

CASE STUDY E

Mike and Sara Howard are both 45 and have 3 teenage kids. Mike works as a teacher at local middle school and Sara works as a manager at a coffee shop. They have lived in a small town in Alabama for the past 20 years. They have been saving for a decent emergency fund but are concerned that they are not being good stewards and want to begin being more intentional living on a budget. They've always paid their credit cards off at the end of the month and believe in driving a car that is paid off. They go to church, and put a \$20 bill in the offering plate each Sunday.

Mike's job at the school provides good health and disability insurance, as well as a pension that should replace a significant portion of income in retirement. Sara's job doesn't have a lot of benefits, but they both contribute the maximum amount to their 401(k) each year. Mike and Sara both have 20 year term life insurance policies which cover about 10x their annual income.

Help the Howard family with their budget and maintenance system.

- 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 "current budget" column.
- Input their new budget into the "Monthly Budget" sheet for the month of January.
- Analyze their spending (pre-filled in the "Jan" sheet) against their budget and consider what you would like to discuss with them at your next meeting. Write your discussion points in the Comments box at the bottom of the "Jan" sheet.

The questions below will be in the Assignment for Case Study E. They are listed here so you can be thinking about them and review the forms in this spreadsheet.

1. While referring to the Crown Money Map, you will notice that the Howards are at Destination 4. What would you like to discuss with them about developing a sustainable Maintenance Plan?
2. What specific actions would you recommend to the Howards about Destination 4 adjustments to their budget?
3. Are there topics or questions you might like to discuss with the Howards about their plans and goals?

Assets & Liabilities	
Date:	

Comments

ASSETS (Present Market Value)	Balance
Cash On Hand (both husband and wife if married)	300
Checking Accounts	6,000
Savings Accounts	40,000
HSA / FSA Accounts	
Stocks and Bonds	
Cash Value of Life Insurance	
Valuable Collections (coins, stamps, etc.)	
Primary Home Value (look up value, e.g., zillow.com)	350,000
Other Real Estate	
Mortgages/Notes Receivable	
Automobile 1 - 7 year old Chevy Malibu	7,600
Automobile 2 - 7 year old Chrysler Town & Country Van	9,000
Automobile 3 - 5 year old Honda CR-V	19,000
Personal Property (Furniture, Jewelry, etc.)	
Retirement Savings (401k, 403b, IRAs, Pension, etc.)	350,000
College Savings	
Other Assets	
Total Assets	781,900

maybe talk to a financial advisor about the best place to put your emergency fund, they might have advise something with better interest. And while your talking to one, have them go take you through a plan for the two of you.

If you don't need 3 cars maybe sell one, it would save you and maintenance and insurance cost.

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
Total Credit Cards		0			0

AUTO LOANS

Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Total Auto Loans		0			0

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
New American Funding	456 Lark Lane	1,020.00	5.00%		150,000.00
Total Home Mortgages		1,020			150,000

If you can and want to, try making extra payments.

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			0

Total Liabilities/Debts	150,000
NET WORTH (Total Assets minus Total Liabilities/Debts)	631,900

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>	8,050	96,600
	Input appropriate % from "Percentage Guide"			Annual Income
Income Deductions	Percentage	x	Gross Monthly Income	=
				Guideline Amount
1. Tithe/Giving	10%	x	8,050	=
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	=
				805
				1,904
Net Spendable Income (NSI)				5,341
				64,094

Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	32%	x	5,341	=	1,709
4. Food	14%	x	5,341	=	748
5. Transportation	11%	x	5,341	=	588
6. Insurance	5%	x	5,341	=	267
7. Debts	5%	x	5,341	=	267
8. Entertainment/Recreation	5%	x	5,341	=	267
9. Clothing	7%	x	5,341	=	374
10. Savings	5%	x	5,341	=	267
11. Health & Wellness	7%	x	5,341	=	374
12. Miscellaneous	5%	x	5,341	=	267
13. Investments	4%	x	5,341	=	214
14. School/Child Care	<i>no guideline</i>				
Total Percentages: (cannot exceed 100%)			100%		
Total Guideline Expenses: (cannot exceed Net Spendable Income)					5,341

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
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INCOME vs. EXPENSE SUMMARY (calculated)

Net Spendable Income	6,036		5,341	Would really like to know the childrens ages. This would make some things in budget different. Like if the 3 are all teenage boys, food budget would be three times the amount. LOL
Less Total Expenses	6,685		5,341	
Surplus or Deficit	(649)		0	

