

Undergraduate Program Proposal Memo

Date: September 04, 2019

From: William Elliott (Department of Economics and Finance)

Through: Gerald Weinstein, Chair of the Boler Undergraduate Curriculum Committee

Through: Dean Alan Miciak, Boler College of Business

To: Dan Kilbride, Chair of the Faculty Council

Subject: Proposal to add a new undergraduate major in Financial Planning and Wealth Management (FPWM) to the BSBA program

Key Highlights

- 1) *Requires the Boler Business Core.*
- 2) *Will include one course that is already offered as part of the Corporate Finance major (FN 342 - Investments)*
- 3) *Requires the addition of six new courses. Intro to Financial Planning (PFP 301), Tax Planning (PFP 371), Retirement Planning (PFP 372), Estate Planning (PFP 373), Risk Management and Insurance (PFP 374), and Cases in Financial Planning (PFP 490). The new courses are detailed in Appendix A.*
- 4) *The CFP Board (the organization that grants the Certified Financial Planner designation) has approved the JCU Financial Planning and Wealth Management program as one of their Registered programs.*
- 5) *Media budget to advertise the new program.*
- 6) *The addition of one tenure-track faculty line to champion and teach in the program.*

1 General Description and Rationale for the Program

Approximately one-third of our current finance majors take entry-level positions as financial planners or as wealth managers. However, the curriculum of the finance major is primarily designed to prepare students for a career path in corporate finance.¹ The area of financial planning and wealth management requires emphasis on developing a holistic financial plan for an individual or a family that will allow that party to achieve their long-term financial goals. Tax planning, estate planning, education planning, retirement planning, and insurance planning are areas of study that are critical for a financial planner. However, these areas currently receive only limited or no coverage at all in the existing finance major. While there is significant overlap

¹ Because more than 50 publicly traded corporations are headquartered in the greater Cleveland area, the focus on corporate finance in the JCU Finance major continues to make sense. We continue to have excellent placements in the greater Cleveland area as well as an increased presence in Pittsburg, Chicago and New York City.

between both fields, we believe that a program specifically designed for financial planning and wealth management would better serve our students. We also expect that such a program would allow us to attract new students, whose primary interests are in the area of financial planning and wealth management. As of May 2019, the proposed Financial Planning and Wealth Management program has been approved by the Certified Financial Planning Board (CFP Board) as a registered program.² Such certification means that the CFP Board recognizes the course content of the program to meet the requirements needed to sit for the CFP exam.

1.1 Status of the Current Finance Major

The Finance major at John Carroll has always been a popular program for students in the Boler College of Business (see Figure 1). Recent enrollments have expanded at a high rate and many of our graduates begin careers with firms that specialize in financial planning and wealth management services. For the last two years, the finance major has graduated more students than any other major on campus (83 2018 grads and XX 2019 grads). As a result of this rapid increase in finance majors along with a net loss of one faculty member, our section enrollments have grown to be among the largest on campus.³

Of the 83 students that took FN 440 during the Fall 2017 semester (nearly all students in this class are graduating seniors), more than 30% identified financial planning and/or wealth management as their primary area of interest (an additional 15% indicated financial planning as a secondary area of interest). Twenty-seven of those students enrolled in the Survey of Financial Planning course (FN 405) in the Spring 2017 semester (FN 405 is a special topics course that allows the area to offer trial or temporary courses). While we expect some current finance majors to change to, or add FPWM as a second major, we also expect that the FPWM major will attract new students to John Carroll. We expect to engage in intensive promotion of the new program regionally and in select national markets.

1.2 Demand for Financial Planners and Wealth Managers

Demand for financial planners and wealth managers is growing and starting salaries are attractive. The Bureau of Labor Statistics estimates that the need for financial planners will increase by 15% over the next decade. Further, many of the 272,000 financial planners are nearing retirement and this is expected to lead to an increased need for planners of approximately 50,000. The median salary for a financial planner is slightly more than \$90,000 and the salary for those in the 10th percentile is nearly \$41,000. In the Cleveland-Elyria region, the BLS data reports 1,620 personal financial planners. Thus, the regional demand during the upcoming decade for financial planners is likely to be in excess of 500.

