

Chapter 2

Playing Budget Challenge



So why are we playing?

- Managing money in the simulation is very much like managing money in real life.
- Reward and penalty points will help you learn from your successes and mistakes.
- Practicing over ten weeks is like joining a new academic or athletic team or fine arts performance for a season. You will be far better at managing finances by the end **if** you put in the effort.



Overview

- Getting Started
- Registration
- How to Play
- Simulation End

Getting Started

- Getting Started with Budget Challenge
 - Unique personal finance game replicating the financial life of a working adult
 - Make vendor selections for goods and services used by independent adults
- Gameplay and Scoring
 - Receive virtual paychecks and bills in real-time
 - Build and manage a budget while striving to achieve key financial goals
 - Earn points for positive financial behaviors and lose points for negative ones
- Textbook Complements Simulation
 - Provides knowledge necessary to make good financial decisions
 - Addresses topics not directly covered during gameplay



Registration: Vendor Selections

Vendor Selection Tab	Vendor	Vendor Choices
Job	ProperLiving Widget Engineering & Design	Enroll in your employer 401(k) and select a contribution percentage for your 401(k).
Banking	Little City Bank, Big Nation Bank, Community Credit Union	Select a checking account option. Consider characteristics like fees and minimum balances. Each checking account comes standard with a savings account.
Rent	Vista Vue Apartments	Choose between a studio apartment or a two-bedroom apartment with a roommate.
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 higher or lower deductible.
Cable	Thumbsprain Cable	Choose between different cable plans.
Cell Phone	Minutes4Less	Choose between different cell phone plans.
Credit Card	Surge Credit Card	Choose between accounts with a higher or lower finance fee and/or late fee.
Utilities	Lots-O-Watts	Choose a standard meter or budget billing plan.
Renters Insurance	Safeplace Renters Insurance	Choose between policies that cover the replacement cost or cash value of your belongings.
Student Loan	Riptide Student Loan	Only one option.

- Vendor Selections
 - Choose vendors for goods and services
 - Decide 401(k) contribution
 - Must be completed by 11:55 PM local time on the simulation start date
- Vendor Selection Page
 - View details of each vendor contract
 - Watch the video tutorial for help
 - Eleven choices to make
 - Selections can be changed until the simulation start date

Simulation Date	Deposits	Withdrawals	Fees and Transfers	Apartment Rent	Auto Loan Bill	Auto Ins Bill	Cable Bill	Cell Phone Bill	Credit Card Bill	Utilities Bill	Renters Ins Bill	Student Loan Bill	Total Withdrawals	Total Deposits	Checking Acct Balance
7/1/2023													\$ -	\$ -	\$0.00
7/2/2023													\$ -	\$ -	\$0.00
7/3/2023													\$ -	\$ -	\$0.00
7/4/2023													\$ -	\$ -	\$0.00
7/5/2023													\$ -	\$ -	\$0.00
7/6/2023													\$ -	\$ -	\$0.00
7/7/2023													\$ -	\$ -	\$0.00
7/8/2023													\$ -	\$ -	\$0.00
7/9/2023													\$ -	\$ -	\$0.00
7/10/2023													\$ -	\$ -	\$0.00
7/11/2023													\$ -	\$ -	\$0.00
7/12/2023													\$ -	\$ -	\$0.00
7/13/2023													\$ -	\$ -	\$0.00
7/14/2023													\$ -	\$ -	\$0.00
7/15/2023													\$ -	\$ -	\$0.00
7/16/2023													\$ -	\$ -	\$0.00
7/17/2023													\$ -	\$ -	\$0.00
7/18/2023													\$ -	\$ -	\$0.00
7/19/2023													\$ -	\$ -	\$0.00
7/20/2023													\$ -	\$ -	\$0.00
7/21/2023													\$ -	\$ -	\$0.00
7/22/2023													\$ -	\$ -	\$0.00
7/23/2023													\$ -	\$ -	\$0.00

