

## **Personal Finance: Skills for Life<sup>i</sup>**

**Author: Vickie Bajtelsmit**

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Does the world really need another personal finance text book? In the case of Vickie Bajtelsmit's book, the answer is a resounding 'yes.' The majority of basic personal finance textbooks in the marketplace today tend to be cookie cutter copies of one publisher's or another's top selling book. This is certainly not the case for *Personal Finance: Skills for Life*, published by Wiley.

This textbook has been used extensively at Kansas State University as the primary text for personal finance courses taught during the regular semester, during night college, and for classes on the Internet. Each class has its own characteristics – different age groups, different gender mixes, and varied experience levels – but regardless of the class or method of teaching, students have responded well to the book.

The reason for such positive student response is evident the moment one picks up the text. Bajtelsmit and her editors spared no expense in terms of making the book attractive and, from a student perspective, looks count. The book itself is slightly larger than other personal finance books. The odd size is eye catching. Inside one will find a mix of colorful visuals, neatly designed charts, and useful news and fact/fiction inserts. All of this surrounds what is actually well researched, solidly written, and effective core content material.

The content of the book is broken into four organizational areas: (1) The Foundations of Financial Planning; (2) Securing Basic Household Needs; (3) Building Wealth; and (4) Protecting Household Wealth. Sprinkled throughout each chapter are useful activities that bring personal finance concepts to life. A student favorite is the "Myth or Fact" quizzes that Bajtelsmit uses to test student knowledge. Although not as popular with students, but highly instrumental in the development of personal finance skills, are the "Learning by Doing" and "Go Figure" assignments that appear throughout the book. In the majority of cases, these student activities are math related, each requiring students to apply tools and techniques explained in the text. If used systematically during a semester or term, these features help students turn reading into action, that is then turned into knowledge. Bajtelsmit also includes a section at the end of each chapter entitled "Learning about Yourself." Students use a self-assessment quiz that is designed to help them understand their money attitudes and decision-making styles. These quizzes help students reflect on their own money management skills and styles and how these skills and styles impact their own financial behavior.

As with all textbooks these days, the Bajtelsmit text is highly integrated with the Internet, but for those instructors and students who prefer paper and pencil interaction, there are ample opportunities to refine skills using worksheets and in-text problems. At the end of each chapter, one will find mini cases and questions related to a comprehensive running case. Worksheets are also provided in selected chapters. (A separate *Personal Financial Planner* consisting of worksheets comes bundled with the text as well.) Other useful features associated with the book include clearly labeled and

color coded learning objectives, definitions, terms, and a glossary. One of the most appealing features of the text is that Bajtelsmit has tried to make the book appealing to visual, kinesthetic, and reading/writing learners alike. There is a good mix of text, bullet points, graphics, and short summary pieces. It would be difficult to find this book physically and visually unappealing.

The textbook publisher has provided a companion website which contains instructor resources such as Power Point slides, answers to end of chapter questions and case studies, and a test bank. In addition, the Instructor's Resource Guide, as well as other instructional aids, are available as ancillary materials.

In many respects, the book's features, as listed above, are not unique to the Bajtelsmit text. Every decent personal finance textbook attempts to be visually stimulating, sound in content, and effective in presentation. It is what an author does above and beyond the 'basics' that really separates one book from another. There are several areas where Bajtelsmit does things that few other authors have attempted. For example, she provides a learning styles quiz to assist students determine what type of learner they are. This is very useful because it helps students focus on parts of the text that will enhance their learning. Bajtelsmit is also one of the only personal finance textbook authors to look at financial risk taking in a serious research-based manner. Rather than throw out one or two risk heuristics, she provides the characteristics of risk takers as compared to risk avoiders and discusses how risk tolerance impacts a wide range of personal finance decisions. This book also is one of the only basic finance books to introduce students to the 'profession' of financial planning. Rather than focus solely on the Financial Planning Association or the Certified Financial Planner credential, Bajtelsmit discusses the application and use of different designations and certifications and how consumers can use this information when working with advisers. The chapter on analyzing jobs and employee benefits puts the discussion of health and disability insurance and retirement plans into a perspective that is relevant to students who will soon enter the workplace.

As with any first edition book, there are problems as well as attributes. For example, in some situations end-of-chapter questions do not always match what is shown in the text, and, on occasion, answers to end-of-chapter and test bank questions are incorrect. Small discrepancies like this add to students' frustration as they strive to understand what can sometimes be difficult concepts. Another example involves the presentation of useful investment data in the stocks, bonds, and mutual fund chapters. Given the important role that mutual fund rating agencies, such as *Morningstar*, play in the lives of millions of consumers, it is startling that a *Morningstar* mutual fund sheet was not shown or described. Further, the only modern portfolio statistic discussed is beta. Since nearly all personal finance students will gravitate towards mutual funds, rather than individual stocks and bonds, it is surprising that concepts such as alpha and  $R^2$  are not introduced or described. The theory of duration and its use when choosing bonds and bond funds is also missing.

Even given these shortcomings, the Bajtelsmit book is one of the best all around introductory personal finance texts available today. Readers of *Financial Counseling and Planning* who also teach personal finance courses ought to seriously consider this text the next time they review books for use in the classroom. There is another reason why the Bajtelsmit book should be given an equal weighting in the selection process; namely,

Vickie Bajtelsmit has the experience and knowledge necessary to write this book, and she has long been a strong proponent of financial counseling and planning. Bajtelsmit received her Ph.D. from Wharton School of Business at the University of Pennsylvania and is currently a professor of finance and real estate at Colorado State University. Bajtelsmit has been teaching at the college level for 21 years, and her research has focused on personal finance issues. Bajtelsmit has used her background and experience to write what is truly one of the best all around personal finance textbooks available today.

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<sup>i</sup> Bajtelsmit, V. (2006). Personal finance. Skills for life. Hoboken, NJ: Wiley; ISBN#:0-471-47151-8