FLORIDA ATLANTIC UNIVERSITY

Graduate Programs—NEW COURSE PROPOSAL

DEPARTMENT NAME: FINANCE

COLLEGE OF: BUSINESS

RECOMMENDED COURSE IDENTIFICATION:

PREFIX RMI COURSE NUMBER 6118 LAB CODE (L or C)

EFFECTIVE DATE

FALL 2011

(To obtain a course number, contact mjennings@fau.edu)

COMPLETE COURSE TITLE

LIFE INSURANCE AND PENSIONS

CREDITS: 3


GRADING (SELECT ONLY ONE GRADING OPTION): REGULAR X SATISFACTORY/UNSATISFACTORY

COURSE DESCRIPTION, NO MORE THAN 3 LINES:

STUDY OF INSURANCE PRODUCTS DESIGNED TO ADDRESS LIFE RISKS AND HOW THESE PRODUCTS FIT WITH GENERAL FINANCIAL PLANNING. STUDENTS ARE EXPECTED TO COMPREHEND THE COMPLEXITIES OF LIFE INSURANCE, ANNUITY PRODUCTS, AND APPROACHES TO NEEDS-BASED AND SUITABILITY IN SALES PRACTICES.

PREREQUISITES:

GRADUATE STUDENTS ADMITTED

COREQUISITES:

OTHER REGISTRATION CONTROLS (MAJOR, COLLEGE, LEVEL):

RISK MANAGEMENT CERTIFICATE (GRADUATE)

PREREQUISITES, COREQUISITES & REGISTRATION CONTROLS SHOWN ABOVE WILL BE ENFORCED FOR ALL COURSE SECTIONS.

MINIMUM QUALIFICATIONS NEEDED TO TEACH THIS COURSE:

PH.D. IN INSURANCE/FINANCE

Other departments, colleges that might be affected by the new course must be consulted. List entities that have been consulted and attach written comments from each.

EMILIO ZARRUK, CHAIR, FINANCE DEPT., ZARRUK@FAU.EDU, 561-297-3995; CHARLES YANG, ASSISTANT PROFESSOR, FINANCE DEPT., CYANG1@FAU.EDU, 561-297-4181.

Faculty Contact, Email, Complete Phone Number

SIGNATURES

Approved by: Date:

Department Chair: January 18, 2012

College Curriculum Chair: 1-16-11

College Dean: 2-2-12

UGPC Chair:

Dean of the Graduate College:

SUPPORTING MATERIALS

Syllabus—must include all details as shown in the UGPC Guidelines.

Written Consent—required from all departments affected.

Go to: http://graduate.fau.edu/ugpc/ to download this form and guidelines to fill out the form.

Email this form and syllabus to diamon@fau.edu one week before the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website by committee members prior to the meeting.

FALuniverseGrad—Revised December 2010
RMI6118 Life Insurance and Pensions
(3 Credits)

Syllabus

Textbooks


Course Objectives

This course is a required course comprising the Graduate Certificate Program in Risk Management and is an elective course in the MBA program.

This course consists of three parts: life insurance, health insurance, and pensions and retirement planning. In the first part, the student is exposed to the nature and importance of life risk and the various insurance policies designed to meet this risk. How life insurance fits into the overall concept of financial planning is discussed along with the specific problems that life insurance is designed to solve. An attempt is made to integrate the tax, accounting, legal, economic, and cost aspects of life insurance to permit a broad understanding of its functions and uses to both individuals and businesses. The main types of individual life and annuity contracts are presented as are methods for their evaluation. The legal aspects of life insurance contracts are covered including analysis of the contracts themselves. Relevant insurer operations such as underwriting and marketing are also introduced. The second part covers medical expense plans, disability income insurance, long-term care insurance, vision and dental insurance, and other supplemental policies. Alternative funding methods for health risk coverage and cafeteria plans are also discussed in the second part. The third part covers qualified plans, nonqualified plans, and IRAs, and retirement needs for individual clients. The practical knowledge needed for choosing the best retirement plan and designing a plan that will meet a client’s needs from a tax and retirement standpoint is discussed, as well as personal retirement planning and retirement distribution planning.

Topics Covered

I. Life insurance

1. Life insurance contracts
2. Pricing Fundamentals
3. Calculating Premiums, Reserves and Cash Values
4. Life settlements
5. Group life insurance
6. Annuities
7. Underwriting and Marketing  
8. Insurer organization and management  
9. Life Insurance provisions  
10. Advisor, Company and Policy Evaluation  
11. Life Insurance Taxation  
12. Life Insurance in Personal Financial Planning  
13. Estate Planning and life insurance  

II. Health insurance  
1. Medical expense plans  
2. Provisions and tax treatment  
3. Disability income insurance  
4. Long-term care insurance  
5. Ancillary and supplemental policies  
6. Supplemental Medicare  
7. Alternative funding methods  
8. Cafeteria plans  

