

- Getting your credit card and sign in bonuses
  - Quest to find all of the materials and learn about credit
  - Picking the right card - friend or your own
    - Discovery/ Chase, etc.
  - Explain all of the sign in bonuses and benefits
- Paying off Card
  - Explain best practices
  - APR & Fees
- Long-term credit card use
  - Refer friends
  - Credit score calculation & parameters
  - Best use cases

### **StoryLine/Script/Vision of GameFlow:**

Initially (pre-game window):

Choose character to play module - 4-5 characters probably who will have dialogue

Instruction Window - game controls, there is a quest guide panel to get to where you need to go for first quest, explain the purpose of finquest game

Start game button

There will be a quest guide panel at all times on the screen positions somewhere

Have the character start at a certain building (their house?) as the town loads, and they get greeted by one of the other characters to explain welcome to **finquest** where you will learn about credit, credit cards, and some of investing and taxes - a journey into more advanced financial literacy than your regular spending and saving - through completing our quests on the finquest module, you will learn more extensively about credit and gain insight into beginning investing and why and how to file taxes

They will direct them to begin their journey at a local bank!

1st quest objective: learn about credit cards and why credit is important

- Player needs to go and explore what credit options they have - go to a local bank (this will display on the quest guide panel on the top or bottom of the screen)
- Player travel to a local bank to get information about a person- bank teller character gives them the intro to the why credit cards are important but gatekeeps what credit cards are best by only promoting their own bank's credit card ... "come back when you wanna apply but first go to another source to learn more before applying - go to financial literacy center on the side side of the town"
  - Info from github section 1 what is diff between debit and credit card & credit line
  - Possible Script: Hi and welcome to FinWorld, where you will start your financial literacy journey by learning about credit cards first. A debit card uses funds that

you have from your bank account. A credit card uses a credit line that can be paid back later, which gives you more time to pay.

- On a different dialogue bubble: A customer's credit line depends on their creditworthiness, and they can decide how and when to spend the line of credit and are usually billed on a monthly cycle.
- A debit card is issued by a bank to their customers to access funds without having to write a paper check or make a cash withdrawal.
- When you use a debit card, the money is automatically taken out of your checking account. When you use a credit card, you pay the bill later. You can't use your debit card if your bank account is empty, but you can use a credit card as long as you don't exceed your credit limit. Besides, credit cards can help you build up your credit or hurt it.
- Go to financial literacy guru for more information on credit... they will offer you to take their mini-course on the importance of credit cards... a cutout of a big dialogue box with a picture might show as a mini presentation possibly - this might be a lecture so its a long but I'll see if I can divide it up somehow
  - You probably already know basics of credit card but also explain golden rule of credit cards, what they are used for, and diff types of credit cards
    - Possible Script: First, let's learn what a credit line is. A credit card does not just have unlimited balance for one to spend. Credit cards usually come with a set credit line, (say \$500, \$2,500, or \$25,000) based on the cardholder's income. Credit cards allow consumers to carry a balance from month to month, on which they must pay interest. In general, a credit card issuer will raise your credit limit as you spend more and make regular payments.
    - A credit card can be used for many different financial needs including:
      - Daily Transactions (groceries, gas, travel, etc.)
      - Accumulating Cashback (more on this later)
      - Boosting your Credit Score (great for future financial decisions)
      - Getting more trust with your bank and getting pre-approved for better credit cards (ranking of different cards coming later)
    - Finally, here a couple of different types of credit cards you should know about as a beginner of credit:
      - Secured Credit Cards: Most credit cards are unsecured, meaning you don't have to put down any collateral. With secured credit cards, on the other hand, you're required to put down a cash deposit in order to secure a small line of credit, usually for a similar amount. For example, you might sign up for a secured credit card and put down a \$500 initial deposit in order to receive a \$500 line of credit. The one-time deposit (and therefore credit limit) can be as low as \$49. While putting down collateral may not seem ideal, secured credit cards are the easiest type of credit card to get approved for, so they are often helpful when you need to

build credit from scratch or want to repair your credit after a financial hurdle.

- Student Credit Cards: These credit cards are for young people who don't necessarily have a credit history. These credit cards have lesser requirements leading to more people getting approved for them in order to start on their credit journey, accumulate a credit score and become eligible to get better credit cards later on.
- Cash Back Credit Cards: Cash back credit cards make it easy for you to earn cash back or statement credits on your spending, although how rewards are doled out varies from card to card. Some options in this niche offer a flat rate of rewards while others offer bonus points in certain categories like dining or travel. Some even offer bonus rewards in categories that change each quarter, as well as a flat rate of rewards on all non-bonus purchases.
- Not that you know the basics, go around town to help friends and family learn about credit themselves!
- Maybe have a little quiz by their friend where they get tested on this content before passing the module (the quiz would be just a set of questions from different friends that the player can help them answer)
- Go across town to find three friends and two family members who have credit card questions.

