

Crown Ministries
Session 2, Case Study A
Scott Powers
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Biblical Principles. First off, this is a very tough situation, and I would offer my support and encouragement. I would remind Mindy of what God has already placed in her life to help her in this segment of her journey, namely her church and sister. Oh, let's not forget that she has a job! Here are some biblical principles I would suggest.

- Forgive. A hard heart is a cancer to the soul. (Matthew 6:14-15)
- Honor your father and mother. Mindy has three children who have a father that they need. Mindy can easily harden their heart towards him. She needs to do everything she can so that they might honor their father. (See Deuteronomy 5:16)
- God will provide if she seeks him. (Matthew 6:25-34, Deuteronomy 30)
- God will bless those who trust him in with their tithe. (Malachi 3:10)
- Be satisfied with God's provision. (1 Timothy 6:8)
- Pray for wisdom, guidance, and relief. (James 1:5-8, Psalm 119:105, John 15:7-8)

House/Payment. This may be the hardest part and where the lessons of 1 Timothy 6 will be necessary to make wise decisions. To live within the housing guideline, she needs to trim \$400 from her expenditures. The most she could hope for in refinancing her mortgage is to save half of that. There simply isn't \$200 more to save on the remaining (insurance, taxes, utilities).

There are a couple of options:

- Rent out part of the house to a trustworthy roommate.
- Sell the house and move into an apartment. This could have benefits in other areas, particularly vehicle expenses.
- Move in with family.
- See if someone from her church may have extra room they would rent (free?) to her.

Debt/Payments. This is a big problem. In total, non-mortgage debt is the majority of her obstacle. Let's look at some options.

- Vehicle Debt. There might be a couple of options, but none with the car payment where it is so that the guidelines are met.
 - There may not be any real equity in the vehicle, so trading-down will mean more debt which defeats the purpose.
 - If there is \$2,000 in equity, this will not buy a reliable car.
 - If the family moves to an apartment on a bus route, it is possible to use public transportation for school/work needs. That would eliminate most of the transportation expense and allow for saving for a future car.
 - (\$300/mo.*24=\$7,200 for a decent used car, free and clear.)
 - Perhaps family or someone from church has a good used car that they would be willing to give to her. It sounds ridiculous, but there are lots of used minivans

that people would be willing to give away if they know it's going to a good cause. Again, the savings could be accumulated and eventually used to buy a car, free and clear.

- Other Debt. This is an area that can't be avoided. Even using guidelines (\$78/mo.) with 0% interest, it will take 256 months to pay off \$20,000! I would recommend CCC to see how they might be able to help. If adequate relief isn't met through the creditors to stay within the \$78/month guideline, then bankruptcy will need to be considered.

Health Insurance.

- Given Mindy's income, it is likely that she would qualify for state-sponsored health insurance. I would recommend she look into this right away.
- If she doesn't, Samaritan ministries will be an option, although it is \$227/month which is considerably higher than guidelines.
- She might consider finding a job that does offer health insurance as a paid benefit, although this would need to be carefully examined in comparison to Samaritan Ministries. Sometimes high deductible plans can be very expensive.

State/Federal Taxes

- Mindy will likely be eligible for significant earned income credit which might be available monthly rather than once a year.
- In any case, she should make sure her withholdings match her exemptions.

Adjusting to New Lifestyle

- First, I would recommend she attend DivoreCare right away. This is a powerful tool that should not be overlooked.
- Second, her church is obligated to care for her. They have already stepped up to Matthew 18:15-17 which most churches won't even consider. Yeah! It can be expected, therefore, that she should have considerable support going forward. She may need counselling. She may need money in the transition. She may need help with childcare. She may need a car. She may need a place to stay. In fact, she'll need a lot. She can start by sharing with her pastor what she is doing with regards to her budget so that he fully understands her needs and that she has a definite plan. That will make it so much easier for him to help her out.

Contingencies.

- There are lots of problems that could arise. Again, God should always be sought first in these things. It's amazing what he will do when we ask him!
- The father might stop child support obligations. Mindy would be wise to talk to her county right away so that they are involved already in case he doesn't.
- Creditors won't cooperate. In that case, bankruptcy will need to be considered. There just isn't enough to go around. It would be unfair to others if one was given preferential treatment because they refuse to budge.
- The church might not help financially in the short term. This is all the more reason to have a plan in place. Family might be in a position to help, but, again, they will feel more comfortable doing so if she has a workable plan and is performing accordingly.

Anyway, this is certainly an unfair situation. Our Lord didn't promise us we would have it easy. In fact, he says it will be hard; but he did say that he will be with us and never leave us. It is important for us to realize that and embrace this in our lives. Especially during times like this. Keep in mind, there are all sorts of women like her who have wonderful testimonies of God's faithfulness. She'll be one more in that crowd!



