

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 his 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 thinking 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 address this?
4. Mindy's housing expense is significantly over the guideline. How would you help Mindy decide whether to rent or buy?
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:	10-23-2024	

ASSETS (Present Market Value)	Balance	
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	I would suggest selling some stuff (like wedding ring) but not sure of value, so its hard to put amount down.
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	0.00	23.0%	0	0.00	all card are paid off with refi saves thousands on interest.
Citibank Visa	Various	0.00	20.0%	0	0.00	
Capital One Mastercard	Various	0.00	21.0%	0	0.00	
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	0.00	6.0%	0	0.00	paid off with refi, makes sure she has safe and dependable car.
Total Auto Loans		0.00			0.00	

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	1,900.00	4.5%	0	296,353.00	refinance to pay off car loan, Credit cards and Debt consolidation. Save's her intrerest and keeps her in family home with a dependable car .loan balance was 250,000 now with cash out refi and closing cost of 8,353. new bal. is 296,353. only 100 more monthly. And save on emotional cost and her and kids.
Total Home Mortgages		1,900.00			296,353.00	

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	0.00	10.00%		0.00	paid off with refi saves on interest a lot
Total Other Debt		0.00			0.00	

Total Liabilities/Debts	296,353.00
NET WORTH (Total Assets minus Total Liabilities/Debts)	45,947.00

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	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	3%	x	3,142	=	94
9. Clothing	5%	x	3,142	=	157
10. Savings	4%	x	3,142	=	126
11. Health & Wellness	8%	x	3,142	=	251
12. Miscellaneous	3%	x	3,142	=	94
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)

Net Spendable Income	3,467		3,467	Pray To God for his help and guidance and to find a better paying job with benefits.
Less Total Expenses	3,660		3,467	sell some of the jewelry (wedding ring not going to need that) or find otherthing to sell.
Surplus or Deficit	(193)		0	

Monthly Income

Gross Monthly Income	3,648		4,023	
Monthly Salary	1,848		1,848	
Child Support	1,800		1,800	
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income			375	this is from child tax credit of \$4500. 1500 x 3 kids, did't have a place to put the once a year of 4500 anywhere so I just divided it by 12.

LESS

Category 1 - Tithe/Giving	40	365	50	
The Local Church	40		40	bless others
The Poor				
Other Ministries			10	
Other Giving				

Category 2 - Taxes

Taxes (Fed, State, Medicare, Social Security)	141	141	141	look at w-2 form to see if you have the right dependence, might lower taxes
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	3,832	
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Monthly Expenses

Category 3 - Housing	2,200	1,194	2,435	
Mortgage(s) (from Debt List)				

I know this is higher than the Guideline says, But she would not be able to even get a 2 bedroom apartment for \$1900. plus if she sticks to budget she can lower this as time go on, as she pays it down and finds better job or move up in job she has now.

to help get mortgage paid down faster and to pay the extra that she took to out pay the other debt.

Extra Mortgage Payment			300	
Rent				
Insurance (included in mortgage)				
Property Taxes (included in mortgage)				

turn water heater down by 2 degrees, change to LED lights, make sure your furnace filter is clean and turn thermostat down. Look for any drafts and seal them. Turn light off when not using (I know it's a Dad thing to day) Alos see if there is a budget program at the utilites, so your bill will be the same all year with no spikes.

Electricity	150		135	
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Spending Plan	Current	Guideline	New Budget	Comments
Gas				
Water	60		55	try to conserve water, wash some dishes my hand instead of washer, use water saving shower heads.
Sanitation				
Telephone / Cell phone	45		45	
Maintenance				
Internet / Cable Service	45		0	Cancel and use Cell phone's internet as hotspot for internet or use libraries free internet
Other				
Category 4 - Food	800	471	502	
Grocery	800		502	use coupons, buy in bulk with friends and slit it, find a co op, ask friend and family if they have a garden or fruit trees and have over produced and see if you can help harvest some, look for wild berry batches. Don't forget outlet stores. Food banks
Other				
Category 5 - Transportation	380	440	335	
Auto Payment(s) <i>(from Debt List)</i>	0		0	Paid off with refinancing of house. With 3 young kids, a single lady needs a reliable car. Don't want her and kids on side of the road. Safety thing for me.
Extra Auto Payment				
Gas & Oil	200		150	plan trips so you don't just drive for one thing.
Auto Insurance	150		125	raise deductible
Licenses & Taxes	30		35	
Maintenance			25	save for new tires, brakes ect. on car
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance	0	157	0	
Life				check with state, should be able to get state med insurance for a while. Until you find better job with benefits
Health/Dental				
Disability				
Other				
Category 7 - Debts	0	157	0	
Total Credit Cards <i>(from Debt List)</i>	0		0	paid off with refi use card with best cash back, MAKE SURE IT IS PAID OFF WEEKLY. Then use cash back to put into mortgage. Every \$ helps
Total Other Debt <i>(from Debt List)</i>	0		0	paid off with refi
Extra Debt Payments				
Category 8 - Entertainment & Recreation	220	94	65	
Eating Out / Lunches	150		45	once a month pizza night out with kiddos
Baby Sitters	30		0	sister said she would help out.with babysitting. Just after she gets back on feet remember to make nice dinner for sister as a thank you.
Activities / Trips				
Vacation				
Pets	40		20	make home made dog food, its easy and cheaper. My dog like it better and it is healthier. I know it would be easier to get rid of dog, but with all that the kids have lost I feel the emotional benefit will outway the money.
Hobbies and Sports				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 9 - Clothing	0	157	60	
Children's Clothing Needs			40	save this until you can buy new or good used shoes for each one, cloths can easily be hand me downs at kids ages. Mom can same some of the money to buy thrift clothings.
Husband/Wife Clothing Needs			20	
Other				
Category 10 - Savings	0	126		
Savings Account			150	emergency fund build up to at least \$9000. then move to saving for car replacement in few years.
Credit Union				
Other				
Category 11 - Health & Wellness	0	251	0	
Doctor				
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other				
Category 12 - Miscellaneous	60	94	70	
Toiletries / Cosmetics	20		15	co op, or buy bulk with friend or family then split learn to do it yourself or ask friends or family if they can you can use less than the bottle says to. 8 year old can help around house and learn how to handle money. save for Christmas gift and kids bdays
Beauty / Barber	20		0	
Laundry / Cleaning	20		15	
Allowances			10	
Subscriptions				
Gifts (including Christmas)			30	
Cash				
Other				
Category 13 - Investments	0	0	0	
Employer 401k/403b plans				look for new job that has retirement plan.
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				0
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	3,660	3,142	3,467	

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