² See Appendix B for details of the CFP Board requirements for CFP Registered programs.

³ Dr. Navratil retired and Dr. Moore moved to the Dean's office as an Associate Dean; we hired Dr. Kang as a new tenure-track faculty member.

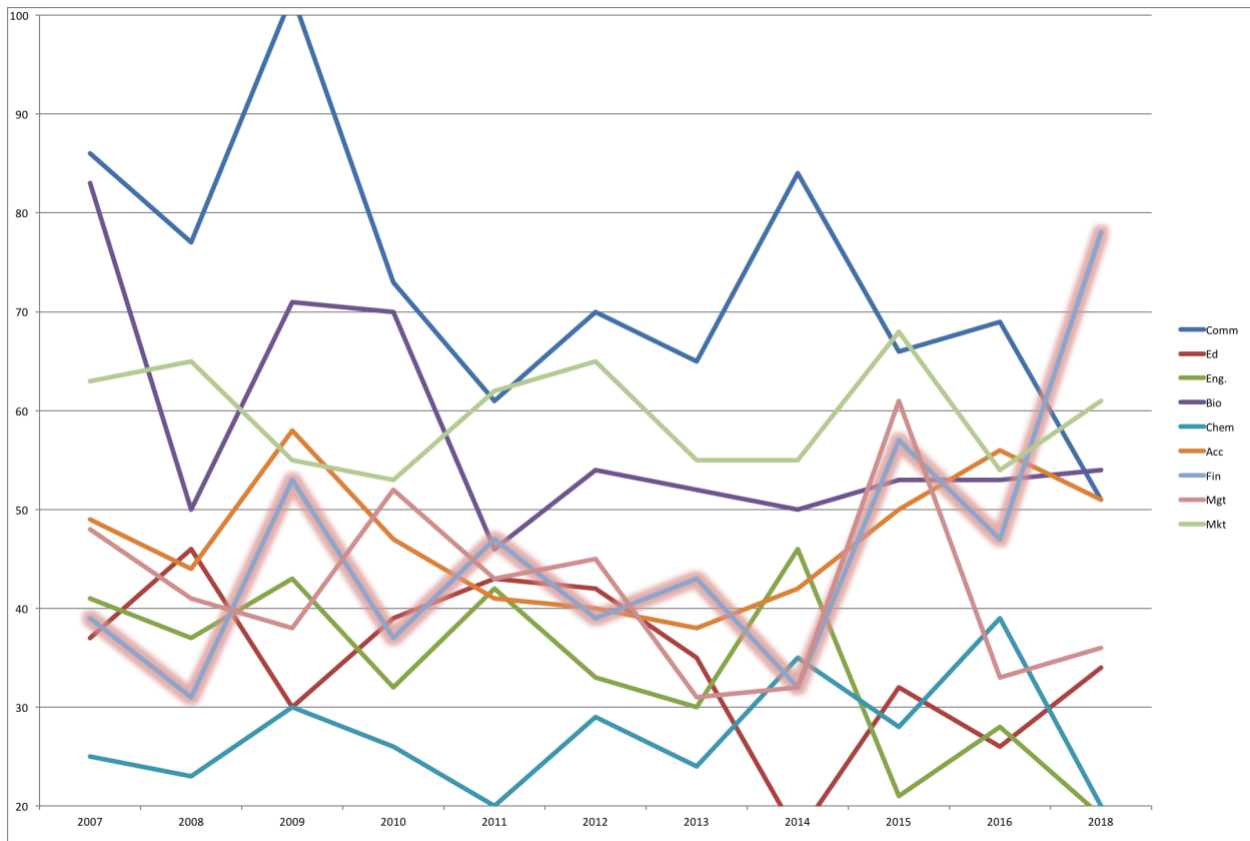


Figure 1. Number of graduates by major (2007 – 2018)
Finance major is ‘highlighted.’

