

CASE STUDY A

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

Mindy is working 40 hours per week at a bookstore, where she earns just over the minimum wage. Mindy's mother has offered to watch the children while Mindy works. The church has helped with food and utility bills, but Mindy 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 medical expenses the health insurance doesn't pay, plus all dental and prescription drug expenses for the children if the 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 beneficiaries until the 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 "old budget" column.

The questions below will be in the Assignment for Case Study A. They are listed here so you can be thoughtful 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 her money 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 reduce her debt payments?
4. Mindy's housing expense is significantly over the guideline. How would you help Mindy decide whether to keep her house or sell it?
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		Comments				
Date:						
ASSETS (Present Market Value)		Balance				
Cash On Hand (both husband and wife if married)		50.00				
Checking Accounts		250.00				
Savings Accounts		1,000.00				
Stocks and Bonds						
Cash Value of Life Insurance						
Valuable Collections (coins, stamps, etc.)						
Primary Home Value (look up value, e.g., zillow.com)						
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.)		15,000.00				
Retirement Savings (401k, 403b, IRAs, Pension, etc.)						
College Savings						
Other Assets						
Total Assets:		38,300.00				
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		23.0%	0		Pay off with proceeds from home sales.
Citibank Visa	Various		20.0%	0		Pay off with proceeds from home sales.
Capital One Mastercard	Various		21.0%	0		Pay off with proceeds from home sales.
Total Credit Cards		0.00			0.00	
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	14,000.00	Pay down \$4,000 with proceeds from personal property sales.
Total Auto Loans		530.00			14,000.00	
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		4.0%	0		Pay off with proceeds from home sales.
Total Home Mortgages		0.00			0.00	
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		10.00%			Pay off with proceeds from home sales.
Total Other Debt		0.00			0.00	

Total Liabilities/Debts	14,000.00
NET WORTH (Total Assets minus Total Liabilities/Debts)	24,300.00

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		<i>from Current Spending Plan:</i>		3,648	43,776
	Use appropriate % from "Percentage Guide"				Annual Income
Income Deductions	Percentage	x	Gross Monthly Income	=	Guideline Amount
1. Tithe/Giving	10.0%	x	3,648	=	365
1. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	=	141
Net Spendable Income (NSI)					3,142

Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	39%	x	3,142	=	1,225
4. Food	14%	x	3,142	=	440
5. Transportation	14%	x	3,142	=	440
6. Insurance	3%	x	3,142	=	94
7. Debts	5%	x	3,142	=	157
8. Entertainment/Recreation	4%	x	3,142	=	126
9. Clothing	5%	x	3,142	=	157
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	<i>no guideline</i>				
Total Percentages: (cannot exceed 100%)					100%
Total Guideline Expenses: (cannot exceed Net Spendable Income)					3,142

OK

Spending Plan	Current	Guideline	New Budget	Comments
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INCOME vs. EXPENSE SUMMARY (calculated)			
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Net Spendable Income	3,467		3,156
Less Total Expenses	2,290		3,156
Surplus or Deficit	1,177		0

Monthly Income			
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Gross Monthly Income	3,648		3,648
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Monthly Salary	1,848		1,848
Child Support	1,800		1,800
Dividends			
Commissions			
Bonuses/Tips			
Retirement Income			
Net Business Income			
Other Income			

Mindy needs to find a new job immediately that pays more and at least provides medical insurance. She can also use Crown's Career Direct assessment to guide her. For the long term, I would suggest she finish her college degree at a community college to boost her income if financially feasible without incurring debt. When Mindy is able to increase her salary, after tithing, she should use the extra money to pay down the auto loan.

LESS			
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Category 1 - Tithe/Giving	40	365	351
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The Local Church	40		351
The Poor			
Other Ministries			
Other Giving			

I would encourage Mindy to tithe 10% on her total income net of taxes and trust that God will provide her needs.

Category 2 - Taxes	141	141	141
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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	3,156
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Monthly Expenses			
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Category 3 - Housing	300	1,225	1,290
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Mortgage(s) (from Debt List)	0		0
Extra Mortgage Payment			

Rent			1,100
Insurance (included in mortgage)			15
Property Taxes (included in mortgage)			
Electricity	150		100

Mindy should look for a 2-bedroom apartment around this price point or less. Assume this is possible in the small town Mindy lives and her small dog meets the weight requirement.

I would suggest Mindy gets a renter's insurance.

Electricity cost for a 2-bedroom apartment is usually lower than at a residential house.

Spending Plan	Current	Guideline	New Budget	Comments
Gas				
Water	60			Water, sewage, and trash removal are usually covers in the apartment rent price.
Sanitation				
Telephone / Cell phone	45		30	Consider using Mint Mobile (\$30/month on 12-Month Unlimited Data plan with \$360 upfront payment required).
Maintenance				
Internet / Cable Service	45		45	Some apartment may include this in the rent.
Other				
Category 4 - Food	800	440	440	
Grocery	800		440	I would share the "Frugal Ideas" with Mindy. She should look into school meals and food programs for her oldest child. Mindy should also apply for food stamps.
Other				
Category 5 - Transportation	910	440	935	
Auto Payment(s) (from Debt List)	530		530	
Extra Auto Payment			75	Mindy should works towards paying off her auto loan soon.
Gas & Oil	200		200	\$200 per month seems high on gas for Mindy living in a small town. Assume \$200 includes maintenance as well.
Auto Insurance	150		100	Depending on the coverage and shopping around, should be able to reduce this.
Licenses & Taxes	30		30	Seems high but will assess.
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance	0	94	98	
Life				
Health/Dental			98	Until Mindy can get a new job that provides insurance, she may qualify for subsidized medical plans at Healthcare.gov. She should also check out a medical needs sharing group, such as Samaritan Ministries, Christian Care Medi-Share, or Christian Healthcare Ministries. \$98 is based on the lowest price through CHM.
Disability				
Other				
Category 7 - Debts	0	157	0	
Total Credit Cards (from Debt List)	0		0	
Total Other Debt (from Debt List)	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation	220	126	83	
Eating Out / Lunches	150		30	
Baby Sitters	30		30	Mindy should get a night out a month being a single parents with 3 children.
Activities / Trips				
Vacation				
Pets	40		23	Suggest Mindy to reconsider if the pet is a need or want.
Hobbies and Sports				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 9 - Clothing	0	157	70	
Children's Clothing Needs			50	With 3 growing children, Mindy needs to budget for this. There are many ways to get used or free clothings. Even asking help from the church.
Husband/Wife Clothing Needs			20	
Other				
Category 10 - Savings	0	157	100	
Savings Account			100	Building savings to one month's living expenses.
Credit Union				
Other				
Category 11 - Health & Wellness	0	220	50	
Doctor				Set aside a "wellness fund" for when it is needed.
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other			50	
Category 12 - Miscellaneous	60	126	90	
Toiletries / Cosmetics	20		20	
Beauty / Barber	20		20	
Laundry / Cleaning	20			
Allowances				
Subscriptions				
Gifts (including Christmas)				
Cash				
Other			50	
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				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	2,290	3,142	3,156	

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