CROWN

Your
**FINANCIAL
PLANNING**
Workbook

Case Study #

Scott Powers

Please note that you can conveniently type text and numbers into these documents and save your work. However, these documents will not automatically calculate your financial data.

crown.org

Personal Financial Statement

Assets (Present market value)

Cash on hand/Checking account	\$	125-
Savings	\$	
Stocks and bonds	\$	
Cash value of life insurance	\$	
Coins	\$	
Home	\$	110,000-
Other real estate	\$	
Mortgages/Notes receivable	\$	
Business valuation	\$	
Automobiles	\$	12,000-
Furniture	\$	
Jewelry	\$	
Other personal property	\$	20,000-
Pension/Retirement	\$	
Other assets	\$	

Total Assets \$ 142,125-

Liabilities (Current amount owed)

Credit card debt	\$	12,000-
Automobile loans	\$	10,000-
Home mortgages	\$	89,600-
Personal debt to relatives	\$	
Business loans	\$	
Educational loans	\$	
Medical/Other past due bills	\$	
Life insurance loans	\$	
Bank loans	\$	
Other debts and loans	\$	8,000-

Total Liabilities \$ 119,600-

Net Worth (Total assets minus total liabilities) \$ 22,525-

Variable Expenses

Sample

	SPENDING CATEGORY	ESTIMATED YEARLY COST		ESTIMATED COST PER MONTH
1	Vacation	\$ 720.00	÷ 12 =	\$ 60.00
2	Dentist	\$ 120.00	÷ 12 =	\$ 10.00
3	Doctor	\$ 240.00	÷ 12 =	\$ 20.00
4	Automobile	\$ _____	÷ 12 =	\$ _____
5	Life Insurance	\$ _____	÷ 12 =	\$ _____
6	Health Insurance	\$ _____	÷ 12 =	\$ _____
7	Auto Insurance	\$ 600.00	÷ 12 =	\$ 50.00
8	Home Insurance	\$ _____	÷ 12 =	\$ _____
9	Clothing	\$ 1,128.00	÷ 12 =	\$ 94.00
10	Investments	\$ _____	÷ 12 =	\$ _____
11	_____	\$ _____	÷ 12 =	\$ _____
12	_____	\$ _____	÷ 12 =	\$ _____

	SPENDING CATEGORY	ESTIMATED YEARLY COST		ESTIMATED COST PER MONTH
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2	Dentist	\$ _____	÷ 12 =	\$ _____
3	Doctor	\$ _____	÷ 12 =	\$ _____
4	Automobile	\$ _____	÷ 12 =	\$ _____
5	Life Insurance	\$ _____	÷ 12 =	\$ _____
6	Health Insurance	\$ _____	÷ 12 =	\$ _____
7	Auto Insurance	\$ _____	÷ 12 =	\$ _____
8	Home Insurance	\$ _____	÷ 12 =	\$ _____
9	Clothing	\$ _____	÷ 12 =	\$ _____
10	Investments	\$ _____	÷ 12 =	\$ _____
11	_____	\$ _____	÷ 12 =	\$ _____
12	_____	\$ _____	÷ 12 =	\$ _____

Estimated Spending Plan

Monthly Income

Gross Monthly Income \$ 1,835

Salary \$ 1,235
 Interest \$ -
 Dividends \$ -
 Other Income \$ 600

Less

1. Tithe/Giving \$ 10
 2. Taxes (Federal / State / Fica) \$ 95

Net Spendable Income \$ 1,730

7. Debts (not including house or auto) \$ 560.

8. Entertainment/ Recreation \$ -

Eating out \$ _____
 Babysitters \$ _____
 Activities/Trips \$ _____
 Vacation \$ _____
 Pets \$ _____
 Other \$ _____

9. Clothing \$ -

10. Savings \$ -

11. Medical / Dental \$ -

Doctor \$ _____
 Dentist \$ _____
 Prescriptions \$ _____
 Other \$ _____

12. Miscellaneous \$ 30

Toiletries/Cosmetics \$ 10
 Beauty/Barber \$ 10
 Laundry/Cleaners \$ 10
 Allowances \$ _____
 Subscriptions \$ _____
 Gifts \$ _____
 Other \$ _____

13. Investments \$ -

14. School / Childcare \$ -

Tuition \$ _____
 Materials \$ _____
 Transportation \$ _____
 Childcare \$ _____

TOTAL LIVING EXPENSES \$ 2,369

Monthly Living Expenses

3. Housing \$ 1,000

Mortgage/Rent \$ 460
 Insurance \$ 30
 Property taxes \$ 90
 Cable TV \$ _____
 Electricity \$ 150
 Gas \$ _____
 Water \$ 25
 Sanitation \$ _____
 Telephone \$ 45
 Maintenance \$ _____
 Internet service \$ _____
 Other \$ _____

4. Food \$ 300

5. Transportation \$ 479

Payments \$ 341
 Gas & Oil \$ 100
 Insurance \$ 28
 License/Taxes \$ 10
 Maintenance \$ _____
 Replacement \$ _____
 Other \$ _____

6. Insurance \$ -

Insurance \$ _____
 Life \$ _____
 Health/Dental \$ _____
 Disability \$ _____
 Other \$ _____

