

EIF News

Summer 2006

EIF turns 25

The Educational Investment Fund (EIF) turns 25 years old next year! The EIF is a real-money investment fund that is managed by students who receive four hours of credit in the major for doing so. The EIF was started with a gift of \$50,000 in 1985 which has increased in value to more than \$300,000 today. The fund is under the direction of Professor Tom Howe. Students also meet on Saturdays twice each semester with a board of professional asset managers who sit on the EIF Board of Directors. Many of these individuals are themselves alumni of the EIF.

We have recently tracked down 480 alumni of the EIF program through the 25 years and are continuing to build the database. We are working to establish a formal means of networking these individuals with each other as well as with current EIF students. This would enlarge the common bond that our current and past students have with each other, and assist them with career opportunities as well as promote the EIF program.

New careers Web site

Designed to help students choose career paths within the finance and insurance fields, the careers Web site gives them information about various areas of finance in which they may specialize and explore "if the shoe fits." Job titles are given, along with job descriptions, for the various career areas of finance and insurance. Career profiles of alumni in the particular career specializations are also highlighted.

In order to help students organize their course of study at Illinois State, the Web site gives names of the faculty members who specialize in the various areas as well as the student organizations associated with the particular finance or insurance specializations.

The careers Web site was suggested by the industry professionals who sit on the Finance Advisory Board. Many of these individuals contributed to its development and gave advice on its content.

To access the Web site, go to www.IllinoisState.edu/business. On the left, choose "Finance, Insurance, and Law" under the "Majors/Departments" heading and click "Go." Once at the FIL Web site, go to the box on the left and choose "Career Planning (New)." Now you are at the Finance, Insurance, and Law's new career planning Web site!

Student accomplishments

We are proud to announce that our department had two students who were awarded the prestigious Bone Scholar award this year. One is **Laura Meade**, a triple major in finance, insurance, and economics. Meade is from Canton, Illinois, and plans a career in underwriting, banking, or risk management. The other student is **Timothy Pantaleone**, a finance major from Normal and Sarasota, Florida. Pantaleone is also known as "Reggie the Redbird" since he plays the University mascot at athletic events.

Chelsey Redmond, a finance major from Georgetown, Illinois, gave the student graduation address at the College of Business commencement ceremony in May. She is an Honors student and was selected the Outstanding Senior in

Notes from the chairperson

I write this newsletter as the new interim chairperson, having taken over in July 2005 when Charles McGuire left the position and became assistant provost of the University. I plan to fill in for two years until a permanent chairperson is recruited.

I would like to thank all of our alumni, friends, and corporate partners for their support through the years. Your contributions of time, effort, and money are absolutely essential to maintaining and enhancing the quality of our programs.

This has been a very good year for the Finance, Insurance, and Law Department. In this newsletter you will read about the significant accomplishments of our students, faculty, and educational programs during the academic year 2005-2006. In my notes, however, I will outline some of the efforts that are going on behind the scenes to make our department even stronger and more relevant as we go forward.

First, we are evaluating how to best adapt our curriculum to the changing world of financial services. This was the major topic of discussion for our Finance Advisory Board last October. In terms of actions in this regard, we will explore what role we may play in preparing students to become Certified Financial Planners (CFP), which is discussed in some detail in this newsletter.

Second, we are beginning an assessment program to find out how well our finance and insurance programs are doing in terms of developing students' competence in the field, critical thinking skills, communication and interpersonal skills, and ethical awareness. We will collect measurements of learning outcomes outside the regular classroom testing process. We want to see how effective our programs are in meeting these goals and, if necessary, employ corrective actions to remedy any deficiencies.

Third, we are considering expanding the role of the Educational Investment Fund (EIF). The EIF is a course wherein students manage a real-money fund under the guidance and mentorship of the practitioners who serve on the EIF Board of Directors. The EIF board will join department and college officials in a strategy session this summer to consider moving the EIF from being simply a "course" to a more comprehensive "program." We want to find ways to utilize the EIF to promote the finance major as well as serve as a means of networking among students and alumni.

Those of us in the Finance, Insurance, and Law Department wish you a happy and productive year.

