Dear Parent(s),

I am excited to inform you that your child will be participating in Budget Challenge®, a ten-week real world, real time on-line budget simulation that will help them learn to be financially capable young adults. In the simulation, your child will manage their budget like that of a working adult, making key financial decisions and trying to accomplish key financial goals such as setting up an emergency fund, maximizing an employer 401(k) match, and paying down debt. Students “learn by doing”, where they can learn from their mistakes rather than punished with a poor credit score and costly fees. Budget Challenge® has patented technology that sends simulated bills and reconciles payments, making it the only program where students get to actually practice managing finance like adults.

During the simulation, students will create an online account, select vendors for an apartment, banking, cell phone service, auto and renter’s insurance, housing, utilities, and more. They receive a simulated paycheck, set aside some of their income into a 401K account as savings for retirement, and write e-checks to pay household bills. Budget Challenge®, helps instill financial behaviors needed in real life, like routine checking of bills and account status, managing cash flow, and balancing near-term and longer-term financial goals.

Simulation scoring positively reinforces savings for retirement and punishes mistakes such as missing due dates, bouncing checks, exceeding certain percentages of the credit limit on their credit card, etc. Trophies are awarded for completing adult-level financial tasks such as paying all bills on time, reducing debt, maxing out an employer 401k match and setting up an emergency fund.

Research tells us that it is beneficial for parents and guardians to discuss money management topics at home, particularly when supported with the right tools that promote conversations. When those conversations take place along with effective classroom instruction, the result is more financially capable and confident young adults. This will be a great time to talk about financial topics like banking, credit and insurance with your child. You should ask your child questions about the simulation and what they’ve been learning. I would also encourage you to ask them about decisions they’ve made in the simulation. You can also ask them to show you their account to see how they’re doing.

During the simulation I’ll send updates on what we’re studying and how that can generate some great conversations at home about money matters. Feel free to contact me with any questions you have about this exciting opportunity for our students.

Sincerely yours,

(Teacher Name)

Banking Week 1 Parent Message

Dear Parent(s),

This week we are learning about banking including different types of financial institutions and different types of accounts and services. This would be a great time to talk to your child about where you do your banking and what types of accounts you have. You could also talk about why you chose the institutions you bank at. In Budget Challenge®, your child has chosen one of four checking account options. Ask your child about what checking account option they chose for the simulation, what fees or minimums it has and why they chose that option.

Payroll Week 2 Parent Message

Dear Parent(s),

This week we are learning about payroll. If there is a working parent in the household, this would be a great time to talk to your child about how you get paid (hourly, salary, commission) and the difference between gross pay and take-home pay. Showing them a paystub or pay statement can reinforce what they are learning about voluntary and involuntary deductions from pay. In Budget Challenge®, your child gets paid bi-weekly and has taxes, healthcare premiums and any elected 401(k) contributions deducted from their pay. Ask your child what the difference is between their bi-weekly gross and take-home pay in the simulation and ask them to explain “where that money went”?

Investing for Retirement Week 3 Parent Message

Dear Parent(s),

This week we are learning about investing for retirement. With the end of defined benefit retirement plans and inevitable changes to Social Security, this topic is especially important for your child’s generation. If you receive any type of retirement benefits through your employer such as a pension or 401(K) or 403(b) plan, this would be a great time to discuss it with your child. If you have individual retirement account, such as a Roth or traditional IRA, this would be a great time to talk about the benefits but also the challenges of being able to set aside money for retirement while paying household bills and expenses. Ask your child if they have made any contributions to their 401(k) plan in the simulation and if they have received any matching money from their employer.

Unexpected Events/Insurance Week 4 Parent Message

Dear Parent(s),

This week we are learning about insurance. This would be a great time to discuss with your child what insurances you have (renter’s or homeowners, auto, life, health insurance, etc.), how you got them, how much they cost and what they protect you against. In Budget Challenge®, students pay for part of their employer provided health insurance and select auto and renter’s insurance plans. Ask your child what deductible they chose for their auto insurance and why they chose that level.

Credit Building/Credit Cards Weeks 5 and 6 Parent Message

Dear Parent(s),

This week we are learning about credit. Students will be learning about what makes up a credit score, why it is important, and the costs and benefits of using credit cards. In Budget Challenge®, students select a credit card and that card is used to charge routine purchases such as groceries, entertainment expenses and dining out. This would be a great time to discuss with your child whether you use credit or debit cards and why or why not. You also talk about any fees or interest you pay if you use them. Ask your child what their current credit card balance is in the simulation, and if they’ve paid any interest for carrying a balance.

Parent Message

Data Protection Week 7 Parent Message

Dear Parent(s),

This week we will learn about identity theft and data protection. Students often believe that, because they do not have a lot of financial accounts, they do not need to worry about protecting their identity. This is a good time to review basic identity safeguards with your child. Social Security cards and numbers should not be carried in a wallet or purse. Cellphones should and any devices that have access to email or personal accounts should be password protected. Email passwords should be different than device passwords. Important financial accounts should include an additional level of security such as email or cell phone user verification.

Investing Week 8 Parent Message

Dear Parent(s),

This week we are learning about investing. This is an expansion of the topic introduced in Week 3 where students will be learning about different types of investing, especially as it applies to their retirement savings choices. In Budget Challenge®, the emphasis is on encouraging students to make 401(k) contributions and getting the maximum employer match. If you have any investments, this would be a great time to talk to your child about why you made them and how they benefit you. Ask your child what their current 401(k) balance is and if they’ve been able to make contributions every pay period. You can also ask if they earned the trophy for Retirement Savings which they can earn for depositing a total of $1000 or more into their retirement savings (including employer match) in the first four pay periods.

Taxes Week 9 Parent Message

Dear Parent(s),

This week we are learning about taxes. Students will learn about different types of taxes including the ones deducted from the paycheck. This is a great time to talk about the taxes you pay, as well as any adjustments, credits and deductions you take when completing your income taxes. You can also share with them how you complete your taxes (paper forms, software, paid providers) and any strategies you have for minimizing your tax burden.

Loans/Debt Week 10 Parent Message

Dear Parent(s),

This week we are learning about loans and debt. In Budget Challenge®, students have taken out a car loan and have a student loan. They also have a credit card. This is a great time to discuss with your child what household loans you have and what the interest rates are. Ask your child if they have been able to make all their loan payments on time. You can also ask them if they earned the Debt Reduction trophy for paying off an additional $500 of student loan debt.