Vendor Information Available to Students in the FAQs

Cable
Cable and/or Internet is meant to represent a small luxury in the budget. Students often ask if they can opt-out of this service. The answer for the game is 'no' and here’s why. The purpose of the game is to compare each student's performance in managing the same budget in order to save the most money, while still meeting all of the financial commitments (bills), and minimizing transaction costs by following the terms and conditions for all of the contracts.

This year, Thumbsprain is offering Basic Cable, High Speed Internet, and a bundle called “The Works” that includes cable, Internet, and landline phone with voicemail. If you dislike these 3 options, you still need to pick one, but in your own mind, you can think of a small luxury you would pay for with the same amount of money, like a hobby, gym membership, or going out with friends.

The price for The Works bundle is $148. The price of $74 assumes you have chosen the two bedroom apartment option and you have a roommate. If your roommate moves out, you would be responsible for the full $148, until you find a new roommate.

Auto Insurance
Unexpected events like a car crash can occur during the simulation. If a car crash happens, the same scenario will apply to everyone playing in the same simulation.

In the case of a car crash, you will receive an email notification of the scenario and an additional bill for the deductible. The bill for the premium will go out on the regular schedule.

Please make sure that the deductible is affordable for your budget. The Insurance Deductible is the amount of the damages that the policy holder needs to pay first, before the policy pays the rest. For example, you are in an accident with $3,000 in damages and the deductible is $1,000. You would file a claim and get a bill for the $1,000 deductible. Once you pay the deductible, then the insurance company will send $3,000 (your $1,000 and their $2,000) to the auto-repair shop that is fixing the car(s).

Auto Loan:
You’ll need a car to get to work and the only way you can afford one is to take out a loan and pay for it over the upcoming years. Please choose one of these two fine products at Zippy’s. Note: Zippy’s is a unique type of lender because they house both a credit union and a bank. In real life, lenders are either one or the other. In this simulation, they are combined only to illustrate product differences.

A car loan is a type of consumer loan in which the good being bought is used as collateral to secure the loan. If you stop paying a car loan, the lending institution can repossess the car. Given that Budget Challenge is a simulation and we can’t really come take a car away from you, we have devised a scoring formula that adds an additional penalty for any bill that is not paid by the due date. Additional real-life consequences like repossession, credit damage, among others are covered by this extra penalty.
Cell Phone
As a renter, there are some bills that are included in the rent (like water, snow removal, and maintenance of common areas of the apartment complex). However, other bills are the responsibility of the tenant like gas, electric, and phone.

For the Budget Challenge scenario, you will have a cell phone from Minutes4Less. If you choose to live with a roommate and you select “The Works” bundle from Thumbsprain Cable, you have the option to have a landline phone to share in addition to your cellphone. However, to keep the budget fair for all participants, the cell phone is required and the landline is a luxury only available to those sharing an apartment with a roommate.

If you choose the cell phone plan that has a charge for the phone device, that charge will appear on the first bill in addition to the service charges.

Credit Card
The credit card contains all the day-to-day purchases in your budget, like groceries, small household furnishings, entertainment, medical/pharmacy costs, etc. Over the years, we have received much feedback from participants about the individual line items. We have modeled the charges that appear on the credit card to match the results of research conducted by the US Department of Labor that investigated what average Americans spend money on. If you see a line item that would not necessarily be your choice, at least you can have the peace of mind that the charges that are occurring on the credit card are representative of the breakdown of expenses incurred by the average American. To keep the game fair, the charges appearing on the credit card are controlled by Budget Challenge. This means all participants have the same expenses on each day.

Here are some other rules to keep in mind for the credit card bill:

- There will be between $500 and $600 of new charges each month.
- The individual charges will appear on a daily basis, but you do not have to send a check for each one. A bill will be generated at the end of the billing cycle and you will get an email to remind you to look at the bill. The amount on the bill is what you owe at the close of the monthly cycle.
- This is the only bill in the simulation that allows a partial payment.
- The minimum payment required is $15 between the date the bill is issued and the date it is due. You have to make the minimum payment to avoid getting a late fee.
- If you carry a balance (ex. you don’t pay the entire bill), a finance fee will be added to your balance.
- You can make multiple payments.
- The credit limit is $1000. If you go over, there is an over credit limit fee. Additionally, if you go over the credit limit and you had overdraft protection on your checking account, the ODP will stop working until your account has available credit to use for cash advances. However, even if you are over the credit limit, the charges controlled by Budget Challenge will continue to appear.
**Gas & Electric**
As a renter, there are some bills that are included in the rent (like water, snow removal, and maintenance of common areas of the apartment complex). However, other bills are the responsibility of the tenant like gas, electric, and phone.

The Standard Meter-based plan is will have variable charges based on usage amount. Keep in mind the timeframe of your simulation as seasonality is built into the system.

The Level Billing plan will have the same charges each month as it averages out the cost for the full year and divides it equally across all months.

**Renter’s Insurance**
Why do you need renter’s insurance? The answer is simple. Renters face the same risk as homeowners in cases of disasters striking their residence. Your landlord probably has an insurance policy that will cover the building, but this policy will only cover the building and not the contents. Renter’s insurance is to protect your belongings, should you suffer from loss or damage. Fortunately, because the cost of your belongings is much less than the cost of the building, renter’s insurance is quite a bit more affordable than normal homeowners insurance.