1.3 Other Competing Undergraduate Programs and Why Boler

The only two programs that we are aware of in the region are offered by the University of Akron and Youngstown State University. The Akron program was founded about 5 years ago and has several dozen graduates each year. We have consulted with a variety of professionals in the area and, despite the successful programs at Youngstown State and the University of Akron, their recommendation is that there continues to be a deficit in supply of well-trained individuals.

We plan to differentiate the Boler Financial Planning and Wealth Management (FPWM) program from that of Akron and Youngstown State. In particular, we will incorporate a focus on ethics and sustainable/socially-responsible investing in our FPWM program. The financial planning/wealth management industry can broadly be divided up into fee-based planners and commission based planners. We will strive to partner with firms that are predominately fee-based planners, as there are fewer misalignments of incentives between planners and clients in this model. We believe that both an emphasis on ethics and sustainability/social-responsibility as well as a focus on the fee-based side of the profession is most consistent with the Jesuit principles and will also create a comparative advantage for our students in the job market.

1.4 FPWM Advisory Board

Beginning in the summer of 2017, with the full support of Dean Miciak, the Finance group of the Boler School created an Advisory Board with the specific intent of partnering with external constituents to develop a Financial Planning and Wealth Management program. The Advisory Board was composed of the Finance faculty (including Tony Aveni, our Executive in Residence), Noel Becker of UBS, Era Griffin of The Huntington Private Bank, Elizabeth Scheiderer of NCA Financial (and current president of the Cleveland Financial Planning Association), Joseph Swiderski of First Merit, Terry Sullivan of Paragon Advisors, Scott Swartz of Wellspring Advisors, and Richard Turgeon of Wellspring Advisors. We also met with Larry Rybka, President and CEO of Valmark Financial Group (and two of his associates) in Akron. The curriculum presented below was developed in consultation with and the full support of the Advisory Board.

2 Curriculum Development

2.1 Faculty Resources and the Pilot Program

During the Fall 2017 semester, the Finance Recruitment Committee interviewed a number of candidates with a specialization in Financial Planning and Wealth Management. We were able to hire Sean Zhang. He joined the faculty in January of 2018 as a visiting professor of Finance. At the time of his hire, Dr. Zhang was a doctoral candidate at Texas Tech University. He has since completed all the requirements for the Personal Financial Planning program offered by the College of Human Sciences at Texas Tech University. He graduated this August, 2019. Prior to beginning the PFP program, Dr. Zhang completed all the coursework for the Finance program (offered by the Rawls College of Business)). Beginning this fall (2019), Dr. Zhang will start as a tenure-track member of the department. His primary focus will be in Financial Planning and Wealth Management. He will also serve as the Director of the FPWM program. During the fall 2018 semester, Dr. Zhang offered a course in Retirement Planning (PFP 372). He has lent his expertise in assisting us develop a high quality and rigorous program. Dr. Zhang will also develop and teach the Cases in Wealth Management (PFP 490) course, beginning spring semester 2021.

In the spring 2018 semester Mr. Scott Swartz, of Wellspring Advisors, offered a survey class in Financial Planning (PFP 301; enrollment: 27). Mr. Swartz taught the same class in Spring of 2019 (enrollment: 16) and will offer it again in the Fall 2019 semester (27 registered). In the spring 2020 semester, we will again offer Retirement Planning as well as a course in Tax Planning (PFP 371). Students who graduate in May 2020 with a Finance major may also choose to receive a Concentration in FPWM, by taking the three aforementioned courses (see the current Bulletin for additional details relating to the Concentration in FPWM). Mr. Swartz has agreed to develop an additional course in Estate Planning (PFP 373), which will begin to be offered in the spring 2021 semester.

