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Financial Simulations for Young Adults: Making the "Real World" Real

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Abstract: Simulations are a useful tool for teaching personal finance concepts. Keys to a successful simulation experience are easy to replicate materials, realistic scenarios, clear instructions for participants, and a thorough debriefing where students discuss their experiences and what they learned. Simulations provide an opportunity for students to appreciate the economic impact of a post-secondary education and to practice financial management skills such as check writing and budgeting. In addition, they are interactive, which makes learning fun. This article provides Extension educators with brief summaries of a "toolkit" of 11 simulation products that teach personal finance concepts to young adults.

Introduction

Simulations are a useful tool for teaching personal finance concepts. With realistic information about hypothetical individuals or households, including salaries, educational attainment, marital status, and household expenses, simulations provide an opportunity for students to appreciate the economic impact of a post-secondary education and to practice financial management skills such as check writing and budgeting. In addition, simulations are interactive, which makes learning fun and help develop participants' interpersonal and teamwork skills. Educators serve as facilitators of the learning process (e.g., posing debriefing questions) rather than in the traditional lecture presentation role.

Simulations are not new to Extension educators (DeBord, 1989; Grieshop, 1987; Lehtola, 2007a, 2007b). Some *Journal of Extension* readers may recall "Libertyville," an issue-oriented public policy simulation developed by Penn State. Another simulation used frequently by Extension educators is the Reform Organization of Welfare (ROWEL) poverty simulation, where participants role-play the lives of low-income families and experience their financial challenges as they struggle to survive and cope with the unexpected. (See <http://www.uwex.edu/ces/flp/food/povertysim/index.cfm> for details.) A similar simulation is the Food Research and Action Center's "Food Stamp Challenge," where participants try to eat a balanced diet on \$21 a week (\$1 per person per meal), which is the nation's average food stamp benefit. (See <http://www.frac.org/Legislative/fspchallenge.html> for details.)

This article provides Extension educators with a "toolkit" of available simulations that teach personal finance

concepts to young adults. It describes 11 simulations, eight that involve interactive group activities and three that are Web based. While not an exhaustive list of available products, it is a starting point for Extension educators who want to implement financial education simulations.

Interactive Group Simulations

Federal Open Market Committee (FOMC) Simulation

The Federal Reserve Bank of New York created this simulation, designed for grades 9-12, of the Federal Reserve Bank's policy-making group that meets periodically to consider adjustments in interest rates. Students are assigned roles such as Federal Reserve Chairman, members of the Fed's Board of Governors, and economic advisors. To prepare for the simulation, students study current economic indicators. (For additional information, see <<http://www.newyorkfed.org/education/fomcsim.html>>).

Life In...

Created by Family Economics and Financial Education (FEFE), Life In... is a spending plan simulation with three versions that include average incomes and expenses for Montana, North Dakota, and the United States. Participants are assigned a profile and provided with a spending plan worksheet to make budgeting decisions. "Chance cards" describing unexpected financial obstacles are included. Simulation materials can be downloaded for free following registration on the FEFE Web site. (For additional information, see <<http://fefe.arizona.edu/educationalResources.php>>).

Mad City Money

The Credit Union National Association (CUNA) developed this interactive simulation that includes "storefronts" for various merchants in Mad City. Participants are assigned scenarios of adults with a job, income, family, and household expenses and visit various storefronts (e.g., landlord, day care center) to select products and services as they develop a budget within the constraints provided. (See <<http://buy.cuna.org/detail.php?sku=27732>> for details.)

On My Own

In this simulation, developed by the University of Tennessee Cooperative Extension, participants assume the role of 25-year olds who are provided a monthly salary for their chosen career and family scenario. After deducting taxes, they visit storefronts to spend their monthly salary and prioritize needs versus wants. Chance cards add additional budgeting complications. (See <<http://www.utextension.utk.edu/topics/FamilyIssues/default.asp>> for additional information.)

Real Money™

This "tabletop" simulation, developed by the New Jersey Coalition for Financial Education, features the income and expenses of a high-cost state and a low-maintenance format without the logistical requirement of staffing storefronts. Students work in small groups to develop a spending plan for one of five fictional scenarios at three different ages: 25, 30, and 35. A colorful game board, teacher's guide, and debriefing questions are provided. (See <<http://www.njcfe.org>> for details.)

Reality StoreSM

Like several other simulations, Reality StoreSM uses the storefront approach, where participants visit a series of booths to pay their "bills" using a mock checkbook. At each station, they make decisions concerning their standard of living (e.g., a one-bedroom apartment versus a three bedroom home). The simulation, originally developed by the Indiana Federation of Business and Professional Women's Clubs, Inc., is followed by a debriefing. (For additional information, see <<http://www.parentingproject.org/loncto.htm>>.)

The Real Game

The Real Game series by Real Game, Inc. contains simulations developed for six different age levels in the United States: Grades 3-4, 5-6, 7-8, 9-10, 11-12, and adult. Simulations are also available for participants in other countries. Each Real Game kit includes a facilitator's guide, reproducible masters, job profiles, a Spin Game, and Q and A cards. Simulations include both activity and discussion segments. (See <<http://www.realgame.com>> for details.)

Welcome to the Real World

Developed by the University of Illinois, this simulation assumes that participants are 25 years old and living independently. Using a checking account, debit card, deposit slips, and check register, they make spending choices and cope with the unexpected using a "deck of chances." (See <<https://pubsplus.uiuc.edu/RW-03-CD.html>> for details.)

Web-Based Financial Simulations

Adding It Up

Developed by Cornell Cooperative Extension and now part of eXtension, the Adding It Up Web site features a simulated trip through a virtual town, called "Moneyville," with seven "neighborhoods": advertising, checking, consumer protection, credit, insurance, money and values, and savings. Each section includes activities, case studies, quizzes, and vocabulary. After touring Moneyville, users test their knowledge by playing a game called "The Money Journey." (See <<http://www.addsup.org>> for details.)

Financial Football

Part of Visa's Practical Skills for LifeTM program, Financial Football tests students' financial knowledge using a virtual football game simulation. Correct answers earn yardage and score touchdowns, and incorrect answers cause penalties and lost yardage. The team with the highest point total after four quarters of play wins the game. (For additional information, see <http://www.practicalmoneyskills.com/english/at_school/trainingcamp/>).

The Stock Market GameTM

One of the oldest financial simulations for youth, the Stock Market GameTM is a product of the Foundation for Investor Education. Participants start with a virtual cash account of \$100,000 and compete to create the best-performing portfolio using a live trading simulation. While playing the game, they learn how to research and evaluate stocks and develop critical thinking skills. (For additional information, see <<http://www.smgww.org/overview.html>>.)

Conclusion

Financial education simulations can help young adults understand how personal behaviors and decisions affect a person's finances and quality of life. Keys to a successful simulation experience are easy to replicate materials, realistic scenarios, clear instructions for participants, and a thorough debriefing where students discuss their experiences and what they learned. This article profiled 11 financial simulation products that can be used to teach personal finance concepts to young adults.

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