

TIME
FOR KIDS

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FINANCIAL LITERACY FOR KIDS

THIS TEEN
WON \$75,000
ON JEOPARDY!

Who Is Jeff Xie?

How far will
his money
go? He wants
to travel
and save for
college.

\$75,000



Jeff Xie (right) won the *Jeopardy!* tournament by using his knowledge of the Civil War.

MEET JEFF XIE

The teen won a *Jeopardy!* jackpot. What will he do with his money?

Game-show success didn't come easily for Jeff Xie. But his persistence paid off, in the amount of \$75,000.

For years, every weeknight at 7 p.m., Jeff Xie and his family have had a date with the television show *Jeopardy!* For Jeff, the game wasn't just about beating the contestants to the buzzer. It was also a chance to earn extra allowance money. For every question he answered correctly, his parents would add 10 cents to his allowance. Little did they know that, at 17 years old, Jeff would win \$75,000 as the 2014 *Jeopardy! Teen Tournament* champion.

Try, Try Again

Jeff's big win didn't happen overnight—and he didn't just get lucky. It took years to get on the show. In seventh grade, just after his 13th birthday, he took his first online qualifying test and failed. He failed again at ages 14, 15, and 16. But he didn't give up. After each test, he changed his study habits to better prepare for the next test. "I kept track of what I didn't know," Jeff says. "Then I focused not on my strengths but on the difficult parts."

The strategy worked. The fifth time he took the test, he aced it. But he wasn't on the show yet. He had to compete at a regional audition, where he completed a second

50-question test, had an in-person interview, and played a practice round. From there, he landed one of the 15 spots on the show's teen tournament, beating out a total of 8,574 other competitors.

Jeff, now 18, is a senior at J.P. Stevens High School, in Edison, New Jersey. Next year, he hopes to go to Columbia University—in New York City—where he'll study astrophysics to become a rocket

POWER WORDS

budget (*buh-jet*) *noun*: an estimate of the amount of money needed

finance (*fy-nance*) *noun*: the way money is used and handled

scientist. He plans to use \$50,000 of his winnings to help pay for college. His parents agreed that the other \$19,000 is his to use for whatever he'd like. He wants to travel to Europe, particularly to Paris, France, so that he can use the French he's learned in school.

Managing the Money

Jeff has plans for \$69,000. But he won \$75,000. So what happened to the rest of the money? Taxes. But Jeff expected that. In fact, he says he expected taxes to take even more money out of his winnings. Jeff learned a lot about money from a book his older sister gave him, *I Will Teach You to Be Rich*, by Ramit Sethi. "It helped me get an idea of what the personal **finance** world is like," Jeff says, "and what I need to do to save as much money as possible."

He plans to put his \$19,000 into a savings account with an online bank, rather than a bank with a branch in his hometown, because he learned from the book that online banks usually pay more interest than traditional banks. He'd also like to get a credit card, but says that his parents are more skeptical about that. It might have to wait until he graduates from college and gets a job.

For fun, Jeff plays the trumpet in his school's marching band. He also loves the show *Dancing with the Stars*.

Will it be his next game-show pursuit? "If I ever get famous enough to be one of the people they pick, then maybe," Jeff says. "They picked Bill Nye, the Science Guy, so who knows?"

—By Kelly Hultgren

HOW

How far will Jeff's \$75,000 go?

Jeff wants to put his \$75,000 toward college and travel. The cost of four years at a public in-state university is about \$65,000. That includes tuition and room and board. So the \$50,000 Jeff set aside for college would go a long way. The cost of four years at a private university averages \$148,000. So Jeff's money would cover a year and a half.

Jeff's \$19,000 **budget** for travel goes

further. For \$915 he could buy a round-trip ticket from his home in New Jersey to Paris, France. The average price of a hotel in Paris is about \$300 a night, but there are other options that can cost as little as \$30.