III. Pensions/Retirement Planning  
1. Social Security and retirement benefits  
2. Choosing the best tax-advantaged retirement plan  
3. Tailoring plans to client objectives  
4. Plan funding and investing  
5. Plan installation, administration, and termination  
6. Nonqualified deferred-compensation plans  
7. Individual retirement arrangements  
8. Additional planning issues  
9. Distributions from retirement plans  

Evaluation  

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<th>Component</th>
<th>Percentage of total grade</th>
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<tbody>
<tr>
<td>Exam I</td>
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<td>Exam II</td>
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<tr>
<td>Final</td>
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<td>Articles</td>
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<th>B-</th>
<th>C+</th>
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<td>100</td>
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<td>89</td>
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</table>
Your letter grade for the course will be based on your final average and on your efforts that I consider reasonable.

**Class Participation**

Attendance is required. Students are expected to attend class regularly. Failure to do so will affect your course grade. Each student is permitted three absences for any reason. Students missing three classes or less will get 3 points. Any absences above the permitted three will result in a 1-point deduction for each such absence.

**Exams**

There will be three exams: two midterms and one final. Each exam consists of multiple-choice questions and a take-home essay question. The final may not be comprehensive. However, your instructor reserves the right to administer a comprehensive final exam if he deems it appropriate. All three exams are mandatory. Students will be tested on materials from lectures, assigned readings from the text, and any hand-outs distributed in class or electronically. Make-up exams are not permitted and will only be offered at the discretion of the instructor if the student advised the instructor of the need to miss a scheduled exam far in advance and as soon as possible for the student. The offering of a make-up exam will only be considered where the exam was missed because of extreme and serious circumstances.

**Comments/Critiques of Articles**

There will be six article comments/critiques. Your articles will be handed out in class. Your comments/critiques are to be turned in as a team. The entire team is assigned a grade for each article. Each group will turn in one copy. You select your own group, and each group can have up to 3 students.

The comments/critiques are designed for you to find and solve the problems on your own. Generally, they should include three parts as follows:

1) Summary
2) Problems/Challenges
3) Critiques/Comments

The students are also required to complete a list of scholarly readings and write a term paper.

**Assignments**

You are required to submit 15 multiple-choice questions which may be suitable for the exams before each of the three exams. You will earn 1 point for each of the questions. Your questions are to be turned in as a team. The entire team is assigned a grade for each
set of questions. Each group will turn in one copy. You select your own group, and each group can have up to 3 students

**Blackboard**

This class will make use of a web-based web site using Blackboard. Syllabi, handouts, assignments and other sources are types of information that may be available within this site. Site activities could include exchanging email, engaging in class discussions, and exchanging files. In addition, class email rosters will be a component of the site. Students who do not want their names included in this electronic class roster should consult with the university to restrict their directory information.

**Students with Disabilities**

In compliance with the Americans with Disabilities Act, students who require special accommodations due to a disability to properly execute coursework must register with the Office of Students with Disabilities (OSD)—in Boca Raton (SU 133), (561-297-3880); in Davie, MOD 1 (954-236-1222); in Jupiter, SR 117 (561-799-8585), and follow all OSD procedures.

**Academic Dishonesty and FAU Honor Code**

If academic dishonesty does become a problem, I will follow standard university procedures without exceptions.

**Florida Atlantic University Honor Code:** Students at Florida Atlantic University are expected to maintain the highest ethical standards. Academic dishonesty, including cheating and plagiarism, is considered a serious breach of these ethical standards, because it interferes with the University mission to provide a high quality education in which no student enjoys an unfair advantage over any other. Academic dishonesty is also destructive of the university community, which is grounded in a system of mutual trust and places high value on personal integrity and individual responsibility. Harsh penalties are associated with academic dishonesty. For information, see: [http://www.fau.edu/regulations/chapter4/4.001_Honor_Code.pdf](http://www.fau.edu/regulations/chapter4/4.001_Honor_Code.pdf)

The Honor Code requires a faculty member, student, or staff member to notify an instructor when there is reason to believe an academic irregularity is occurring in a course. The instructor must pursue any reasonable allegation, taking action where appropriate. The following constitute academic misconduct:

**Cheating**

- The unauthorized use of notes, books, electronic devices, or other study aids while taking an examination or working on an assignment.
- Providing unauthorized assistance to or receiving assistance from another student
during an examination or while working on an assignment.

- Having someone take an exam or complete an assignment in one’s place.
- Unlawfully securing an exam, receiving a copy of an exam, or sharing a copy of an exam.

**Plagiarism**

- The presentation of words or ideas from any other source or another person as one’s own.
- Failure to put someone else’s words in quotation marks, using the proper citation.
- Putting someone else’s ideas or facts into your own words without proper citation.
- Giving a wrong citation.
- Turning in someone else’s work as one’s own, including the buying and selling of term papers or assignments.

