

# FLORIDA ATLANTIC UNIVERSITY™

## Graduate Programs—NEW COURSE PROPOSAL

UGPC APPROVAL \_\_\_\_\_  
 UFS APPROVAL \_\_\_\_\_  
 SCNS SUBMITTAL \_\_\_\_\_  
 CONFIRMED \_\_\_\_\_  
 BANNER POSTED \_\_\_\_\_  
 CATALOG \_\_\_\_\_

DEPARTMENT NAME: **FINANCE**

COLLEGE OF: **BUSINESS**

RECOMMENDED COURSE IDENTIFICATION:

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

(TO OBTAIN A COURSE NUMBER, CONTACT [M.JENNING@FAU.EDU](mailto:M.JENNING@FAU.EDU))

COMPLETE COURSE TITLE **LIFE INSURANCE AND PENSIONS**

**EFFECTIVE DATE**

(first term course will be offered)

**FALL 2011**

CREDITS: **3**

TEXTBOOK INFORMATION: EDWARD GRAVES, MCGILL'S LIFE INS., 6<sup>TH</sup> EDITION, 2007, AMERICAN COLLEGE; BURTON T. BEAM, JR., GROUP BENEFITS: BASIC CONCEPTS AND ALTERNATIVES, 11<sup>TH</sup> EDITION, 2006, AMERICAN COLLEGE AND LITTELL AND TACCHINO, PLANNING FOR RETIREMENT NEEDS, 9<sup>TH</sup> EDITION, 2007, AMERICAN COLLEGE.

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., [ZARRUKE@FAU.EDU](mailto:ZARRUKE@FAU.EDU), 561-297-3995; CHARLES YANG, ASSISTANT PROFESSOR, FINANCE DEPT. [CYANG1@FAU.EDU](mailto:CYANG1@FAU.EDU), 561-297-4181.

Faculty Contact, Email, Complete Phone Number

**SIGNATURES**

**SUPPORTING MATERIALS**

Approved by:

Department Chair:   *[Signature]*  

College Curriculum Chair:   *[Signature]*  

College Dean:   *[Signature]*  

UGPC Chair:   *[Signature]*  

Dean of the Graduate College:   *[Signature]*  

Date:

  January 10, 2012  

  1-10-11  

  2-2-12  

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

Written Consent—required from all departments affected.

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

Email this form and syllabus to [diamond@fau.edu](mailto:diamond@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.

**RMI6118 Life Insurance and Pensions  
(3 Credits)  
Syllabus**

**Textbooks**

- 1) Edward Graves, McGill's Life Insurance, 6<sup>th</sup> edition, 2007, American College.
- 2) Burton T. Beam, Jr., Group Benefits: Basic Concepts and Alternatives, 11<sup>th</sup> Edition, 2006, American College.
- 3) Littell and Tacchino, *Planning for Retirement Needs*, 9<sup>th</sup> edition, 2007, American College.

**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**

Exam I	25% of total grade
Exam II	25% of total grade
Final	28% of total grade
Articles	6% of total grade
Assignments	3% of total grade
Term paper	10% of total grade
Attendance	3%

A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
95-100	90-94	87-89	83-86	80-82	77-79	73-76	70-72	67-69	63-66	60-62	0-59

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)

Date		Topic	Reading Assignments
Jan 6	Tuesday	Syllabus	
Jan 8	Thursday	Life insurance policies	Chapters 1, 2, and 3 (Book 1)
Jan 13	Tuesday	Life insurance policy provisions	Chapters 21 and 27 (Book 1)
Jan 15	Thursday	Group life insurance	Chapters 4 and 5 (Book 2)
Jan 20	Tuesday	Non-traditional guarantees	handouts
Jan 22	Thursday	Life settlements	Chapter 15 (Book 1), handouts
Jan 27	Tuesday	Life insurance taxation	Chapter 4 (Book 2), handouts
Jan 29	Thursday	Life insurance evaluation	Chapters 5 and 8 (Book 1), handouts
Feb 3	Tuesday	Review	
<b>Feb 5</b>	<b>Thursday</b>	<b>Exam I</b>	
Feb 10	Tuesday	Life insurance marketing and underwriting	Chapters 17, 18, 19, and 23 (Book 1)
Feb 12	Thursday	Financial management and statements	Chapters 24 and 26 (Book 1)
Feb 17	Tuesday	Life insurance pricing	Chapters 11 and 13 (Book 1)
Feb 19	Thursday	Medical expense plans	Chapters 7, 8, 9, and 10 (Book 2)
Feb 24	Tuesday	Provisions and tax treatment of medical expense plans	Chapter 11 (Book 2)
Feb 26	Thursday	Disability income insurance	Chapter 6 (Book 2) and handouts
Mar 3	Tuesday	<i>Spring Break – No Class</i>	
Mar 5	Thursday	<i>Spring Break – No Class</i>	
Mar 10	Tuesday	Long-term care insurance	Chapter 12 (Book 2) and handouts
Mar 12	Thursday	Ancillary, supplemental medical expense policies and supplemental Medicare	Chapter 12 (Book 2) and handouts
Mar 17	Tuesday	Review	
<b>Mar 19</b>	<b>Thursday</b>	<b>Exam II</b>	
Mar 24	Tuesday	Alternative funding methods and cafeteria plans	Chapters 14 and 18 (Book 2)
Mar 26	Thursday	Insurance and financial planning	Chapter 7 (Book 1) and handouts

Mar 31	Tuesday	Social security and retirement benefits	Chapter 19 (Book 3) and handouts
Apr 2	Thursday	Employer-sponsored retirement plans	Chapters 3, 4, 5, and 6 (Book 3)
Apr 7	Tuesday	Plan provisions, funding and investing	Chapters 7, 8, 9, 10, 11, 12, 13, and 14 (Book 3)
Apr 9	Thursday	Individual retirement plans and annuities	Chapters 17 and 18 (Book 3) and Chapter 6 (Book 1)
Apr 14	Tuesday	Distributions and rollovers	Chapters 24 and 25 (Book 3), and handouts
Apr 16	Thursday	Nonqualified retirement plans and additional planning issues	Chapters 15, 16, and 23 (Book 3)
Apr 21	Tuesday	Review	
<b>Apr 23 – 29</b>	<b>Finals Week</b>	<b>Final</b>	