2nd quest: getting your credit card and applying ... once you finished your quest to learn more about credit cards, it's time to get your first one and gain your sign in bonus

- Fin literacy guru will direct you to glossary of credit cards and which ones are beginner friendly
  - PUT WHICH CREDIT CARDS TO OFFER on the screen as pictures
  - Should they be fake ones or real ones as options - Discover it, Bank of America, Chase freedom, etc.
- Choice of the person to choose which one to apply for - as a simulation
- Guru sends them to go to a laptop to apply online (in their house?) ... give them tips on applying ... such as putting in an income... explain about credit card referrals
  - Maybe reject them if they put in an annual income that is not realistic (less than \$5000)
- Maybe get a side quest to work at a job before applying (even small campus job) in order to put in income - go to friend and ask for a job with a small starting salary - shows that anyone can have a credit card with a small salary - even part time
- Once apply they will receive their credit card - receive credit card and go back to credit card guru
- Guru will give them another mini-lesson before going back to make purchases - Go through sign-in bonus explanation
  - Friend referrals
  - Spend this much to get \$200 off
  - Travel benefits & many more

- Look at section 2 of IW info -  
<https://github.com/atanastenev/iw-creditcards/blob/main/section2.html>

3rd quest: pay off the card

- **Buy a couple of things - have a store to buy stuff - skincare, a bag, yummy food (some sushi or ramen) - these will be in the unity asset package already**
- Month has passed in the game after the purchase as is charged to the credit card
- Player goes back to guru to explain the process of paying off your credit card
- Minimum payment gives them a timer to pay it off? - go back to guru to explain how to pay card and explain jargon - minimum payment, payment due date,
- interest by fin literacy guru
- APR explanation by fin literacy guru
- Go back to the laptop to pay off credit card - in full or in parts - maybe they have like \$2000 in their bank account
- Link for information to use for script (will confirm will Princeton Fin Lit program too) -

4th quest: long-term credit card use

- Once you pay off the card, the guru says congrats now you know all you need to begin your credit journey but here are some best practices
- Use the advice section... explain building a credit score and all of its benefits
- In order to get a good credit score -  
<https://www.investopedia.com/how-to-improve-your-credit-score-4590097>
- This is a smaller quest, maybe making the player go back to the bank teller to explain other good practices and explain what options they can have with a good credit score - better loan, approval for apartments, etc.
- Also explain Mint.com and other budgeting apps that can help with managing several accounts and potential credit cards (which is not a bad thing)

5th quest: once they can use the credit card as much as they want, start learning how to invest

- Guru offers an extra quest on investing, they can choose whether to listen to it or not, but if they decide yes...
- **Time value of money and compounding - saving & investing difference**
- **Savings: emergency; investing long-term not for funding quicker things**
- Guru gives a mini lesson similar to in quest 1
- The guru will explain
  - ETFs
  - Bonds
  - Other types of individual stocks
  - Investing methods such as Vanguard, Banks, etc.
- Maybe have a similar investing quiz with friends
- Maybe have player go to their laptop and create a small simulation to sign up and invest
- Here is a link of the website to help with script -  
<https://www.investopedia.com/terms/i/investing.asp>

6th quest: now you're introduced to credit cards and are even familiar with investing let's start with filling your taxes:

- Once they went through all other quests, a pop up window will show up saying, its time to file your taxes from the year's worth of working and spending money
- Go to financial literacy guru to give you the breakdown of how to file taxes but the guru is not a tax advisor (disclaimer)
- Different for US residents and non-US residents
- Tax deadlines
- Information that guru will lecture - <https://www.nerdwallet.com/article/taxes/tax-filing>
- Make player go to the bank to get documents to file, if player decides to get a job to collect their W-2 form, and ask their family for any other forms they need
- Go to laptop and research filing taxes guide
- This one is the last to flesh out - need information from princeton financial literacy on what to best teach them here

Characters:

- Player
- Financial literacy guru
- Store clerk @ bank maybe where they work and get money to buy stuff?
- Bank teller
- Friends characters
- Family member characters

Sources:

