

CASE STUDY D

Doug Wilson is a 55 year old single man whose wife passed away about 10 years ago. He has grown kids, a dog, and resides in a nice 4 bedroom house in Montana. Doug has been working for 30 years for an agricultural company. There are no real monthly financial problems, except that he can't seem to set much savings aside and is not saving enough to retire. He is a committed Christian and is very dedicated to his church.

He has been contributing 4% of his income to his company's 401k retirement plan (they match his contribution to a maximum of 4%). His employer does not provide a pension or medical benefits in retirement. He receives income tax refunds each year, but that money just seems to disappear soon after he gets it. Medical insurance is provided by Doug's employer for a small monthly amount, and they provide disability insurance at no cost.

Develop a recommended new budget for Doug, with the goal of getting him better prepared for retirement. 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 "old budget".

The questions below will be in the Test for Case Study D. They are listed here so you can be thinking about them while working on the forms in this spreadsheet.

1. List at least four questions you might ask to help Doug evaluate having enough money to retire? What information do you need for each question? **1. What age does Doug want to retire? That gives me a ballpark of how many years he has left to bolster his retirement savings. 2. What % of his current income would he need in retirement? That tells me how much he needs to supplement Social Security in retirement with his retirement funds. 3. Does he plan on moving? That would impact his need to supplement Social Security in retirement with his retirement funds. 4. Does he plan on getting remarried? This could impact a lot of things such as timeline, expenses, income, assets, etc.**

2. How would you approach Doug's inability to save for retirement? What "low hanging fruit" opportunities do you see for him? **A couple I see are his house and his tax refund situation. He can rent out his remaining bedrooms or sell his house, selling or renting it out and buying a smaller home. Renting out 2 bedrooms of his home greatly reduces his monthly expenses. This could also be accomplished by selling home and downsizing which would also net him 216k immediate cash. That cash could be applied to a brokerage account earmarked for his retirement. With that option he could pay off his mortgage with a couple of options here.**

3. Though Doug does not have sizable debt now, what advice would you give him about paying off his current debt to avoid future indebtedness? **I'd advise he pay it off because the unsecured high interest debt can chip away at him insidiously.**

4. While referring to the Crown MoneyMap, what changes would you recommend for Doug to make in each of the first four destinations? List each destination followed by specific actions he should take in that destination to reach the next destination. **1. Getting this coaching is helping him set up a spending plan and accomplish Step 1. Having a credit card in this plan and increasing his savings in accordance through this also will accomplish step 2. 3. Paying off the credit card (currently showing 43 remaining payments). Not sure I'd weigh that over maxing the ROTH IRA, worth it. Sticking with this plan gets him through step 4 and he'll need to retake his MLI assessment.**

5. What steps can Doug take to leave a legacy for his children that will impact eternity, as well as earthly life? **First, his wisdom should be passed down to his children, even though they are adults. Second, he should plan ahead to his remaining family. Third, whether to his church or other kingdom centered organizations, he should contribute toward funding those causes.**

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>	10,000	120,000
	Input appropriate % from "Percentage Guide"			Annual Income
Income Deductions	Percentage	x	Gross Monthly Income	= Guideline Amount
1. Tithe/Giving	10%	x	10,000	1,000
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	3,865
Net Spendable Income (NSI)			5,135	61,620
				Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	30%	x	5,135	=	1,541
4. Food	11%	x	5,135	=	565
5. Transportation	13%	x	5,135	=	668
6. Insurance	5%	x	5,135	=	257
7. Debts	5%	x	5,135	=	257
8. Entertainment/Recreation	7%	x	5,135	=	359
9. Clothing	7%	x	5,135	=	359
10. Savings	5%	x	5,135	=	257
11. Health & Wellness	5%	x	5,135	=	257
12. Miscellaneous	7%	x	5,135	=	359
13. Investments	5%	x	5,135	=	257
14. School/Child Care	<i>no guideline</i>				
Total Percentages: (cannot exceed 100%)			100%		
Total Guideline Expenses: (cannot exceed Net Spendable Income)					5,135

Annual NSI

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	5,135		5,468	
Less Total Expenses	6,562		5,468	
Surplus or Deficit	(1,427)		0	
Monthly Income				
<i>Gross Monthly Income</i>	10,000		10,000	
Monthly Salary	10,000		10,000	
Interest Income				
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income				
LESS				
Category 1 - Tithe/Giving (monthly)	1,000	1,000	1,000	
The Local Church	1,000		1,000	
The Poor				
Other Ministries				
Other Giving				
Category 2 - Taxes (monthly)	3,865	3,865	3,532	
Taxes (Fed, State, Medicare, Social Security)	3,865		3,532	Took his 4k tax return and divided it by 12 to increase his monthly net income.
Other				
<i>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</i>				
NET SPENDABLE INCOME (monthly)	5,135	5,135	5,468	
Monthly Expenses				
Category 3 - Housing (monthly)	3,818	1,541	2,108	
Mortgage(s) (from Debt List)				Renting out 2 bedrooms of his home. Could also be accomplished by selling home and downsizing which would also net him 216k immediately. With that option he could pay off his truck as well. He has a couple of options
	2,576		1,176	
Extra Mortgage Payment				
Rent				
Insurance	250		250	
Property Taxes	432		432	
Electricity	170		60	Shared utilities
Gas	80		30	Shared utilities
Water	40		15	Shared utilities
Sanitation	30		10	Shared utilities
Telephone / Cell phone	80		80	
Maintenance				
Internet / Cable Service	160		55	Shared home internet
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 4 - Food (monthly)	600	565	565	
Grocery	600		565	Small decrease here.
Other				
Category 5 - Transportation (monthly)	1,021	668	1,021	
Auto Payment(s) (from Debt List)	619		619	
Extra Auto Payment				
Gas & Oil	200		200	
Auto Insurance	150		150	
Licenses & Taxes	12		12	
Maintenance	40		40	
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	135	257	135	
Life (\$30,000 Whole Life)	60		60	
Health/Dental	75		75	
Disability				
Other				
Category 7 - Debts (monthly)	50	257	0	
Total Credit Cards (from Debt List)	50		0	I'd recommend paying off the credit card. If he plans on using it I'd recommend setting it up to pay off the balance each month.
Total Other Debt (from Debt List)	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	210	359	210	
Eating Out / Lunches	80		80	
Baby Sitters				
Activities / Trips	55		55	
Vacation	75		75	
Pets				
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	50	359	50	
Clothing	50		50	
Other				
Category 10 - Savings (monthly)	25	257	143	
Savings Account	25		143	Increased savings to build emergency fund
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	70	257	70	
Doctor	20		20	
Dentist	20		20	
Prescriptions	10		10	
Eye Glasses / Contacts	20		20	

Spending Plan	Current	Guideline	New Budget	Comments
Other				
Category 12 - Miscellaneous (monthly)	133	359	133	
Toiletries / Cosmetics				
Beauty / Barber	20		20	
Laundry / Cleaning				
Allowances				
Subscriptions	3		3	
Gifts (including Christmas)	40		40	
Cash	70		70	
Other				
Category 13 - Investments (monthly)	450	257	1,033	
Employer 401k/403b plans	400		400	
Retirement IRAs			583	Max ROTH IRA
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds	50		50	
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly) (1)	0		0	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	6,562	5,135	5,468	

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

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