Welcome! This course is about income and wealth. We will learn about the income and wealth distributions, how people accumulate these resources, and whether it is possible to change positions in the income and wealth distributions over time. We will also learn about personal finance including basics of cash management, saving, buying real estate, investing, and dealing with work benefits. In the process, we will explore how financial markets function, including markets for housing, stocks, bonds, credit, and related instruments.

It might seem that research on income and wealth are far removed from issues of personal finance. In reality, however, you can understand each of these issues much better if you understand the other. That is, to understand who has income and wealth, it helps to understand the nuances of personal finance. Similarly, to be effective at personal finance, it can be really useful to understand the academic research on the behaviors and processes that affect how people deal with their money.

The specific objectives for this course are:
1. to learn about how income and wealth are distributed and why;
2. to learn about how people navigate markets to manage personal financial resources and to reach financial goals;
3. to improve understanding of the use of various financial tools including real estate, financial assets, and credit.

I AM AVAILABLE!
I check email frequently and respond as quickly as possible! I am always happy to help with any of your work. If you would like feedback on your assignments, at any stage of the work, please email me. I am happy to read drafts, partial drafts, sentences, etc. Even if you just want to run a half-baked idea past me, that is wonderful. If you want to talk, please come to class early or stay late. I am always there early and will not leave until you are done asking questions. Of course, I would also be happy to see you during office hours or another time that works for you.
**READINGS**

There are two types of readings for this class, and all are available online:

1. **Academic articles** – these articles provide the empirical foundation for many of our discussions; I have selected articles that are central to the literature and interesting to read. Google the title or go through our library to find them. Let me know if you have any trouble finding them.

2. **Practical readings about personal finance topics** – these readings are all available through a website called “CashCourse” that the National Endowment for Financial Education operates. Please set up an account at [www.cashcourse.org](http://www.cashcourse.org). Be sure to link to our class so that I can see when you finish the modules.

**TO GET THE MOST OUT OF THE CLASS….**

1. **Attend class and participate in our discussions!** Much of what you will learn from this class takes place during the class meetings. Be sure to attend class and participate. **Besides, you will not be able to write the essays without attending class.**

2. **Write four essays.**
   - Teams: you can work on these in teams of up to 3 people if you want. You can also change teams for different essays. Please know that **you do not have to work with a team** and remember that working in a team comes with its own challenges! I have no preference here, but please let me know a couple weeks before the essay is due if you plan to work with a team.
   - Please give me a hard copy in class at the start of class.
   - In each essay, please draw on 1) material learned in readings, 2) class information, 3) something from a speaker, and 4) two outside academic readings (e.g., from JSTOR, Google Scholar, etc.).
   - Use any citation format you prefer, but be consistent throughout each essay.
   - Work ahead! These are much harder than they look.

**Essay 1 – October 2 -- A Theory of Wealth Inequality** (1,500 words total)
   a. Summarize 2 prior explanations for income or other forms of inequality
   b. Develop a unique explanation of trends in wealth inequality
   c. Propose an empirical test for the theory…but don’t actually test it!

**Essay 2 – October 30 – Housing Plan**
   a. Should everyone own a home? Why or why not? (200 words)
   b. Create a housing plan for yourself:
      i. Select a city that you might want to live in and explain why;
      ii. Decide whether you will rent or own and explain why (check out the financial calculator on CashCourse: “Should I Buy or Rent?”);
      iii. Identify 3-5 housing options and explain why these are good choices.
Essay 3 – November 13 – Financial Plan
a. Does it matter that financial asset ownership is highly concentrated? (200 words)
b. Create a financial plan for yourself:
   i. Assume a salary given your likely profession (or use the one you estimated for class);
   ii. Identify your saving goals;
   iii. Create a long-term (10-year) saving and investing plan.

Essay 4 – December 4 – Getting Entrepreneurial
a. Should we encourage people to start businesses? Why or why not? (200 words)
b. Assume you have decided to start a business and create a brief business plan:
   i. Describe the business and potential customers (200 words)
   ii. Describe the competition and how you would compete (200 words)
   iii. Explain how this would affect your personal financial plan (200 words).

GRADES
Class participation 20% (100 points)
Essays 20% each (400 points)

SCHEDULE

Part I. The One Percent

1. August 28  
   Wealth and Income: Who Cares?

2. September 2  
   The One Percent
   Dunn, Alan. 2011. "Average America vs. the One Percent." Forbes
   Sharlet, Jeff. 2011. "Inside Occupy Wall Street." Rolling Stone
3. **September 4**

**Film Untold Wealth: The Rise of the Super Rich**

2007 was the first year that making Forbes magazine's list of 400 richest Americans required more than $1 billion. (The cutoff was $1.3 billion.) The cutoff has remained above $1 billion since. As you have also learned by this point, the income and wealth of top households has continued to rise since. This film profiles some of the families in the top income and wealth brackets.

4. **September 9**

**Varieties of Billionaires**


http://www2.ucsc.edu/whorulesamerica/power/diversity_among_ceos.html

**CashCourse**: Test out the site by trying the “Should I Live At Home, On Campus, or Off Campus” Worksheet (under Financial Tools).
http://www.cashcourse.org/financial-tools/financial-calculators/should-i-live-at-home-on-campus-or-off-campus.aspx#

5. **September 11**

**Explaining Inequality**

DO NOT read all of these! We will divide them up in class…..


