

Chapter 2 Playing Budget Challenge

Section 1 Getting Started

Questions to consider as you read this section:

1. How does Budget Challenge seem different than other learning games you have experienced?
2. What is the purpose of playing Budget Challenge?

Welcome to Budget Challenge®. This chapter is unique in that it is devoted completely to introducing the Budget Challenge simulation. Before continuing with this reading watch the short “[What is Budget Challenge®?](#)” video for an introduction to the program.

The Budget Challenge® Road Test is a personal finance game that simulates the financial life of a working adult. You will begin the simulation by making vendor selections for the goods and services typically used by independent adults. These include rent, banking, auto loan provider, utilities, cell phone service and insurance. You will build and manage a budget while striving to achieve key financial goals. Over the course of the ten-week simulation you will receive virtual paychecks and bills in real-time. Each of these goals is represented by a trophy. Points are earned for demonstrating positive financial behaviors such as earning trophies and investing in your 401(k) account. Points are lost for negative financial behaviors such as late payments and overutilizing your credit card. Scores are updated daily, and you can compare your performance with that of other students. All participants in the same game have the same:

- beginning bank balance
- 401(k) starting balance
- savings account balance
- gross pay
- 6 key financial goals

During the simulation, any unexpected events that occur happen to all participants. Therefore, any differences in scoring are the result of students’ ability to manage their finances.

The Budget Challenge® Written Test portion of the program is the eighteen chapters of this textbook, some or all of which may be assigned by your teacher. The textbook is designed to compliment the simulation as well as address topics not directly covered during game play. At the end of the game, you may be awarded a certificate based on your level of achievement.

The simulation is broken down into 3 phases: Registration, During the Game, and Simulation End.

Section 2 Registration

Questions to consider as you read this section:

1. How do I make vendor selections?
2. Why is using the Cash Flow Spreadsheet when budgeting so important?

Vendor selections

After logging into your account your first task will be making your vendor selections. Like in real life, you will be choosing vendors for a variety of goods and services. These are contracts you will be entering into for the duration of the simulation. In addition, you will decide how much money you want deducted from your paycheck to go into your 401(k) retirement account. Completing these Vendor Selections is the final step of registration and must be finished by 11:55 PM local time on the simulation start date. The Vendor Selection page in the simulation allows you to view details of each vendor contract before making your selection. This is the “fine print” that many consumers overlook when committing to purchase goods or services. Watch the [Completing Vendor Selections](#) video, a short instructional video to help with this last step of registration. The table below shows the 11 choices you make during Vendor Selections.

Figure 2-1

| VENDOR SELECTION TAB | VENDOR NAME | VENDOR CHOICES |
|---------------------------|--|---|
| JOB | ProperLiving Widget Engineering & Design | Enroll in 401(k) and select a contribution percentage for your 401(k). |
| BANK | Suburban City Bank | Select a checking account option. Consider checking account characteristics like ODP and minimum balance requirements. Each checking account comes standard with a savings account. |
| RENT | Vista Vue Apartments | Choose if you want 2 or 3 roommates. |
| AUTO LOAN | Zippy’s Auto Loan | Choose a loan with either a bank or a credit union. |
| AUTO INSURANCE | AutoRex Auto Insurance | Choose between a high and a low deductible. |
| CABLE | Thumbsprain Cable | Choose to have only internet or internet + cable. |
| CELL PHONE | Minutes4Less | Choose a phone plan with or without a warranty. |
| CREDIT CARD | Surge Credit Card | Choose between accounts with a higher or lower finance fee and/or late fee. |
| UTILITIES | Lot’s O Watts | Choose a standard meter or budget billing plan. |
| RENTER’S INSURANCE | Safeplace Renter’s Insurance | Choose between a policy with or without the add-on coverage. |
| STUDENT LOAN | Riptide Student Loan | Only one option. Click the radio button. |

Once you make your choice the tab will turn green. Once all 11 tabs are green, registration is complete. You may change your selections until 11:55 pm local time on the simulation start date. At that time, all vendor selections are locked in for the duration of the simulation, except for the 401(k) contribution percentage and bank account option. These can be changed on their respective pages, throughout the simulation.

Building a budget

Building a budget is creating a plan for how you will manage your money. We provide you with a powerful tool to do this, the Budget and Cash Flow Spreadsheet (CFS). The spreadsheet will allow you to project what your future cash needs will be in order to pay bills on time and achieve trophy goals. The CFS will also help determine how much you can contribute to your 401(k) for each payroll period in the game. Part of the challenge in Budget Challenge is balancing conflicting demands for your money. Putting more money into your 401(k) may mean not having enough money to pay all bills in full or establish an emergency fund. You will have to consider when paychecks arrive, when bills are due, and when trophy goals close when making decisions.

Use the “CFS” to build a budget during registration and to maintain your budget throughout the simulation. Update your CFS with actual amounts of credit card bills along with the financial impact of any unexpected events. The CFS is available in both Excel and Google Sheets. Download the CFS found on [Student Home > Vendor Selections](#) and use the following steps to set up your CFS and build your budget based on your net pay and vendor selections.

Figure 2-2

| Date | Deposits | Withdrawals transfers & fees | Apartment | Renter's Ins | Car Loan | Car Ins | School loan | Cable | Energy bill | Cell Phone | Credit Card | Total Withdrawals | Total Deposits | Checking Acct Balance |
|-----------|----------|---------------------------------|-----------|-----------------|----------|---------|----------------|-------|-------------|------------|----------------|----------------------|-------------------|--------------------------|
| 9/6/2018 | \$ - | | | | | | | | | | | \$ - | \$ - | \$0.00 |
| 9/7/2018 | | | | | | | | | | | | \$ - | \$ - | \$0.00 |
| 9/8/2018 | | | | | | | | | | | | \$ - | \$ - | \$0.00 |
| 9/9/2018 | | | | | | | | | | | | \$ - | \$ - | \$0.00 |
| 9/10/2018 | | | | | | | | | | | | \$ - | \$ - | \$0.00 |
| 9/11/2018 | | | | | | | | | | | | \$ - | \$ - | \$0.00 |

Start by entering your simulation start date in the “orange” cell (A12).