- <https://www.investopedia.com/terms/d/debitcard.asp>
- <https://www.investopedia.com/terms/c/creditcard.asp>
- [https://www.investopedia.com/terms/c/credit\\_limit.asp](https://www.investopedia.com/terms/c/credit_limit.asp)
- <https://www.investopedia.com/terms/c/creditrating.asp>
- [https://mint.intuit.com/lp/ppc/1000?srqs=null&cid=ppc\\_gg\\_b\\_stan\\_all\\_na\\_mint\\_Brand-Desktop\\_Brand\\_576762850256&srid=CjwKCAiAgvKQBhBbEiwAaPQw3E-s6pt80vdgCjRIDxKFZERvyFRok3kKat8pjXXKQiE-EDEQvCre8xoCV3IQAvD\\_BwE&targetid=kwd-12375380&skw=mint&adid=576762850256&ven=gg&gclid=CjwKCAiAgvKQBhBbEiwAaPQw3E-s6pt80vdgCjRIDxKFZERvyFRok3kKat8pjXXKQiE-EDEQvCre8xoCV3IQAvD\\_BwE&gclid=aw.ds](https://mint.intuit.com/lp/ppc/1000?srqs=null&cid=ppc_gg_b_stan_all_na_mint_Brand-Desktop_Brand_576762850256&srid=CjwKCAiAgvKQBhBbEiwAaPQw3E-s6pt80vdgCjRIDxKFZERvyFRok3kKat8pjXXKQiE-EDEQvCre8xoCV3IQAvD_BwE&targetid=kwd-12375380&skw=mint&adid=576762850256&ven=gg&gclid=CjwKCAiAgvKQBhBbEiwAaPQw3E-s6pt80vdgCjRIDxKFZERvyFRok3kKat8pjXXKQiE-EDEQvCre8xoCV3IQAvD_BwE&gclid=aw.ds)

## Game Script:

Quest Menu: Welcome to FinWorld! To get started on your financial literacy journey, find and talk to Banker Jess to the nearest Bank behind the neighborhood.

Banker Jess: Hello there, I am Banker Jess. In FinWorld you will learn about many different financial literacy topics such as credit, investment, and introduction to taxes. Let's dive in with learning about credit cards first. A debit card uses funds that you have from your bank account. A credit card uses a credit line that can be paid back later, which gives you more time to pay. A customer's credit line depends on their creditworthiness, and they can decide how and when to spend the line of credit and are usually billed on a monthly cycle. A debit card is issued by a bank to their customers to access funds without having to write a paper check or make a cash withdrawal. When you use a debit card, the money is automatically taken out of your checking account. When you use a credit card, you pay the bill later. You can't use your debit card if your bank account is empty, but you can use a credit card as long as you don't exceed your credit limit. Besides, credit cards can help you build up your credit or hurt it. If you want to apply for a credit card today, please come by late, but we encourage you to explore these credit card basics.

### **quest1[1]**

Quest Menu: Congratulations! You learned about the basics of credit but there is still more to learn. Go to a nearby house where the local financial literacy expert can help teach you more.

FinLit Expert: Hi player! I am Erika, the town financial literacy expert and I am excited to help you learn so much more about financial literacy. First, let's learn what a credit line is. A credit card does not just have unlimited balance for one to spend. Credit cards usually come with a set credit line, (say \$500, \$2,500, or \$25,000) based on the cardholder's income. Credit cards allow consumers to carry a balance from month to month, on which they must pay interest. In general, a credit card issuer will raise your credit limit as you spend more and make regular payments. A credit card can be used for many different financial needs including:

- Daily Transactions (groceries, gas, travel, etc.)
- Accumulating Cashback (more on this later)
- Boosting your Credit Score (great for future financial decisions)
- Getting more trust with your bank and getting pre-approved for better credit cards (ranking of different cards coming later)

Finally, here a couple of different types of credit cards you should know about as a beginner of credit:

- Secured Credit Cards: Most credit cards are unsecured, meaning you don't have to put down any collateral. With secured credit cards, on the other hand, you're required to put down a cash deposit in order to secure a small line of credit, usually for a similar amount. For example, you might sign up for a secured credit card and put down a \$500 initial deposit in order to receive a \$500 line of credit. The one-time deposit (and therefore credit limit) can be as low as \$49. While putting down collateral may not seem ideal, secured credit cards are the easiest type of credit card to get approved for, so they are

often helpful when you need to build credit from scratch or want to repair your credit after a financial hurdle.

