



Importance of Personal Finance course in college and university level with the help of hypothetical example through the happiness

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Abstract: *In the present education system, lots of people are highly educated day by day and search for a permanent and consistent job. If they get a better job but they do not know how many invested in different kinds of activities. Therefore, lots of money is wasted due to their lack of skill in their personal finance course. In India, many of the people are give a percent on money in their financial advisor for calculating their income tax percent. So if we want to reduce cost then we have enrolled in personal finance course and prepared a personal financial planning. This personal planning with the help of hypothetical example shows how qualitative aspects (happiness) are affected who are studying in personal finance and who are not.*

Keywords: Personal Finance course, Happiness, Personal Financial Planning

Introduction: The personal Finance course is popular from financial crisis in the USA in 2008. The primary causes of this crisis occurred due to financial illiteracy in individual people. Most of the people already borrowed loan but they do not know how can repay their loan with few losses. (Coy, 2012). Sometimes, many of the people and firm think that financial course is substitute personal finance course, but it is not true in current scenario. Bianco & Bosco(2012) survey found that undergraduate college student evaluated financial literacy correctly only 46 percent.

When we make personal financial planning in a monthly or weekly or daily basis, we follow a personal finance procedure. According to Bodie(2003), personal financial planning follow below procedure----

- 1) Evaluating current financial situation and collected information
- 2) Setting various financial goal
- 3) Developing financial plan with the help of present income level
- 4) Implementing and analyzing the plan

5) Review the planning

There are different views according to their age differences. For child, personal finance implies if he/she save little amount of money in the piggy bags and for adult perspectives if they save most of the amount of money from their planning process.(Otaniemi,2017,p.5)

Literature review: When we searching various personal finance definition we get primarily following definition:

According to Rubing Mao, *“Personal Finance is an activity that involves all the individual financial decisions, which includes budgeting, saving, insurance, mortgages.”* This implies that if any want need to financial decision with appropriately then personal finance much be need.

According to Association for Financial counseling & Planning(2007) in *the majority of the researcher interested in the topic of personal finance considered themselves to be family economists, consumer economists, consumption economists, household resource management or consumer educator.* That means personal finance generally deals with individual related issues which are not solve without the personal financial planning.

According to T.D.Rutan(2008), *the public mandate for personal finance instruction aims for the high school classroom to provide students with the skills & knowledge needed to make sound decisions managing their own personal finances.* If any individual follow personal finance instruction then the people managed their income whatever situation occur in the economy.

Sources: All the information and data are collected from the secondary sources such as various journal, book, thesis etc. This hypothetical example is based on personal experience by the researcher.

Objectives:

- I. To try to defining relationship between personal finance course and importance in current context
- II. To show how personal planning prepared with the help of personal finance course
- III. To understand the situation if happiness obtain with the help of financial problem
- IV. To show effect if any individual not enrolled in personal finance course

What procedure and how financial planning will occurred happiness with the help of personal finance: Happiness is the internal feeling that comes in our mind, when any individual satisfied in his/her work, then the happiness occurred. So, happiness can varies according of individual duty or preference. In such a case, we don't directly say that happiness would be occurred in buying from different items or activities. But if we see only one direction then it would be not possible for checking their main motives firstly increase happiness or satisfaction level and secondly lesser cost when preparing financing planning.

Supposed we make a hypothetical Example to testing personal finance knowledge and without personal finance knowledge. Let supposed I get Rs 10000 additional to be settled/ placed in the month of February, 2021 for the addition of my salary. If my objective is to make happy for myself then how can divided my additional increment amount. In such a way I get also additional Rs.20000 for addition of my daily salary. Then I make that type of plan with the concrete evidences.

Explain: To define the financial planning, I will make a table which gives a clear picture of how can I invest my extra incentive money for maximizing my happiness. In the month of February, I will be getting Rs 10000 extra amount, to maximize my personal happiness.

FINANCIAL PLAN (MONTH OF FEBRUARY, 2021)

Sl. number	Activities	amount	Percentage
1	Vacation trip	3500.00	35%
2	Buying books	2500.00	25%
3	Donation in NGOs	1000.00	10%
4	Investing money in liquid assets	2000.00	20%
5	House decoration	1000.00	10%
	Total amount	10000.00	

Table -1(Hypothetical table)

This table shows that out of the total amount is divided into five different activities such vacation trip, buying books, donation in NGOs, investing money in liquid assets and house decoration. I

am first preference those work whose make happy in a longer time periods and accordingly I prefer lesser prefer those gave comparatively lesser happy than the former. In the personal finance course define any individual prefer those activities whose can make individual happy with higher return and accordingly ranking their preference descending order with the help of personal financing table and Again one condition applying that if I getting maximum satisfaction with the help of personal financial table, then in my incentive level will be double and it will be suitable for me.

