

CASE STUDY D

Doug Wilson is a 55 year old single man whose wife passed away about 10 years ago. He has grown kids, a dog, and resides in a nice 4 bedroom house in Montana. Doug has been working for 30 years for an agricultural company. There are no real monthly financial problems, except that he can't seem to set much savings aside and is not saving enough to retire. He is a committed Christian and is very dedicated to his church.

He has been contributing 4% of his income to his company's 401k retirement plan (they match his contribution to a maximum of 4%). His employer does not provide a pension or medical benefits in retirement. He receives income tax refunds each year, but that money just seems to disappear soon after he gets it. Medical insurance is provided by Doug's employer for a small monthly amount, and they provide disability insurance at no cost.

Develop a recommended new budget for Doug, with the goal of getting him better prepared for retirement. 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 Test for Case Study D. They are listed here so you can be thinking about the forms in this spreadsheet.

1. List at least four questions you might ask to help Doug evaluate having enough money to retire? What would be the best question for each question?
2. How would you approach Doug's inability to save for retirement? What "low hanging fruit opportunities" would you suggest to help him?
3. Though Doug does not have sizable debt now, what advice would you give him about paying off his credit cards to avoid future indebtedness?
4. While referring to the Crown MoneyMap, what changes would you recommend for Doug to make in each of his first four destinations? List each destination followed by specific actions he should take in that destination to reach his next destination.
5. What steps can Doug take to leave a legacy for his children that will impact eternity, as well as earthly life?



Assets & Liabilities	
Date:	

Comments

ASSETS (Present Market Value)	Balance
Cash On Hand (both husband and wife if married)	200.00
Checking Accounts	850.00
Savings Accounts	2,500.00
Investment Assets	1,385.00
Cash Value of Life Insurance	20,000.00
Valuable Collections (coins, stamps, etc.)	
Primary Home Value (look up value, e.g., zillow.com)	700,000.00
Other Real Estate	
Mortgages/Notes Receivable	
Automobile 1 - 1 year-old Ford F-150	26,000.00
Automobile 2 (look up value, e.g., kbb.com)	
Automobile 3 (look up value, e.g., kbb.com)	
Personal Property (Furniture, Jewelry, etc.)	10,000.00
Retirement Savings (401k, 403b, IRAs, Pension, etc.)	250,000.00
Other Assets	
Total Assets	1,010,935.00

Suggestion: Set \$1k aside as your starter emergency fund. Use the remainder to pay down your cc debt. Step 1 on the MONEY MAP.

Robin Hood stock brokerage

Do you see yourself living here in the next 10 yrs? If so, would you consider renting out one of the rooms for additional income and budget relief?

I'm curious what kinds of personal property is this?

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
Citibank	Various	50.00	22.0%		2,500.00
Total Credit Cards		50.00			2,500.00

Suggestion: do not charge anything else and consider paying this off with the your tax return.

AUTO LOANS

Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Ford Financing	Ford F-150	619.00	6.0%		26,352.00
Total Auto Loans		619.00			26,352.00

The total cost of owning the truck including insurance, gas, and maintenance is over \$1K/moth, or 18% your Net Spendable Income. It seems like you just bought this car. Where you aware the total cost?

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
Nationwide	123 Hummingbird Lane	2,576.00	5.0%		435,000.00
Total Home Mortgages		2,576.00			435,000.00

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
Total Other Debt		0.00			0.00

Total Liabilities/Debts	463,852.00
NET WORTH (Total Assets minus Total Liabilities/Debts)	547,083.00

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>		10,000		120,000
	Input appropriate % from "Percentage Guide"						Annual Income
Income Deductions	Percentage	x	Gross Monthly Income	=		Guideline Amount	
1. Tithe/Giving	10%	x	10,000	=		1,000	
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>			3,865	
Net Spendable Income (NSI)						5,135	61,620
							Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	34%	x	5,135	=	1,746
4. Food	7%	x	5,135	=	359
5. Transportation	14%	x	5,135	=	719
6. Insurance	5%	x	5,135	=	257
7. Debts	5%	x	5,135	=	257
8. Entertainment/Recreation	7%	x	5,135	=	359
9. Clothing	7%	x	5,135	=	359
10. Savings	5%	x	5,135	=	257
11. Health & Wellness	5%	x	5,135	=	257
12. Miscellaneous	6%	x	5,135	=	308
13. Investments	5%	x	5,135	=	257
14. School/Child Care	<i>no guideline</i>				
Total Percentages: (cannot exceed 100%)	100%				
Total Guideline Expenses: (cannot exceed Net Spendable Income)					5,135

