ACTL5306/ECON5136
RETIREMENT SAVING AND SPENDING
OVER THE LIFECYCLE

Course Outline
Semester 2, 2015

Part A: Course-Specific Information

Please consult Part B for key information on Business School policies (including those on plagiarism and special consideration), student responsibilities and student support services.
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PART A: COURSE-SPECIFIC INFORMATION

1 STAFF CONTACT DETAILS

Lecturer-in-charge: Dr George Kudrna
Room: NICTA Building – Level 3
Phone: 9385 1446
Email: g.kudrna@unsw.edu.au
Consultation Times: TBA

Tutors: A full list of tutors will be posted on Course Website.

2 COURSE DETAILS

2.1 Teaching Times and Locations

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lecture</td>
<td>Tuesday</td>
<td>1pm – 3pm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Central Lecture Block 1</td>
</tr>
<tr>
<td>Tutorial</td>
<td>Tuesday</td>
<td>12pm – 1pm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quadrangle 1046</td>
</tr>
</tbody>
</table>

Lectures start in Week 1 and continue to Week 12. Tutorials start in Week 2 and continue to Week 13.

The tutorial program will be circulated as a separate document and will be available on the course website.

2.2 Units of Credit

The course is worth 6 units of credit.

2.3 Summary of Course

In order to live comfortably in retirement, one has to make important financial decisions about saving and spending over the lifecycle. This course examines these decisions by individuals and households in the context of national retirement savings and incomes policies. The lifecycle model of saving and consumption provides the basis for analysis of individual decision making before and after retirement. This is augmented with an examination of economic and financial risks facing both individuals and product providers before and after retirement. We also examine behavioural explanations for deviations from rational behaviour as predicted by the lifecycle model. Topics covered include: a taxonomy of the lifecycle; lifecycle theories of consumption and saving; human capital and the retirement decision; risks facing individual retirees and providers.
of retirement income products; market failure in the retirement benefit market; behavioural explanations for non-rational behaviour including bounded rationality, bounded self-control, inertia, procrastination, use of heuristics, complexity, framing and other behavioural biases.

2.4 Course Aims and Relationship to Other Courses

The aim of this course is to introduce students to the lifecycle models of saving and consumption, as well as behavioural explanations for deviations from the predictions of these theoretical models.

The course is offered as an elective in postgraduate course work and research degrees offered by the Business School.

2.5 Student Learning Outcomes

By the end of this course, you should be able to:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Describe, analyse and use simple models of saving and consumption over the lifecycle.</td>
</tr>
<tr>
<td>2.</td>
<td>Explain and evaluate the risks facing individuals and product providers, before and after retirement.</td>
</tr>
<tr>
<td>3.</td>
<td>Critically assess the market for retirement benefit products in Australia and internationally.</td>
</tr>
<tr>
<td>4.</td>
<td>Critically evaluate the academic literature and industry studies on behavioural explanations for deviations from theoretical models of lifecycle saving and consumption.</td>
</tr>
</tbody>
</table>

The Course Learning Outcomes are what you should be able to DO by the end of this course if you participate fully in learning activities and successfully complete the assessment items.

The Learning Outcomes in this course also help you to achieve some of the overall Program Learning Goals and Outcomes for all postgraduate students in the Business School. Program Learning Goals are what we want you to BE or HAVE by the time you successfully complete your degree. You demonstrate this by achieving specific Program Learning Outcomes - what you are able to DO by the end of your degree.
Business Postgraduate Coursework Program Learning Goals and Outcomes

1. Knowledge: Our graduates will have current disciplinary or interdisciplinary knowledge applicable in local and global contexts.

You should be able to identify and apply current knowledge of disciplinary or interdisciplinary theory and professional practice to business in local and global environments.

2. Critical thinking and problem solving: Our graduates will have critical thinking and problem solving skills applicable to business and management practice or issues.

You should be able to identify, research and analyse complex issues and problems in business and/or management, and propose appropriate and well-justified solutions.