Reasons for selecting the following actives:

1) Vacation trip- Vacation trip is an important for creating happiness in my own life. During the periods of COVID-19, there are several of social, economic and political activities are stopped and it has been deteriorated in lots of happiness entire the globe. But after the end of the lockdown periods it is possible for going to vacation trip. Vacation trip is one of the most essential components for reducing stress, increases positive thinking and it helps for working efficiently and accurately which will chance not only get promotion of his jobs but also increase marginal productivity also. There are different kind of studies proves that vacation trip and happiness are positively related with each other. The study, published in the *journal Applied Research in Quality of life*, showed that largest happiness comes from when simple act of planning a vacation. Some psychologists opinion that when a one person go somewhat new place, their mental ability has increased. Other research suggests that the adopting to new foreign culture may also facilitate creativity and reduced stress faster rate.

According to Killingsworth says, *“When we imagine eating gelato in a pizza in Rome or going water skiing with friends we don’t see as much as we did like, we get to experience a version of these events in our minds.”* This statements implies when one persons eating something, his happiness level will be limited in few times, but when a person go something to new place and it will creates happiness, but this happiness level store in his/her mind in longer time periods than buying or eating a physical good or machine. So, I am interested to pay for vacation trip on Rs. 3500.00. Thus, vacation trip not only increase happiness or productivity level but also get extra amount of money for their extra effort. These thought rises in our mind due to if we applied personal finance course appropriately.

2) Buying books: Researchers at the *University of Sussex* found that after six minutes of reading, subjects stress was reduced by up to 68 per cent. So, I am preferred to buying a book and it is also my main hobby. Because it is not only reduces mental pressure but also reduces other negatives thoughts.

If any individual reading a books in a daily basis, then his brain speed level is much faster than the other, sleep better, have lowest stress level, higher self-esteem and lower rates of depreciation than non-readers. And it will improve happiness level of that person and I always reading a book then my happiness level also improve.

3) Donation in NGOs and charity: Every people make happy in their own way. But true happiness is coming from when you donate some amount in NGOs for poorer people. I can also donate some amount money (Rs.1000) in NGOs and charity and its works me happy in my life. Because, that type of donation amount can provide happiness to others. Various Buddhist book wrote that, *“When you help someone, you can see a smile on their faces which in turns makes happy. That is real happiness.”*

The best way for getting happiness is charity. Charity is an organization to provide food, shelter, clothing and essential commodities or product for needy people. When I visited, Bhavishya Nirman for donating some amount then I am satisfy for contributing amount.

4) Investing money in liquid assets or fund: Various studies provide that people feel more comfortable and are generally happier if they have access to liquid cash and have a higher level of happiness when spending on things that connect directly with their personality type.

If any people want to create an emergency fund, then liquidity funds can help to make additional money in the economy. Some emergency funds are treasury bills, commercial paper, etc. In the shortage of money supply periods, it will provide higher return.

5) House decorating: *“Beauty has a huge role to play in altering our mood,”* says the philosopher and writer Alain de Botton and he was also said, *“When we call a chair or a house beautiful, really what we are saying is that we like the way of life it’s suggesting to us. It has an attitude we’re attracted to. If it was magically turned into a person, we’d like who it was.”*

Therefore when a person will be decorating in their house, their satisfaction level will be increasing.

At the end of the above table, shows that how I will get maximum happiness for applying appropriate personal finance approach. If my happiness will be highest, then I will get extra Rs 20000 and this amount will be expense that type of process who's not only created happiness but also some kind of remunerative amount will get. So in that case I will make that type of financial plan who's satisfied both the objectives.

