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:

ASSETS **(Present Market Value)**	**Balance**	**Comments**
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**	**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		**365**	
1. Total Taxes	***no guideline***		***actual from Current Spending Plan:***		**141**	
Net Spendable Income (NSI)					**3,142**	**37,702**
						Annual NSI

Expense Category	**Percentage**	**x**	**Net Spendable Income**	**=**	**Guideline Amount**	
3. Housing	38%	x	3,142	=	1,194	
4. Food	15%	x	3,142	=	471	
5. Transportation	14%	x	3,142	=	440	
6. Insurance	5%	x	3,142	=	157	
7. Debts	5%	x	3,142	=	157	
8. Entertainment/Recreation	4%	x	3,142	=	126	
9. Clothing	5%	x	3,142	=	157	
10. Savings	4%	x	3,142	=	126	
11. Health & Wellness	7%	x	3,142	=	220	
12. Miscellaneous	3%	x	3,142	=	94	
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**		**3,142**	
Less Total Expenses	**4,505**		**3,142**	
Surplus or Deficit	**(1,038)**		**0**	
Monthly Income				
Gross Monthly Income	***3,648***		***3,648***	
Monthly Salary	1,848		1,848	very good Mindy has an income, inventory must be worked on to review possible things she could sell, free technical courses are encourged to be able to change job and increase income, while that happens, part time jobs like baby sitting other kids on her own house can be explored
Child Support	1,800		1,800	
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income				
LESS				
Category 1 - Tithe/Giving	***40***	***365***	***365***	
The Local Church	40		365	encourage to give to the Lord faithtfully and open heart to believe and see Gods provision on every situation
The Poor				
Other Ministries				
Other Giving				
Category 2 - Taxes	***141***	***141***	***141***	
Taxes (Fed, State, Medicare, Social Security)	141		141	talk about being faithtful to God is to pay taxes accordingly
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**	**3,142**	
Monthly Expenses				
Category 3 - Housing	***2,100***	***1,194***	***1,860***	
Mortgage(s) *(from Debt List)*	1,800		1,800	should be reviewed in detail, a bank visit is needed to review options to decrease payments, request a lower rate, insurance decrease as not a couple anymore
Extra Mortgage Payment				
Rent				
Insurance (included in mortgage)				
Property Taxes (included in mortgage)				
Electricity	150			covered by church help - detailed measures to be taken to save on this bill, reduce number of rooms used in the house
Gas			0	covered by church help for limited time
Water	60		0	covered by church help for limited time
Sanitation				

Spending Plan	Current	Guideline	New Budget	Comments
Telephone / Cell phone	45		35	consider reducing phone plan
Maintenance				
Internet / Cable Service	45		25	reduce to the lowest speed - verify if church can help
Other				
Category 4 - Food	***800***	***471***	***50***	
Grocery	800		0	covered by church help - use envelopes to spend only on critical food, plan meals ahead, use coupons as much as possible, request ladies at chuch to share coupons
Other			50	additional if not covered by church help or kids special needs
Category 5 - Transportation	***910***	***440***	***515***	
Auto Payment(s) *(from Debt List)*	530		275	review if family can facilitate a car until situation gets better, should consider proposing the car dealer a trade in for a cheaper 7+- year older car to pay less money monthly
Extra Auto Payment				
Gas & Oil	200		100	review with co-workers for car pooling options and public transportation if routes are favorable
Auto Insurance	150		100	call insurance company to secure a less amount of total car value for at least a year until income can increase
Licenses & Taxes	30		30	
Maintenance			10	
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance	***0***	***157***	***0***	
Life			0	cover by Terry insurance
Health/Dental				Kids is covered by Terry, for Mindy needs to explore government plans applicable for her
Disability				
Other				
Category 7 - Debts	***415***	***157***	***435***	
Total Credit Cards *(from Debt List)*	155		155	use snowdebt method to decrease as much as possible, request an estimation from Christian Crediit counselors to review options and decrease interest as much as possible, commit not to continue using the credit cards
Total Other Debt *(from Debt List)*	260		260	stop using credit, budget must be mandatory for all expenses, call credit union for lower rates
Extra Debt Payments			20	
Category 8 - Entertainment & Recreation	***220***	***126***	***10***	
Eating Out / Lunches	150		0	should stop totally until income can be increased
Baby Sitters	30			Miindy s sister is helping which is a relief
Activities / Trips			0	review free options, parks, museums for the kids, pack lunch to save money and have fun for the day
Vacation				
Pets	40		10	pet food? Review cheaper option / private label brand
Hobbies and Sports				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 9 - Clothing	***0***	***157***	***50***	
Children's Clothing Needs			50	use thrift stores and save monthly as a bucket on savings amount
Husband/Wife Clothing Needs				
Other				
Category 10 - Savings	***0***	***126***	***157***	
Savings Account			157	start emergency fund little by littlte
Credit Union				
Other				
Category 11 - Health & Wellness	***0***	***220***	***40***	
Doctor			40	
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other				
Category 12 - Miscellaneous	***60***	***94***	***25***	
Toiletries / Cosmetics	20		5	no cosmetics for now, if something is totally necessary ask her sister
Beauty / Barber	20			ask for a barber clipper and learn how to cut hair of the boys
Laundry / Cleaning	20		20	do laundry at home, spend only on basic materials
Allowances				
Subscriptions				no suscriptions, should use the free ones and open air channels until income can increase, ask if sister or parents can share netflix accouint for example
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				
Investment Real Estate				
Other				
Category 14 - School/Child Care (1)	***0***	***0***	***0***	
School Tuition				
School Books, Supplies, Materials, etc				should be covered with a bucket on savings and use as much as possible materials provided by school
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	**4,505**	**3,142**	**3,142**	

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

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