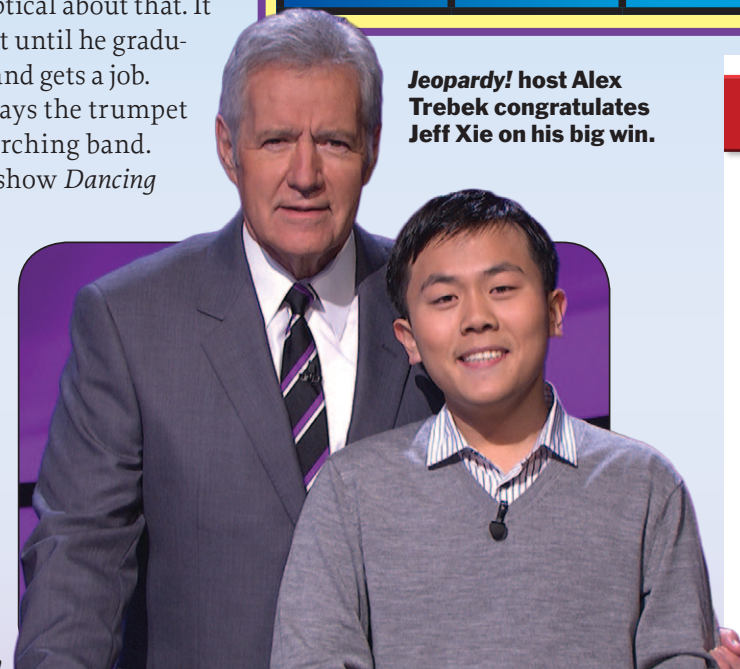
Or Jeff could choose not to spend the travel money and instead invest it in the stock market. The \$19,000 could grow at a rate of 8% a year. If it did, in 10 years he would have \$42,000. In 20 years he would have \$93,000. But that's only if the stocks do well. In 30 years, his original investment would be worth more than \$200,000. What would you do?

—By Arielle O'Shea



COST OF COLLEGE

	COLLEGE COST IN 2010	COLLEGE COST IN 2020	COLLEGE COST IN 2030	COLLEGE COST IN 2040
IN-STATE PUBLIC	\$16,140	\$27,599	\$54,293	\$106,803
PRIVATE	\$36,993	\$61,405	\$120,793	\$237,619



Jeopardy! host Alex Trebek congratulates Jeff Xie on his big win.

FAMILY CHALLENGE

If you suddenly had \$75,000, what would you do?

Discuss with your family how you would spend a windfall. If you have different ideas, try to work out a compromise. Develop a budget. How much money would you save? How much would you spend on something your family wants or needs now?



ASK JEAN

Jean Chatzky is a money expert.

What is an investment?

—Lincoln Webster, 10
London, Kentucky

An investment is something you purchase with the hope that it will be worth more in the future than it is worth today. In other words, when you invest, you are buying something that you hope will grow in value over time so that down the road you can sell it and make money. Money you make above the purchase price is called a profit. Some common investments are shares of stock in companies, like Coca-Cola and Apple; mutual funds that consist of shares of hundreds (sometimes thousands) of stocks; and real estate, like homes or land. What makes saving different from investing is the hope of growth. If you put \$5 in your piggy bank, you are saving it. It will still be there tomorrow, but it won't be worth more than it is today.

COURTESY JEAN CHATZKY

Do you have a question? Write to Jean at tfkasks4you@timeforkids.com.

All About Income Taxes

Your first paycheck may be a big surprise. The amount of money you get will be less than the amount you earned. Why? Because of income taxes, or money the government takes from each paycheck to pay for things we all share. These include protecting our country, researching cures for diseases, fixing our roads and bridges, and paying for health care for older people. How much you'll pay in taxes depends on how much you earn each year. The more you earn, the greater the slice of your income you pay.

KIDS WEIGH IN

Should Parents Tell Kids How to Spend Their Money?



A boy and his father shop at an Apple Store in San Francisco, California.

Maybe you earn a weekly allowance, babysit, or run a small business out of your basement. No matter how much money you have, you most likely have plans for how to use it. Should your parents be part of the decision-making process? Or should you be the only one in control of your money? Here, two TFK Kid Reporters offer their opinions.



YES!

Suraj Modi, 12
Lawrenceville, Georgia

Parents have more financial knowledge and background than kids, so they can support their kids in making better decisions about spending. Kids may be tempted to waste money on unnecessary things. Parents can help kids save for items that are useful, such as a new bike. With parental guidance, kids can make informed choices and learn about economics and finance.



NO!

Andrew Mancini, 11
San Carlos, California

If kids earn money or get it as a gift, it belongs to them. They should decide how to spend it. Kids are only kids once, so let's let kids be kids. If parents have done their job and been good role models with regard to money, they will have influenced their kids' spending habits. And if kids do spend their money unwisely, it is an opportunity for them to learn how to be responsible in the future.



We want to hear from you! The next topic: Should you have to work for your allowance? E-mail your opinion to tfkasks4you@timeforkids.com. For more information, go to timeforkids.com/pwcdebate.