1. Enter (do not paste) your beginning bank balance, found on the Vendor Selections job tab, into the first cell in the “deposits” column (cell B12).
2. Use the [Payroll Calculator](#) (at the bottom of each vendor tab) to determine your estimated net pay (based on your selected 401(k) contribution). Your paycheck in Budget Challenge is direct deposited and the funds are available the next day. Your first paycheck date is included on the Vendor Selections Job tab and you are paid bi-weekly (every two weeks). Project and record your net pay amount for all future paychecks in the green “deposits” column of your CFS for the appropriate date (remember there is a one day hold on deposits). Other deposits you should record will include any transfers from your savings account to your checking account.
3. Project and record all future payments you will make to vendors. Use the due day, grace period, bill amount, and billing frequency from your vendor information to enter bill amounts for each vendor for the future due dates. Remember that you may include the grace period to provide you extra time to pay a bill without incurring a late fee or penalty.

4. Determine and record bank fees in the “withdrawals, transfers, & bank fees” (pink column C) on your CFS, based on planned transactions and your selected bank account option.
For example, if you selected a checking account with per check fees, make sure you include \$0.50 in the withdrawals, transfers & bank fees column for the check fee on that day.
5. Make sure your credit card spending projection reflects the \$500 to \$750 of new charges you will incur each month.
6. Review the budget you created to determine if you will have enough money to pay your bills, achieve your trophy goals, maintain any minimum checking account balance, and save for retirement. If not, make changes to your 401(k) contribution percentage, or make changes to your vendors on Student Home>Vendor Selections.

Keeping your CFS up to date

You will have to carefully plan and manage your cash-flow in order to achieve the trophy goals:

- save enough in your 401(k) in the first 4 pay period to achieve the “Retirement Savings” goal
- establish and maintain a \$500 emergency fund by the 11th day
- pay off the credit card balance by the second statement
- pay down your student loan debt by an extra \$500 by the end of the game
- pay all bills on time and in full during the first 20 days and rest of the simulation
- maintain good credit health (don’t carry a credit card balance and avoid fees and penalties).

Make sure you save a copy of your CFS once you complete it. You will be using it throughout the game to manage your daily inflow and outflow of cash and to reconcile your CFS with your checking account. Once the game begins and transactions are occurring, make sure to update your “projected” budget with the real-time transactions as they occur. The CFS is an estimate and there may be differences between your CFS and the transactions as recorded in your bank activity. By keeping your CFS up to date you will know your true available checking account balance. This allows you to project future cash flows and to use your CFS as a tool to help achieve all six key financial goals.

Changing your 401(k) contribution

After building your budget you may decide to change your 401(k) contribution. Increasing your contribution will decrease your net pay and vice-versa. If the simulation has not started, you can change your selected contribution percentage on the Vendor Selections> Job tab. If the simulation has started, you can change your contribution percentage on the Employer page. Changing your 401(k) contribution percentage must be done at least one day (Wednesday) prior to the next scheduled paycheck (Thursday) before midnight EST. You cannot change a contribution percentage on the day that a paycheck is issued.

The Payroll Calculator on the Vendor Selections>Job tab displays the net pay schedule as it relates to your 401(k) contribution percentage displaying the amount of payroll deductions resulting in your bi-weekly net pay in the far right-hand column.

Figure 2-3

Payroll Calculator

| Contribute % | Gross Pay | Federal | Soc Sec | Medicare | State | Health Ins | 401k Contribution | Match | Net Pay |
|--------------|------------|----------|---------|----------|---------|------------|-------------------|---------|------------|
| 0 | \$1,608.00 | \$179.61 | \$96.59 | \$22.59 | \$40.25 | \$50.04 | \$0.00 | \$0.00 | \$1,218.91 |
| 1 | \$1,608.00 | \$177.20 | \$96.59 | \$22.59 | \$39.83 | \$50.04 | \$16.08 | \$16.08 | \$1,205.66 |
| 2 | \$1,608.00 | \$174.79 | \$96.59 | \$22.59 | \$39.42 | \$50.04 | \$32.16 | \$32.16 | \$1,192.41 |
| 3 | \$1,608.00 | \$172.38 | \$96.59 | \$22.59 | \$39.00 | \$50.04 | \$48.24 | \$32.16 | \$1,179.16 |
| 4 | \$1,608.00 | \$169.96 | \$96.59 | \$22.59 | \$38.59 | \$50.04 | \$64.32 | \$32.16 | \$1,165.90 |

Section 3 How to Play







Questions to consider as you read this section:

1. What will be my main tasks while playing Budget Challenge?
2. What challenges will I face while managing my finances?
3. How do I pay my bills in the simulation?
4. Why do I have a credit card and how is it used during the simulation?

In theory, once the simulation begins, playing Budget Challenge is simple. Pay your bills on time and complete the tasks that earn you trophies. Doing so in the game means a high score, success, the envy of your friends and classmates and probably a good grade. Like in real life however, successfully managing your finances can be much harder than it seems. An important aspect of the simulation is trying to earn the trophies for the accomplishment of key financial goals. These goals represent the demonstration of positive financial behaviors that correlate to effective adult financial management. Earning five of the six trophies demonstrates excellent adult-level financial abilities.

Each goal, by itself, is fairly simple to achieve. It becomes more challenging when many of the goals seem to conflict with each other. For example, putting aside money in an Emergency Fund means that money is not available to pay down debt. Many people find that simply managing monthly bills and pay dates can be difficult. Combined with the six trophy goals, it makes successfully managing your finances a real budget challenge! Full details for how to earn each trophy are posted in the Road Test section of the Dashboard. Figure 2-4 summarizes the trophies.

