

# AOF Financial Planning

## Course Scope and Sequence

*July 2015*

Financial Planning provides students with an overview of the job of a financial planner. Students look at financial planning in an objective way that requires them to regard all aspects of financial planning as relevant to a potential client.

Students learn about the importance of financial planning in helping people reach their life goals, how to set personal financial goals and a budget, the ethical code of certified financial planners, time-and-money relationships, and tax-reduction strategies. The course includes lessons on saving, borrowing, credit, and all types of insurance. It covers various types of investments, including income and growth investments. The course also discusses retirement and estate planning.

Students apply their knowledge in an integrated culminating project, in which they create a basic financial plan for themselves as they imagine themselves to be at the age of 25. The project allows students to actively practice the key services provided by financial planners. At the end of selected units, students use their knowledge to complete sections of a financial planning template, setting financial goals, determining insurance needs, creating investment strategies, and planning for retirement. In addition to giving students a forum in which they can demonstrate their learning, the project provides a framework for students to create a pathway to financial independence.

This course is expected to take a total of 78 50-minute class periods.

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### Unit 1: Getting Started

#### Lesson 1: Course Introduction

Estimated # of Class Periods: 2

##### Learning Objectives

- Infer the skills and knowledge about financial planning needed to be successful in an authentic project
- Identify general financial planning terms with which to build a taxonomy

#### Lesson 2: Introduction to Financial Planning

Estimated # of Class Periods: 3

##### Learning Objectives

- Evaluate how the finances of an individual or family can impact one's life
- Display understanding of key terms in financial planning
- Demonstrate the ability to manage and conduct an informational interview with a Certified Financial Planner
- Create a concise outline describing what a financial planner does and the skills, experiences, and educational background necessary to enter the profession

#### Lesson 3: The Importance of Financial Planning

Estimated # of Class Periods: 2

Learning Objectives

- Explain the key reasons why people undertake financial planning
- List the key milestones in life, and understand how planning can lead to their successful outcome
- Display understanding of the reasons why not planning can be a risk

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## **Unit 2: The Financial Planning Process**

### **Lesson 4: Components of a Financial Plan**

Estimated # of Class Periods: 4

Learning Objectives

- Describe how financial planning strategies help individuals achieve key milestones in life
- Display understanding of how financial planning helps protect against common risks
- List the different components of a financial plan, and explain the purpose of each

### **Lesson 5: Factors That Shape Personal Financial Goals**

Estimated # of Class Periods: 3

Learning Objectives

- Explain the differences between needs and wants
- Display understanding of the way values play a role in determining needs and wants
- Create personal goals that are specific, measurable, attainable, realistic, and time-bound (SMART)

### **Lesson 6: Setting Personal Financial Goals**

Estimated # of Class Periods: 3

Learning Objectives

- Explain why people set goals and discuss the implications of not setting goals and/or failing to reach one's goals
- Describe the key goal of financial independence
- Explain the differences between long-, mid-, and short-term goals and how to plan for them
- Create personal financial goals and prioritize them by importance

### **Lesson 7: Creating a Personal Budget**

Estimated # of Class Periods: 4

Learning Objectives

- Explain why accurately and completely tracking one's finances is an important step in achieving financial goals

- Define the terms *net worth*, *fixed expenses*, and *variable expenses*
- Describe the components of a balance sheet, cash flow statement, and personal budget
- Create a sample balance sheet and cash flow statement

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## **Unit 3: Borrowing and Credit**

### **Lesson 8: Borrowing Money**

Estimated # of Class Periods: 4

#### **Learning Objectives**

- Identify criteria used to decide whether and when borrowing money is a good financial strategy
- Define key terms related to borrowing
- Display understanding of the risks of borrowing
- Compare and contrast the key sources of lending
- Identify the criteria lenders use when evaluating loan applications

### **Lesson 9: Credit Cards**

Estimated # of Class Periods: 5

#### **Learning Objectives**

- Display understanding of how credit cards work and how they can build credit history
- Describe the dangers of credit card misuse
- Explain consumer rights in regard to credit cards
- Create instructional materials to explain the proper use of credit cards to others

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## **Unit 4: Insurance**

### **Lesson 10: Insurance and Financial Planning**

Estimated # of Class Periods: 3

#### **Learning Objectives**

- Display understanding of the critical and pervasive role that insurance plays in mitigating financial risk
- Describe insurance protections provided by certain types of insurance, and evaluate whether certain age groups need each type
- Compare and contrast the risks that different types of insurance cover

