NEW, REVISED, OR DELETED PROGRAM COVER SHEET
2007-2008
University Curriculum Committee
Undergraduate Programs (Majors, Minors, Sequences)

DEPARTMENT/SCHOOL ____Finance, Insurance, and Law__________________________ DATE __March 18, 2008____

CONTACT (S) _Gary Koppenhaver (Chair), Edgar Norton ______ EMAIL ADDRESS _gkoppen@ilstu.edu; eanorto@ilstu.edu _

A. **Proposed Action:** (more than one item may be checked if a revision).

_________ New Major CIPS CODE __________ (obtain from Planning, Policy Studies and Info Systems)

__X______ New Minor CIPS CODE __________ (obtain from Planning, Policy Studies and Info Systems)

_________ New Sequence

_________ Change in requirements for major

_________ Change in requirements for minor

_________ Change in requirements for sequence

_________ Other program revisions

_________ More than 50% of courses in this program are distance education.

_________ Program deletion

B. **Summary of proposed action** (see Part A), including title and exact *Undergraduate Catalog* copy for a new or altered program. (See *Catalog* and Program Checklist for format and examples.) Provide a summary of the revisions in addition to the exact current *Catalog* copy.

Add new Minor in Financial Planning

C. **Routing and action summary:**

1. ______________________________ Department/School Curriculum Committee Chair	______________ Date Approved	4. ______________________________ College Dean	______________ Date Approved
2. ______________________________ Department Chair/School Director	______________ Date Approved	5. ______________________________ Teacher Education Council Chair if appropriate (10 copies to the Dean of the College of Education)	______________ Date Approved
3. ______________________________ College Committee Chair	______________ Date Approved	6. ______________________________ University Curriculum Committee Chair (8 copies to UCC Secretary, Moulton 102)	______________ Date Approved

Submit 8 copies of **NEW** Undergraduate proposals to University Curriculum Committee
Submit 8 copies of **REVISED** Undergraduate proposals to University Curriculum Committee
All new and deleted programs (majors, minors, sequences) are routed by the U.C.C. to the Academic Senate. **The Senate rules mandate electronic submission (in MS Word or HTML format) of all materials for Web site posting.**
3/05

Department/School name: Department of Finance, Insurance, and Law
Date: March 18, 2008
Title of program: **Minor in Financial Planning**

Exact catalog copy for new program:

Minor in Financial Planning

--18 hours required in Finance Insurance and Law; Accounting; and Marketing classes. For non-business majors the required hours, including prerequisites, totals 28 hours (24 hours of business, 4 hours of economics).
--Required courses:

- FIL 242 Investments (prereq: FIL 240, ACC 131, 132; ECO 105, MQM 100; MAT 120) or FIL 220 Personal Investing (prereq: ACC 131, ECO 105 (or 101 and 102))
- FIL 250 Introduction to Risk and Insurance (prereq: Junior standing)
- ACC 233 Federal Income Taxation (prereq: ACC 131 with a grade of C or better)
- FIL 345 Retirement Planning and Employee Benefits (prereq: FIL 242 or FIL 220, FIL250)
- FIL 342 Estate Planning (prereq: FIL 242 or FIL 220, FIL250, ACC 233)
- MKT 234 Personal Selling and Relationship Marketing (prereq: MKT 230, ECO 105 (or 101 and 102))

--NOTE: Non-Business majors are restricted to no more than 24 hours of business instruction.
--**NOTE**: No more than 9 hours from major program of study may be applied to minor.

Part A: Program Description and Explanations (New or Revised Programs)

__X__ Institution
Illinois State University
__X__ Responsible department/school or administrative unit
Department of Finance, Insurance, and Law
__X__ Proposed program title
Minor in Financial Planning
_N/A_ Previous program title (if applicable)
_____ CIPS classification (applicable to new programs)
__X__ Date of implementation
Fall 2009
__X__ Description of proposed program or name change
Financial planning is a field of growing demand and importance as people realize they need to take responsibility for their own college, retirement, and health planning. The purpose of the financial planning minor is to prepare students to assist the public in making financial decisions. The minor involves course work in investments, insurance, taxation, retirement planning and employee benefits, and estate planning as well as professional sales and relationship management—since much of financial planning involves meeting the needs of various clients.
__X__ Rationale for proposal
See the attached document, "Financial Planning for the Future"
_N/A_ If for Teacher Education, include reference to CTE Conceptual Framework
__X_ Expected impact of proposal on existing campus programs
The main impact is to give business and non-business students an additional choice is pursuing an attractive career path which is expected to enjoy growing demand. We anticipate that current courses that are included in the minor (FIL 242 Investments; FIL 250 Risk Management and Insurance; ACC 233 Federal Income Taxation; and MKT 234 Professional Sales and Relationship Management will be able to handle initial expected student demand.
__X_ Expected curricular changes including new courses
Expected changes include two new courses:

