



# HOW THE H&R BLOCK BUDGET CHALLENGE MEETS THE JUMP\$TART NATIONAL STANDARDS IN K-12 PERSONAL FINANCE EDUCATION

## WHAT ARE THE JUMP\$TART NATIONAL STANDARDS FOR PERSONAL FINANCE?



The National Standards in K-12 Personal Finance Education, created and maintained by the Jump\$Tart Coalition for Personal Financial Literacy, outline the personal finance knowledge and skills that K-12 students should possess. The H&R Block Budget Challenge addresses the “spirit” of the standards (creating financially literate students who are able to take individual responsibility for their economic well-being) and the “letter” of the standards (targeted questions on flagged subject matter). H&R Block believes that focusing on both dimensions yields far superior results for students because learning by doing builds knowledge as well as behavior and skill.

Personal finance describes the principles and methods that individuals use to acquire and manage income and assets. Financial literacy is the ability to use knowledge and skills to manage one’s financial resources effectively.

## “SPIRIT” OF THE STANDARDS



The H&R Block Budget Challenge is a teacher-tested, online simulation tool that replicates real-world budgeting and personal finance decision-making. By simulating an adult’s financial life – paying bills, investing in retirement, managing loans and more – students take a personal finance “road test.” This learn-by-doing educational approach allows high schoolers to make real-world mistakes without facing real-world consequences.

## “LETTER” OF THE STANDARDS



The H&R Block Budget Challenge contains twelve separate quizzes, several of which are built to match up with all six Jump\$Tart competencies. Quizzes are integrated within the simulation such that correctly answered questions award students with points toward an overall score.



## THE BUDGET CHALLENGE APPROACH



The H&R Block Budget Challenge teaches not only financial principles, but practical personal finance behaviors, knowledge and skill. The real-time simulation exposes students to the nuts and bolts of receiving a paycheck, paying bills and maximizing savings within a typical household budget – allowing them to understand the consequences of financial decisions in a safe environment, without real money at stake. By combining the patented simulation with standards-aligned quizzes, students produce real financial habits, knowledge and confidence.

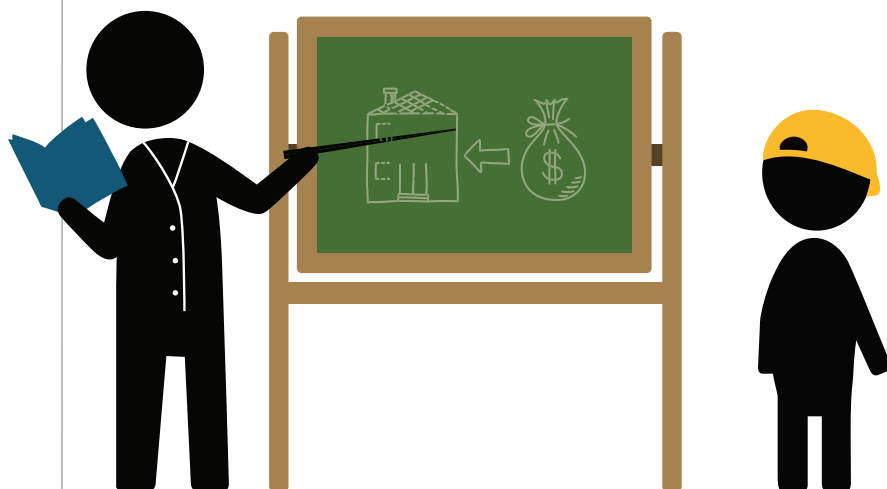
## FOR MORE INFORMATION



Learn more about the Jump\$tart Coalition National Standards in K-12 Personal Finance Education at:

<http://www.jumpstart.org/national-standards.html>

[http://www.jumpstart.org/assets/files/standard\\_book-ALL.pdf](http://www.jumpstart.org/assets/files/standard_book-ALL.pdf)





## 1 COMPETENCY: FINANCIAL DECISION- MAKING



# MEETING THE SPIRIT & LETTER OF THE NATIONAL STANDARDS



**STANDARD 1:** Recognize the responsibilities associated with personal financial decisions.

### HOW WE APPLY STANDARD:

- Student decisions are aligned with points and rewards for making wise financial decisions and consequences for failure to do so.
- Students have 24/7 access to their individual financial account activity information, enabling teachers to use the simulation as a homework activity.

**STANDARD 4:** Make criterion-based financial decisions by systematically considering alternatives and consequences.

### HOW WE APPLY STANDARD:

- Students evaluate the terms and conditions and compare contracts to consider alternatives and consequences prior to making vendor selections.
- Students consider fee alternatives and consequences.

**STANDARD 5:** Apply communication strategies when discussing financial issues.

### HOW WE APPLY STANDARD:

- Students develop communication strategies to professionally discuss financial issues regarding simulated vendors using Budget Challenge customer support.

