

UTSC-ACTB40H3 F11

(Sep 9, 2011 version, please monitor www.utstat.utoronto.ca/sharp for changes)

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| <i>Lecture</i> | TR 10:00-11:00 am | UTSC-IC212 | |
| <i>Instructor and office hours</i> Keith Sharp PhD FSA FCIA CFA sharp@utstat.utoronto.ca http://utstat.utoronto.ca/sharp | M 09:00-10:00 T 11:30-12:30 T 04:00-05:00 R 11:30-12:30 | UTSG-SS6007 UTSC-S-506F UTSG-SS6007 UTSC-S-506F | |
| <i>TA and tutorial times</i> Wanying Zhu (wanying.zhu@utoronto.ca) | T 3:00-4:00 (first Sep 20) | UTSC-BV264 | |
| Topic Coverage | Lecture and test date 2011 | | |
| L00: Sec 01: Intro | Sep 13 | | |
| L01: Sec 01: Effective rates | Sep 15 | | |
| L02: Sec 02: Effective rates | Sep 20 | | |
| L03: Sec 02; Nominal rates, credit cards | Sep 22 | | |
| L04: Sec 03: Constant force of int, inflation | Sep 27 | | |
| L05: Sec 04: Annuity | Sep 29 | | |
| L06: Sec 04; Annuity (cont) | Oct 04 | | |
| TERM TEST 1 in usual lecture room | Oct 06 TT1 | | |
| L7-8: Sec 05: Annuity at any time | Oct 11 | | |
| L09: Sec 06: Different int and payt periods | Oct 13 | | |
| L10: Sec 07: Geometric prog of payments | Oct 18 | | |
| L11: Sec 07: Geom payts, indexed pension | Oct 20 | | |
| L00: Practical situations | Oct 25 | | |
| L12: Sec 09: Amortization of loan | Oct 27 | | |
| L13: Sec 09: Amortiz of loan, mortgage | Nov 01 | | |
| TERM TEST 2 in usual lecture room | Nov 03 TT2 | | |
| L14: Sec 11: Bond valuation | Nov 08 | | |
| L15: Sec 11: Bond valuation (cont) | Nov 10 | | |
| L16: Sec 13: Return on fund | Nov 15 | | |
| L17: Sec 13: Return on fund (cont) | Nov 17 | | |
| L00: Exam run-up | Nov 22 | | |
| L00: Exam run-up | Nov 24 | | |
| L00: Exam run-up | Nov 29 | | |
| Exams | Dec 07-20, 2011 | | |

Professional Society of Actuaries and CFA Exams

It is important to note that this course does not count as an ACT240 credit in the UTSG actuarial science programme. Those who nonetheless find themselves interested in becoming actuaries are advised to attempt the professional SoA FM Exam though you will need to do maybe 200 hours self-study for it. No disgrace if you fail-in fact you can keep it secret if you wish (I took some SoA exams in Buffalo NY just in case I failed one!). Applications and details at www.soa.org. To qualify as Fellow, Society of Actuaries takes years of tough self-study and the actuarial job market cannot handle the large numbers graduating from Act Sci programmes in Canada. The Chartered Financial Analyst (CFA) exams are an easier (but not easy) option, use the material from this course and have a fairly similar examination format: see www.utstat.utoronto.ca/sharp and www.cfainstitute.org.

Text and Web Page

Prof Broverman's Fall 2008 or later manual for Exam FM, to be made available to students for about \$40 (not in bookstore). You are expected to read and understand the descriptive portions of the manual yourself.

Web Site

The timing of lecture coverage will likely deviate from the day-to-day schedule. This outline and updates are at <http://www.utstat.utoronto.ca/sharp>. Assignments and other info are posted on the course Blackboard password-accessed portal – you will wish to monitor the portal every few days. Also please ensure that the portal 'knows' an email address for you which you monitor frequently, otherwise you'll miss course-related emails.

Course Objective:

This course will be taught and graded in a way that takes more into account the needs of non-actuarial students than does the corresponding downtown actuarial specialist course ACT240. You are expected to read and understand the descriptive portions of the text yourself. Time is spent partly on practical situation affecting most adults: credit card interest, amortization of loans, mortgage availability etc.

Calculator

Please bring a non-programmable calculator with y^x key to all tutorials, lectures and exams. The TI BAI Plus financial calculator is discussed in the Exam FM manual. It is an optional purchase for this course since test and exam questions in this course will avoid situations (eg some calculations of interest rate) where a financial calculator is essential.

Participation lasers:

Please leave your participation laser in one of the piles at the end of every lecture. I buy them personally from dollar stores in the hope that you will find the easy participation valuable. In-class questions are encouraged too!

Exams

As for the professional exams, care will be taken to ensure the privacy of your answers in the course term tests and exams by use of assigned seating, when permitted by university authorities, and by the provision of several versions of tests and final, with different question orders. The best preparation for this type of exam is 'timed problems, problems, problems'. Prof Broverman's FM manual has many exam-type questions. You will wish to do all the relevant assignment questions before each test and final exam, and preferably many others as well.

Medical certificates are carefully and skeptically investigated in accordance with University regulations:

A few years ago, 20 out of every 100 students would produce doctors' certificates. Now University policy is very strictly interpreted and very strictly enforced. Medical certificates must be signed by an Ontario-registered MD, with registration number and phone number, and the date of certificate relative to claimed sickness must be within the limit imposed by University rules. We are skeptical about accepting medical certificates unless the doctor specifically indicates that in his/her opinion there was a disabling health problem on the day of the test. Certificates saying "Needs rest" or "injured foot" or "cannot concentrate" or similar will be rejected, as will certificates from chiropractors and acupuncturists. The doctor should be contactable by us for verification. It is expected that each student with accepted documentation will be required to take a rigorous make-up test at a chalkboard. If documentation is not provided or is not accepted, your test mark for the missed test will be zero.

Marking Scheme:

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| Lecture: surprise quizzes | Obligatory attendance. Lectures will be only partially posted on the web. There will be at least five pop-quiz micro-tests in lecture during the term, not announced in advance. Material is usually new that day. For lecture quizzes (only) discussion with other students is OK, but not copying. Up to two can be missed without penalty. Graded 7-10. In the past, students detected doing quizzes for absent friends have been failed in the course. | 5% |
| Tutorials: assignment verifications | Obligatory attendance. Assignment must be done but is not graded. In each tutorial for which an assignment is due, a verification quiz on at least one assignment question, perhaps slightly modified, will be given. This is intended as verification that you did the assignment so no help from other students allowed. Up to two can be missed without penalty. Graded 7-10. | 5% |
| Test 1 | Multiple choice; 40% of questions are modified from assignments | 20% |
| Test 2 | Multiple choice, 40% of questions are modified from assignments; concentrates on material since test 2 | 20% |
| Final | Multiple choice, on entire term, no 40% guarantee | 50% |

If you miss more than two in-lecture surprise quizzes and/or two tutorial verification quizzes, and claim medical reasons, you will need to show medical certificates for all missed quizzes, including the 'giftie' first two. Weightings will not be changed, either for the whole class or (for fairness to the whole class) for any individuals.

Suspected errors or omissions in this outline? Please tell Keith Sharp, sharp@utstat.utoronto.ca . GOOD LUCK!