- Retirement Planning and Employee Benefits
- Estate Planning

In addition, to increase access to the financial planning minor to non-business majors, a new course in Personal Investing will be developed. Students will be able to satisfy the "investments" coursework in the financial planning minor by completing FIL 242 (with its many prerequisites taken by business majors) or the new Personal Investing course (which has fewer prerequisites).
__X__ Milner contacted to determine sufficient resources
We anticipate no need for increased library resources as much of the proposed financial planning minor builds upon existing courses in FIL, ACC, and MKT.
__X _ Anticipated staffing arrangements
Existing courses (FIL 242, 250; ACC 233; MKT 234) and faculty will be able to handle the expected number of students opting for the financial planning minor. New courses will be taught by managing department course schedules and by assigning existing faculty (Professors Hosack and Norton) to the new courses.
__X__ Anticipated funding needs and source of funds
See the attached Financial Impact Form for New Program developed by FIL Dept Chair Koppenhaver.

Part B: Other Requirements

Attached:
1) Letter of concurrence from Department of Accounting regarding use of course ACC 233 Federal Income Taxation
2) Letter of concurrence from Department of Marketing regarding use of course MKT 234 Personal Selling and Relationship Marketing

Attachment: response to Part A “Rationale for Proposal”

Financial Planning for the Future

Financial planning, by definition, deals with planning for the future…but the title refers as well to the financial planning discipline as being important for growth and student options in academic programs offered at colleges and universities. Times are good for current planners and for those considering a career change for five excellent reasons which deal with the financial planning environment: demographic trends, the need for planners, the complexity of investment options, growth potential and employment opportunities, especially for those seeking the CFP credential.

1. Demographics

America’s population is both growing and aging. The demographers predict that the U.S. population will grow over 43 percent between 2000 and 2050 from 285 million to over 400 million.[1]

The graying of the post-WWII baby boom is upon us. The youngest boomers (born in 1945) will be turning 60 next year. Falling fertility rates (3.7 children per woman in 1950 to about 2 today), caused in part by greater labor force participation by women, have positive and negative economic implications. On the positive side, greater labor force participation contributes to the national economy’s well-being as well as that of family wealth. On the other hand, reduced fertility rates will create a social pension crisis. All—except politicians of both parties—realize the implosion of the current form of Social Security is coming. At the present time, each 100 workers supports about 30 Social Security beneficiaries. The number of retirees supported per 100 workers will continue to rise until less than two workers support each beneficiary, as shown in Table 1.

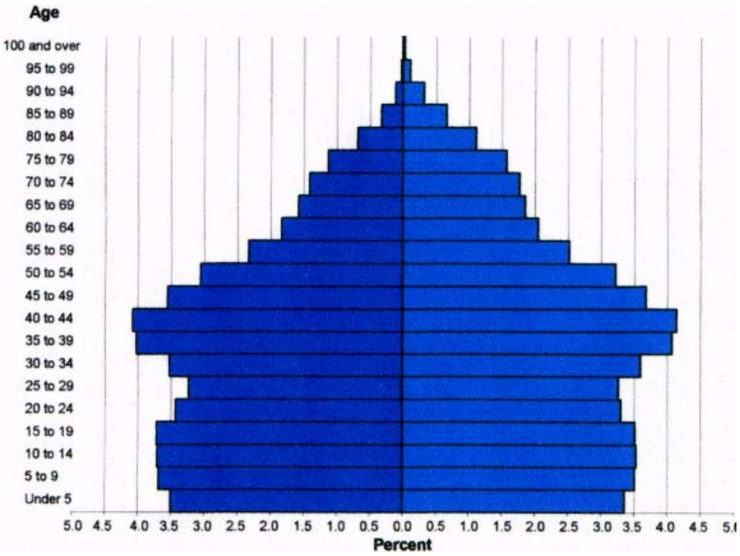
Table 1: The Aging U.S. Population

Year	Number of Social Security Beneficiaries per 100 Workers
2010	33
2020	40
2030	48
2040	49
2050	50
2060	52
2070	54

Source: Greg Hitt and Grep Ip, “Greenspan’s Remarks Pressure Bush,” *The Wall Street Journal*, February 27, 2004, page A2