- Student Credit Cards: These credit cards are for young people who don't necessarily have a credit history. These credit cards have lesser requirements leading to more people getting approved for them in order to start on their credit journey, accumulate a credit score and become eligible to get better credit cards later on.
- Cash Back Credit Cards: Cash back credit cards make it easy for you to earn cash back or statement credits on your spending, although how rewards are doled out varies from card to card. Some options in this niche offer a flat rate of rewards while others offer bonus points in certain categories like dining or travel. Some even offer bonus rewards in categories that change each quarter, as well as a flat rate of rewards on all non-bonus purchases.

Not that you know the basics, go around town to help friends and family learn about credit themselves!

### **quest1[2]**

Quest Menu: Go around your beginning neighborhood and explore some friends and family to talk to and help them learn about financial literacy. Help out 3 people!

Person1: I was always confused about the difference between credit and debit cards. Which one of them accesses your bank account funds directly? A: Credit or B: Debit

Person2: What type of credit card allows you to only access a certain amount that you initially deposited and cannot spend beyond that limit? A: Student Credit Card Or B: Secured Credit Card

Person3: I totally get confused about credit cards but I specifically get confused on what is a credit line. Could you help me understand a credit line better? A: A credit line is a phone number you can call to learn about credit cards OR B: A credit line is a set amount that the cardholder can spend up to every month, usually based on their income.

### **quest2[1]**

Quest Menu: Amazing! You were able to help out three friends and hopefully many more. Let's now continue by helping you get your first credit card. Go back to Expert Erika.

Expert Erika: Great job in helping out your friends and family with their credit card questions. Maybe you will become a better expert than me one day! Let's get you your first credit card. Some real world examples of credit cards for beginners that you can check out include Discover It, Bank of America Student Credit Card, and Chase Freedom. But here in FinWorld, we hope you will apply and receive our beginner friendly FinCredit Card. In order to receive a credit card you need to fill out an application. These applications should not be intimidating or hard, they only ask for personal information, employment, and income. The applications can be filled out online or in a bank (I know, very old school). For our sake, let's apply the old school way. Before going to receive your new card, I encourage you to ask around some other experienced credit card users on their application tips as well.

**quest2[2]**

Quest Menu: As you explore the street to talk to some credit card experts before going to Banker Jess and apply to receive your credit card.

Advice Person 1: Hi there, I first applied for a credit card as a college student with no job and put in a very small income that was unrealistic. Before applying, make sure to get a job and have a decent income, even if it's around \$5K, before applying. After all, you need to earn before spending it.

Advice Person 2: So amazing that you want to know more about credit cards. Personally, I started my credit journey as an authorized user. If you have a parent or other family member with good credit who's willing to make you an authorized user on his or her account, doing so can help you develop your credit history.

**quest2[3]**

Banker Jess: Hi again! We're so glad that you'll be applying for your first ever credit card and it's our FinCredit Account. With any bank, it is always good to also have a regular bank account set up as that will give you more opportunities and promotions for better credit card offers in the future. That being said, let us submit your application and get you on your way. Applying & Submitting..... APPROVED! Congratulations, you can receive your FinCredit Card. Your credit limit for it is \$1,000. If you would like to use it, you can explore local shops or stands and spend some money with it. Hopefully, your parents or job has given you some income to pay off the credit card though. You might be wondering now, why not just use a debit card? I would suggest visiting Expert Erika for more information on that.

**quest2[4]**

Quest Menu: Go to Expert Erika for more advice on the importance and advantages of credit cards.

Expert Erika: Congratulations on obtaining your first credit card. You might be wondering what was the point of you going through that process and even using a credit card. A wonderful advantage of credit, aside from being able to use funds that you can pay off later, are the wonderful sign-in bonuses and also reward points, grace periods, and building credit. Let me walk you through each one of these advantages so you can be convinced that credit is the way to go.

When applying and getting approved for certain credit cards, they have one-time sign-up bonuses. These bonuses can include and are not limited to:

- actual cash (from \$150 to \$1000) for spending a certain amount with you credit cards the first couple of months of owning it
- credit cards reward points
- travel points/miles

Another amazing bonus to credit cards is cash back. back in the form of cash back. After a certain time this cash back can be redeemed as actual cash, store credit, etc.

For every transaction you make, a certain percentage, usually 1%, 2%, or 3% of the transaction amount will be rebated or given back to you in credit card reward points.



There are also rewards points: Many reward credit cards provide bonus points for certain categories of spending like restaurants, groceries or gasoline.

When certain earnings thresholds are reached, points can be redeemed for travel, gift cards from retailers and restaurants,

or for merchandise items through the credit card company's online rewards portal.