3. Communication: Our graduates will be effective communicators in professional contexts.

You should be able to:

a. Produce written documents that communicate complex disciplinary ideas and information effectively for the intended audience and purpose, and
b. Produce oral presentations that communicate complex disciplinary ideas and information effectively for the intended audience and purpose.

4. Teamwork: Our graduates will be effective team participants.

You should be able to participate collaboratively and responsibly in teams, and reflect on your own teamwork, and on the team’s processes and ability to achieve outcomes.

5. Ethical, social and environmental responsibility: Our graduates will have a sound awareness of ethical, social, cultural and environmental implications of business issues and practice.

You should be able to:

a. Identify and assess ethical, environmental and/or sustainability considerations in business decision-making and practice, and
b. Consider social and cultural implications of business and/or management practice.

The following table shows how your Course Learning Outcomes relate to the overall Program Learning Goals and Outcomes, and indicates where these are assessed (they may also be developed in tutorials and other activities):

<table>
<thead>
<tr>
<th>Program Learning Goals and Outcomes</th>
<th>Course Learning Outcomes</th>
<th>Course Assessment Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>This course helps you to achieve the following learning goals for all Business undergraduate students:</td>
<td>On successful completion of the course, you should be able to:</td>
<td>This learning outcome will be assessed in the following items:</td>
</tr>
</tbody>
</table>
| 1 Knowledge | Describe, analyse and use simple models of saving and consumption over the lifecycle. Explain the market for retirement benefit products in Australia and internationally | • Tutorial Problems  
• Assignment  
• Exam |
| 2 Critical thinking and problem solving | Evaluate the risks facing individuals and product providers, before and after retirement. Critically assess the academic literature and industry studies on behavioural explanations for deviations from theoretical models of lifecycle saving and consumption. | • Tutorial Problems  
• Assignment  
• Exam |
| 3a Written communication | Produce written work which is logically and professionally presented. | • Assignment  
• Exam |
3b Oral communication Communicate ideas in a succinct and clear manner. • Part of tutorial participation mark but not separately assessed

4 Teamwork Not specifically addressed in this course.

5a. Ethical, social and environmental responsibility Identify and assess ethical considerations in problems in retirement saving decisions. • Tutorial Problems

5b. Social and cultural awareness Not specifically addressed in this course.

3 LEARNING AND TEACHING ACTIVITIES

3.1 Approach to Learning and Teaching in the Course

The philosophy underpinning this course and its Teaching and Learning Strategies are based on ‘Guidelines on Learning that Inform Teaching at UNSW’. These guidelines may be viewed at: www.guidelinesonlearning.unsw.edu.au. Specifically, the lectures, tutorials and assessments have been designed to appropriately challenge students and support the achievement of the desired learning outcomes.

The broad approach to learning and teaching in Retirement Saving and Spending over the Lifecycle is to combine institutional knowledge, theoretical analysis and practical examples. With appropriate guidance, students are encouraged to take responsibility for their own learning.

3.2 Learning Activities and Teaching Strategies

The examinable content of this course is defined by the content of the lectures, the designated readings and the content of the tutorial program.

Lectures

The purpose of lectures is to provide a logical structure of the topics that make up the course and to emphasise the important or difficult concepts and methods of each topic. Not all examinable material can be covered in lectures. Lectures commence in Week 1.

The material introduced in lectures is supplemented by designated readings and the tutorial program.
**Tutorials**

Tutorials begin in Week 2 and are an integral part of the course. The tutorial questions and exercises provide a vehicle for discussion of applications and case studies of the concepts and theories introduced in lectures. **Students are required to be well prepared to participate in the tutorial discussions by reading the designated readings and attempting the questions and exercises before the tutorial.**

**Out-of-Class Study**

Lectures can only provide a structure to assist your study, and tutorial time is limited. In this course it is important to read the designated readings – marked on the reading list with a star (*) – in conjunction with the introduction of the relevant topic in lectures and the subsequent discussion in tutorials.

**4 ASSESSMENT**

**4.1 Formal Requirements**

In order to pass this course, you must:

- achieve a composite mark of at least 50; and
- make a satisfactory attempt at all assessment tasks (see below).