Demographically, the age distribution in the U.S. will see a marked increase in the 50-and-older age group.[2] The percentage of "over 65" Americans will grow from 12.7 percent of the population to 16.5 percent by 2020 and to 20 percent by 2030. In 2025 estimates peg the 55-and-older component of the U.S. population at 30 percent. Of course, these higher percentages imply even larger numbers as the population base will

Chart 1: Population of the United States as of July 1, 2000



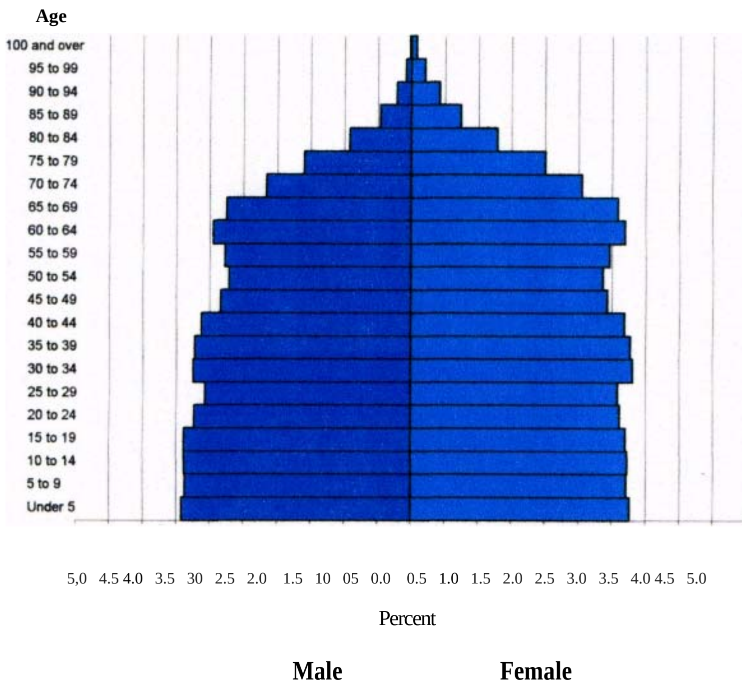
Male Female

U.S. Census Bureau Projected resident population of the United States as of July 1, 2000, Middle series. Report No. NP-P2. 2002. Available from: http://www.census.gov Accessed June 25, 2003.

[1] United Nations. 2003. *World Population Prospects: The 2002 Revision* at www.un.org/esa/population/unpop.htm. See also the U.S. Census Bureau forecasts reported in Haya El Nasser, "Census Projects Growing Diversity," *USA Today*, March 18, 2004, page 1A.

[2] See www.rand.org/publications/RB/RB5046, "Demographic Trends Foreshadow Major Economic and Social Challenges," *Population Matters Policy Brief* , 2001); (Source: National Center for Policy Analysis Idea House,© 2001; www.ncpa.org/pd/social/pd010799c.html quoting information from Peter G. Peterson, "Gray Dawn: The Global Aging Crisis," *Foreign Affairs*, January/February 1999 and Jon Omicinski, "Aging Population Gives All Gray Hairs," *USA Today*, January 7, 1999); Haya El Nasser, "Census Projects Growing Diversity," *USA Today*, March 18, 2004, page 1A; (Source: Environmental Assessment, ACP Research, Trends in Medicine and Health; download from ea.acponline.org/patients/NDTpf.html; see also the references to population changes from 2025-2050 cited herein).

Chart 2: Projected Population of the United States July 1, 2026



U.S. Census Bureau. Projected resident population of the United States as of July 1, 2025, Middle series. Report. No. NP-P3.2002. from: http://www.census.gov. Accessed June 25,2003

be growing over time from net births and net immigration. Charts 1 and 2 show the percentage of population in different age groups, separated by sex, for 2000 and 2026 from U.S. Census Bureau data. The pyramidal 2000 graph becomes more cylindrical by 2026, showing less younger citizens and more older Americans.

A "dependency ratio" shows the proportion of a country which younger than 15 or older than 64. In the U.S., the dependency ratio is expected to grow from 51.7 percent to 61 percent, an increase of nearly 18 percent. Coupled with the above data, most of the growth in the dependency ratio will occur because of increases in the number of Americans over the age of 64. Solutions for handling the burden of a raising dependency ratio in a nation include liberalizing immigration laws; encouraging higher birth rates; raising worker taxes to support the elderly; reducing pension and health benefits. The answer for individuals facing the uncertainty of funding a higher dependency ratio is well-qualified financial planning.

