

CASE STUDY E

Mike and Sara Howard are both 45 and have 3 teenage kids. Mike works as a teacher at local middle school. Sara is an assistant manager at a coffee shop. They have lived in a small town in Alabama for the past 20 years. They have been able to save up a decent emergency fund but are concerned that they are not being good stewards and want to begin being more disciplined about living on a budget. They've always paid their credit cards off at the end of the month and believe in driving cars as long as they can. They go to church, and put a \$20 bill in the offering plate each Sunday.

Mike's job at the school provides good health and disability insurance, as well as a pension that should replace about 60% of his income in retirement. Sara's job doesn't have a lot of benefits, but they both contribute the maximum amount to a Roth IRA each year. Mike and Sara both have 20 year term life insurance policies which cover about 10x their annual income.

Help the Howard family with their budget and maintenance system.

- Complete the "% Spending Plan" tab, using appropriate percentages from the "Percentage Guide" tab.
- In the "Spending Plan" tab, complete the "new budget" column, explaining significant changes in the "comments" column.
- Input their new budget into the "Monthly Budget" sheet for the month of January.
- Analyze their spending (pre-filled in the "Jan" sheet) against their budget and consider what you would like to discuss with them at your next meeting. Write your discussion points in the Comments box at the bottom of the "Jan" sheet.

The questions below will be in the Assignment for Case Study E. They are listed here so you can be thinking about them as you review the forms in this spreadsheet.

1. While referring to the Crown Money Map, you will notice that the Howards are at Destination 4. What would you like to discuss with them about developing a sustainable Maintenance Plan? **I would discuss their plans or goals for the future, such as time of retirement, education funds for the children.**

2. What specific actions would you recommend to the Howards about Destination 4 adjustments to their budget?

I would recommend continuing to save up to 12 months of living expenses. Create an education /college fund for the children and increase giving to the Lord's work.

3. Are there topics or questions you might like to discuss with the Howards about their plans and goals?

Yes. 1. When are they planning to retire at what age or date? 2. How much do they want to have saved aside from IRA and Pension?

3. Did they have a plan for assisting the children with college?

Assets & Liabilities	
Date:	November 12, 2023

Comments

ASSETS (Present Market Value)	Balance
Cash On Hand (both husband and wife if married)	300
Checking Accounts	6,000
Savings Accounts	40,000
HSA / FSA Accounts	
Stocks and Bonds	
Cash Value of Life Insurance	
Valuable Collections (coins, stamps, etc.)	
Primary Home Value (look up value, e.g., zillow.com)	350,000
Other Real Estate	
Mortgages/Notes Receivable	
Automobile 1 - 7 year old Chevy Malibu	7,600
Automobile 2 - 7 year old Chrysler Town & Country Van	9,000
Automobile 3 - 5 year old Honda CR-V	19,000
Personal Property (Furniture, Jewelry, etc.)	
Retirement Savings (401k, 403b, IRAs, Pension, etc.)	350,000
College Savings	
Other Assets	
Total Assets	781,900

LIABILITIES / DEBT LIST					
CREDIT CARDS (only list cards for which you do not pay the full statement balance each month)					
Credit Card Issuer	What Was Purchased	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Total Credit Cards		0			0

AUTO LOANS					
Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Total Auto Loans		0			0

HOME MORTGAGES (includes home equity loans or lines of credit)					
Mortgage Service Company	Property Address	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
New American Funding	456 Lark Lane	1,020.00	5.00%		150,000.00
Total Home Mortgages		1,020			150,000

OTHER DEBT (education, medical, personal, business, legal, IRS, etc.)					
Who	Type of Debt (medical, education, etc.)	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Total Other Debt		0			0

Total Liabilities/Debts	150,000
NET WORTH (Total Assets minus Total Liabilities/Debts)	631,900

Instructions

1. Find the family situation that most closely represents your family (i.e. Married with 4 children, Single with roommate, etc.).
2. Find the gross income level that most closely represents your family (i.e. \$25,000 to \$125,000).
3. Taxes include all current actual monthly Federal, Social Security, Medicare, State, and Local Income Tax Taxes.

