CASE STUDY D

Doug Wilson is a 55 year old single man whose wife passed away about 10 years ago. He has grown kids
him, and resides in a nice 4 bedroom house in Montana. Doug has been working for 30 years for an agric
There are no real monthly financial problems, except that he can't seem to set much savings aside and is
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 contri
to a maximum of 4%). His employer does not provide a pension or medical benefits in retirement. He rec
income tax refunds each year, but that money just seems to disappear soon after he gets it. Medical ins
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 retireme
- 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

**The questions below will be in the Test for Case Study D. They are listed here so you can be thinking a
the forms in this spreadsheet.**

1. List at least four questions you might ask to help Doug evaluate having enough money to retire? What
for each question?

2. How would you approach Doug's inability to save for retirement? What "low hanging fruit opportuniti
him?

3. Though Doug does not have sizable debt now, what advice would you give him about paying off his cr
future indebtedness?

4. While referring to the Crown MoneyMap, what changes would you recommend for Doug to make in c
first four destinations? List each destination followed by specific actions he should take in that destinatio
next destination.

5. What steps can Doug take to leave a legacy for his children that will impact eternity, as well as earthly

Assets & Liabilities

Date:		Comments

ASSETS (Present Market Value)	Balance	Comments
Cash On Hand (both husband and wife if married)	200.00	
Checking Accounts	850.00	
Savings Accounts	2,500.00	
Investment Assets	1,385.00	Robin Hood stock brokerage
Cash Value of Life Insurance	20,000.00	
Valuable Collections (coins, stamps, etc.)		
Primary Home Value (look up value, e.g., zillow.com)	700,000.00	
Other Real Estate		
Mortgages/Notes Receivable		
Automobile 1 - 1 year-old Ford F-150	26,000.00	
Automobile 2 (look up value, e.g., kbb.com)		
Automobile 3 (look up value, e.g., kbb.com)		
Personal Property (Furniture, Jewelry, etc.)	10,000.00	
Retirement Savings (401k, 403b, , IRAs, Pension, etc.)	250,000.00	
Other Assets		
Total Assets	**1,010,935.00**	

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
Citibank	Various	50.00	22.0%		2,500.00
Total Credit Cards		**50.00**			**2,500.00**

AUTO LOANS

Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Ford Financing	Ford F-150	619.00	6.0%		26,352.00
Total Auto Loans		**619.00**			**26,352.00**

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
Nationwide	123 Hummingbird Lane	2,576.00	5.0%		435,000.00
Total Home Mortgages		**2,576.00**			**435,000.00**

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
Total Other Debt		**0.00**			**0.00**

Total Liabilities/Debts	**463,852.00**
NET WORTH (Total Assets minus Total Liabilities/Debts)	**547,083.00**

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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					

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Percentage Spending Plan

(Married with No Children)

Gross Monthly Income					from Current Spending Plan:	10,000	120,000
							Annual Income
	Input appropriate % from "Percentage Guide"						
Income Deductions	**Percentage**	**x**	**Gross Monthly Income**		**=**	**Guideline Amount**	
1. Tithe/Giving	10%	x	10,000			**1,000**	
2. Total Taxes	***no guideline***		***actual from Current Spending Plan:***			**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	***no guideline***				
Total Percentages: ***(cannot exceed 100%)***	**100%**				
Total Guideline Expenses: (cannot exceed Net Spendable Income)					**5,135** OK

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Spending Plan	Current	Guideline	New Budget	Comments
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	**5,135**		**5,485**	**(Married with No Children)**
Less Total Expenses	**6,562**		**5,485**	
Surplus or Deficit	**(1,427)**		**0**	
Monthly Income				
Gross Monthly Income	***10,000***		***10,000***	
Monthly Salary	10,000		10,000	While Doug is still single, in good health, and relatively younger, he may want to consider a part-time job, overtime if available, a paid hobby, etc., for extra income to be invested in his retirement. This will help him move to Step 3 in the financial freedom journey.
Interest Income				As a backup plan, Doug may want to prepare to work part-time in retirement if he does not have enough saved. He can also continue to work for one or two years and delay his social security to gain 8% each year. He can work after starting social security at full retirement without paying social security.
Dividends				
Commissions				Doug needs to contact a Christian or a reliable investment company to assist him with retirement investing.
Bonuses/Tips				Doug needs to start saving for his one-month's living expenses. This will help him to move to Step 3 in the financial freedom journey.
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***	***3,515***	
Taxes (Fed, State, Medicare, Social Security)	3,865		3,515	Doug should have his tax reestimated since he is getting $4,000 back each year. He should stop earning 0% while the IRS has his money. He should attempt to get his returns within $200 or $300 each year. The money can be invested during the year, and he will gain from the investment. I have reduced Doug's taxes by $350 each month.
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 (monthly)	**5,135**	**5,135**	**5,485**	
Monthly Expenses				
Category 3 - Housing (monthly)	***3,818***	***1,541***	***3,689***	
Mortgage(s) *(from Debt List)*	2,576		2,576	