FINANCIAL PLAN (MONTH OF MARCH, 2021)

Sl. no	activities	amount	Percentage
1	Investing money different type of assets		
	a) Some room in my house has been rented	4000.00	20%
	b) stocks, bonds and ETFs	2000.00	10%
	c) post office monetary income scheme	1000.00	5%
2	Dance class joint (for improve in my health condition)	2000.00	10%
3	Health insurance	6000.00	30%
4	Vacation trip	3000.00	15%
5	Saving Money	2000.00	10%
	Total Amount	20000.00	100%

Table-2(Hypothetical table)

Reasons for selecting following activities with applying personal finance theory:

1) Investing money indifferent type of assets:

a) Boot your earnings with rental income: The first option on this list is perhaps the most reliable & efficient monthly earning income path is when I rented some room in my house. However, there is less risky ways for making money in monthly basis. In Assam and some other state in India, most of the people earn income in monthly basis by the renting in their houses. It is not only earning income but it also creating happiness through the making new relationship in

different kind of people. This relationship can be show different kind of survey, film and story etc. Such as Assamese film “Raamdhenu” shows how can rental home will creates brotherhood relationship with each other. Thus, I will expense Rs. 4000 for making or decorating in my house for renting in my house and it will around 20% of the total amount.

b) Stocks, bonds: Stocks and bonds are the most common investment items. All the both have higher risks and higher returns than the saving money in a bank or house. Over a many decades, investment on stocks has provided highest average return than the other. We know that there is a positive relationship between risk and return. That implies that those investments have a higher returned, which have higher risk. Thus, I will invest only 10% amount of total income.

c) Post office monthly income scheme: For a risk averter people like me, post office monthly income is a suitable method. This gives a zero tolerance risk for any individual. The current post office interest rate is at 7.6 per annum, which is higher than the other scheme. So, I am also interested such type scheme who’s returned much higher than the other and therefore happiness level is also increase because extra returned has been provided and thus I has been invested 5% of the total income.

2) Dance class joint: *“You appear to get a much bigger release of endorphins when you dance then during others forms of exercise; it also connects with the emotional (centers) in the brain.”* This statement was given by Dr. Peter Lovatt, dance psychologist at the University of Hertfordshire in 2016. Dance is like a exercise which can make human body mentally and physically strong. Dance is a type of exercise which can capacity to prevent of chronic diseases and improving physical well-being and mental capacity.(Haskell et al.,2007;Warburton, Nicol., & Bredin,2006).

3) Health insurance: Medical emergencies can appear in our life and major impact on us, generally it is affected in financial side. Health insurance is a tool for transfer of individual income from money to health care related activities.(E.Pitacco,2014.,p.1) Meanwhile, unhappy households spend more money on smoking, divorcing to each other from marriages. This health insurance is much vital component in my life. Because, people health condition is not stagnated, it will be varying from time to time or periods to periods. So, I will be expense Rs. 6000 at health insurance for security of my health and my family which is 30 percent of my income.

4) Vacation trip: I also again choose vacation trip for certain kinds of reasons. Because, I mainly choose two reasons in vacation trip, firstly, it increases efficiency level of working capacity and secondly, it creates happiness in my life or my whole family. According to Hoobson and Dietrich (1995) said that tourism is a mentally and physically relax body from all of our distraction.(p.23)..So therefore I invested 15 percent of total income in vocation trip.

5) Saving Money: Saving is the most important component for returning extra amount of money and it is generated various monetary incomes earning path which is not helpful only individual but the society as a whole are benefitted. Therefore we can save 10 percent of the total income.

While defining and making personal financial table we concluded that personal finance is a vital role to play for preparing the table with the help of various financial literacy knowledge and concept. But if we do not study in personal finance course it is difficult for calculating different value with the help of financial knowledge. In such a case those who are not studies personal finance course they need or prepared their table with the help of financial knowledgeable person. in such a case government implemented personal finance subject for their important and they thought that business studies as substitute subject in personal finance. But it is not true according to Bianco& Bosco(2012) survey show that only 47 percent whose are business studies student are only know personal financial table accurately.

Conclusion: Happiness and financial planning are closely related to each other. If the financial planning will be constructing accurately and if they have validity and reliability condition are satisfied then the results will be favor of that particular person. I have been make that type of financial planning which suitable or fulfill both the objectives. Therefore, financial planning is the useful component for creating happiness in the day to day life situation due to it is helpful for attaining current status in that family.

In the present situation we need to personal finance type of course due to it reduces cost and during the periods of high inflation rate money value is gradually declining but income level are not increasing that level. So individual need that type of course which can capacity to make a appropriate plan for ranking all the items according to the individual needs. If the government wants to tackle this type of inflation or other economic crisis then government implemented personal finance subject as a core subject in college and university level.

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