Figure 2-4

| Trophy | Financial Goal | How to earn this trophy |
|--|---|--|
|  <p>Emergency Fund Value: 1,000</p> | <p>Establish and maintain an Emergency Fund.</p> <p>It is important to keep an emergency fund for unexpected financial events.</p> | <p>Save at least \$500 into your savings account in the first 11 days of the simulation.</p> <p>Don't take your savings balance below \$500! Dipping into your savings account (even if just for one day) will cause the trophy and the points to be lost.</p> |
|  <p>Perfect Pay I Value: 500</p> <p>Perfect Pay II Value: 500</p> | <p>Pay all bills on time and in full.</p> <p>Paying bills on time not only helps consumers save money by (1) reducing the amount of fees incurred which add up to hundreds of dollars a year for the average consumer (2) boosting their credit score and (3) helping qualify them for lower interest rate credit and also can reduce stress.</p> | <p>Part 1 (½ of the perfect pay trophy)</p> <p>To achieve part 1, pay all bills on time and in full from day 1 to day 20 of the simulation</p> <p>Part 2 (1/2 of the perfect pay trophy)</p> <p>To achieve part 2, pay all bills on time and in full from day 21 to the end of the simulation.</p> |
|  <p>Credit Management Value: 1,000</p> | <p>Pay off the credit card.</p> <p>Don't carry a balance and pay off the credit card. By managing a credit card responsibly you can build credit and avoid incurring interest.</p> | <p>Pay the second credit card statement balance in full. Payment needs to be on time (plus grace period) but doesn't need to include payment for daily charges that happen after the second statement date</p> |
|  <p>Retirement Savings Value: 1,000</p> | <p>Adequately contribute to a 401(k).</p> <p>Contribute to retirement responsibly based on a budget and a goal. Saving early is the best way to plan for the future.</p> | <p>Increase retirement savings in 401(k) account by \$1,000 in the first 4 pay periods (includes employer match). Points are awarded after the fourth paycheck.</p> |
|  <p>Credit Health Value: 1,000</p> | <p>Demonstrate financially sound behaviors to avoid penalties that could damage credit health.</p> <p>In Budget Challenge, penalties are given for behaviors that will lead to damaged credit over time.</p> | <p>This is one trophy but you have two different penalty point goals and you have to stay below both of them to earn this trophy.</p> <p>Stay under 100 credit utilization penalty points</p> <p>Stay under 1,000 total daily late fee penalty points</p> |
|  <p>Debt Reduction Value: 1,000</p> | <p>Pay down student loan debt.</p> <p>Execute a plan to pay down student loan debt to avoid interest.</p> | <p>Show that you can take control of student loan debt and pay it off faster than the schedule. Pay an extra \$500 towards the student loan by the end of the simulation. Points are awarded at end of the simulation.</p> |

In the simulation

Once the simulation begins, you will be immersed in the financial life of a working adult. To avoid paying bills late and achieve the six trophy goals, you will need to stay engaged. In the game and in life, you should strive to pay bills on time. It is important to review invoices each month to ensure payments made are credited in the vendor account activity. You should also make sure unwarranted charges/fees have not been applied to your account.

You will receive invoice notifications via email and Dashboard Alert. For quick action steps or what to do next review the “Take Action” section of the Dashboard. This allows you to view and click on the “Vendor with Outstanding Balances” link to view the vendor page, vendor activity, and invoices.

Making payments

You will make payments by creating an e-check from your checking account on the Bank page. There is a two-day processing window built into the system for creating checks. This represents the time it would take the bank to create and mail the check (or send it electronically) as well as the time for the recipient to receive and process the check. This two-day processing window is enforced by blocking out today's date and tomorrow's date at the time you create the check. So, for example, a check created today will be received by the vendor a minimum of two days in the future. Sundays and federal holidays are also blocked out. As long as you can select a date using the calendar icon, the delivery of your check is guaranteed by that date.

The date you select on the calendar is the date the funds will be debited from your checking account and applied to the vendor invoice balance. Your vendor selection information includes the date payments will be due. For bills that do not change monthly, that means you may schedule payments well in advance, even prior to receiving an invoice. Like in real life, it is not a good strategy to wait until the last minute to pay bills!

Make sure payments made match what you projected in your CFS. Make any adjustments as necessary so that your CFS is always up to date. Remember that recording a check in your CFS does not issue the check to the vendor.

If you pay the wrong vendor or overpay a vendor, you can request a refund in the action column of the vendor activity table on the vendor's page by clicking the orange “Get Refund” button. The money will be refunded to your checking account overnight.

Like in real life, paying a bill late has consequences. The Perfect Pay goal is divided into two trophies. One for the first 20 days, and the second for the rest of the game. Each is worth 500 points. If you pay a bill late you cannot earn the Perfect Pay trophy. You also incur fees (charged by your vendor and added to your vendor account balance) and penalties (affecting your point total). Each additional day late results in additional penalties. If you incur 1,000 daily late fee penalties or more, you will lose your Credit Health trophy and the 1,000 points.

One-time fee waiver

If you pay a bill late you may be eligible for a one-time late fee waiver. To be eligible, the account with the late fee must be in good standing (current and not over the credit limit). And you must have paid the bill in full including any returned check fee (the check has cleared and is not pending). The fee waiver can only be used once during the simulation. If the waiver is available, a blue “Get Waiver” button will appear in the action column of the vendor activity table on the vendor’s page. Requesting a waiver results in:

- a credit to the vendor account for the amount of the vendor late fee
- a return of 75 of the 150 point late fee penalty points
- a return of the vendor late fee daily penalty points
- reopening the perfect pay trophy (if that was your only late fee and the waiver was applied before the trophy closed)

Credit card

The vendor selections you make do not represent all the expenses of an independent young adult. Groceries, meals out, entertainment, toiletries, household items and other expenses are charged to your credit card. The credit card invoice is one of the first invoices you will receive in the game. You start the simulation with a small balance with charges beginning immediately. The daily credit card charges in the game average between \$500 and \$750 per month. You can view 10 days of pending credit card charges on [Vendors>Credit Card](#). Pending charges will post the next day. This allows you to anticipate and plan for these expenses. The charges may not be what you would choose in real life, but they accurately represent the monthly average spending of an independent young adult. Credit card charges are the same for all participants in the game.

Use this credit card data and your Budget and Cash Flow spreadsheet (CFS) to determine the amount and timing of credit card payments to earn the Credit Management trophy. It is important to always pay at least the minimum balance of \$15 after the bill is issued but before the due date, plus any grace period. You can make more than one payment to your credit card per month. A good strategy is to set up payments for at least the minimum balance ahead of time. This will help you avoid a late payment fee and penalty.

If you are unable to pay your credit card in full, the balance will carry over into the next statement period. Carrying a balance results in interest charges. It also could lead to exceeding your credit limit, and/or incurring credit utilization penalties. To understand more about Credit Utilization, View the “[Understanding Credit Utilization](#)” video on [Vendors>Credit Card](#).

Credit card management affects three goals in the game.