Suggested Percentage Guidelines For Family Income

(Married with 4 Children)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000	
1. Tithe/Giving	10%	10%	10%	10%	10%	10%	
2. Total Taxes	Use Current Monthly Taxes						

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	38%	38%	34%	33%	32%	32%
4. Food	15%	15%	14%	14%	14%	14%
5. Transportation	14%	14%	12%	12%	11%	11%
6. Insurance	5%	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	4%	4%	5%	5%	5%
9. Clothing	5%	5%	6%	6%	7%	7%
10. Savings	4%	4%	5%	5%	5%	5%
11. Health & Wellness	8%	7%	7%	7%	7%	7%
12. Miscellaneous	3%	3%	5%	5%	5%	5%
13. Investments	0%	0%	3%	3%	4%	4%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%

14. School/Child Care no guideline percentages

Suggested Percentage Guidelines For Family Income

(Married with 2 Children)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					
Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%						
3. Housing	39%	36%	32%	30%	30%	29%
4. Food	15%	12%	13%	12%	11%	11%
5. Transportation	15%	12%	13%	14%	13%	13%
6. Insurance	5%	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	5%	5%	7%	7%	8%
9. Clothing	4%	5%	5%	6%	7%	7%
10. Savings	5%	5%	5%	5%	5%	5%
11. Health & Wellness	5%	6%	6%	5%	5%	5%
12. Miscellaneous	4%	4%	6%	6%	7%	7%
13. Investments	0%	5%	5%	5%	5%	5%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Family Income

(Married with No Children)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					
Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%						
3. Housing	40%	36%	34%	32%	31%	30%
4. Food	15%	14%	13%	12%	11%	11%
5. Transportation	15%	14%	14%	13%	13%	13%
6. Insurance	5%	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	4%	4%	5%	7%	7%
9. Clothing	4%	4%	5%	6%	6%	7%
10. Savings	4%	4%	4%	5%	5%	5%
11. Health & Wellness	6%	6%	6%	6%	5%	5%
12. Miscellaneous	3%	4%	5%	6%	7%	7%
13. Investments	0%	4%	5%	5%	5%	5%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Individual Income

(Single with 1 Child)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					
Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%						
3. Housing	40%	39%	39%	36%	34%	30%
4. Food	15%	14%	14%	13%	13%	12%
5. Transportation	15%	14%	14%	13%	13%	12%
6. Insurance	3%	3%	4%	4%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	4%	4%	6%	6%	6%
9. Clothing	5%	5%	5%	6%	7%	7%
10. Savings	5%	5%	5%	5%	5%	5%
11. Health & Wellness	6%	7%	6%	6%	6%	6%
12. Miscellaneous	3%	4%	4%	6%	6%	6%
13. Investments	0%	0%	0%	0%	0%	6%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Individual Income

(Single with No Children / Living Alone)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					
Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%						
3. Housing	40%	38%	36%	34%	32%	30%
4. Food	6%	6%	7%	7%	7%	7%
5. Transportation	15%	15%	14%	14%	13%	13%
6. Insurance	4%	4%	4%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	6%	6%	7%	7%	8%	9%
9. Clothing	5%	6%	6%	7%	8%	8%
10. Savings	5%	5%	5%	5%	5%	5%
11. Health & Wellness	6%	5%	5%	5%	4%	4%
12. Miscellaneous	5%	6%	6%	6%	7%	7%
13. Investments	3%	4%	5%	5%	6%	7%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Individual Income

(Single with No Children / Living with Roommate)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					
Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%						
3. Housing	25%	24%	23%	22%	21%	20%
4. Food	6%	6%	6%	7%	7%	7%
5. Transportation	20%	19%	18%	16%	15%	13%
6. Insurance	4%	4%	4%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	9%	9%	9%	9%	10%	10%
9. Clothing	7%	7%	7%	7%	7%	8%
10. Savings	8%	8%	9%	10%	10%	10%
11. Health & Wellness	6%	6%	6%	5%	5%	5%
12. Miscellaneous	5%	6%	6%	7%	7%	7%
13. Investments	5%	6%	7%	7%	8%	10%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Revised Oct 29, 2022

