

You're a high-school student who has just been transported into the future with your friends. Some of you have just graduated from college or technical school. Some of you are married. All of you already have kids. You've just started your first full-time, professional job. You're earning money and have bills to pay. Now you have to make lots of choices to provide for your family. Oh, and you need to build a budget based on your income and debt. Welcome to SouthPoint Budget City!

## **Program Description**

SouthPoint Budget City is a 2-hour simulation for high-school teens, ages 15-18. Each participant receives a profile describing their assigned occupation, income, and financial obligations. Participants follow instructions to pay for income taxes, medical benefits, and student loan payments and determine their monthly take-home pay, entered as their starting checking balance.

Youth make their way to nine vendor stations to select from a list of options to "purchase" housing, transportation, food, household goods, and other necessities for themselves and their given profile family.

Once the participants purchase from all nine vendors, they will have the opportunity to discuss their experience. Credit Union staff will break the students into groups to ask open-ended questions and get the students thinking and talking about their choices. Discussions will emphasize critical financial concepts such as the importance of building strong credit, saving for emergencies and using a budget to spend wisely.

## **Session Objectives**

Each participant will:

- Practice budgeting as an adult with realistic circumstances.
- Identify and experience the consequences of poor decisions.
- Develop good judgment regarding spending and making a budget.
- Understand that budgeting is a necessary step in good money management and that it isn't difficult.

## **Course Length**

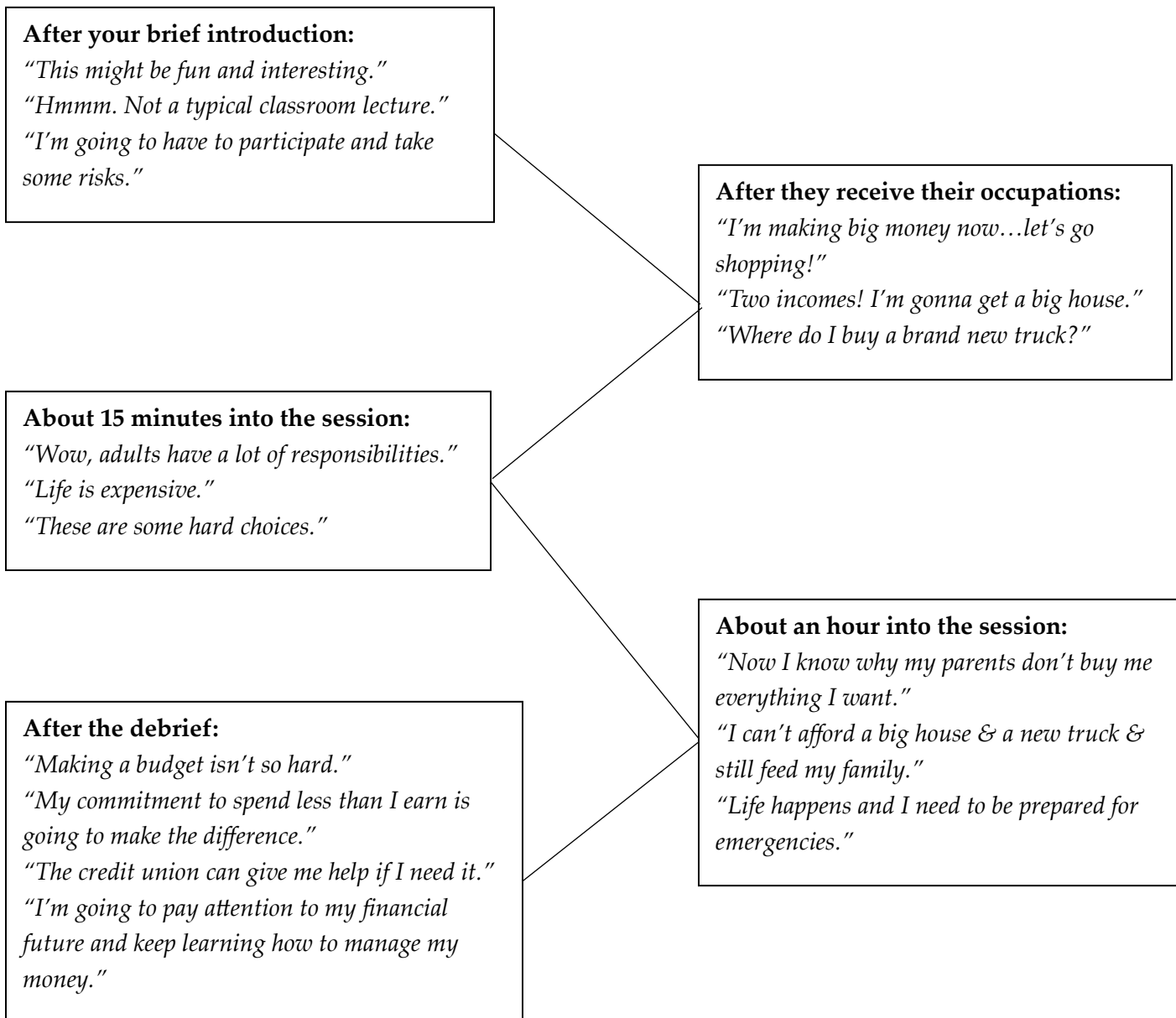
1.5 to 2 hours This time may vary slightly depending on the number of participants and the amount of time spent during the debriefing discussion at the end of the program.