Renter’s insurance with liability coverage will cover your belongings in the case of fire, theft, and destruction (except flooding). It will also provide some coverage for injuries to visitors that occur in and around your apartment due to unsafe conditions.

Renter’s insurance with liability coverage, plus living expense coverage, and sewer or drain back-up coverage: This policy has the same benefits as the renter’s insurance with liability coverage plus coverage due to sewer/drain back-up. It also covers reasonable living expenses for accommodations if your apartment is not suitable for living for period of time following the unexpected event (for example, fire, flooding, roof collapse, sewer/drain back-up, etc.).

If there is an unexpected event in the simulation, it will affect all participants playing in the same simulation.

**Rent**
Housing is a very important part of your budget. Consequences for not paying a mortgage or rent are very punitive in the real world. Therefore, the Budget Challenge game will mirror that importance. Take this bill very seriously and pay it on time, every time. Vista Vue will send a rent bill on the 8th of the month and rent is due 7 days later. Rent must be received by the due date. If the due date happens to land on a Sunday or holiday, be sure that it arrives by the prior business day. Otherwise, it will be considered late and fees will apply. There is no grace period on this bill, no exceptions.
**Student Loan**

What is different about student loans is that the “collateral” (i.e. what you are gaining and what secures the loan) is the knowledge you get while at college. Given that the knowledge isn’t something the bank can come to take away from you if you fail to pay the loan, student loans are one type of loan that cannot be discharged, even if you file for bankruptcy. Only in cases of “undue hardship” can you get a student loan forgiven, but this occurs very, very rarely. You should count on having to pay back this loan, there’s a reason we call it Riptide.

**Bank**

Minimum balance requirements mean that you must maintain a certain level of money in the account at all times as part of the terms of the account type you have selected. Note that you usually have some perks like free checks or modest interest earned in exchange for keeping a constant amount of funds in your account. Please be aware that if you go below the minimum balance required, there will be a below minimum balance fee assessed.

Overdraft protection (ODP) links to your Surge credit card. This means that if you have ODP and you issue out checks for more funds than you have available, the bank will cover the outstanding amount. It will cost you a monthly fee to have this coverage as well as a fee each time you use it (per use fee). Whenever money is transferred from your credit card to cover an overdraft, it will show as a cash advance in your credit card activity.

Delivery date for checks: The date you choose for your check is the date it will clear your account and post to the vendor. There is a 2 day processing window for checks. When you use the calendar icon to select the delivery date of your check, you will notice that today's date and tomorrow are not able to be selected. Days in the past as well as holidays are also blocked out. Be sure to use the calendar icon to select the delivery date for your check to make sure it meets all of the processing rules.

By selecting a bank account type, you agree to the terms, conditions and fee structure. Any fees assessed by the bank are taken directly from your account immediately. Your selection during registration equals consent to the terms.

Negative balances can occur if you owe the bank money (i.e. fees). If this happens, once you get your next deposit, the negative amount is taken directly out by the bank to cover the outstanding amount and you will only get to use the remainder.

Paychecks occur bi-weekly (every other week). The net pay funds will be direct-deposited into your checking account. Please note that deposits have a 1 day hold at the bank. This means that the funds are available for use the day after the deposit. Any 401K contributions and employer match funds will automatically be deposited into the 401K account.
Employer

The Employment Offer Letter included in the Information Packet is the original offer letter the Widget Analyst would have received prior to starting working at this company. That is why the date of the letter is so far in the past. The character you are representing in the simulation has been "working" at this job for almost a year at the start the simulation.

The timing of the employment start is important for 2 reasons:

- On the anniversary date with the company, employees typically receive their year-end evaluation and any salary adjustments/bonuses. If you perform well, you may receive a raise starting around that timeframe.
- Student loans go into repayment after you have been out of college for six months. So the fact that the character has been working full-time for almost a year reinforces this concept.

Paychecks occur bi-weekly (every other week). The net pay funds will be direct-deposited into your checking account. Please note that deposits have a 1 day hold at the bank. This means that the funds are available for use the day after the deposit. Any 401K contributions and employer match funds will automatically be deposited into the 401K account.

401K

What is a 401K?

A 401K account is a special type of savings account for retirement. The benefits of this type of account are that

- The money is deposited directly by your employer
- The amount deposited into the 401K does not get Federal tax assessed
- 401K funds are for use after you retire (age 62.5 or higher), so when you withdraw them, you will pay federal tax, but since your income level will likely be substantially lower, you will likely pay less taxes in the long run and you’ve already benefited by the interest growth of those funds over the life of the 401K
- If the 401K plan you selected has an employer match, your employer will deposit that match amount directly into your 401K account and you get to keep the money!

There is a way to withdraw funds early from a 401K in real life, but for the purposes of the game, you may not take the money out. Once you save it into the 401K, you earn points, but you may not take it out in order to pay for your short term bills.

Once the game begins, you will be able to change the 401K contribution %. This can be done as often as you want and will take effect on the next paycheck following the submission of the change request online.

The 401K plan will not be able to be changed, so make sure you choose wisely during registration. This constraint (being locked into a plan) simulates the open enrollment for benefits at a company.