Registration: Building a Budget

- Powerful Tool for Managing Money
 - Project future cash needs to pay bills and achieve goals
 - Determine how much to contribute to 401(k)
 - Balance conflicting demands for money
- Available in Excel and Google Sheets
 - Watch the Getting Started Video for instructions
- Keep CFB Up to Date
 - Save a copy and update with real-time transactions
 - Reconcile with checking account activity
 - Know true available balance and project future cash flows

Payroll Calculator





Contribute %	Gross Pay	Federal	Soc Sec	Medicare	State	Health Ins	401k Contribution	Match	Net Pay
0	\$2,058.00	\$175.38	\$127.60	\$29.84	\$55.22	\$50.04	\$0.00	\$0.00	\$1,619.92
1	\$2,058.00	\$172.91	\$127.60	\$29.84	\$49.50	\$50.04	\$20.58	\$20.58	\$1,607.53
2	\$2,058.00	\$170.44	\$127.60	\$29.84	\$48.78	\$50.04	\$41.16	\$41.16	\$1,590.14
3	\$2,058.00	\$167.97	\$127.60	\$29.84	\$48.06	\$50.04	\$61.74	\$61.74	\$1,572.75
4	\$2,058.00	\$165.50	\$127.60	\$29.84	\$47.34	\$50.04	\$82.32	\$82.32	\$1,555.36
5	\$2,058.00	\$163.03	\$127.60	\$29.84	\$46.62	\$50.04	\$102.90	\$102.90	\$1,537.97
6	\$2,058.00	\$160.56	\$127.60	\$29.84	\$45.90	\$50.04	\$123.48	\$102.90	\$1,520.58
7	\$2,058.00	\$158.09	\$127.60	\$29.84	\$45.18	\$50.04	\$144.06	\$102.90	\$1,503.19
8	\$2,058.00	\$155.62	\$127.60	\$29.84	\$44.45	\$50.04	\$164.64	\$102.90	\$1,485.81
9	\$2,058.00	\$153.15	\$127.60	\$29.84	\$43.73	\$50.04	\$185.22	\$102.90	\$1,468.42
10	\$2,058.00	\$150.68	\$127.60	\$29.84	\$43.01	\$50.04	\$205.80	\$102.90	\$1,451.03
11	\$2,058.00	\$148.21	\$127.60	\$29.84	\$42.29	\$50.04	\$226.38	\$102.90	\$1,433.64
12	\$2,058.00	\$145.74	\$127.60	\$29.84	\$41.57	\$50.04	\$246.96	\$102.90	\$1,416.25

Registration: Changing your 401(k) contribution

- Changing 401(k) Contribution
 - Can be changed on Vendor Selections>Job tab before simulation starts
 - Can be changed on Employer page after the simulation starts
 - Must be done at least one day before the next scheduled paycheck
 - Cannot be changed on the day paycheck is issued
- Payroll Calculator
 - Displays net pay schedule related to 401(k) contribution percentage
 - Shows the amount of payroll deductions, employer match, and bi-weekly net pay
 - Note that taxes decrease as contribution increases.

Making Payments and Earning Trophies

- Pay bills on time and complete tasks to earn trophies
 - Successfully managing finances can be challenging
 - Earning trophies demonstrates positive financial behaviors
- Stay engaged to avoid late payments and achieve trophy goals
 - Review invoices and vendor account activity
 - Make payments by creating an e-check from your checking account
- Pay bills in advance and keep your CFB up to date
 - Paying bills late incurs fees and point penalties
 - In real life, late payments can hurt your credit score.