1. Perfect Pay: You have to pay your credit card bill on time, every time.
2. Credit Card Management: You have to pay off your second credit card invoice.
3. Credit Health: You have to stay under 100 credit utilization penalty points for the entire game.

The chart in Figure 2-5 illustrates how your management of the credit card affects your score. Keeping your credit utilization low will result in rewards while high credit utilization results in penalty points. Like in real life, the penalty for exceeding your credit limit is severe.

Figure 2-5

| Credit Card Utilization Percentage Range | Daily Utilization Penalty (-) and Reward Points (+) Per Day |
|--|---|
| 0% - 49.99% | +5 Rewards Per Day |
| 50% - 74.99% | 0 Points Per Day |
| 75% - 89.99% | -15 Points Per Day |
| 90% - 99.99% | -25 Points Per Day |
| 100% or Higher (Over Credit Limit) | - 100 Points Per Day |

Managing your loans

In the simulation, you will be making payments on an auto loan and a student loan. Installment loan payments must be received between the day after the invoice is issued and on or before the due date (including grace period). View the “[Understanding Installment Loans](#)” video on [Vendors>Auto Loan](#) and [Vendors>Student Loan](#) for an explanation of installment loan payment timing and billing cycles to ensure your payments are correctly applied during the game.

In real life, you want to know the interest rates on your loans and pay off loans with the highest interest rate first. In the simulation, the student loan has a higher interest rate than the auto loan. To earn the Debt Reduction trophy and earn 1,000 points you must pay an extra \$500 towards your student loan. This will likely be one of the last goals you earn in the game. If you pay too much on your student loan early in the game, take advantage of the “Apply to Next Invoice” button, next to your extra payment(s) on the *Riptide* activity table.

Using the Student Dashboard

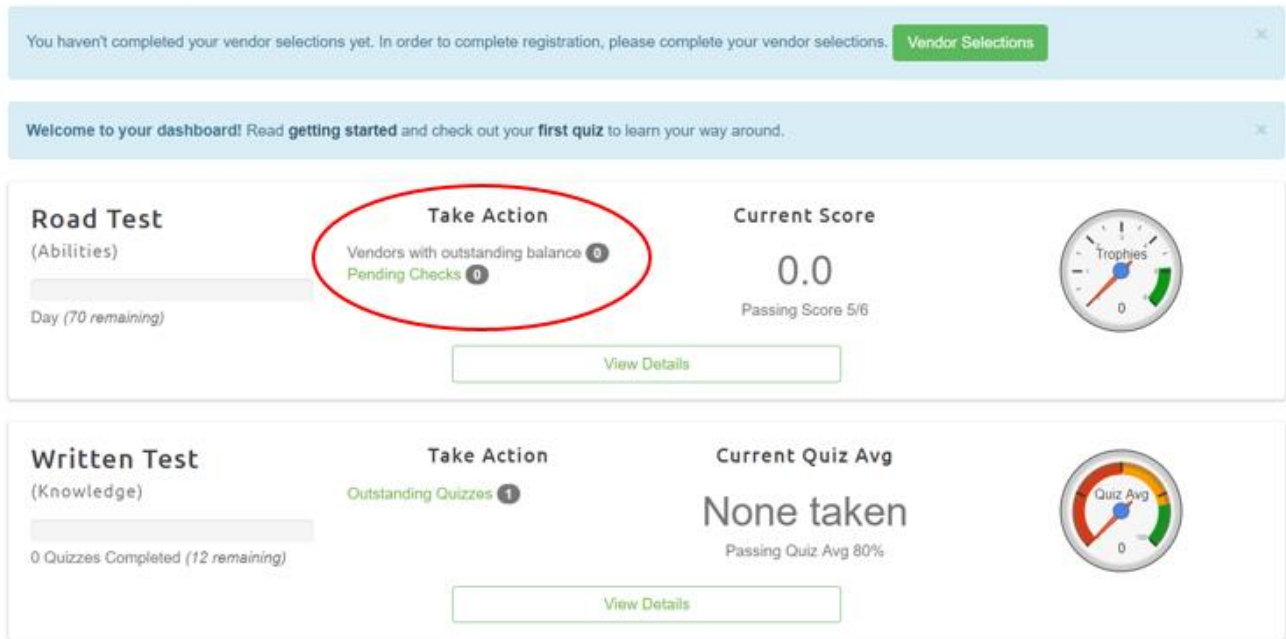
The Student Dashboard is what you will see when you log into Budget Challenge (Figure 2-6). The default collapsed view of the Dashboard shows your current Road Test score. It also shows your Written Test percentage in the form of your quiz average for any quizzes taken. The “Take Action” tasks on the Dashboard makes navigating the game easy. The Road Test “Take Action” section prompts you to review important financial activities. It includes the link “Vendors with Outstanding Balance”. Click the link to see a listing of those vendors and to navigate to the

vendor page. There you will see a detailed activity table and buttons for invoices. You can click “Pending Checks” to verify you have checks issued for the correct amount to the correct vendor to pay any outstanding invoices. You can also view an invoice on the vendor’s page by hovering over Vendor on the main menu and selecting the appropriate vendor service.

The Written Test “Take Action” section will alert you to any quizzes your teacher or instructor has assigned to you. The gauges on the side indicate what progress you have made so far in the simulation.