Additionally, certain banks that have credit cards that are affiliated with airlines and one can earn many travel points to redeem

free flights or get discounted prices on flights once they redeem the Airline miles/points.

When you make a debit card purchase, your money is gone right away. When you make a credit card purchase, your money

remains in your checking account until you pay your credit card bill.

Hanging on to your funds for this extra time can be helpful in two ways.

First, the time value of money, however infinitesimal, will save you money. Delaying eventual payment makes your

purchase a tiny bit cheaper than it would be otherwise. Second, when you consistently pay with a credit card you don't

have to watch your bank account balance as closely.

If you have no credit or are trying to improve your credit score, using a credit card responsibly will help

because credit card companies will report your payment activity to the credit bureaus.

However, debit card use

doesn't appear anywhere on your credit report, so it can't help you build or improve your credit.

Even if you need to deposit some funds to get a secured credit card, this can help you build your

credit history and eventually qualify for unsecured cards or larger loans for future purchases such as cars and real estate.

That is the end of my lesson 2 on the advantages of credit cards. Looks like your parents let you have a small amount of cash to be able to use your credit card. Go around some shops to purchase some items and get some use of your credit card.

### **quest3[1]**

Quest Menu: Go purchase 4-5 items from shops. Make sure to not exceed your credit limit!

Once you purchased enough, go back to Banker Jess or another nearby Banker to help with paying off your credit card.

Banker Jess: Wow it's been a full month already of receiving your credit card, how exciting! Next, let's teach you how to pay off this card. You can pay your credit card at any point either through an online portal or through going to the bank and having the bank tellers help you out. In FinWorld, we value human interaction so you will need to visit bank tellers to pay off your card. To get more information on how paying off your credit card works, go to Expert Erika for more information.

### **quest3[2]**

Quest Menu: Go to Expert Erika to help with understanding everything about paying off your credit card.

Expert Erika: Hi once again! Hope you were able to explore using your credit card better. Now that you're ready to pay it off, let me describe some details about credit card payments and vocabulary as well.

Once you reach a month of your use and activation of the credit card, you receive what is called a statement balance. It is a monthly breakdown of your transactions and contains the amount you owe back to the bank for that month. You usually have a due date associated with this statement balance, called a grace period.

My best advice is that you pay off the statement balance in full or as soon as possible in order to avoid any interest rate fees. Once the due date comes and you have not paid a certain amount of the statement balance, an interest rate is applied to your amount and you will need to pay a lot more than you originally owe. These fees are usually mentioned as APR - the cost of credit expressed as a yearly interest rate. A penalty APR is the APR charged on new transactions if you trigger the penalty terms in your credit card contract. Your credit card issuer may consider you in default if you pay late, go over your credit limit, or if your check is returned. Penalty rates usually are higher than your standard or introductory rates. If you become more than 60 days late, the penalty APR may be applied to your existing balance.

That being said, go to a new nearby bank, maybe the one near the sandbox park and near the windmill to ask the banker there to help you out with paying off your card.

### **quest3[3]**

Quest Menu: Go to the bank near the small windmill and sandbox park in order to have the banker help you pay off your card.

Banker Kai: Hi there! So happy you're using FinCard and gaining valuable credit experience. I see that you have spent some amount this past month on some good items in our town. Given that your bank account has \$2,000, you will be able to pay off your card in full, which is always a great practice. It is also better to wait until your statement has been released so that the credit bureau has seen credit activity to help you with your credit score. More on that later! Now, let me process your checking account money to your credit card fund. DONE! You have paid off your card and can spend up the credit limit once again. However, we do recommend that you usually spend less than 30% of your credit limit in order to receive and work towards a higher credit score. Speaking of credit score, let's wrap up your beginning credit education by going to Expert Erika and learning about more long-term credit card use techniques.

### **Quest4[1]**

Quest Menu: Go to Expert Erika to learn long-term credit card usage.

Expert Erika: We hope you have gained a lot of valuable knowledge about credit and credit cards. However, here are some helpful tips to help you have a successful credit experience overall. The first and most important rule in credit, what we like to call, THE GOLDEN RULE OF CREDIT CARDS, is to never spend more than you actually have. When you're a credit card owner, you need to be disciplined in not spending over your credit limit and paying off

your credit card, either throughout the monthly timeframe between statements or after monthly statements come out.