Bill Scott, Interim Chair

Finance for 2006. Redmond will join the LaSalle Bank in Chicago this summer.

Illinois State's men's basketball senior guard **Neil Plank** has been named to the ESPN Academic All-American University All-District V Team for the third consecutive year. A first-year M.B.A. student, Plank earned his degree in finance with a 3.93 GPA. Basketball coach Porter Moser remains impressed with Plank's drive and academic accomplishments. "Some company is going to be very fortunate to have Neil," said Moser.

Student Recognition Program

The department's 2006 Student Recognition Program was held on the evening of April 5, 2006, with a banquet at the Doubletree Hotel in Bloomington. There were more than 220 in attendance, including



Laura Meade



Timothy Pantaleone

students and their parents and friends, faculty, and members of the Katie School Advisory Board, the Finance Advisory Board, and the EIF Advisory Board. Provost Presley and Dean Mills made welcoming remarks; Bill Scott, interim chair of

the department, and Jim Jones, director of the Katie School, presented awards to students.

More than 70 students were recognized with scholarships and other awards. Many awards carried monetary stipends that were given as gifts to the University by alumni and corporations that support our programs. Others were given by professional organizations in the fields of finance and insurance.

Chelsey Redmond was named Outstanding Senior in Finance and **Kevin Conner** was named Outstanding Senior in Insurance. Receiving the Outstanding Junior in Finance and in Insurance, respectively, were **Timothy Pantaleone** and **Laura Meade**. Faculty members were also recognized: **Joe Solberg** for teaching, **Sylvie Bouriaux** for research, and **Joe Trefzger** for service.



Kevin Conner



Chelsey Redmond

Faculty notes

Assistant Professor Keldon Bauer has a paper forthcoming in the *Journal of Banking and Finance*, entitled "The Effect of Heterogeneous Risk on the Early Adoption of Internet Banking Technologies," which is co-authored with Scott E. Hein of Texas Tech University.

Associate Professor Sylvie Bouriaux will be teaching as a guest professor at the University of Paris 2 (Paris-Assas) during the holiday break. She most recently taught seminars on financial derivatives there last year.

Professor S.J. Chang published a paper, "A Theoretical Discussion on Financial Theory: What Should We Teach and How," in the *Journal of Economics and Financial Education*. He also made a presentation at the annual conference of the International Association of Business and Society in March 2006 in Merida, Mexico, entitled "Toward New Guiding Philosophies for Business-Society Interface." Chang also sits on the editorial boards for the *Financial Services Review*, *Journal of Economics and Finance Education*, *Finance and the Common Good*, *Southern Business Review*, and *Korean-American Science and Technology News*.

Professor George Flanigan published a paper in the August 2005 *CPCU Journal*, entitled "CGL Policies of 1941 to 1966: Origins of Product Liability."

Assistant Professors Karen Hosack and **Katrin Varnier** of the business law faculty have received a \$3,500 grant from the Katie School to conduct research on employee off-duty behavior. They have also collaborated by co-authoring a paper, "Up in Smoke: Are Recent Attempts to Discharge Workers for Lawful Private Behavior Cause for a 'Fired Alarm'?" The paper was given at the Tri-State Academy of Legal Studies in Business Annual Convention in East Lansing, Michigan.

Professor Domingo Joaquin teaches corporate finance to undergraduate seniors at the University as well as to managers from Caterpillar, Archer Daniels Midland, and other area companies. He partners with the Palisade@RISK computer software company to teach advanced financial analysis techniques to both the students and the companies.

Professor Han Bin Kang published an article, "The Abstract: An Empirical Analysis of Interest Rates and Cyclical Underwriting Returns in the Property and Casualty Insurance," which appeared in the *Proceedings of the International Academy of Business and Public Administration Disciplines*, Vol. 2, No. 1, 2005.

Associate Professor Yu-Luen Ma of the insurance faculty had twins in May—a girl, Dakota, and a boy, Logan. Her husband, Nat Pope, will be joining the insurance faculty in August 2006.

Professor Richard MacMinn is co-editor of the *Journal of Risk and Insurance*, the leading journal in the academic field of insurance which publishes timely articles dealing with the industry, as well as the broader concept of risk management.