Percentage Spending Plan

Gross Monthly Income		<i>from Current Spending Plan:</i>	8,050	96,600
	Input appropriate % from "Percentage Guide"			Annual Income
Income Deductions	Percentage	x	Gross Monthly Income	=
				Guideline Amount
1. Tithe/Giving	10%	x	8,050	=
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	=
				805
				1,904
Net Spendable Income (NSI)			5,341	64,094
				Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	32%	x	5,341	=	1,709
4. Food	14%	x	5,341	=	748
5. Transportation	11%	x	5,341	=	588
6. Insurance	5%	x	5,341	=	267
7. Debts	5%	x	5,341	=	267
8. Entertainment/Recreation	5%	x	5,341	=	267
9. Clothing	7%	x	5,341	=	374
10. Savings	5%	x	5,341	=	267
11. Health & Wellness	7%	x	5,341	=	374
12. Miscellaneous	5%	x	5,341	=	267
13. Investments	4%	x	5,341	=	214
14. School/Child Care	<i>no guideline</i>				
Total Percentages: (cannot exceed 100%)			100%		
Total Guideline Expenses: (cannot exceed Net Spendable Income)					5,341

Annual NSI

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
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INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	6,036		5,336	
Less Total Expenses	6,685		5,336	
Surplus or Deficit	(649)		0	

Monthly Income				
Gross Monthly Income	8,050		8,050	
Monthly Salary - Husband	4,583		4,583	
Monthly Salary - Wife	3,467		3,467	
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income				
LESS				
Category 1 - Tithing/Giving (monthly)	110	805	810	
The Local Church	80		780	Talk to client about increasing their giving to the Lord's work.
The Poor				Take a portion of the IRA contribution \$500 and add to giving.
Other Ministries - Food Pantry	30		30	Take a portion of the Tutoring / lessons \$195
Other Giving				
Category 2 - Taxes (monthly)	1,904	1,904	1,904	
Taxes (Fed, State, Medicare, Social Security)	1,904		1,904	
Other				
Do not include medical/dental premiums, retirement plans, HSA/FSA contributions, charity contributions that are deducted from paycheck. Include these deductions as expenses in rows listed below.				
NET SPENDABLE INCOME (monthly)	6,036	5,341	5,336	

Monthly Expenses				
Category 3 - Housing (monthly)	1,950	1,709	1,950	
Mortgage(s) (from Debt List)	1,020		1,020	
Extra Mortgage Payment				
Rent				
Insurance (paid annually, not escrowed in the mortgage)	200		200	
Property Taxes (paid annually, not escrowed in the mortgage)	100		100	
Electricity	150		150	
Gas	60		60	
Water	40		40	
Sanitation	30		30	
Telephone / Cell phone	180		180	Ask client what this plan covers. Need to look at lower plans if possible.
Maintenance	50		50	
Internet / Cable Service	120		120	
Other				
Category 4 - Food (monthly)	1,200	748	748	
Grocery	1,200		748	Look at ways reduce grocery bill ie. Coupons, Bulk Purchases, Better meal plans

Spending Plan	Current	Guideline	New Budget	Comments
Other				
Category 5 - Transportation (monthly)	650	588	650	
Auto Payment(s) <i>(from Debt List)</i>	0		0	
Extra Auto Payment				
Gas & Oil	330		330	Need to evaluate vehicle use and miles driven to see if reductions can be made in cost of Gas and Insurance(Since this is a small town fuel cost seem a little high)
Auto Insurance	250		250	
Licenses & Taxes	10		10	
Maintenance	60		60	
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	200	267	200	
Life	40		40	
Health/Dental	160		160	
Disability				
Other				
Category 7 - Debts (monthly)	0	267	0	
Total Credit Cards <i>(from Debt List)</i>	0		0	
Total Other Debt <i>(from Debt List)</i>	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	280	267	267	
Eating Out / Lunches	150		137	Adjust eating out and lunch budget down by 13 dollars to meet budget target.
Baby Sitters				
Activities / Trips				
Vacation	100		100	
Pets	30		30	
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	110	374	110	
Children's Clothing Needs	60		60	
Husband/Wife Clothing Needs	50		50	
Other				
Category 10 - Savings (monthly)	200	267	64	
Savings Account	200		64	Reduce savings since they are at over 6 months of income saved
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	380	374	380	
Doctor	250		250	
Dentist	100		100	
Prescriptions				
Eye Glasses / Contacts	30		30	
HSA or FSA Contributions				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 12 - Miscellaneous (monthly)	315	267	267	Reduce the budgeted amount by \$48 over the four categories to meet percentage.
Toiletries / Cosmetics	80		68	
Beauty / Barber	50		38	
Laundry / Cleaning				
Allowances	60		48	
Subscriptions				
Gifts (including Christmas)	125		113	
Cash				
Other				
Category 13 - Investments (monthly)	1,000	214	500	
Employer 401k/403b plans				
Retirement IRAs	1,000		500	normally contribute about 12,000 to two Roth IRAs at end of the year
College Funds				Ask client to consider reducing IRA contribution in order to increase giving by \$500.
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)⁽¹⁾	400		200	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc	400		200	Ask client about suspending this expense to increase giving by \$200
Other				
Total Expenses	6,685	5,341	5,336	

(1) This category does not have a guideline amount.

