	:	RIM2250
<b>Recommended Study Year</b>	:	2
<b>No. of Credits/Term</b>	:	3
<b>Mode of Tuition</b>	:	Sectional Approach
<b>Class Contact Hours</b>	:	42 hours (3 hours per week)
<b>Category in Major Programme</b>	:	Required course – BBA (Hons) Risk and Insurance Management Programme
<b>Prerequisite</b>	:	Nil
<b>Restriction</b>	:	Students having taken, or concurrently enrolled in, this course are not allowed to choose CLC9002 Managing Personal Finance. However, students taken CLC9002 <u>can</u> enroll in RIM2250.)

### **Brief Course Description**

The course introduces students to the subject of Personal Risk and Financial Planning. Topics covered include personal risk and financial management environment, personal financial planning process, personal risk and insurance products, estate planning and life insurance strategies, retirement planning and annuities, personal tax planning, personal investment planning and instruments, personal debt management, and some current personal risk and financial planning topics. This is not an elementary finance course but a non-technical introductory course in “personal risk management and financial planning” for both BBA and non-BBA students.

### **Aims**

The course aims at providing fundamental knowledge to students that eventually allows them to manage their own personal risk and financial situations and/or to become professional personal financial planners for insurance companies, banks, and other financial institutions.

### **Learning Outcomes (LOs)**

On completion of this course, students are expected to:

1. Be able to identify personal risks.
2. Know the basics of personal financial needs and the personal financial market in Hong Kong, understand the legal aspects related to personal financial planning, understand the functions, responsibilities, and professional ethics of a personal financial planner.
3. Understand the nature of various commonly available financial and insurance products and how they may be useful in personal financial planning, learn about the current trend of the convergence of financial markets.
4. Understand the various modules in the personal financial planning process, namely, estate planning, retirement planning, personal tax planning, personal investment planning, personal debt planning, understand how various commonly available insurance and investment products are related to each module.

### **Indicative Contents**

To achieve the objectives, the course covers the following major topics and sub-topics:

1. Financial Planning Environment in Hong Kong
  - Financial Convergence and Bancassurance
  - Prospect of Personal Financial Planners in Hong Kong
  - Personal Financial Planning Qualifications
  - Legal Aspects of Financial Planning in Hong Kong
2. General Principles of Financial Planning and Planning Process
  - The Need for Personal Financial Planning: Life-time Uncertainty
  - Client-Planner Relation
  - Financial Planning Procedures: Information Gathering, Analysis, Personal Asset Evaluation, Development Presentation, Implementation, Monitoring.
  - Ethical and Professional Considerations of Financial Planners
  - Personal Budgeting and Cash Management
3. Personal Risk Management and Insurance
  - Identification and Assessment of Personal Risk Exposures
  - Overview of Personal Insurance Products
4. Personal Tax Planning
  - Personal Taxes in Hong Kong
  - Managing Personal Income Tax
  - International (Offshore) Investment and Personal Taxes

5. Estate Planning and Strategies

- Objectives of Estate Planning
- Introduction to the Law of Succession
- Estate Duty
- Probate Process
- Estate Liquidity
- Introduction to the Law of Trust
- Life Insurance in Estate Planning

6. Retirement Planning

- Retirement Objectives and Needs
- Introduction to MPF and ORSO
- Employee Stock Compensation Plans
- Overview of Qualified Pension, Annuities, and Retirement Plans

7. Personal Investment Planning

- Personal Asset Allocation Strategies: Risk and Diversification, Return, Liquidity, Marketability
- Personal Investment Instruments
- Housing Expenditure and Real Estate Investment

8. Personal Debt Management

- Personal Credit and Credit Cards
- Installment Credit
- Home and Other Mortgage and Credit Life Insurance

9. Current Issues in Personal Financial Planning

**Teaching Method/Class Activities**

Class activities include lectures, in-class short quizzes for refreshing lecture contents, Q & A and short discussion sessions on material taught, in-class internet assess to important websites (such as [www.justice.gov.hk](http://www.justice.gov.hk) (regulations related to personal financial planning), [www.mpfahk.org](http://www.mpfahk.org) (legal requirements and guidance notes of the mandatory provident fund in Hong Kong), [www.hkfi.org](http://www.hkfi.org) (code of conduct for insurers, brokers, and agents), [www.ifphk.org](http://www.ifphk.org) (professional website for personal financial planners in Hong Kong)), open discussion on current news and issues related to insurance products and contemporary development in the personal financial planning industry in Hong Kong and around the world. Class participation and the answering of questions raised in class are highly encouraged.

**Measurement of Learning Outcomes**

1. In-class quizzes and/or mid-term examination (part of continuous assessment) will be used to constantly test whether the materials taught in lectures are fully understood by students. Answers to the quizzes and mid-term examination will be

delivered to students in a timely fashion to make sure that they learn from their mistakes. The final examination is cumulative and covers all the materials taught during the entire term. It may include multiple choice questions that allow a broad coverage of the materials taught in class and comprehensive questions, possibly conceptual or in case format, that test how much of the materials taught are learned and appreciated by students. (LO1, LO2, LO3, LO4)

2. Q & A and discussion sessions will be used to check whether students are able to use the knowledge they learned in class to analyze some simple real world cases of personal financial planning. Comprehensive questions may be asked in the final examination requiring students to apply their knowledge to some simple cases. (LO1, LO2, LO3, LO4)
3. About two comprehensive cases in, e.g., retirement planning, estate planning, personal tax planning, and personal investment planning (part of continuous assessment), will be given to students to check whether they understand what they have learned in class and can apply their knowledge to analyze these cases soundly. (LO3, LO4)

**Assessment**

Continuous Assessment	30%
Presentation	20%
Examination	50%
<b>Total</b>	<b>100%</b>

**Required/Essential Reading**

J.R. Kapoor, L.R. Dlabay, and R.J. Hughes, *Personal Finance*, latest edition, McGraw-Hill.

**Recommended/Supplementary Readings**

Arthur J. Keown, *Personal Finance: Turning Money into Wealth*, latest edition, Pearson Prentice Hall.

Louis Cheng, T.Y. Leung & Y.H. Wong, *Financial & Wealth Management an International Perspective*, latest edition, McGraw-Hill.

P86 *Personal Insurances*, November 2012 Study Text, Diploma in Insurance, CII.

P81 *Insurance Broking Practice*, November 2012 Study Text, Diploma in Insurance, CII.

**Important Notes**

- (1) Students are expected to spend a total of 6 hours (i.e. 3 hours of class contact and 3 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.