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
---------------	---------	-----------	------------	----------

INCOME vs. EXPENSE SUMMARY (calculated)			
--	--	--	--

Net Spendable Income	5,135		5,135
Less Total Expenses	6,562		5,661
Surplus or Deficit	(1,427)		(526)

Monthly Income			
-----------------------	--	--	--

<i>Gross Monthly Income</i>	10,000		10,000
-----------------------------	--------	--	--------

Monthly Salary	10,000		10,000
Interest Income			
Dividends			
Commissions			
Bonuses/Tips			
Retirement Income			
Net Business Income			
Other Income			

LESS			
------	--	--	--

<i>Category 1 - Tithe/Giving (monthly)</i>	1,000	1,000	1,000
--	-------	-------	-------

The Local Church	1,000		1,000
The Poor			
Other Ministries			
Other Giving			

<i>Category 2 - Taxes (monthly)</i>	3,865	3,865	3,865
-------------------------------------	-------	-------	-------

Taxes (Fed, State, Medicare, Social Security)	3,865		3,865
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 (monthly)	5,135	5,135	5,135
---------------------------------------	--------------	--------------	--------------

Does this include contributions to your 401K and medical ins? If so we need to deduct from here and add as expense in investment and insurance category.

Suggestion: Consult a tax professional about your situation. I'm wondering if there are ways to save on your tax liability.

Monthly Expenses			
-------------------------	--	--	--

--	--	--	--

<i>Category 3 - Housing (monthly)</i>	3,818	1,746	3,658
---------------------------------------	-------	-------	-------

Mortgage(s) <i>(from Debt List)</i>	2,576		2,576
Extra Mortgage Payment			
Rent			
Insurance	250		150
Property Taxes	432		432
Electricity	170		170
Gas	80		80
Water	40		40
Sanitation	30		30

Is this HO ins? It's about \$3k a year. When was the last time you shopped around for a new policy?

Does this feel a bit high to you?

Spending Plan	Current	Guideline	New Budget	Comments
Telephone / Cell phone	80		80	
Maintenance				
Internet / Cable Service	160		100	Can you ask for a reduced rate or reduced channels?
Other				
Category 4 - Food (monthly)	600	359	359	
Grocery	600		359	Do you shop with a list? It may a challenge to do at first but will greatly help in lowering your bill.
Other				
Category 5 - Transportation (monthly)	1,021	719	921	
Auto Payment(s) (from Debt List)	619		619	
Extra Auto Payment				
Gas & Oil	200		150	I've reduced this by \$50, is it possible for you?
Auto Insurance	150		100	Would it be possible to shop around for a better rate? I've reduced by \$50
Licenses & Taxes	12		12	
Maintenance	40		40	
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	135	257	135	
Life (\$30,000 Whole Life)	60		60	
Health/Dental	75		75	
Disability				
Other				
Category 7 - Debts (monthly)	50	257	50	
Total Credit Cards (from Debt List)	50		50	
Total Other Debt (from Debt List)	0		0	
Extra Debt Payments				Consider paying off this credit card with the tax return.
Category 8 - Entertainment & Recreation (monthly)	210	359	135	
Eating Out / Lunches	80		80	
Baby Sitters				
Activities / Trips	55		55	
Vacation	75			
Pets				
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	50	359	0	
Clothing	50			
Other				
Category 10 - Savings (monthly)	25	257	0	
Savings Account	25			
Credit Union				

Spending Plan	Current	Guideline	New Budget	Comments
Other				
Category 11 - Health & Wellness (monthly)	70	257	70	
Doctor	20		20	
Dentist	20		20	
Prescriptions	10		10	
Eye Glasses / Contacts	20		20	
Other				
Category 12 - Miscellaneous (monthly)	133	308	83	
Toiletries / Cosmetics				
Beauty / Barber	20		20	
Laundry / Cleaning				
Allowances				
Subscriptions	3		3	
Gifts (including Christmas)	40		40	
Cash	70		20	
Other				
Category 13 - Investments (monthly)	450	257	250	
Employer 401k/403b plans	400		200	Your company is matching your 401k contributions so the actual amount being contributed is \$800/month. Would you consider contributing 2% (\$200/Month) until the truck is paid off? The total contribution would still be \$400 but we'd free up \$200 of your NET SPENDABLE INCOME.
Retirement IRAs				
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds	50		50	
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly) (1)	0		0	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	6,562	5,135	5,661	

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