Trophy	Financial Goal	How to earn this trophy
 Emergency Fund 1,000 points	Establish and maintain an Emergency Fund. It is important to keep an emergency fund for unexpected financial events.	Save at least \$750 in your savings account in the first 11 days of the simulation. Accessing your emergency fund for unexpected expenses during the simulation is allowed but will put the trophy at risk. Restore the emergency fund by the end of the simulation to keep the trophy.
 Perfect Pay Part 1 500 points	Pay all bills on time and in full. Paying bills on time helps consumers save money by reducing the amount of fees incurred and boosting their credit score, helping qualify them for lower interest rate credit and can reduce stress.	To achieve Part 1, pay all bills on time and in full, for the first 20 days of the simulation.
 Perfect Pay Part 2 500 points		To achieve Part 2, pay all bills on time and in full, from day 21 to the end of the simulation.
 Credit Card Management 1,000 points	Pay off the credit card. Don't carry a balance and pay off the credit card. By managing a credit card responsibly, you can build your credit score and avoid incurring interest.	Pay the second credit card statement balance in full. Payment needs to be on time but doesn't need to include payment for transactions that happened after the second statement date.
 Saving for Retirement 1,000 points	Adequately contribute to a 401(k). Contribute to retirement responsibly based on a budget and a goal. Investing early is the best way to plan for the future.	Contribute \$1,000 into your 401(k) over the first four pay periods. Employee contributions and employer match count towards this \$1,000 goal. Points are awarded after the fourth pay period
 Credit Health 1,000 points	Demonstrate financially sound behaviors to avoid penalties that could damage your credit score. In Budget Challenge, penalties are given for behaviors that will hurt your credit score over time.	This is one trophy, but there are two different goals, and you must maintain both to earn this trophy. Stay under 100 credit utilization penalty points. Stay under 1,000 total daily late fee penalty points.
 Debt Reduction 1,000 points	Pay down student loan debt. Execute a plan to pay down student loan debt to reduce interest payments.	Pay an extra \$500 towards the student loan by the end of the simulation. This is in addition to paying all student loan invoices.

Credit Card

- Credit Card Charges
 - Average between \$600 and \$900 per month
 - View pending charges to anticipate and plan expenses
- Credit Management Trophy
 - Use credit card data and Cash Flow Budgeting Tool
 - Pay at least the minimum balance of \$15 on time
- Carrying a balance results in interest charged
- In real life, low credit utilization generates a high credit score.

Credit Utilization Penalty and Reward Points

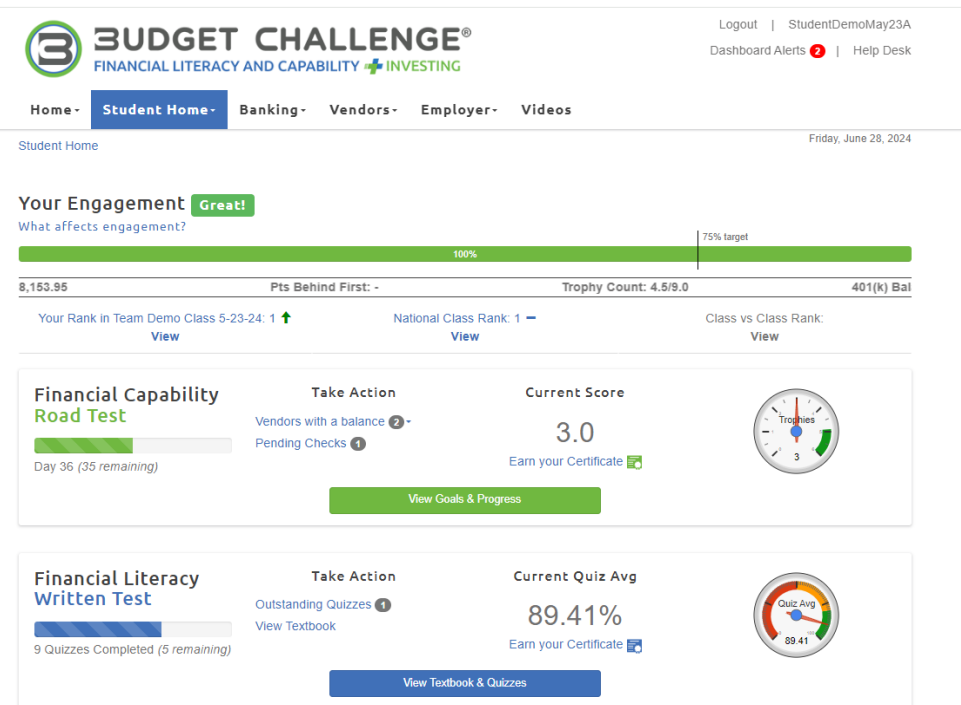
This is a breakdown of Surge Credit Card penalty and reward points by utilization percentage.