Figure 2-6

Dashboard

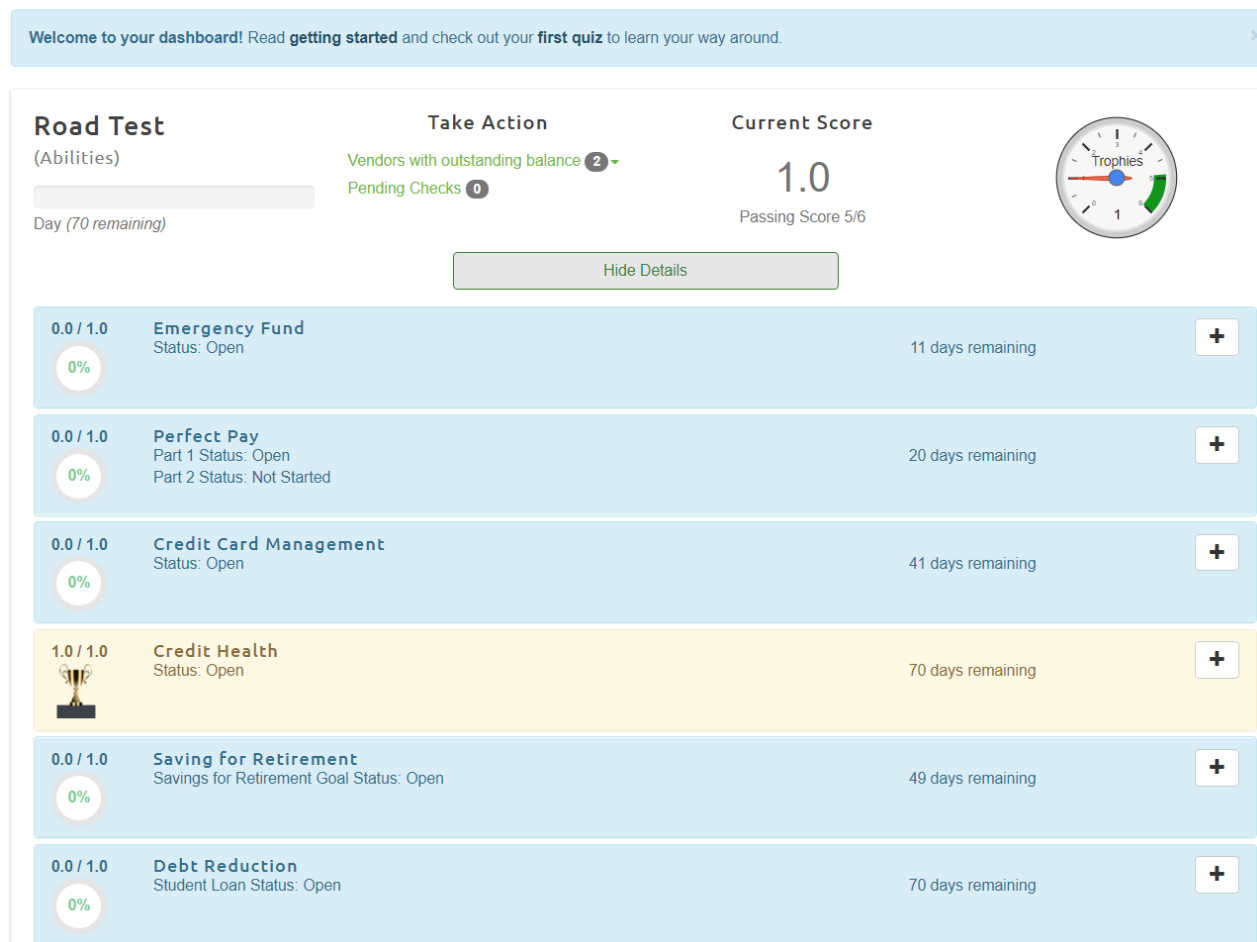


Trophies

Clicking “View Details” under the Road Test section will open a status update on each of the six key financial goals represented by the six trophies (Figure 2-7). Clicking on the + button on the right of each trophy will provide additional details on the trophy. This includes helpful links, resources, and videos to help you understand the goal and how to earn and keep each trophy and earn the trophy points.

Figure 2-7

Dashboard



The trophy goals on the Dashboard are in order by days remaining. The first goal to close is the Establish Emergency Fund goal. The Emergency Fund trophy is earned by establishing a savings account balance of at least \$500 by the 11th day of the simulation. You must then maintain a minimum of \$500 in the account for the entire game. All participants start the game with good credit health (zero penalty points and zero credit utilization points) and the credit health trophy. You will lose the trophy if you incur 1,000 or more daily late fee penalty points, OR 100 or more credit utilization points. In Figure 2-7 the color for the Credit Health trophy is yellow because it has been earned but can be lost during the game.

The chart in Figure 2-8 indicates the meanings of the color codes of the Trophy section of the dashboard.

