CASE STUDY A

Mindy Smith, 33 years old, was recently divorced from her husband Terry after 10 years of marriage. She
children, ages 3, 5, and 8. Terry is a CPA. Mindy has never worked outside of the home, although she co
one year of college. Terry and Mindy had been actively involved in a large church since they were marrie
now wants to marry Carol, a lady who sings in the church choir. The church quickly responded by followi
steps outlined in Matthew 18:15-17, but Terry and Carol are not repentant and now want nothing to do
old church. Mindy has stayed in the house, which is in a small city with limited public transit. They have
dog.

Mindy is working 40 hours per week at a bookstore, where she earns just over the minimum wage. Mind
has offered to watch the children while Mindy works. The church has helped with food and utility bills, b
cannot continue this long-term.

Following are the agreements in the divorce settlement.

- Mindy was awarded the house but has to pay the mortgage.
- Mindy was awarded all personal belongings - furniture, toys, clothes.
- Mindy was awarded child support of 1,800 per month.
- Mindy was awarded the Honda Accord, which has a loan against it.
- Mindy will be responsible for the credit cards and personal loans shown on the debt list.

- Terry is responsible for providing health insurance for the children. He is also responsible for all medica
expenses the health insurance doesn't pay, plus all dental and prescription drug expenses for the childre
employer does not provide health insurance.

- Terry is to carry life insurance on himself in the amount of 250,000 with the children as the beneficiari
youngest child reaches age 21.
- No alimony was awarded.
- Mindy was awarded the exemptions of the children for income tax purposes.

Help Mindy develop a realistic budget for her new situation as a single mother.
- 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 "c
column.

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

1. What scriptures and biblical principles could help Mindy understand how God wants her to manage h
and decide about declaring bankruptcy?

2. What actions should Mindy take to help her adjust to her new lifestyle and her resulting emotions?

3. Mindy's debt payments are significantly over the guideline. What practical steps should Mindy take to

4. Mindy's housing expense is significantly over the guideline. How would you help Mindy decide wheth

5. What actions should Mindy take to secure some type of health and life insurance?

6. What actions should Mindy take to fund emergency savings and clothing?

This is a very sad situation that you may very well run in to. Statistics show:

- 41 percent of first marriages end in divorce.
- 60 percent of second marriages end in divorce.
- 73 percent of third marriages end in divorce.

This is alarming and sad news. Yet Christians are not exempt from these types of situations.

Assets & Liabilities

Date:		Comments

ASSETS **(Present Market Value)**	**Balance**	
Cash On Hand (both husband and wife if married)	50.00	
Checking Accounts	250.00	
Savings Accounts	0.00	
Stocks and Bonds		
Cash Value of Life Insurance		
Valuable Collections (coins, stamps, etc.)		
Primary Home Value (look up value, e.g., zillow.com)	300,000.00	
Other Real Estate		
Mortgages/Notes Receivable		
Automobile 1 (look up value, e.g., kbb.com) - 4 year-old Honda Accord	22,000.00	
Automobile 2 (look up value, e.g., kbb.com)		
Automobile 3 (look up value, e.g., kbb.com)		
Personal Property (Furniture, Jewelry, etc.)	20,000.00	
Retirement Savings (401k, 403b, , IRAs, Pension, etc.)		
College Savings		
Other Assets		
Total Assets:	**342,300.00**	

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	
Chase Amazon	Various	50.00	23.0%	0	4,000.00	
Citibank Visa	Various	65.00	20.0%	0	5,500.00	
Capital One Mastercard	Various	40.00	21.0%	0	2,500.00	
Total Credit Cards		**155.00**			**12,000.00**	

AUTO LOANS

Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due	
Honda Financing	4 year-old Honda Accord	530.00	6.0%	0	18,000.00	
Total Auto Loans		**530.00**			**18,000.00**	

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	
My Town Credit Union	18 Oak Court	1,800.00	4.0%	0	250,000.00	
Total Home Mortgages		**1,800.00**			**250,000.00**	

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	
Best Finance	Debt Consolidation Loan	260.00	10.00%		8,000.00	
Total Other Debt		**260.00**			**8,000.00**	

Total Liabilities/Debts	**288,000.00**
NET WORTH (Total Assets minus Total Liabilities/Debts)	**54,300.00**

Form Version Nov 28, 2022

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			*from Current Spending Plan:*		**3,648.00**	**43,776**
						Annual Income
	Use appropriate % from "Percentage Guide"					
Income Deductions	**Percentage**	x	**Gross Monthly Income**	=	**Guideline Amount**	
1. Tithe/Giving	10.0%	x	3,648		**364.80**	
1. Total Taxes	*no guideline*		*actual from Current Spending Plan:*		**141.37**	
Net Spendable Income (NSI)					**3,142**	**37,702**
						Annual NSI

Expense Category	**Percentage**	x	**Net Spendable Income**	=	**Guideline Amount**
3. Housing	40%	x	3,142	=	1,257
4. Food	14%	x	3,142	=	440
5. Transportation	13%	x	3,142	=	408
6. Insurance	5%	x	3,142	=	157
7. Debts	8%	x	3,142	=	251
8. Entertainment/Recreation	2%	x	3,142	=	63
9. Clothing	2%	x	3,142	=	63
10. Savings	5%	x	3,142	=	157
11. Health & Wellness	7%	x	3,142	=	220
12. Miscellaneous	4%	x	3,142	=	126
13. Investments	0%	x	3,142	=	-
14. School/Child Care	*no guideline*				
Total Percentages: *(cannot exceed 100*	**100%**				
Total Guideline Expenses: (cannot exceed Net Spendable Income)					**3,142**

