Instructor: Zhiyun Gong

Office: 233 Schaeffer Hall, 335-2847, zhiyun-gong@uiowa.edu

Class Meeting Time: MWF 1:30--2:20 pm @ 3505 SC (Seamans Center)

Office Hours: MW 2:30-4:00 pm, TTH 2:00-3:00 pm or by appointment

Department Information: Department of Statistics and Actuarial Science, 241 Schaeffer Hall,
Phone: 335-2082, http://www.stat.uiowa.edu

Department Executive Officer: Prof. Joseph B. Lang, 241 Schaeffer Hall,
Phone: 335-0712, joseph-lang@uiowa.edu

Course Prerequisites: STAT: 3100 (22S:130).

Required Textbook: Ruckman, C.; & Francis, J., Financial Mathematics (2nd Ed.), 2005,
BPP Professional Education

Chapters 1; 2; 3; 4; 5; 6 (6.1-6.3 excluding 6.1.6-6.1.7); 7 (7.1-7.9); and 8 (8.1-8.3).

Book homepage: http://bpptraining.com


Course Website: http://icon.uiowa.edu

Course materials such as syllabus, homework assignment, answer keys, and others information
about this course will be posted on ICON.

Course Description and Objectives:

The goal of this course largely coincides with the goal of the interest theory part of SOA/CAS
Exam FM, and which is stated by the SOA as follows:
The goal of the Financial Mathematics exam is to provide an understanding of the fundamental concepts of financial mathematics, and how those concepts are applied in calculating present and accumulated values for various streams of cash flows as a basis for future use in: reserving, valuation, pricing, asset/liability management, investment income, capital budgeting, and valuing contingent cash flows. The candidate will also be given an introduction to financial instruments, including derivatives, and the concept of no-arbitrage as it relates to financial mathematics. For the financial derivatives part of the Exam FM, you should be taking the course titled *Quantitative Methods for Actuaries*.

**Grading:** Your semester grade will consist of the following components:

- **Homework** 10%
- **Midterm Exam 1** 17%  
  Tentative date Friday, February 13, (6:30-8:30 pm)
- **Midterm Exam 2** 17%  
  Tentative date Friday, March 13, (6:30-8:30 pm)
- **Midterm Exam 3** 17%  
  Tentative date Friday, April 10, (6:30-8:30 pm)
- **Midterm Exam 4** 17%  
  Tentative date Friday, May 1, (6:30-8:30 pm)
- **Final Exam** 22%  
  TBA

**Total** 100%

As a rough guide, A+, A, A- =90%-100%, B+, B, B- =80%-90%, C+, C, C- =70%-80%, D+, D, D- =60%-70%.

Undergraduate and graduate students will be treated as two separate groups when it comes to assigning final grades.

**Homework:** Homework will generally be assigned periodically and posted on ICON. An assignment will be collected at the beginning of class on the due day. No homework during the weeks that midterm exams are scheduled or the last week of classes. Unless prior arrangements are made well in advance, for reasons judged to be acceptable by me, late homework will receive zero credit as solutions will be posted soon after the homework is due.

You are allowed to discuss homework assignments, but you should try the problems by yourself before collaborating, as during exams you will be on your own.

**Exams:** There will be four two-hour midterms and a two-hour comprehensive final exam. All exams will be closed book and closed notes. Calculator may be used for exams. Only official SOA/CAS calculators will be allowed. You will need either the Texas Instruments BA II Plus or the BA II Plus Professional. If an exam is missed, a make-up exam will be permitted only if the circumstances of missing the exam satisfy university policies. (proper documentation will be required in such a case).
**Attendance:** Regular attendance is required.

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**College of Liberal Arts and Sciences: Policies and Procedures**

**Administrative Home** The College of Liberal Arts and Sciences is the administrative home of this course and governs matters such as the add/drop deadlines, the second-grade-only option, and other related issues. Different colleges may have different policies. Questions may be addressed to 120 Schaeffer Hall, or see the CLAS Student Academic Handbook.

**Electronic Communication** University policy specifies that students are responsible for all official correspondences sent to their University of Iowa e-mail address (@uiowa.edu). Faculty and students should use this account for correspondences. (Operations Manual, III.15.2. Scroll down to k.11.)

**Accommodations for Disabilities** A student seeking academic accommodations should first register with Student Disability Services and then meet privately with the course instructor to make particular arrangements. See www.uiowa.edu/~sds/ for more information.

**Academic Fraud** Plagiarism and any other activities when students present work that is not their own are academic fraud. Academic fraud is a serious matter and is reported to the departmental DEO and to the Associate Dean for Undergraduate Programs and Curriculum. Instructors and DEOs decide on appropriate consequences at the departmental level while the Associate Dean enforces additional consequences at the collegiate level. See the CLAS Academic Fraud section of the Student Academic Handbook.

**CLAS Final Examination Policies** Final exams may be offered only during finals week. No exams of any kind are allowed during the last week of classes. Students should not ask their instructor to reschedule a final exam since the College does not permit rescheduling of a final exam once the semester has begun. Questions should be addressed to the Associate Dean for Undergraduate Programs and Curriculum.

**Making a Suggestion or a Complaint** Students with a suggestion or complaint should first visit the instructor, then the course supervisor, and then the departmental DEO. Complaints must be made within six months of the incident. See the CLAS Student Academic Handbook.

**Understanding Sexual Harassment** Sexual harassment subverts the mission of the University and threatens the well-being of students, faculty, and staff. All members of the UI community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. See the UI Comprehensive Guide on Sexual Harassment for assistance, definitions, and the full University policy.

**Reacting Safely to Severe Weather** In severe weather, class members should seek appropriate shelter immediately, leaving the classroom if necessary. The class will continue if possible when the event is over. For more information on Hawk Alert and the siren warning system, visit the Public Safety web site.