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

- Installment loan payments must be received between the day after the invoice is issued and on or before the due date, including the grace period.
 - View the Understanding Installment Loans video on Vendors>Auto Loan for an explanation of installment loan payment timing and billing cycles.
- 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.

Using the Student Dashboard



- Student Dashboard Features
 - Dashboard Alerts
 - Engagement Score
 - Take Action Section
 - Link to Vendors with Outstanding Balance
 - Pending Checks
 - View Assigned Quizzes
 - Progress Gauges
- Trophies
 - View Goals and Progress for status updates and additional details and resources

Trophies

- View Details on Financial Capability section for status update on financial goals
 - Represented by six trophies
 - Additional details by clicking + button
 - Includes helpful links, resources, and videos
- Trophy goals ordered by days remaining
- Color codes indicate trophy status
 - Grey: goal closed, trophy not earned
 - Yellow: goal open, trophy earned but can be lost

Dashboard

Welcome to your dashboard! Read [getting started](#) and check out your [first quiz](#) to learn your way around.

Financial Capability Road Test

Take Action

Vendors with outstanding balance **2**
Pending Checks **0**

Current Score

1.0

Earn your Certificate



Day (70 remaining)

Hide Goals & Progress

0.0 / 1.0

Emergency Fund
Status: Open

11 days remaining



0%

0.0 / 1.0

Perfect Pay
Part 1 Status: Open
Part 2 Status: Not Started

20 days remaining



0%

0.0 / 1.0

Credit Card Management
Status: Open

41 days remaining



0%

1.0 / 1.0

Credit Health
Status: Open

70 days remaining



100%

0.0 / 1.0

Saving for Retirement
Savings for Retirement Goal Status: Open

49 days remaining



0%

0.0 / 1.0

Debt Reduction
Student Loan Status: Open

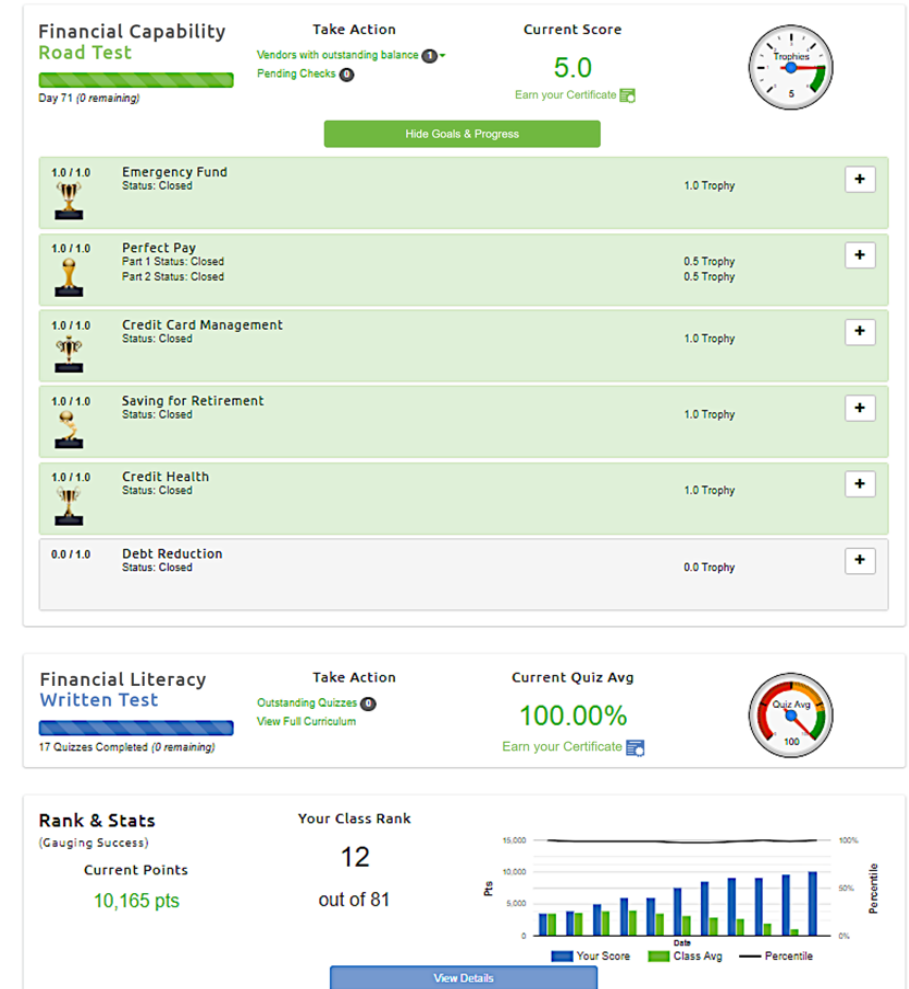
70 days remaining



0%

Ranks and Stats

- Total points earned are a performance measure.
 - Points reflect the importance of balancing current and future cash needs.
 - Positive points are awarded for financial behaviors that increase financial security.
 - Negative points are assessed for financial behaviors that cost money or reduce credit score.
- Trophies represent roughly half of the total possible points earned.
 - Trophies awarded when earned except for the Debt Reduction trophy.
 - Total points are updated each night and visible the next day.