We anticipate the need to add at least one additional adjunct to assist in offering the Risk Management and Insurance (PFP 374).

2.1.1 Summary of Courses and Timetable for Development

Courses that have already been developed:

PFP 301 Intro to Financial Planning (3 Cr. Hr.)

PFP 372 Retirement Planning (3 Cr. Hr.)

Courses to be developed for Spring 2020

PFP 371 Tax Planning (2 Cr. Hr.)

Courses to be developed for Fall 2020

PFP 374 Risk Management and Insurance (2 Cr. Hr.)

Courses to be developed for Spring 2021

PFP 373 Estate Planning (2 Cr. Hr.)

PFP 490 Cases in Wealth Management (3 Cr. Hr.)

2.2 B.S.B.A. in Financial Planning and Wealth Management

The Boler College of Business offers a Bachelors of Science in Business Administration (BSBA) degree. The BSBA program is accredited by the Association to Advance Collegiate Schools of Business (AACSB International). The program offers majors in Accountancy, Economics, Finance, International Business with Language and Culture, Marketing, Management and Human Resources, and Supply Chain Management. The Business Core is common to all majors in the BSBA program.

2.2.1 Requirements for Admission to the Program

- 1) Admission to the Boler College of Business
- 2) Minimum grade in Business Finance (FN 312) of "C."
- 3) Subject to approval by the Chair of the Economics and Finance Department.

2.2.2 Grade Point Average Requirements

Students must maintain a 2.00 GPA over all undergraduate work attempted. A minimum GPA of 2.5 must be maintained in all courses related to the major (FN342, PFP 301, PFP 371, PFP 372, PFP 373, PFP 374, PFP 490) . Failure to maintain these averages constitutes unsatisfactory progress and will result in the student's dismissal from the program.

2.2.3 Major Requirements

Major in Financial Planning and Wealth Management: A total of 65 credit hours as described below.

Business Core: 38 credit hours, including MHR 461 or MHR 463, and excluding MHR 499 (capstone course is PFP 490).

FN 312: Prospective financial planning and wealth management majors must complete FN 312 with a minimum grade of C.

Major Courses: 27 credit hours. EC 302; FN 342; PFP 301, 371, 372, 373, 374, 490; plus two of the following courses: FN 316, 405, 418, 439, 442, 444, 452, 498,

2.3 Proposed Course Rollout

Students graduating in May of 2020, may choose to take a Concentration within the Finance Major (this concentration is already a part of the 2019-2020 Undergraduate Bulletin). For students who plan to graduate in May of 2021 or later, they may choose to major in FPWM (conditioned upon meeting all other requirements of the 2020/2021 Bulletin and approval of the program by the Faculty Council, CAP, and the JCU faculty).

Investments (FN 342) is already offered every semester as part of the finance major (if enrollment in both majors grows as anticipated, we may require an additional section of FN 342 in the future). The finance faculty believe that it is essential that Intro to Financial Planning (PFP 301), Tax Planning (PFP 371), and Cases in Financial Planning (PFP 490), be offered every year. This will allow juniors to take both PFP 301 and PFP 371 in their first year of the major. Because PFP 490 is the capstone experience for FPWM majors, it too must be offered every year. The other three courses that make up the program, PFP 372, PFP 373, and PFP 374, are predominantly comprised of material that is self-contained and therefore it is less sensitive, though not ideal, as to their sequencing over the 2 years of the program. PFP 372, 373, and 374 will be offered once every two years. The table below minimizes the number of sections required over a 2 year window while maintaining essential sequencing among the six required courses.

All new courses required for the program have already been added to the 2019-2020 JCU Undergraduate Bulletin. However, we have included the particulars relating to each new course in Appendix A.