**4.2 Assessment Details**

The examinable content of this course is defined by the content of the lectures, the designated readings and the exercises and questions discussed in tutorials.

To encourage you to follow a path of active and regular learning, the assessment in Retirement Saving and Spending over the Lifecycle will consist of:

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weighting</th>
<th>Length</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tutorial Participation and Discussion</td>
<td>5%</td>
<td>See below</td>
<td>Week 2-13</td>
</tr>
<tr>
<td>Assignment</td>
<td>20%</td>
<td>See below</td>
<td>See below</td>
</tr>
<tr>
<td>Mid-session Exam</td>
<td>15%</td>
<td>1 hour</td>
<td>Week 6</td>
</tr>
<tr>
<td>Final Exam</td>
<td>60%</td>
<td>2 hours</td>
<td>University Exam Period</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Tutorial Participation and Discussion – 5%

The purpose of the tutorial is to reinforce and clarify the concepts and issues covered in the lectures, and to provide a forum for further analysis and discussion of these issues.

5% of the course marks are reserved for tutorial participation and discussion. Up to 3 of the 5 marks will be awarded for attendance. However, in order to obtain the remaining marks, you must participate in a relevant and constructive way in tutorial activities and discussions. Your tutor is the final judge of the quality of your participation.

A record of attendance at tutorials will be kept.

Assignment – 20%

The information about the assignment and the Submission Procedure will be circulated as a separate document and will be available on the course website.

Mid-Session Exam – 15%

The purpose of the Mid-Session Exam is to test your understanding of all material introduced in the first four weeks of the course, including lectures and the exercises and questions covered in tutorials.

The Mid-Session Exam will be of 1 hour in duration. It will be held in the first hour of the Week 6 lecture.

Final Exam – 60%

The purpose of the Final Exam is to assess understanding of all material presented in the course, including lectures and the exercises and questions covered in tutorials.

The Final Exam will be held in the University examination period and will be 2 hours in length. The Final Exam will cover the entire course.

4.3 Assessment Format

Mid-Session Exam: Information on the content of the Mid-Session Exam will be provided closer to the exam.
Final Exam: Information on the content of the Final Exam will be provided on the course website towards the end of the session.

4.4 Assignment Submission Procedure

An electronic copy of your assignment must be submitted through the Turnitin submission box on the course website. A cover sheet, which must be attached to your assignment, is available on the course website. Turnitin reports on any similarities between your own cohort’s assignments, as well any other sources (such as the internet or all assignments submitted all around the world via Turnitin). More information is available at: https://student.unsw.edu.au/turnitin-support. Please read this page, as we will assume that its content is familiar to you. You will be able to make multiple submissions, but won’t have access to the originality reports.

You need to check your document once it is submitted (check it on-screen). Students are reminded of the risk that technical issues may delay or even prevent their submission (such as internet connection and/or computer breakdowns).

Students should make sure they understand what plagiarism is (see the discussion of plagiarism in Course outline ‘Part B: Key Policies, Student Responsibilities and Support’ on the course website, and do the quiz) — cases of plagiarism have a very high probability of being discovered.

4.5 Late Submission

Please note that late assignments will NOT be marked.

<table>
<thead>
<tr>
<th>Quality Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.</td>
</tr>
</tbody>
</table>
5 COURSE RESOURCES

The course website may be found among your other courses from the UNSW TELT platform at: http://teaching.unsw.edu.au/elearning. The website includes: all course handouts; lecture slides; designated readings and the tutorial program.

To access the course website online support site for students, follow the links from that website to UNSW Moodle Support/Support for Students. Additional technical support can be obtained from itservicecentre@unsw.edu.au (02 9385 1333).

It is important that you visit the course website regularly to see any notices and documents posted there, as it will be assumed that they are known to you within a reasonable time.

Textbook and Readings

There is NO set textbook for this course. All required readings will be posted on the course website. The list of required and recommended readings will be included in the tutorial program. This will be circulated as a separate document and be available on the course website. It is important that you read and understand all the essential readings. The examinable content of this course is defined by the content of the lectures, the designated readings and the content of the tutorial program.