## **What are Participants Thinking?**

What participants think about money, budgeting, and their spending choices will change during the simulation. When it starts, they'll spend money without worrying about the financial impact simply

because they can. Later in the session, they will have to make choices based on their family situations and they'll see the effect of spending on their budgets. By the end of the simulation, they will understand the importance of using a budget to stay within their incomes. For this learning to take place, they have to start by making mistakes. That's why we avoid "correcting" poor decisions during the session and wait to discuss them afterward.

Learning occurs when participants change how they think during the simulation. This diagram describes typical thoughts participants will have at various points throughout the simulation as they experience and complete the activities.



## **About the Simulation**

The SouthPoint Budget City simulation requires teenagers to integrate their knowledge of money, math skills, attitudes about choices, and money values. During the program, participants make decisions with immediate repercussions that might not occur for years in real life. They have the opportunity to modify their decisions and actions and see the impact of changes right away. They have chances to experiment and make mistakes—and suffer the consequences of their decisions—in a realistic, but safe, environment.

Simulations are a good way for learners to practice real life by taking on responsible roles, finding ways to succeed, and developing problem-solving tools. Simulations allow students to have a hands-on experience, not just listen or observe. Simulations motivate participants because their involvement in the activity is so personal that it leads them to want to learn more about making good financial decisions in their future.

Face it—most adults would consider the topic of budgeting to be a “yawner.” Books and classroom lectures on the subject likely would put most teenagers to sleep. But a budgeting simulation elicits higher levels of interest, motivation, and engagement. This activity can produce higher quality problem solving in participants than traditional classroom methods do. What’s more, simulations encourage persistence, creativity, problem solution, and cooperative teamwork.

## **Allow Participants to Make Mistakes**

Really. Let them make mistakes. If you’re used to a traditional teaching experience, you may need to remind yourself not to step in and help participants “fix” their budgeting problems. In this program, we want participants to overspend and end up with purchases they can’t afford. That’s the power of this experience. Participants will realize, “Oh, I guess I can’t have a big house and a new truck on my salary and still pay for day care and groceries.” Sure, you could tell them what choices to make, but that’s not the best way for them to learn. They need to see for themselves what works and what doesn’t. That’s why we provide erasers and calculators for this program.

During the simulation, participants will learn the consequences of their decisions and share their thoughts and actions with their peers.

## **The Power of Peer Discussion**

After participants have finished the simulation activity, Credit Union staff use open-ended questions to guide small group discussions through a series of important learning “take-away” points. Participants have the opportunity to share the highlights of what they learned in a group setting. This is where the magic happens, as students discover the wisdom of personal finance skills from one other, rather than from an adult authority figure. Peer-to-peer learning can promote an increased level of personal ownership of the financial concepts, making this an ideal method for debriefing the simulation activity.