Figure 2-8

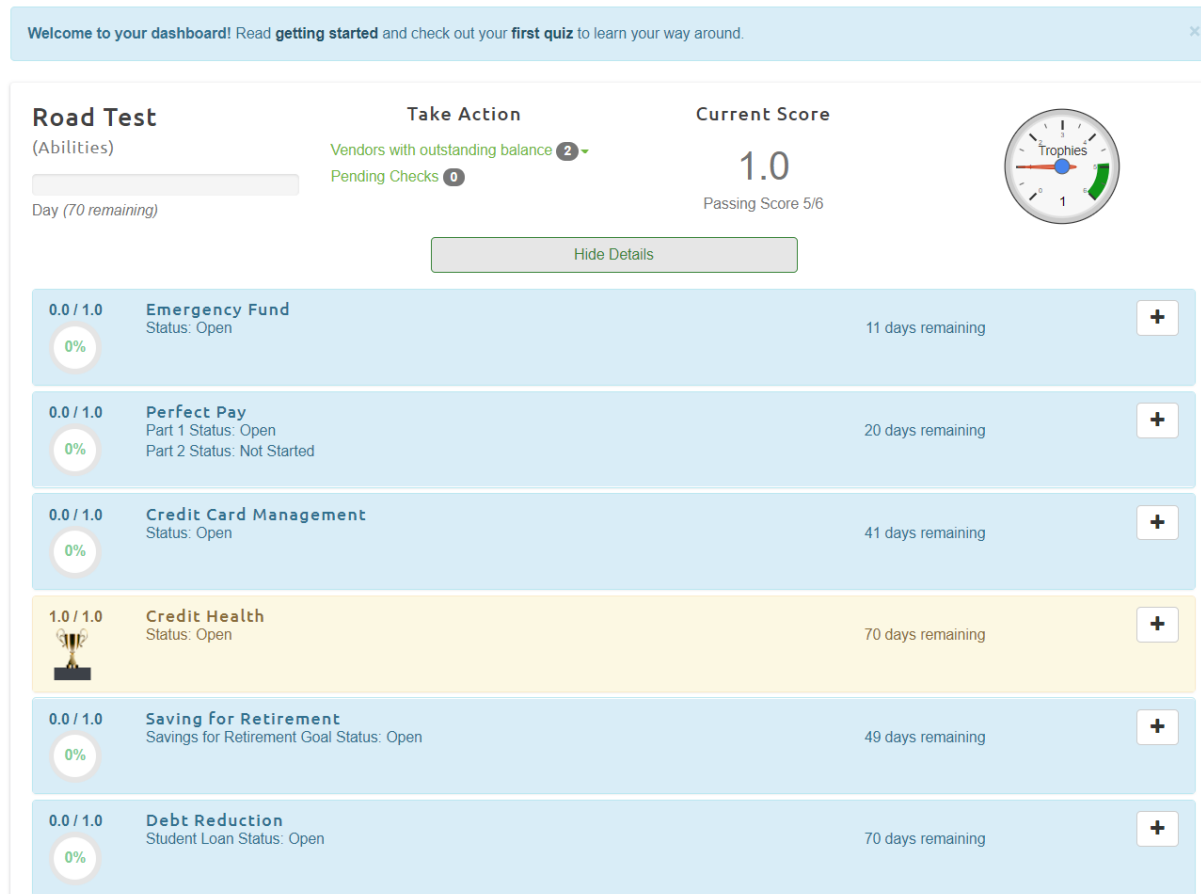
Road Test Dashboard Legend

| Dashboard Row Color | Meaning |
|---------------------|--|
| Blue | Trophy is open but not earned |
| Yellow | Trophy is earned but can be lost |
| Green | Trophy has been earned |
| Grey | Trophy has not been earned and the goal is closed. |

The participant’s dashboard in Figure 2-9 displays Road Test results as of Day 13. The Emergency Fund goal has closed (closes on day 11) and they did not earn the trophy; therefore, the row is shaded grey. Like all participants, they started the game with the Credit Health trophy and have not incurred either 100 credit utilization points or 1,000 daily penalty points, so the goal remains open and earned but eligible to be lost and therefore shaded yellow.

Figure 2-9

Dashboard



The Dashboard shown in Figure 2-10 shows a participant at the end of the simulation with 5 green shaded rows for trophies earned (4.5/6 trophies).

Figure 2-10

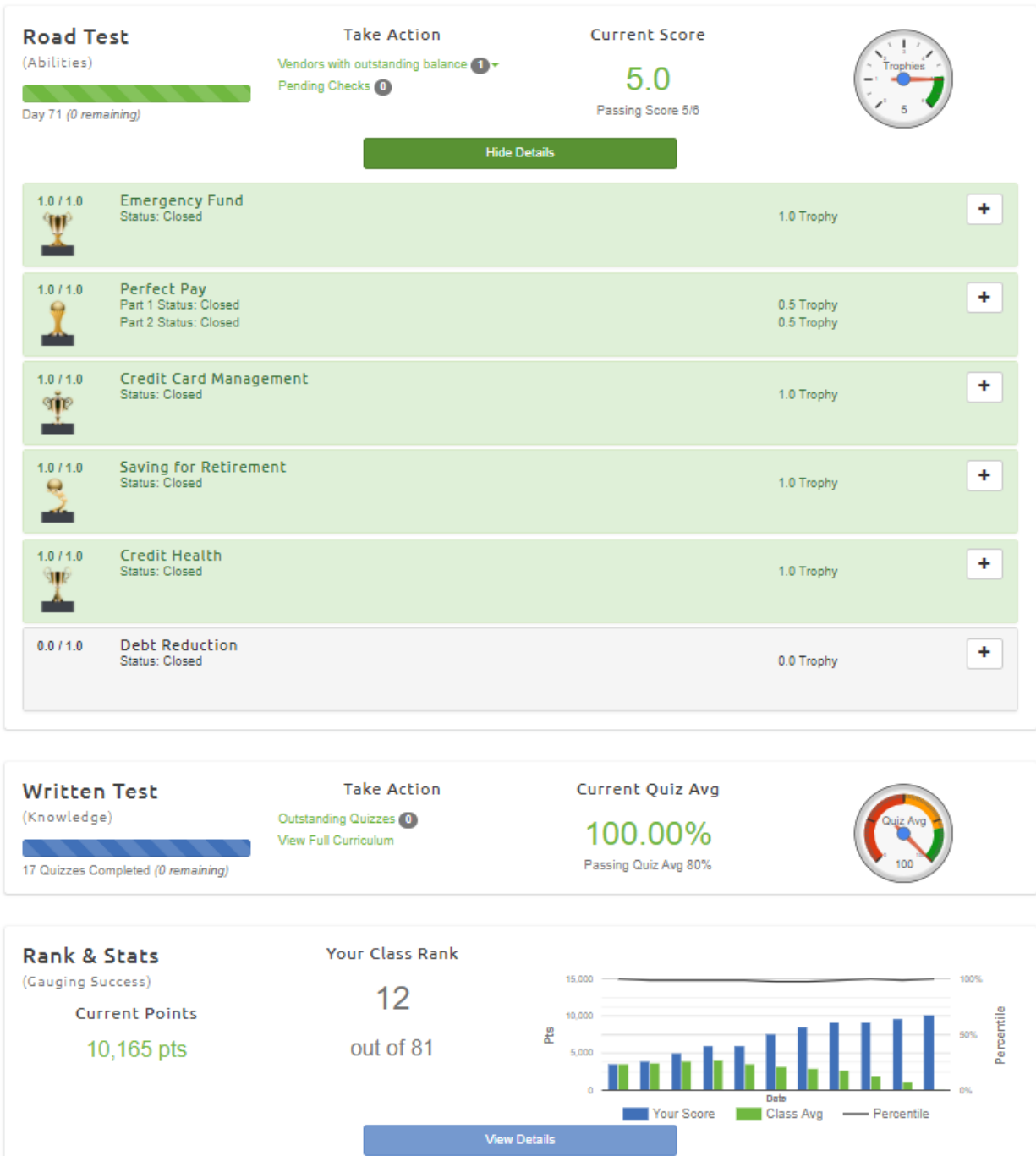


Trophies were earned for Emergency Fund, Credit Card Management, Saving for Retirement, and Debt Reduction. They are shaded green. The green shading also indicates that at least .5 of the Perfect Pay Trophy (500 points) was earned for that goal.