 - Cumulative point totals determine class rankings.



Rewards, Fees, and Penalties

- You are expected to pay bills in full and on time.
 - Failure to do so results in penalties and fees.
- Financial behaviors that improve your credit score and improve financial security receive reward points.
 - Fees and penalties are deducted from points on the date incurred.
- Specific point values earned and lost are shown in Figure 2-12 of your textbook.

Rewards

Rewards are points for demonstrating positive financial behaviors. They only impact the score.

Credit Card Utilization reward – daily reward points are earned for low credit utilization.

Emergency Fund reward – daily reward points are earned for maintaining an emergency fund at the trophy goal level.

Fees

Fees are monetary charges by a vendor or bank.

Bank fees – bank fees are listed for each checking account option in Vendor Selections. They can include monthly service fees, NSF (non-sufficient funds) fees, and negative balance fees. These fees are automatically deducted from the bank account, are non-refundable, and cannot be waived.

Vendor Late Payment fees – vendors consider payments late when they haven't received payment by the due date plus grace period. Late Payment fees are listed in the Vendor Selections and can be a fixed dollar amount, a percentage, or in the case of the apartment, an additional daily (per diem) fee that reoccurs for a maximum of 9 days or until rent is paid.

Vendor Returned Check fees – all vendors add an additional fee for each payment that triggers an NSF fee at the bank.

Over Credit Limit fee – a fee will be assessed if the credit card balance exceeds the credit limit.

Finance fee – a monthly fee is charged based on the interest rate of the credit card and the average outstanding balance.

Penalties

Penalty points are designed to discourage financial behavior that will likely have a future negative impact. Penalty points impact the student's score, but not the bank balance.

Credit Card Utilization penalty – daily penalty points are assessed for high credit card utilization.

Late Fee penalty – for every late payment fee assessed in the simulation, an additional late payment penalty is also assessed.

Daily Late Fee penalty – a daily penalty is assessed when bills remain unpaid after being late. The penalty varies by vendor.

Bank and Vendor fee penalty – all bank and vendor fees incur penalties equal to the amount of the fee. 1 point per dollar in fees incurred.

