

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 built a decent emergency fund but are concerned that they are not being good stewards and want to begin being intentional about 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 provide a good income in retirement. Sara's job doesn't have a lot of benefits, but they both contribute the maximum amount 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 "old budget".
- 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 recommend to 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 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	Currently have 6 months expenses saved, so can pause on monthly savings deposit and put towards retirement?
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	Great you have been saving for retirement!
College Savings			
Other Assets			
Total Assets		781,900	

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

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>	=
			5,341	=
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

Annual NSI

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	
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				
Retirement Income				
Net Business Income				
Other Income				

LESS				
Category 1 - Tithe/Giving (monthly)	110	805	805	
The Local Church	80		600	
The Poor			100	
Other Ministries - Food Pantry	30		105	
Other Giving				

Category 2 - Taxes (monthly)	1,904	1,904	1,904	
Taxes (Fed, State, Medicare, Social Security)	1,904		1,904	
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	1,925	pretty close in this category, any possibilities to save on internet or cell phone?
Mortgage(s) (from Debt List)	1,020		1,020	
Extra Mortgage Payment				
Rent				
Insurance (paid annually, not escrowed in the mortgage)	200		200	
Property Taxes (paid annually, not escrowed in the mortgage)	100		100	
Electricity	150		150	
Gas	60		60	
Water	40		40	
Sanitation	30		30	
Telephone / Cell phone	180		150	
Maintenance	50		100	50 is low, would recommend 200-300
Internet / Cable Service	120		75	
Other				
Category 4 - Food (monthly)	1,200	748	866	

Spending Plan	Current	Guideline	New Budget	Comments
Grocery	1,200		866	There could be other categories to reduce in order to keep total expenses below total income, but this appears to have the most potential without discussing category spending more.
Other				
Category 5 - Transportation (monthly)	650	588	790	
Auto Payment(s) (from Debt List)	0		0	
Extra Auto Payment				
Gas & Oil	330		330	
Auto Insurance	250		250	
Licenses & Taxes	10		10	
Maintenance	60		200	Recommend around \$100/mo per car. Do the kids help pay maintenance for one of the cars, is that why it is 60?
Replacement				
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	Great no debt!
Total Credit Cards (from Debt List)	0		0	
Total Other Debt (from Debt List)	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	280	267	380	This is closer to \$400 in Jan. Does more money need allocated to eating out or activities?
Eating Out / Lunches	150		150	
Baby Sitters				
Activities / Trips			100	
Vacation	100		100	
Pets	30		30	
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	110	374	175	Spent 165 in Jan, does this need increased?
Children's Clothing Needs	60		100	
Husband/Wife Clothing Needs	50		75	
Other				
Category 10 - Savings (monthly)	200	267	0	
Savings Account	200		0	Can pause this because currently have over 6 months of expenses saved.
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	380	374	330	Only spent \$135 in Jan. Any ongoing medical or dental issues, or can the budget be reduced?
Doctor	250		200	

Spending Plan	Current	Guideline	New Budget	Comments
Dentist	100		100	
Prescriptions				
Eye Glasses / Contacts	30		30	
HSA or FSA Contributions				
Other				
Category 12 - Miscellaneous (monthly)	315	267	315	
Toiletries / Cosmetics	80		80	
Beauty / Barber	50		50	
Laundry / Cleaning				
Allowances	60		60	Did not see this in spending?
Subscriptions				
Gifts (including Christmas)	125		125	
Cash				
Other				
Category 13 - Investments (monthly)	1,000	214	0	Have you decided on how much you will need at retirement? Have you talked with a financial advisor? I did a quick calculation of your current retirement funds increasing at 7% for 25 years and you would have \$1,900,000 plus 60% of Mike's salary. May already have enough saved, a financial advisor could verify this.
Employer 401k/403b plans				
Retirement IRAs	1,000		0	normally contribute about 12,000 to two Roth IRAs at end of the year
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)⁽¹⁾	400		360	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc	400		360	Ongoing expense looks to be 310. Do you need \$90/mo or \$1,080 for equipment and supplies? Traveling team expenses are high. Is this worth it for possible college scholarship, great relationships, etc., or can it possibly be reduced.
Other				
Total Expenses	6,685	5,341	5,341	

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

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	1,925	866	790	200	0	380	175	0	330	315	0	360	8,050	0
Feb																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	1,925	866	790	200	0	380	175	0	330	315	0	360	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	1,925	866	790	200	0	380	175	0	330	315	0	360	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	380	(249)	5	0	0	(31)	10	(200)	196	160	0	(111)	835		
Year to Date	8,050	805	1,904	1,925	866	790	200	0	380	175	0	330	315	0	360	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.	0	675	0	380	(249)	5	0	0	(31)	10	(200)	196	160	0	(111)	835		

Form Version Aug 6, 2023

Comments / 1) Ask about giving. Are they familiar with what the Bible says about tithing and giving?; 2) Is this typical for food (see spending plan comments); 3) What is the breakdown of the entertainment expenses to ensure budget is accurate?; 4) Questions / See spending plan comments for more questions.
 Recommendations (hit Alt-Enter to move to a new line):