Monthly Budget

Monthly Budget

For Year :

Category:	INCOME	TITHE/ GIVING	TAXES	HOUSING	FOOD	TRANSPORT	INSURANCE	DEBTS	ENTERTAINMENT RECREATION	CLOTHING	SAVINGS	HEALTH & WELLNESS	MISC.	INVESTMENTS	SCHOOL/ CHILD CARE	TOTAL EXPENSES	SURPLUS / DEFICIT
Month																	
Jan	8,050	810	1,904	1,950	748	650	200	0	267	110	64	380	267	500	200	8,050	0
Feb	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aug	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	8,050	810	1,904	1,950	748	650	200	0	267	110	64	380	267	500	200	8,050	0

Form Version Nov 28, 2022

Monthly Budget

Month:	January		Year:	0																This Month
Category	INCOME	TITHE/ GIVING	TAXES	HOUSING	FOOD	TRANSPORT	INSURANCE	DEBTS	ENTERTAINMENT RECREATION	CLOTHING	SAVINGS	HEALTH & WELLNESS	MISC.	INVESTMENTS	SCHOOL/ CHILD CARE	TOTAL EXPENSES	SURPLUS / DEFICIT			
BUDGETED	8,050	810	1,904	1,950	748	650	200	0	267	110	64	380	267	500	200	8,050	0			
Date																				
1	2,291.50		542.00				80.00										622			
2		20.00				75.00			54.00		200.00						349			
3					134.00												134			
4	866.75		204.99							164.80							370			
5				1,020.00		84.00						134.45					1,238			
6																	0			
7				30.00	85.00				83.20				13.70				212			
8				90.00		64.00											154			
9		20.00															20			
10															75.00		75			
11	866.75		204.99		97.00	89.00							56.00				447			
12																	0			
13				70.00													70			
14									76.58								77			
15	2,291.50		542.00	35.00	178.00		80.00										835			
16		20.00			31.00										162.00		213			
17						63.00											63			
18	866.75		204.99														205			
19					240.00												240			
20		30.00				78.00			42.10								150			
21				179.95													180			
22					112.00								71.29				183			
23		20.00											14.30		234.00		268			
24									23.54								24			
25	866.75		204.99		86.00		40.00										331			
26				120.00		82.00			56.92								259			
27									74.21								74			
28					152.00												152			
29						250.00											250			
30		20.00															20			
31																	0			
This Month	8,050	130	1,904	1,545	1,115	785	200	0	411	165	200	134	155	0	471	7,215	835			
This Month vs. Budget	0	680	0	405	(367)	(135)	0	0	(144)	(55)	(136)	246	112	500	(271)	835				
Year to Date	8,050	810	1,904	1,950	748	650	200	0	267	110	64	380	267	500	200	8,050				
Year to Date	8,050	130	1,904	1,545	1,115	785	200	0	411	165	200	134	155	0	471	7,215	835			
YTD Actual vs. Budget	0	680	0	405	(367)	(135)	0	0	(144)	(55)	(136)	246	112	500	(271)	835				

Form Version Aug 6, 2023

Comments / 1. We need to discuss measures to reclaim overspending based on our budgetary goals for Food (Look at bulk, coupons, and meal planning to reduce spend) 2. Review usage of vehicles to evaluate fuel cost based on size of Questions / community may be excessive. 3. Reduce spend in Entertainment Category once allotted amount is gone no more entertainment. 4. Need to plan for clothing spend maybe save up 2=3 months before going shopping if possible. Again, only Recommendations spend the allotted amount for the month. 5. Need to decrease the amount to savings to divert to other areas of the budget. 6. Review amount budgeted for School / Child Care and how it is being spent and try to bring it inline with (hit Alt-Enter to budgetary limits. move to a new line):