Spending Plan	Current	Guideline	New Budget	Comments
Extra Mortgage Payment				Doug must determine why he needs a four-bedroom house when the children no longer live with him. Is there a formal dining room, a large yard, and an oversized garage? How many bathrooms are in the house? How often do the children visit him, and do they stay with him during the visit? Even a smaller house, from $300,000 to $450,000, will reduce his taxes, insurance, utilities, maintenance, and time for cleaning and upkeep. If he wants a house, he should look into a small house. This could free up about $ 500 to $1,000 monthly for retirement investment. He could plan the selling and purchasing for the best rate and the house and location he would like to retire into. This will take some time and prayer but needs to be done by Step #4 or #5 at the latest.
Rent				
Insurance	250		250	
Property Taxes	432		432	
Electricity	170		140	Doug needs to reduce the amount of AC in all of the bedrooms and other rooms that are not being used. This will reduce his cooling bill.
Gas	80		60	Doug needs to reduce the amount of AC in all of the bedrooms and other rooms that are not being used. This will reduce his heating bill.
Water	40		40	
Sanitation	30		30	
Telephone / Cell phone	80		80	
Maintenance				
Internet / Cable Service	160		81	Doug needs to eliminate cable service for a while to reduce expenses.
Other				
Category 4 - Food (monthly)	***600***	***565***	***0***	
Grocery	600			
Other				
Category 5 - Transportation (monthly)	***1,021***	***668***	***1,001***	
Auto Payment(s) *(from Debt List)*	619		619	
Extra Auto Payment				If Doug is not willing to look at getting a small house, he may want to consider getting a good used truck.
Gas & Oil	200		200	If Doug makes an extra $200 payment on his truck, he will save $903 in interest and have the truck paid in full in 36 months instead of 48 months. Here is where the extra income would help.
Auto Insurance	150		150	
Licenses & Taxes	12		12	
Maintenance	40		20	Since Doug has a newer truck, he needs to reduce saving for maintenance until Step #3.
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	***135***	***257***	***75***	
Life ($30,000 Whole Life)	60		0	Doug will need medical insurance until he qualifies for Medicare at age 65. He will also need money for Medicare and a supplement plan. I have eliminated Doug's whole life insurance.
Health/Dental	75		75	Doug should consider changing his whole life insurance to a term policy since no one depends on his income.
Disability				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 7 - Debts (monthly)	***50***	***257***	***75***	
Total Credit Cards *(from Debt List)*	50		50	
Total Other Debt *(from Debt List)*	0		0	
Extra Debt Payments			25	Doug needs to pay off the $2,500 Citibank balance and stop paying them 22% interest each month on the balance. This will help him to move to Step 3 in the financial freedom journey. He should apply $1,500 from the savings account to the card balance. Doug should also stop saving the $25 each month and apply the extra $25 to the $50 each month until it is paid out.
Category 8 - Entertainment & Recreation (monthly)	***210***	***359***	***95***	
Eating Out / Lunches	80		30	Doug needs to reduce his eating out for a while to reduce expenses.
Baby Sitters				
Activities / Trips	55		25	Doug needs to reduce his vacation plan for a while to reduce expenses.
Vacation	75		40	Doug needs to reduce his activities expenses for a while to reduce expenses.
Pets				
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	***50***	***359***	***20***	
Clothing	50		20	Doug needs to reduce his clothing expenses for a while to reduce expenses.
Other				
Category 10 - Savings (monthly)	***25***	***257***	***0***	
Savings Account	25		0	Doug needs to stop this saving until the credit card balance is paid.
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	***70***	***257***	***70***	
				What are these expenses if the employer provides medical insurance at the $75 monthly?
Doctor	20		20	
Dentist	20		20	
Prescriptions	10		10	
Eye Glasses / Contacts	20		20	
Other				
Category 12 - Miscellaneous (monthly)	***133***	***359***	***60***	
Toiletries / Cosmetics				
Beauty / Barber	20		20	
Laundry / Cleaning				
Allowances				
Subscriptions	3		0	What is this subscription?
Gifts (including Christmas)	40		20	Doug needs to reduce his Christmas gifting this year. It will show his children that he is serious about getting debt-free and will be an example for them.
Cash	70		20	Doug needs to reduce his clothing expenses for a while to reduce expenses.
Other				Doug needs to reduce his use of cash.
Category 13 - Investments (monthly)	***450***	***257***	***400***	

Spending Plan	Current	Guideline	New Budget	Comments
Employer 401k/403b plans	400		400	Doug should continue to give the 4% matching to the 401k retirement plan. 4% is $40 per pay period, and $400 is more than 40%. Doug may want to reduce the amount until he goes into Step #4. He can use the extra money to pay out his credit card and truck faster, as well as create his emergency savings. Afterward, he can determine if he wants to place the money into the 401k or invest it with a financial advisor into another retirement account such as an IRA, etc.
Retirement IRAs				
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds	50		0	Doug needs to stop his investment until he is in Step #4.
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**	**5,485**	

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

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