Questions for the Economics 104 Fall 2013 take-home final.

This exam is due back to me no later than **Wednesday, December 18**, noon, at Parsons 1261, inbox outside the door. Sorry, no email submissions *unless* you ask for specific permission because you are traveling. Please **make sure you put your name on your work**. This exam is open book and you can talk to other students.

You do not need to take this exam in one sitting. You may work on it, do something else, then come back to it.

This exam is worth 40 points of the 200 points on the final. In the prep video I said that I would ask two questions of the take-home, including one asking you to design an ETN, but I ultimately rolled the latter into the in-class exam.

Instead here I can now ask you an open-ended question that allows you to reflect upon the full lecture that was entitled **Long-term Investment Strategy** [http://www2.hmc.edu/~evans/e104l142pp.pdf]. In that lecture I encouraged you to think about how you plan to approach managing your own finances after you graduate - to develop a plan of action. In this question I am asking you to write a thoughtful essay about your intentions. Please understand that you do not need to patronize me - you can end up saying that "I dislike this stuff so much I intend to turn it all over to a pro, or let my wife or husband work it out," although even in that essay you must explain what one would consider that you are choosing to avoid.

A good general essay would include **some but not all** of the following elements, although I do **not** want to read a little list of checklist essays. I want to read a coherent overview essay that is interesting:

- Are you likely to follow a passive, active, or aggressive approach, and what does that mean to you and what degree of commitment do you think it implies?
- What will be your likely attitude about savings and how much you should save?
- Are you likely to have a specific investment goal?
- To what degree are you likely to integrate financial planning into your personal life (the holistic investing issue)?
- Would you likely have a rebalancing plan and if so what would it be, more or less?
- Do you see yourself ever investing beyond the mutual funds in your 401-k? Are you likely to every trade individual stocks, ETPs, options or futures?
- Will you likely attempt to do Rollover IRAs if you change jobs, and if so into what kind of account (mutual funds, a stock trading account)?
- Are you likely to create a ROTH IRA in the next few years?
- Are you interested in buying real estate fairly early in your life?
- Are you willing to spend the time and shop for low fees?

**DO NOT GO DOWN THAT LIST AND ANSWER THOSE QUESTIONS. DON'T EVEN REFER TO THEM.** Write a general essay about your intentions and submit it to me. Put some thought into it. Although I am likely to give nearly all of you full credit, I will grade down, maybe substantially, any insincere half-baked essay. If you are taking this class pass/fail and you are borderline when I read your answer, if you have written a very superficial essay I will fail you for this class.

The purpose of this essay is educational. My goal in this class is to help give you the tools and perspective to manage your finances for the rest of your life. Good luck on that endeavor. It's now up to you.