OK

Spending Plan	Current	Guideline	New Budget	Comments
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	**3,467**		**3,780**	I recognize the % Spending Plan I have chosen does not match the recommended guidelines in all areas. I see this budget as being in 'phases' or evolving as Mindy makes progress. To start, she really cannot afford savings, investments, etc. However, once she works to eliminate some debt and increase income, then we can re-evaluate the percentages to adjust accordingly.
Less Total Expenses	**4,505**		**3,780**	
Surplus or Deficit	**(1,038)**		**0**	
Monthly Income				
Gross Monthly Income	***3,648***		***4,148***	
Monthly Salary	1,848		1,848	Mindy should test the market to see if she can get a higher paying job
Child Support	1,800		1,800	Can she negotiate more from Terry?
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income			500	Can she get another part time job? Something remote / at night after the kids are asleep? With her current debt and mortgage payments, the budget is nearly impossible to balance without any extra income. If this is not possible immediately, maybe the church would be willing to continue helping for a few months while Mindy gets at least one credit card debt payment taken care of?
LESS				
Category 1 - Tithe/Giving	***40***	***365***	***227***	
The Local Church	40		227	You probably do not agree for me not to put 10%, but feel we are in a zero sum position if the church is currently helping her with food and utilities. Once she gets herself to a budget where she is not overspending every month, then would increase this to 10% as soon as possible.
The Poor				
Other Ministries				
Other Giving				
Category 2 - Taxes	***141***	***141***	***141***	
Taxes (Fed, State, Medicare, Social Security)	141		141	
Other				
do not include medical/dental premiums, retirement plans, HSA/FSA contributions, charity contributions that are taken out of the paycheck. Instead, include these deductions as expenses below				
NET SPENDABLE INCOME	**3,467**	**3,142**	**3,780**	
Monthly Expenses				
Category 3 - Housing	***2,100***	***1,257***	***2,055***	

Spending Plan	Current	Guideline	New Budget	Comments
Mortgage(s) *(from Debt List)*	1,800		1,800	Mindy needs to find another solution as this is not sustainable. Consider refinancing, selling the house, renting out a room (or two) if possible, etc. Something to lower monthly payment as this is currently almost half her monthly income.
Extra Mortgage Payment				
Rent				
Insurance (included in mortgage)				
Property Taxes (included in mortgage)				
Electricity	150		150	
Gas				
Water	60		60	
Sanitation				
Telephone / Cell phone	45		45	
Maintenance				
Internet / Cable Service	45			
Other				
Category 4 - Food	***800***	***440***	***400***	
Grocery	800		400	This is an area where she can definitely cut back. Guidelines suggest around 14% and she is currently spending 21% (50% more). Would recommend buying in bulk, coupons, store brand items, re-use where possible, elimate higher priced items, etc.
Other				
Category 5 - Transportation	***910***	***408***	***810***	
Auto Payment(s) *(from Debt List)*	530		530	This monthly payment is also 20% higher than we would like it to be. Can she negotiate a lower rate or smaller monthly payment using any connections from the Church, etc.?
Extra Auto Payment				
Gas & Oil	200		100	Honda Accords get great gas mileage and the case states she lives in a small town. Don't see the need to spend $200 per month on gas. Can she bike/walk/carpool?
Auto Insurance	150		150	
Licenses & Taxes	30		30	
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance	***0***	***157***	***0***	
Life				Do not enjoy keeping this one at zero. However, believe it is in Mindy's best interest to start paying down her debt first and then work towards all insurance and emergency savings.
Health/Dental				
Disability				
Other				
Category 7 - Debts	***415***	***251***	***515***	
Total Credit Cards *(from Debt List)*	155		155	
Total Other Debt *(from Debt List)*	260		260	

Spending Plan	Current	Guideline	New Budget	Comments
Extra Debt Payments			100	Mindy needs to start being able to make extra paymets on her debt to start making her way out of the hole she's currently in.
Category 8 - Entertainment & Recreation	***220***	***63***	***0***	
Eating Out / Lunches	150			This is going to be tough, but Mindy needs to cut back at least until she gets her budget to a stable point.
Baby Sitters	30			Can Mindy's sister proivde these services until she has a stable budget? Or can she leverage the time while the kids are with Terry?
Activities / Trips				
Vacation				
Pets	40			A small expense, but at this point one she really cannot afford.
Hobbies and Sports				
Other				
Category 9 - Clothing	***0***	***63***	***0***	
Children's Clothing Needs				
Husband/Wife Clothing Needs				Hopefully Terry is willing to support the kids in this space for a bit.
Other				
Category 10 - Savings	***0***	***157***	***0***	
Savings Account				
Credit Union				
Other				
Category 11 - Health & Wellness	***0***	***220***	***0***	
Doctor				
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other				
Category 12 - Miscellaneous	***60***	***126***	***0***	
Toiletries / Cosmetics	20			Can these items be purchased with grocery?
Beauty / Barber	20			
Laundry / Cleaning	20			
Allowances				
Subscriptions				
Gifts (including Christmas)				
Cash				
Other				
Category 13 - Investments	***0***	***0***	***0***	
Employer 401k/403b plans				
Retirement IRAs				
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				

Spending Plan	Current	Guideline	New Budget	Comments
Investment Real Estate				
Other				
Category 14 - School/Child Care [1]	***0***	***0***	***0***	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	**4,505**	**3,142**	**3,780**	

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

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