Professor G.N. Naidu attended the Global Finance Conference in Rio de Janeiro, Brazil, in April. He was on the organizing committee, chaired a session on economic policy, and presented a paper, "Is Turkey Ready for European Integration?"

Professor G.N. Naidu and **Associate Professor Askar Choudhury** (Department of Management and Quantitative Methods) presented a paper at the Academy of Finance meeting in Chicago on March 17: "Country Betas and Potential Gains from Diversification in the European Union."

Professor Edgar Norton serves as a member of the Council of Examiners for the CFA Institute. The council is comprised of CFA charter-holders who create the Chartered Financial Analyst exams given each June. In addition, Edgar serves as a grader for the essay portion of the exam.

Professors Edgar Norton and **Bill Scott** presented a paper, "Alternative Investments, Alternative Proxies, and Alternative Risk Measures," at the Midwest Finance Association Conference in Chicago, March 23–25.

Professor Carson Varner has recently returned from a study trip to Europe, visiting Germany, France, Switzerland, and Italy. He visited a number of businesses and schools and discussed business and social developments in Europe. One of the highlights of the trip was meeting a former student who is a founding partner in a financial services firm in Zurich, Switzerland.

FMA activities

Illinois State University's chapter of the Financial Management Association involves finance students in activities that provide career information and networking opportunities. The chapter advisors are finance faculty members Keldon Bauer, Linda Miles, and Joe Trefzger. Academic advisor Nancy Baldoni also provides valuable ongoing assistance to FMA. The following students served as officers for 2005–2006:

President, Christina Corbin
Vice president, Brandon Arnold
Treasurer, Jordan Styx
Secretary, Datitah Marseto
COBEC rep, Chelsey Redmond
Social/Publicity, Ben Stickley
Web designer, Paul Nowicki

The FMA holds regular meetings in which student members are able to hear about career paths and industry issues from practitioners. The following individuals spoke to the FMA this past year:

Andy Whaley
Mitsubishi Motor Manufacturing Co., speaking on corporate finance

Christina Konieczka
LaSalle Bank, speaking on career planning and job interviews

Chad Hancock, M.B.A. '97
Caterpillar Investments, speaking on portfolio management

Marshall Bohbrink, M.B.A. '82
Growmark Inc., speaking on the corporate treasurer's function

Tim Rowe '02, Lindsey Schifeling '03, and Andrea Pfister '04
Office of Comptroller of the Currency, speaking on bank examinations

Sebastian Ayoroa '01, and Bryan Leaver
State Farm Bank, speaking on credit-card lending and credit analysis

Penny Cermak '89, M.B.A. '91
BroMenn Healthcare System, speaking on health/nonprofit finance

David Deneen '82
Wachovia Securities, speaking on brokerage and financial planning

Bill Strnad '95
Citigroup-Smith Barney, speaking on alternative investments

Amy Hale
National City Bank, speaking on retail bank management

The chapter also organized another professional meeting for December 5, when a panel of members who had completed summer or fall internships talked about their experiences and provided suggestions to those hoping to secure internships. Below are the participants, and the organizations where they completed their internships:

Jenessa Bryant
COUNTRY Insurance & Financial Services

Christy Corbin
Great Central Insurance

Candace Hansford
Office of Comptroller of the Currency

Brandi Horan
Hewitt Associates

Datitah Marseto
Town of Normal

Chelsey Redmond
State Farm Bank

The fall 2005 FMA field trip was held Friday, October 28. A group of 11 students and faculty traveled to the northwest Chicago suburbs. The morning visit was to the Hoffman Estates headquarters of Sears Holdings, parent company of retailing giants Sears and K-Mart. The group met first with Melissa Hickey-Snyder, the firm's manager of college relations and recruitment, who discussed career opportunities and ended the morning with a tour of the facilities. The main part of the program was a panel discussion involving Sears Holdings financial managers Bob Phelan, Rich Kostrzewa, Basel Shammout, and David Ladd, who discussed issues ranging from financial aspects of the appliance-servicing business to the merger of two major companies. The early afternoon visit was with the Sunset Ridge School District in Northbrook, where Director of Business and Finance Terrie Simmons and Facilities Director Mike Arnold discussed budgeting, tax funding, and other financial issues affecting govern-