Rank and points

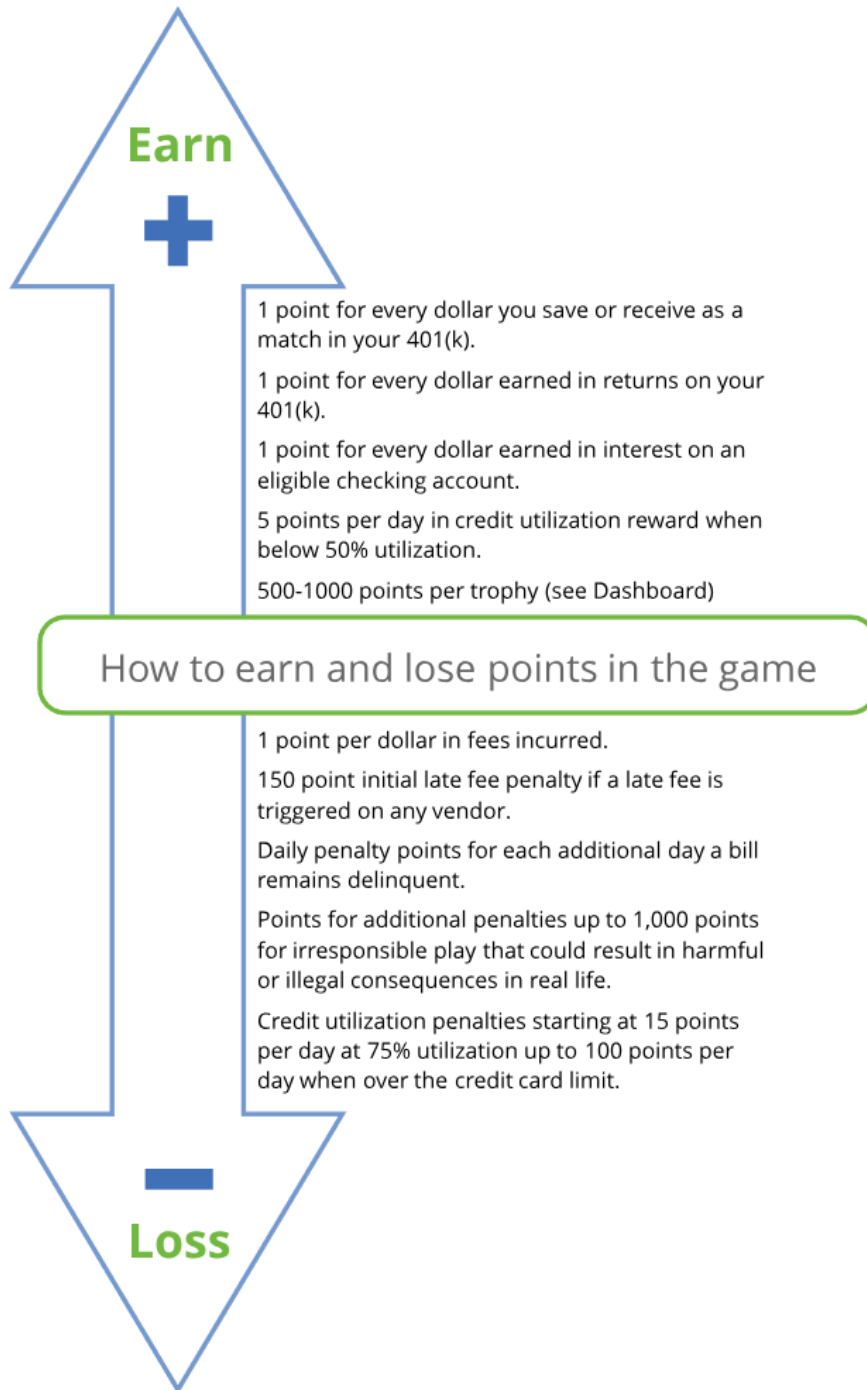
Points in the game are a measure of performance which evaluates skill in the practical application of personal finance concepts. The score illustrates the importance of balancing current and future cash needs, timely bill payments and resourcefulness in the application of financial concepts. Points earned are used to determine class rankings. Points are awarded throughout the simulation for positive financial behaviors. Trophies represent roughly half of the total possible points earned in a simulation. They are awarded when earned except for the Debt Reduction trophy which awards its points as a bonus at the end of the simulation. Points are updated each night and are visible the next day in the Rank and Stats section of the dashboard as shown in Figure 2-11.

Figure 2-11



The graphic in Figure 2-12 details all the possible ways points can be earned and lost in the simulation.

Figure 2-12



Fees and Penalties

Paying bills on time is expected per the terms and conditions in the contracts with each vendor. Failure to pay bills on time results in penalties and fees. You do not receive points for keeping money in your checking account. Fees and penalties are deducted from your points on the date incurred. All possible fees and penalties are listed in Figure 2-13.

Figure 2-13

Fees

Fees are monetary charges by a vendor or bank.

Bank fees - Bank fees are detailed by option on the bank page in Vendor Selections. Bank fees are automatically deducted from the bank account, are non-refundable, and cannot be waived.

ODP Subscription Fees - Depending on your bank account option, a monthly ODP subscription fee may apply.

ODP Usage fee - Every time an ODP transaction is processed to your Surge Credit Card account the bank assesses a \$10 ODP usage fee.

Vendor fees - There are several vendor fees charged in the game. The amounts and grace period are detailed on each vendor's respective tab on the vendor selections page. The amount of a vendor fee is added to the vendor balance and must be paid before the account is considered current and to avoid future penalties.

Per diem fee - Vista Vue apartments assesses a \$5 per diem fee each day your rent is delinquent. The \$5 gets added to your rent balance for up to 9 days.

Over credit limit fee - An over credit limit fee will be charged to your Surge Credit Card if the balance exceeds \$1,000. The amount of the fee depends on the Surge Credit Card option.

Finance Fee - Surge Credit Card assesses a monthly fee that is calculated based on the Average Cash Balance and the interest rate for your particular option. If you carry a balance on your card you will incur a finance fee each month.

Penalties

Budget Challenge aims to teach participants to pay their bills on time and to manage their credit. Penalties have been designed to discourage financially damaging behaviors and encourage financially sound behaviors.

Bank and vendor fee penalty - 1 point per dollar in fees incurred.

Late Fee Penalty - An initial 150 point late fee penalty is assessed on the first day a bill is late. Participants are eligible for **one one-time waiver** of a late fee and 75 points of the 150 point late fee penalty.