**STANDARD 6:** Analyze the requirements of contractual obligations.

### HOW WE APPLY THE STANDARD:

- Students evaluate the terms and conditions for invoices and make timely payments.
- Students evaluate the terms and conditions of a 401(k) to make an investment decision and determine net pay.

**STANDARD 8:** Use a personal financial plan.

### HOW WE APPLY THE STANDARD:

- Students use a Budget and Cash Flow spreadsheet to track daily cash inflow and outflow.



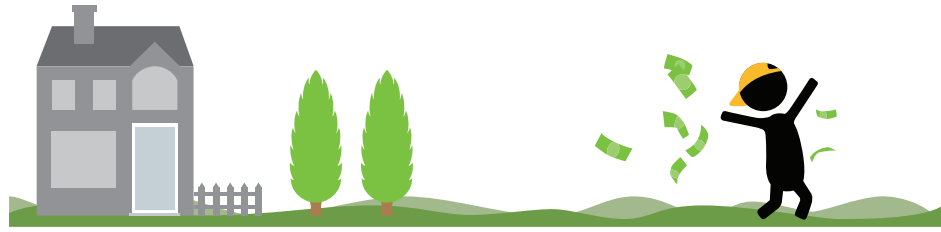
**BUDGET  
CHALLENGE QUIZ: FINANCIAL RESPONSIBILITY**



## 2 COMPETENCY: EMPLOYMENT AND INCOME



## 3 COMPETENCY: SPENDING AND SAVING



### **STANDARD 2: Compare sources of personal income and compensation.** **HOW WE APPLY STANDARD:**

- Students identify sources of income on simulated paychecks, including salary, bonus pay and 401(k).

### **STANDARD 3: Analyze factors that affect net income.** **HOW WE APPLY STANDARD:**

- Students experience how federal withholdings, Social Security, Medicare, state tax and 401(k) deductions affect their take-home pay.



### **BUDGET CHALLENGE QUIZ: CHECKS AND PAYCHECKS**

### **STANDARD 1: Develop a plan for spending and saving.** **HOW WE APPLY STANDARD:**

- Once the students have budgeted for short-term bills, they calculate how much they need for a contingency fund in their checking account for unexpected events.

### **STANDARD 2: Develop a system for keeping and using financial records.** **HOW WE APPLY STANDARD:**

- An overall score incorporating aspects of savings, fee avoidance and personal finance knowledge is updated nightly for each student and class.
- The competition, daily scoring and real-time nature of the game make students realize that money management is a daily process and not a one-time event.
- Cumulative scores highlight the snowball effect of positive and negative money management habits.
- Students lose points in the game for every fee incurred, even at the bank.
- Late payments incur an additional penalty on the score, reinforcing the importance of paying bills on time.



- Choices for checking account types allow students to think about their financial position when selecting a financial vehicle, and to consider minimum balances, free checking, interest-bearing accounts and overdraft protection.

 **BUDGET RESOURCE: BUDGET AND CASH FLOW SPREADSHEET**

**4** **COMPETENCY: RISK MANAGEMENT AND INSURANCE**



**STANDARD 1:** Identify common types of risks and basic risk management methods.

**HOW WE APPLY STANDARD:**

- Students learn about risks associated with renting. They select rental and car insurance.

 **BUDGET CHALLENGE QUIZ: INSURANCE**

**5** **COMPETENCY: INVESTING**



**STANDARD 1:** Explain how investing builds wealth and helps meet financial goals.

**HOW WE APPLY STANDARD:**

- Aside from bills and contingency funds, students must save for retirement to score points.
- 401(k) saving is only allowed through direct paycheck contribution.
- Paychecks show breakdown of gross income, federal and state taxes, Social Security and Medicare.
- Pay raises include both percent salary increases and one-time bonuses to illustrate differences.
- Appropriate tax benefits of saving into the 401(k) are applied.
- Contribution percentage is updated for each biweekly paycheck.
- Interest accrues over time on 401(k) savings, demonstrating how the more you save earlier in the game, the better.

 **BUDGET CHALLENGE QUIZZES: INVESTMENTS AND SAVING AND 401(K)**



## 6 COMPETENCY: CREDIT AND DEBT



### STANDARD 1: Analyze the costs and benefits of various types of credit. HOW WE APPLY STANDARD:

- A credit card in the simulation is provided for daily types of purposes.
- A monthly range of expenses is provided for budgeting purposes.
- Participants learn about minimum payments, finance fees, credit limits and utilization rate.
- Students make a credit card product choice based on information from the Schumer Box (required by law.)

### STANDARD 3: Apply strategies to avoid or correct debt management problems. HOW WE APPLY STANDARD:

- Students actively manage credit card balance and utilization rate to avoid negative impact on their credit score.

 **BUDGET  
CHALLENGE QUIZ: CREDIT CARDS AND INTEREST**