Monthly Income

Gross Monthly Income	8,050		8,050	
Monthly Salary - Husband	4,583		4,583	
Monthly Salary - Wife	3,467		3,467	
Dividends				
Commissions				
Bonuses/Tips				Does Sara get any tips from the coffee shop, that aren't added into the budget?
Retirement Income				
Net Business Income				
Other Income				

LESS

Category 1 - Tithing/Giving (monthly)	110	805	805	Before even talking about this point, I would like to go over the money map and see where they are really at, at this point. Including giving to the lord. And also discuss what stewardship mean to them. This is a heart issue, so I will not pushed.
The Local Church	80		775	Would ask them to read together, 1 Timothy 6: 1-19 1 Corinthians 13:3 Proverbs 3:9 Luke 21:1-4, 2corinthians 9:6, Malachi 3: 7-9 then talk it over.
The Poor				
Other Ministries - Food Pantry	30		30	
Other Giving				

Category 2 - Taxes (monthly)

Category 2 - Taxes (monthly)	1,904	1,904	1,904	
Taxes (Fed, State, Medicare, Social Security)	1,904		1,904	Check W2 to make sure they are right.
Other				

Do not include medical/dental premiums, retirement plans, HSA/FSA contributions, charity contributions that are deducted from paycheck. Include these deductions as expenses in rows listed below.

NET SPENDABLE INCOME (monthly)	6,036	5,341	5,341	
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Monthly Expenses

Category 3 - Housing (monthly)	1,950	1,709	1,996	
Mortgage(s) (from Debt List)	1,020		1,020	
Extra Mortgage Payment			200	help pay off faster, saves over \$20,000 in interest
Rent				
Insurance (paid annually, not escrowed in the mortgage)	200		151	check your insurance to make sure your not paying to much.
Property Taxes (paid annually, not escrowed in the mortgage)	100		100	
Electricity	150		140	turn temp down. Change out lights with LED. see if they can get onto a monthly budget with utility companies so bills will be even all year.
Gas	60		50	try turning water heater down
Water	40		40	
Sanitation	30		30	
Telephone / Cell phone	180		140	look for cheaper plan, seems high, how many phones, do kids have one.

Spending Plan	Current	Guideline	New Budget	Comments
Maintenance	50		50	
Internet / Cable Service	120		75	check for better prices, or cut out and use phones hot spot.
Other				
Category 4 - Food (monthly)	1,200	748	800	
Grocery	1,200		800	Try using more coupons and by at outlet Grocery stores, buy in bulk.
Other				
Category 5 - Transportation (monthly)	650	588	535	
Auto Payment(s) <i>(from Debt List)</i>	0		0	
Extra Auto Payment				
Gas & Oil	330		275	cut back on driving on just one thing, try making plan to do more while you are out.
Auto Insurance	250		175	check your insurance, maybe on older cars raise deductable and just have just liability maybe sell one car.
Licenses & Taxes	10		10	
Maintenance	60		30	maybe you could cut this cost, by doing some yourself, oil changes are easy.
Replacement			45	save for replacement now so you will not nee to get loan for new one later.
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	200	267	200	
Life	40		40	
Health/Dental	160		160	
Disability				
Other				
Category 7 - Debts (monthly)	0	267	0	
Total Credit Cards <i>(from Debt List)</i>	0		0	
Total Other Debt <i>(from Debt List)</i>	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	280	267	155	
Eating Out / Lunches	150		75	take more shack lunches, cheaper and more healthy
Baby Sitters				
Activities / Trips				
Vacation	100		60	look for deals
Pets	30		20	cheaper Dog or cat food.
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	110	374	90	
Children's Clothing Needs	60		50	
Husband/Wife Clothing Needs	50		40	
Other				
Category 10 - Savings (monthly)	200	267	0	
Savings Account	200			You have a good savings, I would now maybe put this towards house payments and save over \$20,000. in interest and paying home off 56 months early. And saving the \$20,000. in interset is more then you would make in a savings account.
Credit Union				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 11 - Health & Wellness (monthly)	380	374	380	
Doctor	250		250	
Dentist	100		100	
Prescriptions				
Eye Glasses / Contacts	30		30	
HSA or FSA Contributions				
Other				
Category 12 - Miscellaneous (monthly)	315	267	185	
Toiletries / Cosmetics	80		50	buy in bulk, use coupons
Beauty / Barber	50		0	learn how yourself or ask friends or family for help, or check out beauty schools.
Laundry / Cleaning				
Allowances	60		60	would be good time to teach kids how to budget
Subscriptions				
Gifts (including Christmas)	125		75	plan and buy when things are on sale. Also just cut back on some gifts.
Cash				
Other				
Category 13 - Investments (monthly)	1,000	214	600	
Employer 401k/403b plans				
Retirement IRAs	1,000		600	normally contribute about 12,000 to two Roth IRAs at end of the year, maybe cut this in half until house is paid off.
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)⁽¹⁾	400		400	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc	400		400	can this be cut
Other				
Total Expenses	6,685	5,341	5,341	