### **Lesson 11: Auto and Property Insurance**

Estimated # of Class Periods: 3

Learning Objectives

- Explain why auto and property insurance rates differ depending on a range of factors
- Develop knowledge-based recommendations on the importance of auto and property insurance coverage and their key components

## Lesson 12: Health and Disability Insurance

Estimated # of Class Periods: 3

Learning Objectives

- Display understanding of the importance of health insurance in protecting against the risk of injury or illness
- Explain the importance of disability insurance in protecting against the risk of lost wages due to injury or illness
- Explain the differences and similarities between the different types of health insurance plans

## Lesson 13: Life Insurance

Estimated # of Class Periods: 3

Learning Objectives

- Describe the role that life insurance plays in a financial plan
- Identify the different types of life insurance
- Demonstrate the ability to match life insurance policy types to client scenarios based on specific client needs and explain the rationale
- Evaluate insurance policies and deduce which one is appropriate for himself or herself at age 25

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# Unit 5: Investing

## Lesson 14: Investment and Compound Interest

Estimated # of Class Periods: 4

Learning Objectives

- Explain how compounding interest makes it beneficial to begin investing early
- Describe the many reasons why people invest
- Identify key characteristics of different investment types
- Describe a set of recommendations for investment types based on specific client needs

## Lesson 15: Income Investment Products

Estimated # of Class Periods: 3

Learning Objectives

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- Explain the major income investment products (passbook savings, CDs, bonds, and money market accounts)
- Compare and contrast the characteristics and uses of major income investment products
- Develop responses to common questions about income investment products posed by hypothetical clients

### **Lesson 16: Stocks, Bonds, and Mutual Funds**

Estimated # of Class Periods: 5

#### **Learning Objectives**

- Describe and compare the characteristics, advantages, and disadvantages of the key growth investment products (stocks, bonds, and certain mutual funds)
- Develop appropriate recommendations for investment products to meet specific short-, mid-, and long-term goals
- Describe where and how growth investment products can be purchased

### **Lesson 17: Housing**

Estimated # of Class Periods: 2

#### **Learning Objectives**

- Describe the role that housing plays in a financial plan
- Compare the benefits and drawbacks of both renting and owning a home
- Explain what to look for when buying or renting a home

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## **Unit 6: Retirement and Estate Planning**

### **Lesson 18: Planning for Retirement**

Estimated # of Class Periods: 4

#### **Learning Objectives**

- Compare the differences between a comfortable and well-planned retirement and one for which there was not sufficient preparation
- Describe the key retirement planning tools and strategies, such as IRAs, annuities, and other long-term investments
- Explain how and why retirement planning is important and how it can impact one's senior years

### **Lesson 19: Estate Planning**

Estimated # of Class Periods: 2

#### **Learning Objectives**

- Describe key concepts in estate planning, such as wills, powers of attorney, living wills, and trusts

- Explain the risks of not having a living will and granting power of attorney
- Summarize the tax advantages of trusts when bequeathing assets

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## **Unit 7: Contemporary Issues in Financial Planning**

### **Lesson 20: Tax-Reduction Strategies**

Estimated # of Class Periods: 2

#### **Learning Objectives**

- Explain key concepts within income tax codes
- Describe the basic process involved in filing income tax forms
- Develop effective tax-reduction strategies that meet the needs of hypothetical clients

### **Lesson 21: Ethics**

Estimated # of Class Periods: 2

#### **Learning Objectives**

- Summarize a code of ethics for financial planners
- Develop examples of how ethics play a role in real-life financial planning situations
- Demonstrate the ability to make an ethical decision in a complex situation

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## **Unit 8: Career Development in Financial Planning**

### **Lesson 22: Working in the Industry**

Estimated # of Class Periods: 2

#### **Learning Objectives**

- List the types of jobs that are available in the industry
- Describe entry-level jobs in the industry and corresponding qualifications
- Evaluate which jobs are most suitable based on personal interests and skills
- Develop effective responses to common job interview questions

### **Lesson 23: Learning from Industry Experts**

Estimated # of Class Periods: 4

#### **Learning Objectives**

- Evaluate personal experience and qualifications for potential employment opportunities

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- Display understanding of potential employment opportunities
- Develop a personal career path for financial planning
- Create a company profile

**Lesson 24: Project Presentation and Course Closure**

Estimated # of Class Periods: 6

Learning Objectives

- Demonstrate the ability to give a professional presentation
- Monitor personal success in learning about financial planning
- Summarize key learning across the project and the whole subject of financial planning