Fall 2019	Spring 2020	Fall 2020	Spring 2021	Fall 2021	Spring 2022	Fall 2022	Spring 2023	Fall 2023	Spring 2024
FN 342	FN 342	FN 342	FN 342	FN 342	FN 342	FN 342	FN 342	FN 342	FN 342
PFP 301	PFP 371	PFP 301	PFP 490	PFP 301	PFP 490	PFP 301	PFP 490	PFP 301	PFP 490
	PFP 372	PFP 371	PFP 373	PFP 371	PFP372	PFP 371	PFP 373	PFP 371	PFP372
		PFP 374				PFP374			
2020 Cohort (FPWM Conc.)		2022 Cohort (FPWM Major)				2024 Cohort (FPWM Major)			
2021 Cohort (FPWM Major)				2023 Cohort (FPWM Major)					

Mauve shading is the academic year where the program will ONLY be a concentration within the Finance Major.

3 Implementation Timeline

See Sections 2.1.1 and 2.3 above.

4 Organization and Administration of the Program

The Program Director is responsible for the general oversight and promotion of the FPWM program. Specifically, the director will develop (with the assistance of IMC and college resources) a plan to promote the new program to potential students in northeast Ohio as well as other regions. The director will also work in conjunction with the chair of the Economics and Finance Department to assure that appropriate courses are available during each semester. Dr. Sean Zhang has agreed to serve as the Program Director for an initial term of three years.

5 Learning Goals and Assessment

5.1 BCOB Mission and Vision

Our Boler College of Business mission and vision are, respectively:

“The Boler College of Business graduates students who live inspired lives. They lead with an ethical foundation, excel in service with and for others, and exemplify professional excellence, a strong work ethic, and superior decision making.”

“Ignite our institutional strength and regional relevance to inspire next-generation business leaders, who will create game-changing assets and enduring value for the region.”

5.2 BCOB Learning Goals

Our Boler College of Business Learning Goals are as follows:

1. Our students will have ethical reasoning skills.
2. Our students will have and use knowledge of all functional areas of business.
3. Our students will have communication skills (oral and written).
4. Our students will have critical thinking and problem solving skills.
5. Our students will have a global perspective.
6. Our students will have knowledge, skills, and abilities appropriate to their major.

5.3 Undergraduate Financial Planning and Wealth Management Program Goals

Upon graduation, FPWM majors from John Carroll University should have a strong academic foundation in financial planning and wealth management. The academic foundation should allow graduating majors to:

- enter a career in financial planning and/or wealth management and have the potential to lead

- enter a quality graduate program in a variety of fields, especially in business
- seek further professional certification in financial planning, such as that of the Certified Financial Planning Board's Certified Financial Planner (CFP) designation.

5.4 Undergraduate Financial Planning and Wealth Management Learning Goals

5.4.1 Learning Goals

John Carroll's Financial Planning and Wealth Management program intends to provide students with the *knowledge* and *skills* to pursue these goals. Graduating seniors in financial planning and wealth management will have:

- knowledge of the financial planning process, including: establishing client goals, assessing current client financial status, development of a recommendation to meet client goals, and implementation and monitoring of the recommendations.
- knowledge of financial institutions and financial instruments.
- knowledge of tax, retirement, and estate planning.
- knowledge of insurance and risk management as it pertains to financial planning.
- skill to develop and implement a complete financial plan.

We use the terms *knowledge* and *skills* above as they are expressed in the education literature. Halydayna and Rodriguez (2013), for example, indicate that *knowledge* refers to what students know and *skills* refer to what students can do. An example may help clarify these terms: for a tennis player, the size of the court and the scoring system represent *knowledge*; serving, volleying, and hitting ground-strokes represent *skills*.

5.4.2 Assessment of Learning Goals and Program Viability

Assessment of the above learning goals will take place in the capstone course (Cases in Wealth Management PFP 490). We will develop rubrics that will be used to analyze the financial plans that students develop in PFP 490. Data from each assessment period will be compared to prior years to determine whether any changes in course content is required.