In addition to the above demographic trends, another influence bodes well for the financial planning profession: the existence of a large middle class in the U.S.[3] The affluent can have and will have their financial goals met by their accumulated wealth; the middle class requires planning to help meet financial goals.

The demographics show an aging population and point to the need for retirement planning. Providers of financial planning services can assist those nearing retirement as well as assisting burdened workers to plan and prepare for their retirement. Surveys indicate that concerns about outliving their savings lead workers choose to continue working beyond traditional retirement age. Empirical analysis implies this concern is well-founded: savings rates are generally insufficient to maintain pre-retirement spending patterns into the retirement years.[4]

2. Need/Diversity

The aging profile of Americans highlights a related point: the large intergenerational wealth transfer that will occur as baby boomers pass on and their heirs receive the value of any remaining estate. Some have estimated the wealth transfer to approach $20 trillion. Although that number seems high, it is probably the case that transfers of funds and wealth between spouses and heirs will occur at a higher rate than any other time in U.S. history.

Unfortunately most persons' knowledge of finance borders on illiteracy. The improper use of credit and bankruptcy rates; decisions to buy or lease a car; and diversifying investments (witness the plight of those who lost fortunes in the 2000-2002 stock market decline or those whose personal wealth was tied up in the stock of Enron, WorldCom, and other such firms) are commonplace. The multiple options available to invest and/or shelter investment returns are complex and require study—or good financial advice—before deciding what to do. The Federal Reserve's Surveys of Consumers show less than a third respondents own CDs, stock, bonds, or read about money management.[5]

Another demographic note is the potential for diversity growth in the field of financial planning. A CFP Board study discovered only three percent of CFP clients are African Americans, two percent are Asian and two percent are

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[3] Thomas Warschauer, "The Role of Universities in the Development of the Personal Financial Planning Profession," *Financial Services Review* 11 (2002), pp. 201-216.

[4] Brown, S. Kathi (2003). Staying Ahead of the Curve 2003: The AARP Working in Retirement Study (Executive Summary). AARP (September), pp. 1-13; Moore, J. and O. Mitchell. (2000). Projected Retirement Wealth and Saving Adequacy. In: O. S. Mitchell, P. B. Hammond, and A. M. Rappaport, editors, *Forecasting Retirement Needs and Retirement Wealth*. Philadelphia: University of Pennsylvania Press; Venti, Steven F. and David A. Wise (1998). The Cause of Wealth Dispersion at Retirement: Choice or Chance? *American Economic Review* (May) Volumn 88, Number 2.

[5] Marianne A. Hilgert, Jeanne M. Hogarth, and Sondra G. Beverly, "Household Financial Management: The Connection between Knowledge and Behavior," *Federal Reserve Bulletin*, July 2003, pp. 309-322.

Hispanic.[6] Using the 1998 Survey of Consumer Finances, one study compared the use of financial services between African-Americans and Caucasians. After controlling for age, educational attainment, and income they found that African-Americans are more conservative in their investments, favoring life insurance products and residential real estate (their home) to stock, bond, or real estate investments when compared to Caucasians. African-Americans have smaller retirement accounts, focusing rather on shorter-term goals such liquidity, saving for major purchases, or saving for children's college education, compared to Caucasians.[7]

The U.S. population is expected to grow from 291 million in 2003 to 337 million in 2025. One-third of the growth in the U.S. population is anticipated to come from Hispanic and Asian immigration.[8] Table 2 presents estimates of ethnic group population growth. Non-Hispanic whites were a majority of 90 percent of the population in 1950; they are projected to comprise only half of the U.S. population in 45 years.

Table 2 Population Percentages of Different Ethnic Groups, 2000 and 2050

Group	Year 2000	Year 2050 (estimated)
African-American	13%	15%
Asian	4%	8%
Hispanic	13%	24%
Non-Hispanic White	69%	50%

Source: Based on data presented in Haya El Nasser, "Census Projects Growing Diversity," *USA Today*, March 18, 2004, page 1A; Larry Copeland and Haya El Nasser, "Population Getting More Diverse as it Gets Bigger," *USA Today*, March 18, 2004, page 2A.

The implications for attracting, training, mentoring a diverse group of persons equipped to present advise on retirement planning, health care, long-term care planning, and financial planning issues is obvious. The financial planning field is predominantly white male. Growth by corporate providers and smaller agencies will arise, in part, by diversifying their sales force and client base. Although much is to be said for dealing with high net worth clients there is also a need for planners who will "grow their own" HNW clients by attracting clientele in the early and middle portions of their earning years.