6. **September 16**  
*Is the Top Permeable? Upward and Downward Mobility*

Lisa Keister and Hang Young Lee. 2014. “Is the One Percent Permeable?” Working Paper (I will send you a copy of this)


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**September 18**  
**Class cancelled!**  
**Work on essay #1**

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**Part I. Personal Finance and Wealth Accumulation**

7. **September 23**  
*Budgeting and Cash Accounts*


**CashCourse:** “Budgeting Basics” (under financial tools/coursework). Read and take quizzes.

8. **September 25**  
*The Home: Renting vs. Owning*


**CashCourse:** “Budgeting for Life after Graduation” (under Money 101/Budgeting). Read and do the “Budgeting for Life After Graduation Worksheet.” (link is in the text)
September 30

Guest Speaker: Sharon Clarke

Sharon Clark is a real estate agent with Coldwell Banker with expertise in all aspects of the home and real estate buying process. Ms. Clark currently lives in Chapel Hill where she assists both new and seasoned homeowners relocate to the area or to a new home in the area. Prior to living in Chapel Hill, Ms. Clark spent 13 years teaching French cooking in southwestern France. In addition to her successful career in the culinary world, she bought and completely renovated an historic inn that was once an inn on the route to Santiago De Compostella dating to the mid-17th century. http://sharonclarkerealestate.com/

CashCourse: “4 Things to Consider When Purchasing a House” (under Making Purchases/Housing)

October 2

Essay #1 due!

9. October 2

The Home (continued) Plus Saving & Investing!

Discuss essay 1.

Qian, Zhenchao. 2013. "During the Great Recession, More Young Adults Lived with Parents." Census Bureau, Washington, DC.


CashCourse: “Getting Started with Saving and Investing” (under financial tools/coursework). Read and take quizzes.

10. October 7

Guest Speaker: David Topper

David Topper is Operating Partner at General Atlantic (GA), a global growth investment firm located in New York. In this position, Mr. Topper provides strategic counsel to GA and its portfolio companies. Mr. Topper was previously with J. P. Morgan where he was initially Co-Head of Equity Capital Markets and ultimately became Chairman of ECM, Vice Chairman of Investment Banking, and Chairman of the Commitments Committee.

October 9 *and* 14

No class - Fall Break!
11. October 16  
Investing: Stocks, Bonds, Mutual Funds


CashCourse: “Employee Perks Beyond Your Paycheck” (under Working and Earning/Wages and Benefits). Read this stuff closely including the stuff under the links for “health insurance” and “retirement plans.”

12. October 21  
Investing: Active vs. Passive, Retirement Accounts


CashCourse: “Making the Most of Employee Benefits” (under financial tools/coursework). Read and take quizzes; try out the “What is the Impact of Increasing My 401(k) Contribution?” worksheet (under Financial Tools).

13. October 23  
Investing: Workshop on Financial Plan

Bring to class: a list of work and financial goals for 1, 5, and 10 years from now.

CashCourse: do the “When Should I Begin to Save for Retirement” Worksheet (under Financial Tools).

14. October 28  
Investing: Finish discussing plus.....Starting Your Own Business


CashCourse: “Starting Your Own Business” (under Working and Earning/Types of Work)….and all links! Don’t do the worksheets, but use them for Essay 4.
October 30
Class cancelled!
Essay #2 due in 268 Soc-Psych Building

15. November 4
Spending: Luxury Fever, Philanthropy, etc.

Discuss essay 2.


**CashCourse:** take the quiz called “Save or Splurge?” (under financial tools/quizzes)

16. November 6
Credit Savvy and Debt Recovery


**CashCourse:** “Be Credit Savvy” (under financial tools/coursework). Read and take quizzes.

17. November 11
Guest Speaker: Neal Triplett

Neal F. Triplett is president of DUMAC Inc. He joined Duke Management Company in July 1999 and was appointed president in January 2007 (Duke Management Company has since been reorganized as DUMAC, LLC). Triplett started working with public securities and hedged strategies, and eventually oversaw the Hedged Strategies investments. Prior to completing his M.B.A. at The Fuqua School of Business at Duke University, where he also received his undergraduate degree, he was a credit officer for the corporate and real estate portfolios at Wachovia Bank. Triplett holds the chartered financial analyst designation.

**CashCourse:** do the quiz called “What’s Your Credit Score IQ?” (under financial tools/quizzes)
18. November 13  
**Pawn Shops, Check Cashing Outlets, and Fraud**


**CashCourse:** “Paying Back Student Loans” (under financial tools/coursework). Read and take quizzes.

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**November 13**  
**Essay #3 due!**

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19. November 18  
**Film: The Madoff Affair**

Bernard Madoff is now well-known for having operated one of the world’s largest and longest-running Ponzi schemes. This film tells his story. The movie begins with Madoff’s start in finance when he tapped money from Jewish businessmen at exclusive country clubs with the promise of steady guaranteed returns on their investments, and it follows his story to his sentencing in 2009 to 150 years in federal prison.

**CashCourse:** do the quiz called “Are You Ready for a Financial Emergency?” (under financial tools/quizzes)

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20. November 20  
**Guest Speaker: Tammy J. Smith**

Tammy J. Smith is the North Carolina District Attorney, Crime Resource Prosecutor and is responsible for the development and implementation of the new Financial Crimes Program. In addition to handling financial crimes, Tammy develops and implements training for prosecutors, law enforcement and other allied professionals in the identification, investigation and prosecution of financial crimes. She also provides technical assistance and other resources to assist with the challenges they encounter when handling a complex financial crime cases.

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**November 25, 27**  
**No class! Happy thanksgiving!**
21. December 2 How Much is Enough?

Discuss essays 3 and 4.

Discuss: how much is enough?

22. December 4 No class – just turn in your essay!

December 4
Essay #4 due!