To assess the continued viability of the program, we will use enrollments, number of internships, and post-graduation placement.

6 Anticipated Budget

We expect to have a first class (May 2021 graduation) made up of approximately 20 students. A substantial number of those students will come from the current Finance major. During the following five years we expect to attract 'net new' students to the university in the amount of at least an additional 20-25 in each cohort. Thus, we expect to have a total of 40-45 students in each cohort by the May 2026 graduating class. If we achieve this goal, it would likely require that we hire an additional FTE tenure-track faculty member in Financial Planning and Wealth Management.

Expenses Incurred 2017-2019:

One FTE tenure-track position	
Two sections per year taught by Executive Faculty	
CFP Board Initial Application Review Fee	\$1,000

Future Expenses:

Marketing Expenses (first three years)	\$5,000/yr
CFP Board Annual Program Fee (ongoing annual fee)	\$ 500/yr

APPENDIX A

Financial Planning and Wealth Management Course Descriptions

PPF 301 Intro to Financial Planning 3 Cr. Hr. (prereq/coreq: FN 312)

An introductory course concerning the process and principles of financial planning. The course of study will include an examination of the financial planning process, client interactions, financial statements, cash flow and debt management, time value of money, housing, education planning, overview of risk management, investments planning, and retirement plans, and ethics.

PPF 371 Tax Planning 2 Cr. Hr. (prereq/coreq: FN 312, PFP 301)

A detailed study of specific provisions of the current Internal Revenue Code that relate to taxation of individuals, and tax planning concepts in business and individual transactions. This course also examines the alternative minimum tax (AMT), tax management strategies, taxation of real property transactions, passive and at-risk rules, as well as charitable contributions in the context of personal financial planning.

PPF 372 Retirement Planning 3 Cr. Hr. (prereq/coreq: PFP 301, 371)

This course will provide students with a strong and rigorous foundation in retirement planning and employee benefits. In particular, the course will give students an overview of the retirement planning process, knowledge of retirement plans (both public and private plans), and tools and strategies used by financial professionals to help individuals, families, and companies choose and implement an effective retirement planning strategy.

PPF 373 Estate Planning 2 Cr. Hr. (prereq/coreq: PFP 301, 371)

An overview of gift, estate, and generation skipping transfer taxation, including financial and estate planning applications. Topics include trusts, wills, probate, advanced directives, charitable giving, wealth transfers, and related taxes.

PPF 374 Risk Management and Insurance 2 Cr. Hr. (prereq/coreq: PFP 301, 371)

This course is an introduction to risk management and insurance decisions for individuals in the field of personal financial planning. Topics include insurance for health, disability, life, property, and liability risks, as well as annuities, group insurance, and long-term care.

PPF 490 Cases in Wealth Management 3 Cr. Hr. (prereq: PFP 301, 371; prereq/coreq: PFP 372, 373, 374)

This course serves as a capstone experience for students of financial planning and wealth management. Emphasis is on the application of financial planning knowledge and development of a complete financial plan.

APPENDIX B

CFP Coursework Requirement (from the CFP Board website)

As a first step to CFP certification, you must complete CFP Board education requirements in the major personal financial planning areas, including all of the subject areas listed below.

A. Professional Conduct and Regulation (7%)

- A.1. CFP Board's Code of Ethics and Professional Responsibility and Rules of Conduct (FN 371)
- A.2. CFP Board's Financial Planning Practice Standards
- A.3. CFP Board's Disciplinary Rules and Procedures
- A.4. Function, purpose, and regulation of financial institutions (FN 316)
- A.5. Financial services regulations and requirements (FN 316)
- A.6. Consumer protection laws
- A.7. Fiduciary