3. Complexity of the Field

[6] Certified Financial Planner Board of Standards (1999), *First Annual CFP Practitioner Survey: Executive Summary of Findings*. Retrieved May 4, 2004 from http://www.ches.ua.edu/fpa/CFP%20Board%20of%20Standards%20First%20Annual%20CFP%20Practitioner%20Survey.pdf).

[7] D. Anthony Plath and Thomas H. Stevenson, "Financial Services and the African-American Market: What Every Financial Planner Should Know," *Financial Services Review* 94 (2000), pp. 343-359.

[8] Environmental Assessment, ACP Research, Trends in Medicine and Health; download from ea.acponline.org/patients/NDTpf.html; see also the references to population changes from 2025-2050 cited herein.

Of course, the general public is not all at fault for its state of financial "illiteracy." The field of finance is gaining complexity and individuals have limited time to spend in learning, reviewing, and selecting financial options The pace of work, home, and family demands is such that the typical (or potential) investor does not have the time to sift through what investments are appropriate for them to make an informed decision.

For example, saving for an intermediate-term goal of providing for a child's college education involves a myriad of investment vehicles but also the choice of method to shelter gains and/or reduce taxes:

- tuition savings plans (a/k/a/ 529 plans)
- prepaid tuition plans
- Coverdell educational savings accounts
- Uniform Gifts to Minors Act
- savings bonds
- Hope tax credit and
- Lifetime Learning tax credit

not to mention difference in taxation of income, capital gains, child versus parents, and differences in investment vehicles (even mutual funds now have competition with ETFs). Add to this the various array of fees and expenses of different investment programs (in early 2004 the SEC announced plans to undertake a study the disclosure of such for 529 plans[9]), the array of options and paths to follow is bewildering.[10] The assistance of a trusted and knowledgeable financial planner will help in decision-making; as more people recognize this, the growth of the profession is assured for many years.

4. Growth Potential

As of early 2004 there existed 43,781 CFP® certificants. The number of certificants has more than doubled, increasing 111 percent, since 1990 Growth in demand for this and other financial planning designations is expected to rise as baby boomers age, demand for ethical training and stature rise, financial services converge, and as the designation gains prominence as the leading mark in the financial planning profession.

The number of first-time CFP® test takers increased nearly 30 percent over the 2000-2003 time period. Repeat testers have grown by over 18 percent during the same time frame. The CFP® designation is becoming—or rather has become—the certification of choice for those in the financial planning profession.

[9] Phil McCarty, "SEC to Study 529 Plans' Disclosure," *The Wall Street Journal*, March 17, 2004, page D3.
[10] An additional complexity is that there was, at first, no coordination between coordination between college savings tools such as 529 plans and financial aid options. Combinations of tax code and financial aid treatment of 529 plans could result in situations where effective "tax" rates were greater than 100 percent for families on the margin for receiving financial aid. See Susan Dynarski, "Tax Policy and Education Policy: Collision or Coordination? A Case Study of the 529 and Coverdell Savings Incentives," working paper, Harvard University and National Bureau of Economic Research, February 26, 2004.

The number of CFP Board-registered programs is on the rise. From year-end 2002 to early 2004 the number of Board-registered program rose from 251 to 292 (16 percent) and the number of colleges/universities offering the programs rose from 158 to 178 (13 percent).[11]

Current estimates are that financial planners serve only 2 percent of the U.S. population.[12] The middle class can benefit the most from financial planning and it is a market left mainly untouched by those seeking high net worth clients. A potential model is to attract clients when they are young and assist them through their salary/wealth cycle—literally "grow your own" higher net worth clients. A popular means for doing so is to attract 20- and 30-somethings interested in developing college savings plans for their children.

In addition to favorable growth in demand for planners, the lifestyle of a financial planner will likely attract persons to the discipline. In *The 2001 Jobs Rated Almanac* the job of financial planner is called the "best job in the whole country."[13] *U.S. News and World Report* lists financial planning as one of the twenty "hottest professions" for the future.[14] It earned this rating because of demographic trends and the ever-increasing array of financial vehicles for the average person to sort through when deciding how to invest or manage risks.