Emergency Fund penalty – daily penalty points are assessed for maintaining an emergency fund below the trophy goal level.

Getting Help During the Simulation



- Registration
 - Access to videos, resources, and Help Desk
- Simulation Start
 - Access to vendor pages with FAQs
- Help Desk
 - Staffed with live Customer Service agents
 - Submit questions at Student Home>Help Desk
 - Teacher or program facilitator will be copied on email response
 - Turnaround time of one business day

Simulation End: 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 a 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.



Post-Simulation Knowledge Assessment



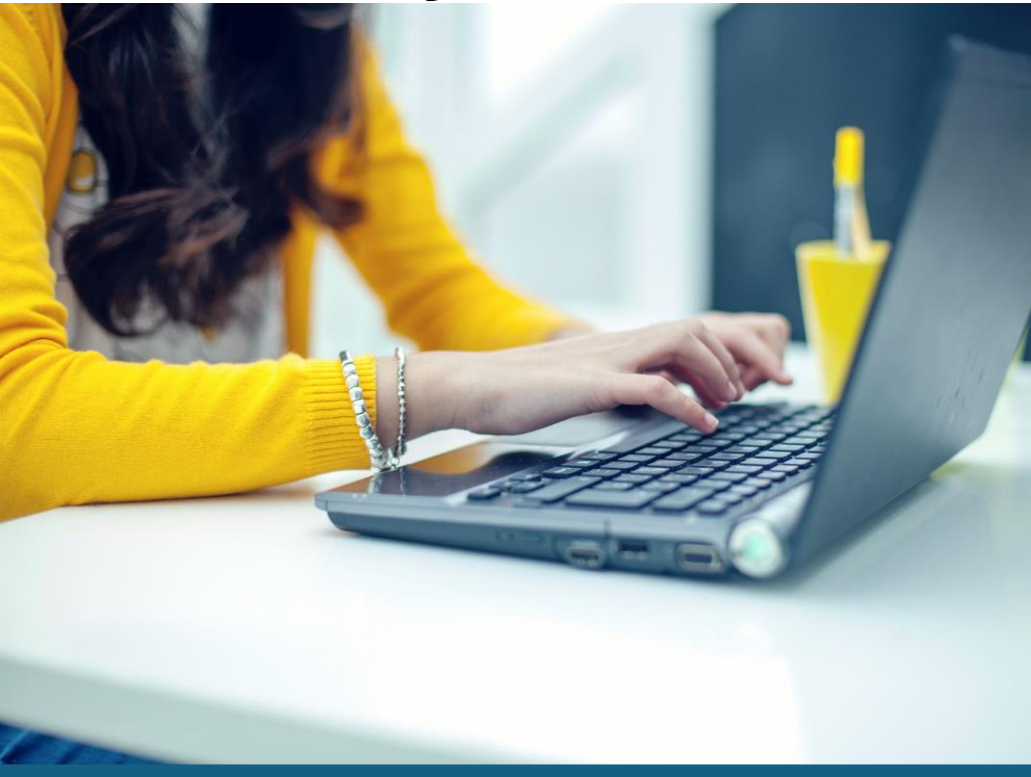
- Opens with one week of the game remaining
 - Provides a measurement of new information learned
- Open for seven days
 - Exam is not submitted until “Submit” is clicked
 - Once submitted, cannot be re-opened
- Must be submitted by 11:55 PM EST on the last day of the simulation

Simulation End: Reflection



- Reflection Activities
 - Individual, small-group, or whole-class reflection activities
- Value of Reflection
 - Analyze and evaluate what went well and what could have been improved
 - Strengthen the value of the experience
 - Preparation for real life

Simulation End: Simulation Surveys



- Participants receive a survey link via email after the simulation.
 - Share your experience and provide insight
- Feedback from facilitators and participants is used to improve the program.
 - The program is improved every year.
- Parents may also be asked to complete a survey.
 - Encourage them to complete the survey when they receive it.