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

Form Version Nov 28, 2022

Monthly Budget

Monthly Budget

For Year : **2024**

Category:	INCOME	TITHE/ GIVING	TAXES	HOUSING	FOOD	TRANSPORT	INSURANCE	DEBTS	ENTERTAINMENT RECREATION	CLOTHING	SAVINGS	HEALTH & WELLNESS	MISC.	INVESTMENTS	SCHOOL/ CHILD CARE	TOTAL EXPENSES	SURPLUS / DEFICIT
Month																	
Jan	8,050	805	1,904	1,996	800	535	200	0	155	90	0	380	185	600	400	8,050	0
Feb	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mar	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Apr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
May	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jun	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jul	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aug	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oct	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nov	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dec	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	8,050	805	1,904	1,996	800	535	200	0	155	90	0	380	185	600	400	8,050	0

Form Version Nov 28, 2022

Monthly Budget

Month:	January		Year:	2024													This Month
Category	INCOME	TITHE/ GIVING	TAXES	HOUSING	FOOD	TRANSPORT	INSURANCE	DEBTS	ENTERTAINMENT RECREATION	CLOTHING	SAVINGS	HEALTH & WELLNESS	MISC.	INVESTMENTS	SCHOOL/ CHILD CARE	TOTAL EXPENSES	SURPLUS / DEFICIT
BUDGETED	8,050	805	1,904	1,996	800	535	200	0	155	90	0	380	185	600	400	8,050	0
Date																	
1	2,291.50		542.00				80.00										622
2		20.00				75.00			54.00		200.00						349
3					134.00												134
4	866.75		204.99							164.80							370
5				1,020.00		84.00						134.45					1,238
6																	0
7				30.00	85.00				83.20				13.70				212
8				90.00		64.00											154
9		20.00															20
10															75.00		75
11	866.75		204.99		97.00	89.00							56.00				447
12																	0
13				70.00													70
14									76.58								77
15	2,291.50		542.00	35.00	178.00		80.00										835
16		20.00			31.00										162.00		213
17						63.00											63
18	866.75		204.99														205
19					240.00												240
20		30.00				78.00			42.10								150
21				179.95													180
22					112.00								71.29				183
23		20.00											14.30		234.00		268
24									23.54								24
25	866.75		204.99		86.00		40.00										331
26				120.00		82.00			56.92								259
27									74.21								74
28					152.00												152
29						250.00											250
30		20.00															20
31																	0
This Month	8,050	130	1,904	1,545	1,115	785	200	0	411	165	200	134	155	0	471	7,215	835
This Month vs.	0	675	0	451	(315)	(250)	0	0	(256)	(75)	(200)	246	30	600	(71)	835	
Year to Date	8,050	805	1,904	1,996	800	535	200	0	155	90	0	380	185	600	400	8,050	
Year to Date	8,050	130	1,904	1,545	1,115	785	200	0	411	165	200	134	155	0	471	7,215	835
YTD Actual vs. Budget	0	675	0	451	(315)	(250)	0	0	(256)	(75)	(200)	246	30	600	(71)	835	

Form Version Aug 6, 2023

Comments / First off, I would like to commend both of you for sticking to doing this monthly tracker. It will go a long way to getting you two to your goals. I can see that both of you are serious about getting to where God want the two of you to be in his Questions / plan for your lives. I'm so excited to see where and how he works that out. Thank you for letting me be apart of your journey to being great stewards for God. So let start off by looking at the tracker, Do you see any Flags that stand out to Recommendations you?
(hit Alt-Enter to move to a new line):

Ok let take a look at schools, is it normal to go over the \$400. that you put in this column? And what is this for, I really don't like that it don't let you be more pacific on what is in the columns. Maybe we can shave something off.

I notice that the investment had 0 going in this month, how do you feel about that?

Wow in the Misc. column you had a surplus, Actually you had surpluses in a few of the columns, and a deficit on some others. Can you take me through these and lets see if we can get a understanding of whats going on and see if we can tweek these some to fix the budget. If you would, Please go over the budget I suggested for you and see if you can agree or is there some more tweeking you can do.