

# FIN 3414 Class Project

2021 Summer B Semester

July 9, 2021

## Instruction

Choose one decision you will be making in the future. Gather, and analyze relevant information, then use numbers and writing to demonstrate the financial implications of your decision. Submit one **PDF** file via Canvas to this assignment by the end of July 30th.

Your grade on the project will be based on:

- Correct applications of the concepts you've learnt in this class
- Realistic assumptions (don't assume you can earn an average of 100% a year)
- Considered all major factors (factors that affect the NPV of the project by more than 20%)

## Potential Topics

Below is a list of topics you can choose from, a topic outside the list is fine.

### 0.1 Retirement

How much will you need every month after you retire? How much do you need to save per month before you retire? There are a number of factors:

- monthly living cost (consider the life style you want and inflation)
- number of years to live in the retirement
- number of years you can work for
- return on your investments, this does not need to be constant, as you can tolerate more risk the further you are away from retirement
- how much money to put in your investment fund (consider your lifestyle before the retirement and potential employer contributions)

## 0.2 Buying a car

Should you buy or lease a car? If buying, all cash or some financing? Use the NPV rule to compare cash/lease/loan options.

- use the life of the loan or term of the lease as the life of the “project”
- consider how much you can sell it for at the end if you are buying
- use realistic APR, find them on car dealers’ websites
- consider length of loan/lease
- consider the down payment you can afford

## 0.3 Renting or Buying

Similar to the previous topic, compare buying your house to renting. Consider your actual needs to use realistic numbers (number of rooms, spouse income, distance to local school, etc. You do not have to disclose these numbers). Consider the amount of down payment and the possibility to finance the house with the house itself (rent out one or two bedrooms to help pay off the mortgage).