The GOLDEN RULE of Credit Cards is never spend more than your credit limit and NEVER SPEND MORE THAN YOU HAVE (in your

immediate funds from banks). A great addition to the GOLDEN RULE is ideally to pay off all of your credit card fees as soon as possible. Don't necessarily just pay off your minimum fee and move on to spending, make sure to apply the GOLDEN RULE. **Never spend more that you cannot pay off right away.**

To me that is the best thing to remember about credit and it takes great discipline to achieve. Now, let's dive deeper into credit scores. A credit score is a number generated from the results of your credit report between 300 to 850. Rather than me lecturing excessively on credit score and good practices to keep it high, I want to send you on an adventure to talk to other experienced credit card holders that can give you good tips on how to keep a good credit score. Keep in mind that when you are a beginner your credit score starts off at an average rate (between 580-670) but with good credit practices it will increase.

#### **Quest4[2]**

Quest Menu: Get advice from at least 5 people in the neighborhood and shops near the big lighthouse. You will find many people are willing to give good advice about prolonged credit use.

Advice 1: A credit score below 580 is considered poor, between 580-670 is considered fair, between 670-740 is considered good, between 740-800 is considered very good, and above 800 is considered excellent. The average American's credit score is around 700.

Advice 2: Credit Inquiries, or statements used to open up new credit cards, have about a 10% affect on your credit score. Lenders see you as a bigger risk if you apply for, or open, several new credit accounts in a short period of time. Checking your own score has no impact.

Advice 3: Your credit payment history accounts for the majority of your credit score, about 35%. Before lenders extend credit to you, they want to know if you pay your bills on time. Always make at least the minimum payment by the due date.

Advice 4: Your credit score considers how long you've been using your credit accounts. Generally, longer is better. The length of your credit history accounts for about 15% of your credit score.

Advice 5: Make sure to pay off your credit as soon as possible. High balances can hurt your score, since lenders prefer when you use a small portion of your available credit. The amount you owe in credit is about 30% of your credit score.

Advice 6: This is for more disciplined and experienced credit users but having a mix of loan types is good for your score. It shows lenders you can handle multiple payments at the same

time. The diversity of credit, whether its credit card or loans accounts for about 10% of your credit score.

Advice 7: In order to follow the Golden Rule of credit cards, I use apps such as Mint.com to help me connect all of my accounts if they are from different banks/financial institutions. In the real world, we advise you to download the app and connect your accounts to see all of your money altogether.

#### **Quest4[3]**

Quest Menu: Go back to Expert Erika for some final words on credit and how to further your financial literacy journey.

Expert Erika: Congratulations! You have learned so much about credit and now are ready to move forward with your financial literacy journey by exploring more advanced topics of investing and taxes. Remember that the advice people around town will always be there to repeat their advice if you need that information once more. To get started on investing, let me give a spiel on money and compound value. When your money sits in a checking or savings account, they don't grow and stay stagnant, however, there is a way to put your money to work and have it grow or shrink with time. This is investing! We often think of investing as this fast-way to get rich, but in this module we hope to explain that investing is not supposed to be a fast-way approach to earn wealth. Instead, it's a financial undertaking in hopes of generating positive returns if done patiently and smartly, but with high risk. Rather than me lecturing, we will let you explore other experts in the city to help you learn about finance. Go to the city hall in the middle back of the town to talk to another expert there.

#### **Quest5[1]**

Quest Menu: Go to the town hall and talk to an investing expert.

Expert \_\_\_\_: Nice to meet you and so excited that you came to me to learn more about investing. To get right into it, investing is putting money or capital towards projects or activities that are expected to generate a positive return over time, but sometimes can also be negative if the project fails. In investment, risk and return work hand-in-hand with each other. Whenever there is potential for a high return on investment, there is usually a high risk to that investment, and vice versa - low risk with a lower rate of return. In order to start investing, know that investors usually take two approaches to investing: do-it-yourself approach and employing a professional money manager to manage those investments. There are pros and cons to each approach. With a do-it-yourself approach you are in control of your capital (money) completely and can invest in any way you want but you have to do a lot of research into each type of investment and always take a risk with such a situation. A professional money manager would most likely have a lot of knowledge and experience with different types of investments and have better strategy to get the best return of investment but you might need to pay for their service or they may ask

for a percentage of your capital. In order to learn more about investing and the types of investments you can make, go down the main plaza on the two streets that lead to the town hall.

### **Quest5[2]**

Quest Menu: Talk to 6 People with IA in their name to gain more investment advice.

Advisor 1: Hi there! The type of investments that I usually learn about are stocks. Anyone can invest in a company's stock as a fractional owner. You become a shareholder once and you get to obtain a dividend paid out of the company's profits when it is successful.