HOW THE MONTH TURNS OUT

NET SPENDABLE INCOME \$ 1,730

- TOTAL LIVING EXPENSES \$ 2,369

= SURPLUS OR DEFICIT \$ - 639

Spending Plan Analysis

GROSS INCOME PER YEAR \$ 22,020

GROSS INCOME PER MONTH \$ 1,835

GUIDELINE NET SPENDABLE INCOME PER MONTH \$ 1,556

MONTHLY PAYMENT CATEGORY	EXISTING SPENDING PLAN	MONTHLY GUIDELINE PLAN	DIFFERENCE + OR -	NEW MONTHLY PLAN
1 Tithe	\$ <u>10-</u>	\$ <u>184</u>	\$ <u>- 174</u>	\$ <u>184</u>
2 Tax	\$ <u>95-</u>	\$ <u>95</u>	\$ <u>- 95</u>	\$ <u>95</u>
Net Spendable Income (per month)	\$ <u>1835</u>	\$ <u>1556</u>	\$ <u>- 279</u>	\$ <u>1556</u>
3 Housing	\$ <u>1,000</u>	\$ <u>607</u>	\$ <u>393</u>	\$ <u>607</u>
4 Food	\$ <u>300</u>	\$ <u>233</u>	\$ <u>67</u>	\$ <u>233</u>
5 Transportation	\$ <u>479</u>	\$ <u>233</u>	\$ <u>246</u>	\$ <u>99 53</u> ★
6 Insurance	\$ <u>-</u>	\$ <u>47</u>	\$ <u>- 47</u>	\$ <u>47 227</u> ★
7 Debts	\$ <u>560</u>	\$ <u>78</u>	\$ <u>482</u>	\$ <u>78</u>
8 Entertainment / Recreation	\$ <u>-</u>	\$ <u>47</u>	\$ <u>- 47</u>	\$ <u>47</u>
9 Clothing	\$ <u>-</u>	\$ <u>78</u>	\$ <u>- 78</u>	\$ <u>78</u>
10 Savings	\$ <u>-</u>	\$ <u>78</u>	\$ <u>- 78</u>	\$ <u>78</u>
11 Medical/Dental	\$ <u>-</u>	\$ <u>93</u>	\$ <u>- 93</u>	\$ <u>227 93</u> ★
12 Miscellaneous	\$ <u>30</u>	\$ <u>62</u>	\$ <u>- 32</u>	\$ <u>62</u>
13 Investments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
14 School/Childcare	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Totals (Items 3-14)	\$ <u>2,369</u>	\$ <u>1,556</u>		\$ <u>1,556</u>

REMINDER: **The guideline percentages are not absolutes!** Actual percentages vary, because different factors will influence what you spend, such as the cost of housing in your area, whether you are married, and the number of children you might have.

Percentage Spending Plan

GROSS INCOME	\$	1,835
1 Tithe/Giving	\$	184
2 Taxes	\$	95
NET SPENDABLE INCOME	\$	1,556

SPENDING CATEGORY	PERCENTAGE	NSI*	AMOUNT
3 Housing	39 %	\$ 607 1,556	\$ 607
4 Food	15 %	\$ 233	\$ 233
5 Transportation	15 %	\$ 233	\$ 233
6 Insurance	3 %	\$ 47	\$ 47
7 Debts	5 %	\$ 78	\$ 78
8 Entertainment / Recreation	3 %	\$	\$ 47
9 Clothing	5 %	\$	\$ 78
10 Savings	5 %	\$	\$ 78
11 Medical/Dental	6 %	\$	\$ 93
12 Miscellaneous	4 %	\$	\$ 62
13 Investments	- %	\$	\$ -
14 School/Childcare ¹	- %	\$	\$ -

Total (cannot exceed Net Spendable Income) \$ 1,556

*Net Spendable Income

¹ If you have this expense, this percentage must be deducted from other spending plan categories.

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Monthly Spending Plan - A

CATEGORY	Income	Tithe/Giving	Taxes	Housing	Food	Transporation	Insurance
Allocated Amount	\$	\$	\$	\$	\$	\$	\$
DATE							
1st							
2nd							
3rd							
4th							
5th							
6th							
7th							
8th							
9th							
10th							
11th							
12th							
13th							
14th							
15th							
This Month Subtotal	\$	\$	\$	\$	\$	\$	\$
16th							
17th							
18th							
19th							
20th							
21st							
22nd							
23rd							
24th							
25th							
26th							
27th							
28th							
29th							
30th							
31st							
This Month Total	\$	\$	\$	\$	\$	\$	\$
This Month Surplus/Deficit	\$	\$	\$	\$	\$	\$	\$
Year to Date Spending Plan	\$	\$	\$	\$	\$	\$	\$
Year to Date Total	\$	\$	\$	\$	\$	\$	\$
Year to Date Surplus/Deficit	\$	\$	\$	\$	\$	\$	\$

Plan Summary

This Month						
Total Income	\$	_____				
Minus Total Expenses	\$	_____	+			
Equals Surplus/Deficit	\$	_____				
Previous Month/Year to Date						
Total Income	\$	_____				
Minus Total Expenses	\$	_____	=			
Equals Surplus/Deficit	\$	_____				
Year to Date						
Total Income	\$	_____				
Minus Total Expenses	\$	_____				
Equals Surplus/Deficit	\$	_____				