Outstanding and excessive balance penalty - If a bill remains outstanding for more than 1 day (including the grace period) the participant's points will be decreased by an outstanding or excessive balance penalty. The penalty amount varies by vendor.

Credit card utilization penalty - To demonstrate the impact credit utilization rates have on a credit score, a daily penalty is assessed when the Surge Credit Card utilization percentage (credit card balance/credit limit) is 75% or greater. (Credit Utilization details below and at Vendors>Credit Card.

Irresponsible financial behavior penalty - Budget Challenge strives to teach participants that some choices have more serious consequences than others. Penalties up to 1,000 points may be assessed for irresponsible financial behavior that could result in harmful or illegal consequences in real life.

Getting help during the simulation

There are many ways you can get assistance during the simulation. During registration, you have access to videos, resources, and the Help Desk for assistance. The Quick Tips page offers step-by-step instructions for routine tasks and navigating the game. Once the simulation starts, you will gain access to vendor pages with FAQs at the bottom of each page for answers to vendor specific questions.

Our [Help Desk](#) is staffed with live Customer Service agents available to answer questions throughout the simulation. You can submit questions at [Student Home>Help Desk](#). Please note that your teacher or program facilitator will be copied on the email response and will have visibility into the initial question asked. A turnaround time of one business day can be expected, although it may be longer in times of high volume or if complex research is involved. Like in real life, courteous, professional emails are more likely to receive a prompt response.

Section 4 Simulation End

Questions to consider as you read this section:

1. How will I know if I learned anything from the simulation?
2. What do I have to do after the simulation ends?

In Budget Challenge you learn by doing. Some of the most important lessons you will learn will be due to making mistakes. That is okay and intentional. It is much better for you to lose points or a trophy in the simulation than lose money and damage your credit as an adult in real life. If you did well, you can be confident that using the same skills and good financial habits you demonstrated in the simulation will directly carry over to adult life. You could not have done well because you “got lucky”. Whether you finish at the top or the bottom of the leaderboard, if you have actively participated, you have learned valuable lessons. That is why we include the engagement score in your point totals.

Post-Simulation Knowledge Assessment

The Post-Simulation Knowledge Assessment opens with one week of the game remaining. Along with the Pre-Simulation Assessment, it will provide a measurement of what new information you have learned. The assessment is open for seven days. Like a quiz, the exam is not submitted until you click “Submit”, locking in your score, and once submitted cannot be reopened. The exam must be submitted by 11:55 PM EST on the last day of the simulation.

Trophies

Trophies represent demonstrated financial skills and behaviors achieved during the simulation. They are the “gold standard” of measuring financial capability. You cannot get lucky and win a trophy, nor can you cram for a trophy at the last minute. Because of that, Trophies represent significant achievement. Your teacher or instructor will explain how and if trophies will be

graded. Budget Challenge considers earning five trophies excellent adult level financial capability.

Reflection

Your teacher may have you complete one or more individual, small group, or whole class reflection activities. It is important and valuable to analyze and evaluate what went well and what you could have improved upon during the simulation. Thinking, discussing, and writing about your experience will amplify the value of the experience. Reflection will also help better prepare you for these same tasks as you face them in the future.

Simulation Surveys

We value feedback from our participants. At the end of the simulation, you will receive an email with a link to a quick survey. Please take the time to provide your insight and share your experience with the program. We use feedback from facilitators and participants to improve our program every year. Your parents may also be asked to complete a survey, especially if your teacher sent regular emails with updates and discussion questions to them. Please encourage them to complete their survey when they receive it.

Summary

Budget Challenge combines a 10-week real-time simulation with curriculum that will prepare you to better manage your finances now and as an independent adult. Your task is to manage the finances of a typical independent young adult while trying to achieve six important financial goals. Your expenses will be determined by the vendors you choose, and purchases made by credit card. You will build your budget using the Cash Flow Spreadsheet. This will allow you to predict future income and expenses to time payments and make important financial commitments. Like in real life, there are rewards for good financial management and penalties for financial mistakes. Some will be in the form of points while others will be monetary. There are many sources of help within the simulation including a live staffed Help Desk. At the end of the simulation there will be several final tasks to complete. These include the Post-Simulation Knowledge Assessment, student survey as well as optional reflection activities and a parent survey, as assigned by your teacher.

Assessment

Review and application

1. What is the purpose of playing Budget Challenge?
2. What is the purpose of the Budget and Cash Flow Spreadsheet (CFS)? Why is it important for it to be updated regularly throughout the simulation?
3. Why is it difficult to earn all six trophies in the simulation?
4. How is the credit card used during the simulation? What will be typical monthly charges on the credit card?

5. At what credit card utilization and above do you begin losing the daily reward points for good credit card utilization?
6. What is the daily penalty for being over your credit limit?
7. How many days before a bill is due must you write an e-check for payment to be received on-time? Are there any circumstances where it could take longer? Explain.
8. What are three ways you can earn points during the simulation?
9. What are three ways you can lose points during the simulation?
10. What are three fees that could be assessed during the simulation?
11. If you are assessed a fee during the simulation, should you enter it on your CFS? Why or why not? Explain.
12. What should you do if you have a question about a bill you thought you paid?
13. Why would it be a bad strategy to “blow off” the simulation during the first nine weeks but really “cram hard” the final week catch up? Describe at least three negative things you predict would happen.

ELA Connection

Review the six simulation trophy goals illustrated in Figure 2-4. Assume that there is an additional column with a paragraph of between 50 and 100 words explaining why that goal is important in real life. Pick one of the goals and write a 50 to 100 word persuasive paragraph with it. Try to use at least one real or hypothetical example to make your point.

Math Application

Review Figures 2-5 and 2-12 that illustrate penalty and reward points assessed during the simulation. Based on your analysis what will be your strategy to earn as many positive points as possible and avoid major penalty points? Explain your reasoning being sure to identify the point values in your explanations.

In the Sim

In Budget Challenge your earnings, cost of goods and services, regular expenditures and other financial figures are based on national averages. Of course, not everyone has average finances. Review Figure 2-1 which lists the vendors you will be making regular payments to. Imagine yourself living independently five years from now. Can you think of any additional regular expenditures you might have for goods or services not provided by those type of vendors? What are they? If you cannot, can you think of any individuals who might have additional regularly occurring expenses? What would they be for?