6 COURSE EVALUATION AND DEVELOPMENT

Each session feedback is sought from students about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. You are strongly encouraged to take part in the feedback process.

We take student feedback and evaluations very seriously and respond to comments and suggestions made by students in future course design and assessments.
## 7 COURSE SCHEDULE

### Lecture Schedule

Lectures start in Week 1 and finish in Week 12.

<table>
<thead>
<tr>
<th>Week</th>
<th>Week Starting</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>27 July</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>3 August</td>
<td>Lifecycle Theories of Consumption and Saving 1: Human Capital</td>
</tr>
<tr>
<td>3</td>
<td>10 August</td>
<td>Lifecycle Theories of Consumption and Saving 2: Lifecycle Hypothesis</td>
</tr>
<tr>
<td>4</td>
<td>17 August</td>
<td>Lifecycle Theories of Consumption and Saving 3: Intertemporal Choice Model</td>
</tr>
<tr>
<td>5</td>
<td>24 August</td>
<td>Retirement Risks and Benefits</td>
</tr>
<tr>
<td>6</td>
<td>31 August</td>
<td>MID-SESSION EXAM</td>
</tr>
<tr>
<td>7</td>
<td>7 September</td>
<td>The Market for Retirement Benefits: Demand-side Issues and Supply-side Issues</td>
</tr>
<tr>
<td>8</td>
<td>14 September</td>
<td>Behavioural Retirement Economics 1: An Introduction and Financial Literacy</td>
</tr>
<tr>
<td>9</td>
<td>21 September</td>
<td>Behavioural Retirement Economics 2: Barriers to Participation and Policy Responses</td>
</tr>
</tbody>
</table>

**Mid-Semester break: 26 September – 5 October inclusive**

| 10   | 5 October     | Behavioural Retirement Economics 3: Investment Decisions, Menus and Information Provision |
| 11   | 12 October    | Behavioural Retirement Economics 4: Explaining Sub-optimal Decumulation Decisions & Lessons for Policy Design |
| 12   | 19 October    | Review |
| 13   | 26 October    | NO LECTURE |
### Tutorial Schedule

Tutorials start in Week 2 and finish in Week 13.

<table>
<thead>
<tr>
<th>Week</th>
<th>Week Starting</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>27 July</td>
<td>NO TUTORIALS</td>
</tr>
<tr>
<td>2</td>
<td>3 August</td>
<td>Introduction</td>
</tr>
<tr>
<td>3</td>
<td>10 August</td>
<td>Lifecycle Theories of Consumption and Saving 1: Human Capital</td>
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<tr>
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<tr>
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<td>24 August</td>
<td>Lifecycle Theories of Consumption and Saving 3: Intertemporal Choice Model</td>
</tr>
<tr>
<td>6</td>
<td>31 August</td>
<td><strong>MID-SESSION EXAM</strong> (NO TUTORIALS)</td>
</tr>
<tr>
<td>7</td>
<td>7 September</td>
<td>Retirement Risks and Benefits</td>
</tr>
<tr>
<td>8</td>
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<td>21 September</td>
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<tr>
<td></td>
<td></td>
<td><strong>Mid-Semester break: 26 September – 5 October inclusive</strong></td>
</tr>
<tr>
<td>10</td>
<td>5 October</td>
<td>Behavioural Retirement Economics 2: Barriers to Participation and Policy Responses</td>
</tr>
<tr>
<td>11</td>
<td>12 October</td>
<td>Behavioural Retirement Economics 3: Investment Decisions, Menus and Information Provision</td>
</tr>
<tr>
<td>12</td>
<td>19 October</td>
<td>Behavioural Retirement Economics 4: Explaining Sub-optimal Decumulation Decisions &amp; Lessons for Policy Design</td>
</tr>
<tr>
<td>13</td>
<td>26 October</td>
<td>NO TUTORIALS</td>
</tr>
</tbody>
</table>

The tutorial program will be circulated as a separate document and will be available on the course website.