

FALL 2014 - ACMA 210 D100

MATHEMATICS OF COMPOUND INTEREST (3)*Delivery Method: In Person***COURSE TIMES + LOCATION:**

Tu 10:30 AM – 11:20 AM

AQ 3150, Burnaby

Th 9:30 AM – 11:20 AM

AQ 3150, Burnaby

EXAM TIMES + LOCATION:

Sep 30, 2014

4:30 PM – 6:30 PM

SSCB 9200, Burnaby

Nov 12, 2014

4:30 PM – 6:30 PM

SWH 10081, Burnaby

Dec 9, 2014

8:30 AM – 11:30 AM

AQ 4150, Burnaby

Dec 9, 2014

8:30 AM – 11:30 AM

AQ 4130, Burnaby

INSTRUCTOR:

Gary Parker

gparker@sfu.ca

778-782-4818

Office: SC-K 10562

PREREQUISITES:

Prerequisite: : MATH 152.

Description

CALENDAR DESCRIPTION:

Measurement of interest, present value. Equations of value. Basic annuities: immediate, due, perpetuity. General annuities. Yield rates: cash flow analysis, reinvestment rate, portfolio and investment year methods. Amortization schedules and sinking funds. Bonds and other securities. Applications: real estate mortgages depreciation methods. Interest rate disclosure and regulation in Canada. Covers the interest theory portion of Exam FM of the Society of Actuaries. Students with credit for ACMA 310 may not take this course for further credit. Quantitative.

COURSE DETAILS:**Course Outline:**

This course is an introduction to the mathematics of compound interest. The topics covered correspond to the course of reading of Exam FM of the Society of Actuaries and they include:

Measurement of Interest: Simple interest, compound interest, accumulation functions, present value, effective and nominal rates, forces of interest.

Equations of value: Basic problem, numerical results, unknown time, unknown rate of interest.

Basic Annuities: Immediate, due, perpetuities.

General Annuities: Payments at a different frequency than interest is convertible, continuous annuities, varying annuities.

Yield Rates: Cash flow analysis, reinvestment rate, portfolio and investment year methods.

Amortization Schedules and Sinking Funds: Outstanding loan balance, varying series of payments, continuous payments.

Bonds and Other Securities: Types of securities, price of a bond, premium and discount, yield rates, callable bonds, serial bonds.

Applications: Real estate mortgages, interest rate disclosure and regulation

Other: Inflation, duration, yield curves, forward rates, spot rates, convexity, immunization, ...

Grading

Assignments	10%
Midterm 1	25%
Midterm 2	25%
Final Exam	40%

NOTES:

All grading is subject to change.

Materials

REQUIRED READING:

Required Text:

Mathematics of Investment and Credit (5th ed.) by Samuel A. Broverman. Publisher: ACTEX

RECOMMENDED READING:

Mathematics of Compound Interest by M.V. Butcher & C.J. Nesbitt, pub: Ulrich's

Theory of Interest and Life Contingencies with Pension Applications by M.M. Parmenter, pub: Actex

The Theory of Interest (2nd ed.) by S.G. Kellison, Publisher: Richard D. Irwin Inc.

An Introduction to the Mathematics of Finance by J.J. McCutcheon & W.F. Scott, pub: Institute and Faculty of Actuaries

Financial Mathematics – A Practical Guide for Actuaries and other Business Professionals (2nd ed.) by Ruckman and Francis, pub: BPP Professional Education

Derivatives Markets (2nd ed) by Robert L. McDonald, pub: Addison Wesley

DEPARTMENT UNDERGRADUATE NOTES:**Students with Disabilities:**

Students requiring accommodations as a result of disability must contact the Centre for Students with Disabilities 778-782-3112 or csdo@sfu.ca

Tutor Requests:

Students looking for a Tutor should send an email to stat@sfu.ca with "Tutor Request" in the subject line. Please only include information that you would like forwarded to our tutors mailing list (contains people external to the University). We accept no responsibility for the consequences of any actions taken related to tutors.

REGISTRAR NOTES:

SFU's Academic Integrity web site <http://students.sfu.ca/academicintegrity.html> is filled with information on what is meant by academic dishonesty, where you can find resources to help with your studies and the consequences of cheating. Check out the site for more information and videos that help explain the issues in plain English.

Each student is responsible for his or her conduct as it affects the University community. Academic dishonesty, in whatever form, is ultimately destructive of the values of the University. Furthermore, it is unfair and discouraging to the majority of students who pursue their studies honestly. Scholarly integrity is required of all members of the University. <http://www.sfu.ca/policies/gazette/student/s10-01.html>

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