B. General Principles of Financial Planning (17%)

- B.8. Financial planning process (PFP 301)
- B.9. Financial statements (PFP 301)
- B.10. Cash flow management (PFP 301)
- B.11. Financing strategies (PFP 301)
- B.12. Economic concepts (EC 202)
- B.13. Time value of money concepts and calculations (FN 312)
- B.14. Client and planner attitudes, values, biases and behavioral finance (PFP 490)
- B.15. Principles of communication and counseling (PFP 490)
- B.16. Debt management (PFP 301)

C. Education Planning (6%)

- C.17. Education needs analysis (PFP 301)
- C.18. Education savings vehicles (PFP 301)
- C.19. Financial aid (PFP 301)
- C.20. Gift/income tax strategies (PFP 301)
- C.21. Education financing (PFP 301)

D. Risk Management and Insurance Planning (12%)

- D.22. Principles of risk and insurance (PFP 474)
- D.23. Analysis and evaluation of risk exposures (PFP 474)
- D.24. Health insurance and health care cost management (individual) (PFP 474)
- D.25. Disability income insurance (individual) (PFP 474)
- D.26. Long-term care insurance (individual) (PFP 474)
- D.27. Annuities (PFP 474)
- D.28. Life insurance (individual) (PFP 474)
- D.29. Business uses of insurance (PFP 474)
- D.30. Insurance needs analysis (PFP 474)
- D.31. Insurance policy and company selection (PFP 474)
- D.32. Property and casualty insurance (PFP 474)

E. Investment Planning (17%)

- E.33. Characteristics, uses and taxation of investment vehicles (FN 342)
- E.34. Types of investment risk (FN 342)
- E.35. Quantitative investment concepts (FN 342)
- E.36. Measures of investment returns (FN 342)
- E.37. Asset allocation and portfolio diversification (FN 342)
- E.38. Bond and stock valuation concepts (FN 342)
- E.39. Portfolio development and analysis (FN 342)

- E.40. Investment strategies (FN 342)
- E.41. Alternative investments (FN 342)

F. Tax Planning (12%)

- F.42. Fundamental tax law (PFP 371)
- F.43. Income tax fundamentals and calculations (PFP 371)
- F.44. Characteristics and income taxation of business entities (PFP 371)
- F.45. Income taxation of trusts and estates (PFP 371)
- F.46. Alternative minimum tax (AMT) (PFP 371)
- F.47. Tax reduction/management techniques (PFP 371)
- F.48. Tax consequences of property transactions (PFP 371)
- F.49. Passive activity and at-risk rules (PFP 371)
- F.50. Tax implications of special circumstances (PFP 371)
- F.51. Charitable/philanthropic contributions and deductions (PFP 371)

G. Retirement Savings and Income Planning (17%)

- G.52. Retirement needs analysis (PFP 472)
- G.53. Social Security and Medicare (PFP 472)
- G.54. Medicaid (PFP 472)
- G.55. Types of retirement plans (PFP 472)
- G.56. Qualified plan rules and options (PFP 472)
- G.57. Other tax-advantaged retirement plans (PFP 472)
- G.58. Regulatory considerations (PFP 472)
- G.59. Key factors affecting plan selection for businesses (PFP 472)
- G.60. Distribution rules and taxation (PFP 472)
- G.61. Retirement income and distribution strategies (PFP 472)
- G.62. Business succession planning (PFP 472)

H. Estate Planning (12%)

- H.63. Characteristics and consequences of property titling (PFP 473)
- H.64. Strategies to transfer property (PFP 473)
- H.65. Estate planning documents (PFP 473)
- H.66. Gift and estate tax compliance and tax calculation (PFP 473)
- H.67. Sources for estate liquidity (PFP 473)
- H.68. Types, features, and taxation of trusts (PFP 473)
- H.69. Marital deduction (PFP 473)
- H.70. Intra-family and other business transfer techniques (PFP 473)
- H.71. Postmortem estate planning techniques (PFP 473)
- H.72. Estate planning for non-traditional relationships (PFP 473)