mental units. Simmons also arranged for William Blair & Co. investment banker Elizabeth Hennessy to meet with the group and discuss municipal bond issues like those in which the district participates. The final stop of the day was at the Arlington Heights headquarters of the National Association of Personal Financial Advisors, (NAPFA) a professional association for fee-only financial planners. Membership manager Nancy Hradsky discussed NAPFA and its fee-based planning model; other presenters included NAPFA CEO Ellen Turf, who discussed the association's strategic vision, and Chicago-area financial planner Patrick Doland, who offered insights on the professional planner's activities and responsibilities.

The spring 2006 field trip was held Friday, April 7, with 13 students and faculty visiting two companies in the greater St. Louis area. The morning stop took the travelers to the Hazelwood, Missouri, operations center for First Banks Inc., where Executive Vice President Mary Sherrill hosted and led a panel discussion of managers from many banking areas. Joining Sherrill as panelists were First Banks senior vice presidents Ed Furman (investments), R. Warren Graeff (regional banks), Craig Rapier (information systems), and John Spencer (treasury management), along with credit analysts Todd Birkenholz and Angela Dotson. Vice President Kathy Spencer led a tour of the processing area;



Pictured at the Wicks factory (front row, left to right): Gilden McCloim, CEO Barbara Wick, Jennifer McGurn, Jenessa Bryant, Darlene Watson-McCloy, Chelsey Redmond, Matt Weber, Gina Brown, and COO Mark Wick; (back row, left to right): Vinay Kamle, Robert Zobrist, Shahin Murray, Brandon Arnold, and finance faculty members Keldon Bauer and Joe Trefzger.

others who assisted in the planning or the facilities tour were Cindy Holman, Alan Novack, Jim Seibel, and Carvis Vaughn. While First Banks is a major banking organization, it remains family-owned by the Dierbergs, a prominent St. Louis business family. The afternoon stop took the field trippers back across the Mississippi to Highland, Illinois, and another important family-owned enterprise. The 100-year-old Wicks Pipe Organ Company is America's largest producer of hand-crafted musical organs. Our host was chief operating officer Mark Wick '87, a marketing alumnus and the latest in a

three-generation chain of Wicks to oversee the firm's operations. He led a tour of the amazing facility and discussed financial and other managerial issues that affect entrepreneurial businesses. Chief Executive Officer Barbara Wick also met with the group, while Tonal Director Mark Scholtz gave a performance to demonstrate the capabilities of a top-quality organ (with pipes more than two stories tall). Designer Donna Basler discussed the cabinetry business at the related Wicks Custom Woods organization.

The Department of Finance, Insurance, and Law extends sincere thanks to the outstanding individuals and companies that have contributed to the success of FMA's 2005-2006 professional program. Our field trips and speakers provide invaluable insights for our students as they prepare for their careers. We encourage our alumni and friends to express their thanks to the people and organizations noted above. Any of our alumni or friends who might be interested in sponsoring FMA field trips at their own places of business are encouraged to contact the FIL Department.

News from the Katie School

The Katie School of Insurance has enjoyed a very busy year. In April, the school conducted the Symposium on Enterprise Risk Management for Insurance Companies. Also in April, members of the Katie Advisory Board were on campus to meet with students and visit insurance classes in session. Continuing the interchange between the insurance industry and the University, the Katie School selected alumnus Bryon Ehrhart '86, president of AON, as the "Executive on Campus." In that capacity, Ehrhart made a presentation regarding the economic impact of the recent hurricane disasters.

The Katie School continued with its mission of helping students make career contacts and opportunities. It placed six student interns in the insurance industry outside the United States: two in London, two in Bermuda, and two in Zurich. It also had 14 students participate in the RIMS conference in Hawaii at the end of April 2006.