Advisor 2: Bonds are another type of investment. They are debt obligations of corporations, governments, or municipalities. By buying bonds, you hold a share of an entity's debt and can receive periodic interest payments to those debts and also receive a return bond's value when it changes.

Advisor 3: Another type of investment people can make are funds, which are selected instruments managed by investment managers which allow personal investors such as yourself to invest in stocks, bonds, preferred shares, etc. The most common types of funds are mutual funds and exchange-traded funds or ETFs. You might have heard of the S&P 500 which is a conglomeration of the most common stocks. Mutual funds do not trade on exchange but are valued at the end of the trading day, while ETFs trade on stock exchanges and are valued constantly throughout the trading day.

Advisor 4: Investment Trusts are pooled investments with the REITs (Real Estate Investment Trusts) being the most popular. They invest in commercial or residential properties and pay regular distributions to their investors from the rental income received from these properties.

Advisor 5: Some alternative investments one can consider are hedge funds or private equity. Hedge funds hedge their investment bets by going long-term and short-term on stocks and other investments. Private Equity is allowing companies to raise money (capital) without the company going public on the stock market and having their own stock.

Advisor 6: Most people invest through their own means either through apps such as Robinhood or Webull, but you can also open brokerage accounts such as Vanguard, Fidelity, Merrill Edge, and many more. There you can put in your money in certain types of investments and they are monitored by the brokerage.

### **Quest5[3]**

Quest Menu: Go back and talk to Expert \_\_\_\_ for some final words on investing.

Expert \_\_\_\_: Amazing! Thank you for learning about the beginning of investing. Some great channels to watch on what are the best beginning investments are Graham Stephen,

NerdWallet, or Investopedia if you want to learn more. Finally, I wanted to discuss active versus passive investing and growth versus value investing. Active investing is constantly trading and managing your investments by buying and selling in order to “beat the index”. Passive investing represents a more leave and let grow approach where you buy an index fund and let your investment mature naturally. Usually people find passive investing more manageable and less time consuming than active investing which requires more time and research to actually successfully gain capital. Growth investing invests in high-growth companies which will have a higher price rather than earnings ratio. Value investing focuses on higher dividend yields that other investors might not favor, they are longer term essentially. Congratulations! This was your crash course on investing and we hope you gained valuable insight and information into the topic. Now, to get you started on your next adventure, cross the tracks and find a local banker there to learn more.

### **Quest6[1]**

Quest Menu: Cross the railroad tracks to learn about our last advanced financial literacy topic from Banker Violet.

Banker Violet: So great to meet you! We are happy that you have learned so much about financial literacy. Now time to learn a little bit about one of the most grueling topics in financial literacy - TAXES! However, don't fret. We hope by completing this last quest, you will be more comfortable with how taxes work, how to file them, how to actually “do” your taxes, how to prepare, and much more into the nitty gritty of the process. Let me start off by explaining the very basics. The government collects taxes because of the citizen privileges you enjoy for living in the country. Tax revenue is a huge source of revenue for the government that is used for public projects such as infrastructure, schools, mailing, sanitation, and much more. You have probably heard of a sales tax that gets added to each purchase you make, but there are also income taxes that citizens need to pay. Many aspects of your life can impact your taxes that you owe including but not limited to your income, home, marital status, loans, retirement accounts, and major purchases. To learn about how to file the taxes, find Expert Erika on this side of the tracks.

### **Quest6[2]**

Quest Menu: Find Expert Erika on this side of the tracks to give you more insight into taxes.

Expert Erika: Hi again! Looks like I can transport places pretty easily in this world. I also do know a couple of things about taxes that I can help you understand better. Let's start with how to file them. We fill our tax forms that we send those files to the federal government and the state in which we live. Also, there might exist local or city taxes that might need to be filed depending on your residence. Another important note to understand is that you can file your taxes completely by yourself and for free with certain programs such as TurboTax, but often it is easier to have an experienced filer or even tax expert help you with the process the first couple of

times in order to gain expertise on the best methods to file taxes, especially if you hold many assets and have tricky references such as loans, or debt, or large important purchases. With new software that exists out there, you can file everything online and don't need to calculate the hard math, instead you fill out certain sections of the tax forms and the software sends it over for review for you. Tax returns generally need to be filed and postmarked and sent around April 15th, but most people prepare their documents and such at the beginning of the year and recommend completing the process in March. Instead of me lecturing about how to prepare for filing your taxes, go around the neighborhood here with the houses and talk to the experienced taxpayers about their experience and advice with filing and completing your taxes.