Consulting firms, employee benefit firms, and corporations are other potential employers of financial planner. The corporate market has good potential as a provider for personal financial planning services due to the trend away from defined benefit to defined contribution plans. A survey of personal financial planning services of Fortune 500 firms found that a majority of responding firms offer senior management advanced financial planning services, most notably tax planning, comprehensive personal financial plan preparation and retirement planning. But over 80 percent of the respondents offered some form of investing and retirement education training to all employees, including clerical and hourly workers.[15] Thus it appears the corporate market, perhaps related to the human resource function, is another potential outlet for financial planning firms and practitioners.

5. Employment Opportunities

Question: "Who will want to use a 22-year-old financial planner?"

Answer 1 (optimistic): Other 20-somethings seeking (or realizing they need) financial discipline.

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[11] Email from Kathryn Ioannides, Director, Education and Examination, CFP Board March 1, 2004 and FA News email, March 30, 2004.
[12] www.depts.ttu.edu/pfp/documents/TenQuestions.pdf
[13] www.kaplancollege.com/fprep/financial_career/index.asp
[14] www.careers-in-finance.com/fpfacts.htm)

Answer 2 (realistic): Very few, just as there are very few 22-year-old corporate treasurers, senior auditors, security analysts, and portfolio managers. Early-in-career financial planners will partner with more senior planners and train in their firm. They will assist in note-taking, research, financial analysis and computer work. Gradually they will transition to meeting existing clients and finding their own clients to build their practice and revenue-generation to their firm.

Many employers make hires in the financial planning field, including insurance firms, banks, and securities brokers. Trade groups include the Financial Planning Association (FPA), the CFP Board of Standards, and the fee-only National Association of Personal Financial Advisors (NAPFA). Many local and regional financial planning associations exist as well for networking and continuing education purposes. There are approximately 120,000 personal financial advisors in the U.S. in 2002.[16]

The Bureau of Labor Statistics forecasts faster than average employment growth of personal financial advisors through 2010 ("faster than average" means employment is projected to grow 21 to 35 percent. Source: Roger Moncarz and Azure Reaser, "The 2000-10 Job Outlook in Brief," *Occupational Outlook Quarterly*, Spring 2002, Bureau of Labor Statistics, Department of Labor, Washington D.C.). Demographics trends favorable to financial planner job growth include baby boomers saving for retirement, a better educated and wealthier population, and longer life expectancy (implying the need to finance more years of retirement). The shift in corporations from defined benefit to defined contribution and 401(k) plans heralds an increased need for financial planning advice to more than the high net worth family. In addition, the array for available financial products is growing and services are becoming more complex. Reliance on planners and qualified sales agents will increase. (Source: *Occupational Outlook Quarterly,* Spring 2002, page 6.)

An additional influence is the deregulation and continuing convergence of the financial services industry. Since before the passage of the Gramm-Leach-Bliley Act in 1999 banks, insurance companies, and brokerage firms have been seeking to market financial planning services to new and existing clients. This bodes well for hiring and employment trends as convergence continues in the industry. Financial planning, as opposed to banking or insurance, is recognized as the unifying theme by many of the evolving industry players.

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[15] Emery A. Trahan and Lawrence J. Gitman, "The Corporate Market for Personal Financial Planning Services Benefits," *Financial Services Review*, 12 (2003), pp. 1-18.

[16] Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2004-05 Edition*, Financial Analysts and Personal Financial Advisors, on the internet at http://www.bls.gov/oco/ocos259.htm (visited March 8, 2004).

Demand for financial services sales agents, such as insurance agents, stock brokers, and relationship managers in banks is related to that of financial planners. Though more segmented than financial planners, demand for financial services sales agents is expected to growth more quickly than average, due to many of the same favorable demographic trends affecting financial planning.[17]

There is still a large role to play for the *de novo* sales agent. Most financial services sales training is done on-the-job. Firms may find it attractive to hire persons directly from college with training in marketing/sales and knowledge of financial services and financial planning. The web site www.careers-in-finance.com/fpfacts.htm states that getting crucial starting experience is difficult as many financial planners work in small, entrepreneurial one- or two-person shops. An academic program which combines the CFP® body of knowledge, work experiences (either internships or community service) and connections to industry (entrepreneurial planning firms or large corporations) can have a positive impact in the field. It can graduate students who are better prepared to work in the financial planning field. And if combined with sales-oriented classes, students will have a chance to develop skills necessary to succeed in the field. They will have greater knowledge of what will be expected of them so they can have a better chance to self-select into, or out of, the field.

[17] Source: Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, *2002-03 Edition*, Securities, Commodities, and Financial Services Sales Agents on the internet at http://stats.bls.gov/oco/ocos122.htm (visited February 16, 2004).