The Katie School had a full agenda throughout the summer of 2006:

- The annual golf outing at Stonebridge Country Club in the Chicago Metro Area was held on June 19.
- The Ken Smith Program for Insurance Financial Regulators was held June 20-29. Financial regulators from all over the United States and its territories, including Puerto Rico and Guam, were on campus for the event.
- High school guidance counselors were on campus July 10-12 to learn about career paths in insurance.
- Lloyd's of London executives were on campus July 10-15 learning about the American insurance market.

- High-achieving high school juniors from several states were on campus learning about business and risk management in the Katie School Risk Management Program, July 24–28.
- Insurance industry executives from Russia will be on campus August 13–15 learning about the American insurance market.
- Throughout the summer the Katie School has been conducting a number of workshops across the state on topics such as insurance company financial statements, leading strategic change, and developing ethical intelligence.

The Katie School continues to support research on industry topics. Fifteen College of Business faculty members received funding this summer to research issues affecting the insurance industry. Moreover, the Katie School will be conducting a study to explore offering a curriculum/program in the professional area of financial planning.

Insurance chair organizes international meeting on longevity risk

Professor Richard MacMinn, the Edmondson-Miller Chair in Insurance and Financial Services at Illinois State University and editor of the *Journal of Risk and Insurance*, organized a one-day symposium in Chicago on April 24 on longevity risk along with David Blake of the Pensions Institute at the Cass Business School in London. Longevity risk is an important subject to the insurance and pension industry because as populations in countries around the world age, governments, corporations, and individuals face an increasing financial risk. Because people are living longer, there is a growing concern that state and corporate pension systems may be inadequate and that many seniors may end their lives in poverty. When major corporations back away from their defined benefits plans because they fear they cannot cover the longevity risk, individuals have to devote more of their income to retirement saving.

The symposium attracted representatives from pension funds, actuarial consultancies, the insurance industry, investment banks, government departments, and academics from the fields of actuarial science, pensions, financial economics, insurance, and public policy. Other symposium speakers included actuaries, demographers, financial economists, and industry experts from the United States and the United Kingdom.

Exploring a new financial planning program

The Department of Finance, Insurance, and Law and the Katie School are exploring the possibility of offering curriculum preparing students to become Certified Financial Planners (CFP). On January 26 leaders of the Financial Planning Association of Illinois were on campus and met with a variety of college leaders and faculty members to

discuss the potential for a financial planning program to be administered by the Department of Finance, Insurance, and Law and the Katie School. Visitors included alumnus Donald Duncan '80, president of FPA-Illinois and principal of Mack Investment Securities, Glenview; Frank Moore, director of government relations for FPA-Illinois, from State Farm Insurance Company in Bloomington; and Benjamin Franklin, president of the Central Illinois Council of Financial Planners and owner of Franklin Financial in Urbana.

They were joined later that evening by John Gerken and alumna Meredith Tabbone '00, M.B.A. '04, of Ameriprise Financial as part of a panel of financial planners who discussed the profession and answered questions in Professor Edgar Norton's Thursday evening financial planning class.

The FIL Department and the Katie School will move forward with a feasibility study of the potential program.

Finance student wins Chicago Financial Executives Institute Award

Finance junior Dennis Nowaczyk received one of two major scholarships awarded by the Financial Executives Institute (FEI). This prestigious professional organization is comprised of chief financial officers or other top financial managers. Important parts of the competitive process are writing an essay and being interviewed by FEI members at a special meeting.

Nowaczyk, a double-major in finance and accounting, was thrilled to receive the \$5,000 award. He is in the Honors Program, and has gained work experience in financial and accounting applications during recent summers. Because of Nowaczyk's double major in the two fields of interest to FEI members, along with his stellar academic performance, practical knowledge, and outstanding character, the FIL Department saw him as an excellent choice to be the Illinois State University nominee. Professor Joe Trezger of the finance faculty helped Nowaczyk apply for the award.



Dennis Nowaczyk

"This scholarship opened my eyes to a new world of top financial professionals. I gained insight into the type of commitment necessary to reach the level of FEI members," said Nowaczyk. "The scholarship award gave me a greater confidence in my abilities and helped focus my goals. I received immense support for my career ambitions and the FEI members generously pointed me toward networking possibilities."

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