### **Quest6[3]**

Quest Menu: Explore the 5 experienced tax payers to gain their knowledge.

Taxpayer 1: In order to prepare for your taxes ask yourself these questions that I always ask myself in order to collect the necessary information:

1. How many jobs did you have? Were they independent or for a company?
2. Did you make any major purchases or sells last year - house, car, etc.?
3. Do you have a financially dependent person in your taxes?
4. Have you made any investments or retirement plans?

These questions always spring up the best information that you will need for your taxes.

Consider also collecting receipts and tracking your finances with tools mentioned before to help you organize all of this information.

Taxpayer 2: I love collecting and organizing all of the paperwork I need in order to file my taxes. I know I'm a nerd for it, but it makes the process so much more efficient. Here are some common documents that might concern you:

W-2 Statements: these are reports of the income you received from your employer with any federal or state taxes withheld from you.

1099-DIV: Reports with dividends and other distributions from investments.

1099-G: these are reports from unemployment compensation, tax refunds, taxable grants, agricultural payments, and other nitty gritty capital gains.

1099-T: a report of the financial aid you might have received from your college or educational institutions for attending the school.

Usually, employers and financial entities would give you these forms by the end of January, so make sure you collect these forms in order to organize yourself.

Taxpayer 3: Once you collected all of your financial information for the year, you need to input these numbers into the 1040 Tax Form, where you file your tax return. This form is found digitally in the tax software you might use and is usually a lot of mix-and-match information that you need to transfer. There are these documents called Form 1040 Schedules that you need to file if you claim certain deductions or credits or owe additional taxes. The IRS has a good guide about the different types of Schedules and what circumstances they go along with. I advised a

professional several years in order to understand these forms because there could be fines, fees, or audits if you don't file them right.

Taxpayer 4: You might be wondering about what some of the tax terms that we have been using mean.

A deduction is payments or expenses that can lower how you have to pay in taxes or taxable income.

Tax credits are money that they give back to you after filing your taxes. You might not receive any credits depending on your financial situation in accordance with tax laws, but if you do you can receive it as direct capital. Some common deductions and tax credits include

- Child tax credit
- Child and dependent care tax credit
- Education credits
- Adoption credits
- Earned income tax credit
- Adoption credits
- Student loan interest deduction
- Charitable donations deductions
- Retirement plan deduction
- & so many more.

Taxpayer 5: You might ask yourself, ok you fill out all of the forms and submit them ("filing your taxes") but what does it all mean? Where do they go? Who collects the taxes?

Well the IRS reviews and collects taxes - the Internal Revenue Service. They are the government body that collects all of the information you fill out in your tax forms and determines the more efficient and fair way that you owe taxes. First they determine your taxable income, which is the adjusted gross income minus deductions that you might have filed. This income will be compared to a table that determines your tax bracket and how much of a percentage you should pay back from your taxable income.

### **Quest6[4]**

Quest Menu: Go back to Expert Erika for some final words of advice!

Expert Erika: Amazing! I hope you gained valuable information from the taxpayers in our town. Please never be afraid to ask for more information or go back and have the taxpayers recall these tips and important steps in filing your taxes. One last lecture before a summary. In taxes, there is a process called auditing which the IRS decides to review your taxes more in depth and have you under investigation to confirm that your filing is correct and fair. Generally:

- Higher income individual get audited more frequently
- Larger deductions might cause more auditing
- Many deductions and credits also cause more auditing



- & individuals with bigger increases or decreases in their income or expenses are more likely to get audited.

This is nothing scary if you have all of your information organized and send all of the paperwork that the IRS wants you to send them in order to confirm all of your information. Usually, correcting the error and paying a small fine would be all that goes into auditing. To summarize everything about taxes in three short points:

1. Prepare, organize, and collect all of your paperwork related to taxes from employers, business endeavors, and financial institutions (investing, house ownership, banks).
2. Decide if you want to fill them out by yourself with an online software or have an advisor to help you with filing them for a service fee.
3. Fill out your Form 1040 and submit and you will be done.

You have learned so much about taxes, investing, and credit cards now. We have enjoyed helping you learn and you can now explore the town and always get advice from any of the citizens of FinWorld. Congratulations once again and we hope you become even more interested in your financial literacy journey!

Quest Menu: Congratulations! You have completed all 6 quests of FinWorld. Explore the town, use your credit card, and learn from our amazing townsfolk.

DONE!