

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?
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:	Feb 17, 2025	

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	Emergency savings funded by the sell of the Honda Accord (\$4K in equity)
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-2015 Kia Sedona minivan	7,995.00	
Automobile 2 (look up value, e.g., kbb.com)		
Automobile 3 (look up value, e.g., kbb.com)		
Personal Property (Furniture, Jewelry, etc.)	11,000.00	Identify and sell \$9K in personal property to pay off credit cards
Retirement Savings (401k, 403b, IRAs, Pension, etc.)		
College Savings		
Other Assets		
Total Assets:	320,295.00	

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	Paid off \$500 by selling car and getting Kia minivan + \$3.5K in personal property sales of \$9K
Citibank Visa	Various	0.00	20.0%	0	0.00	Paid off \$5.5K from the personal property sales of \$9K
Capital One Mastercard	Various	0.00	21.0%	0	0.00	Paid off (\$2,500) by selling car and getting Kia minivan
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
Kia Financing	10 year-old Kia Sedona	195.18	8.0%	0	7,995.00
Total Auto Loans		195.18			7,995.00

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	1,800.00	4.0%	0	250,000.00
Total Home Mortgages		1,800.00			250,000.00

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
Best Finance	Debt Consolidation Loan	260.00	10.00%		8,000.00
Total Other Debt		260.00			8,000.00

Total Liabilities/Debts	265,995.00
NET WORTH (Total Assets minus Total Liabilities/Debts)	54,300.00

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	33%	x	3,142	=	1,037
4. Food	14%	x	3,142	=	424
5. Transportation	13%	x	3,142	=	393
6. Insurance	5%	x	3,142	=	157
7. Debts	5%	x	3,142	=	157
8. Entertainment/Recreation	5%	x	3,142	=	141
9. Clothing	6%	x	3,142	=	173
10. Savings	5%	x	3,142	=	157
11. Health & Wellness	7%	x	3,142	=	204
12. Miscellaneous	6%	x	3,142	=	173
13. Investments	4%	x	3,142	=	126
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
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	3,467		4,277	
Less Total Expenses	4,015		4,277	
Surplus or Deficit	(549)		(0)	
Monthly Income				
Gross Monthly Income	3,648		4,498	
Monthly Salary	1,848		1,848	Critical that this pmt is timely....be sure to understand how garnishments work
Child Support	1,800		1,800	
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income			850	\$10.2K child tax credit; \$3.6K each for under 6 and \$3K for over 6...reduce paycheck withholdings via W4.
LESS				
Category 1 - Tithe/Giving	40	365	80	
The Local Church	40		80	An opportunity to show God you trust Him with your family needs through this transition by an increase at this time.
The Poor				
Other Ministries				
Other Giving				
Category 2 - Taxes	141	141	141	
Taxes (Fed, State, Medicare, Social Security)	141		141	
Other				
<i>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</i>				
NET SPENDABLE INCOME	3,467	3,142	4,277	
Monthly Expenses				
Category 3 - Housing	2,100	1,037	2,058	
Mortgage(s) (from Debt List)	1,800		1,800	At 4% at this price level, it makes sense to stay put with this mortgage and house
Extra Mortgage Payment				
Rent				
Insurance (included in mortgage)				
Property Taxes (included in mortgage)				
Electricity	150		120	Turn off the lights. Turn up AC thermostat. Handwash dishes (teach the kids to do it). Budget billing
Gas				
Water	60		48	More efficient on laundry, dishes and showers. Get on budget billing
Sanitation				
Telephone / Cell phone	45		45	
Maintenance				
Internet / Cable Service	45		45	

Spending Plan	Current	Guideline	New Budget	Comments
Other				
Category 4 - Food	800	424	424	
Grocery	800		424	Need to buy off brand, shop at low-cost grocery stores like Aldi.
Other				
Category 5 - Transportation	575	393	393	
Auto Payment(s) (from Debt List)	195		195	
Extra Auto Payment				Recommend that you sell the Honda Accord and buy a 10 year old Kia Sedona minivan. Use the \$4,000 in proceeds for \$1K emergency fund and pay \$3K in credit card debt and get a \$7,995K loan on the minivan for 4 years at 8% (\$195.18/month)
Gas & Oil	200		103	Work on consolidating trips out, stay local, possible work from home/hybrid?
Auto Insurance	150		75	Lower value vehicle means lower insurance
Licenses & Taxes	30		20	Lower value vehicle to pay taxes on
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance	0	157	100	
Life				
Health/Dental			100	Get a HDHSA policy to cover yourself.
Disability				
Other				
Category 7 - Debts	260	157	520	
Total Credit Cards (from Debt List)	0		0	
Total Other Debt (from Debt List)	260		260	
Extra Debt Payments			260	Make double payments to accelerate the debt consolidation loan paid off early in 17 months vs 36 months.
Category 8 - Entertainment & Recreation	220	141	141	
Eating Out / Lunches	150		81	Try picnics; dessert only restaurant visits; avoid expensive restaurants;
Baby Sitters	30		20	Time away from kids when dad has them vs babysitter
Activities / Trips				
Vacation				
Pets	40		40	Keep the dog so the family is not rocked emotionally by losing a pet
Hobbies and Sports				
Other				
Category 9 - Clothing	0	173	45	
Children's Clothing Needs			30	Goodwill and handme downs
Husband/Wife Clothing Needs			15	Goodwill and handme downs
Other				
Category 10 - Savings	0	157	312	
Savings Account			157	Start building the emergency fund to equal 1 month pay
Credit Union				

Spending Plan	Current	Guideline	New Budget	Comments
Other			155	Additional to accelerate the 1 month pay emergency fund (using paid off VISA monthly amounts that have been paid off)
Category 11 - Health & Wellness	0	204	204	
Doctor			74	HSA contribution of \$100/month
Dentist			30	
Prescriptions				
Eye Glasses / Contacts				
Other			100	
Category 12 - Miscellaneous	60	173	80	
Toiletries / Cosmetics	20		20	
Beauty / Barber	20		20	
Laundry / Cleaning	20		20	
Allowances				
Subscriptions				
Gifts (including Christmas)			20	
Cash				
Other				
Category 13 - Investments	0	126	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	4,015	3,142	4,277	

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

Used 2015

Kia Sedona EX



\$7,995  **GOOD PRICE**