**Other Forms of Academic Misconduct**

- Falsifying or inventing information, data, or citations.
- Failing to comply with examination regulations or to obey the instructions of an examination proctor.
# Course Outline

(Tentative, Subject to Change)

<table>
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<tr>
<th>Date</th>
<th>Day</th>
<th>Topic</th>
<th>Reading Assignments</th>
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<tbody>
<tr>
<td>Jan 6</td>
<td>Tuesday</td>
<td>Syllabus</td>
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<tr>
<td>Jan 8</td>
<td>Thursday</td>
<td>Life insurance policies</td>
<td>Chapters 1, 2, and 3 (Book 1)</td>
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<tr>
<td>Jan 13</td>
<td>Tuesday</td>
<td>Life insurance policy provisions</td>
<td>Chapters 21 and 27 (Book 1)</td>
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<tr>
<td>Jan 15</td>
<td>Thursday</td>
<td>Group life insurance</td>
<td>Chapters 4 and 5 (Book 2)</td>
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<tr>
<td>Jan 20</td>
<td>Tuesday</td>
<td>Non-traditional guarantees</td>
<td>handouts</td>
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<tr>
<td>Jan 22</td>
<td>Thursday</td>
<td>Life settlements</td>
<td>Chapter 15 (Book 1), handouts</td>
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<tr>
<td>Jan 27</td>
<td>Tuesday</td>
<td>Life insurance taxation</td>
<td>Chapter 4 (Book 2), handouts</td>
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<tr>
<td>Jan 29</td>
<td>Thursday</td>
<td>Life insurance evaluation</td>
<td>Chapters 5 and 8 (Book 1), handouts</td>
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<tr>
<td>Feb 3</td>
<td>Tuesday</td>
<td>Review</td>
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<tr>
<td><strong>Feb 5</strong></td>
<td>Thursday</td>
<td><strong>Exam I</strong></td>
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<tr>
<td>Feb 10</td>
<td>Tuesday</td>
<td>Life insurance marketing and underwriting</td>
<td>Chapters 17, 18, 19, and 23 (Book 1)</td>
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<tr>
<td>Feb 12</td>
<td>Thursday</td>
<td>Financial management and statements</td>
<td>Chapters 24 and 26 (Book 1)</td>
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<td>Feb 17</td>
<td>Tuesday</td>
<td>Life insurance pricing</td>
<td>Chapters 11 and 13 (Book 1)</td>
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<td>Feb 19</td>
<td>Thursday</td>
<td>Medical expense plans</td>
<td>Chapters 7, 8, 9, and 10 (Book 2)</td>
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<td>Feb 24</td>
<td>Tuesday</td>
<td>Provisions and tax treatment of medical expense plans</td>
<td>Chapter 11 (Book 2)</td>
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<td>Feb 26</td>
<td>Thursday</td>
<td>Disability income insurance</td>
<td>Chapter 6 (Book 2) and handouts</td>
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<td>Mar 3</td>
<td>Tuesday</td>
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<td>Mar 5</td>
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<td>Mar 10</td>
<td>Tuesday</td>
<td>Long-term care insurance</td>
<td>Chapter 12 (Book 2) and handouts</td>
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<td>Mar 12</td>
<td>Thursday</td>
<td>Ancillary, supplemental medical expense policies and supplemental Medicare</td>
<td>Chapter 12 (Book 2) and handouts</td>
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<td>Mar 17</td>
<td>Tuesday</td>
<td>Review</td>
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<td><strong>Mar 19</strong></td>
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<td>Mar 24</td>
<td>Tuesday</td>
<td>Alternative funding methods and cafeteria plans</td>
<td>Chapters 14 and 18 (Book 2)</td>
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<td>Mar 26</td>
<td>Thursday</td>
<td>Insurance and financial planning</td>
<td>Chapter 7 (Book 1) and handouts</td>
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<td>Mar 31</td>
<td>Tuesday</td>
<td>Social security and retirement benefits</td>
<td>Chapter 19 (Book 3) and handouts</td>
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<td>Apr 2</td>
<td>Thursday</td>
<td>Employer-sponsored retirement plans</td>
<td>Chapters 3, 4, 5, and 6 (Book 3)</td>
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<td>Apr 7</td>
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<td>Plan provisions, funding and investing</td>
<td>Chapters 7, 8, 9, 10, 11, 12, 13, and 14 (Book 3)</td>
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<td>Apr 9</td>
<td>Thursday</td>
<td>Individual retirement plans and annuities</td>
<td>Chapters 17 and 18 (Book 3) and Chapter 6 (Book 1)</td>
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<td>Apr 14</td>
<td>Tuesday</td>
<td>Distributions and rollovers</td>
<td>Chapters 24 and 25 (Book 3), and handouts</td>
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<td>Apr 16</td>
<td>Thursday</td>
<td>Nonqualified retirement plans and additional planning issues</td>
<td>Chapters 15, 16, and 23 (Book 3)</td>
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<td>Tuesday</td>
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<td>Apr 23 – 29</td>
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