

CASE STUDY E

Mike and Sara Howard are both 45 and have 3 teenage kids. Mike works as a teacher at local middle school. Sara is an assistant manager at a coffee shop. They have lived in a small town in Alabama for the past 20 years. They have been able to save up a decent emergency fund but are concerned that they are not being good stewards and want to begin being more disciplined about living on a budget. They've always paid their credit cards off at the end of the month and believe in driving cars as long as they can. 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 about 60% of his income in retirement. Sara's job doesn't have a lot of benefits, but they both contribute the maximum amount to a Roth IRA 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 "comments" 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 as you 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?

Debt - Congratulations! You are among the few and your discipline is commendable!
Savings - Great job saving 6+ months of expenses.
Health - Discuss the #s in Spending Plan - Current (adjusted in 'new budget' based on January actual...revert back if appropriate following discussion).
Investment - What does retirement look like for you (age, spending increase/decrease, continue to work part-time or not at all, volunteer, travel)? After following up with your financial advisor to affirm that you are in really good shape here, would this be an area you'd consider adjusting to allow for increasing giving to the Lord and eternal treasures?

You are positioned well to achieve your goal of becoming good stewards. :)

2. What specific actions would you recommend to the Howards about Destination 4 adjustments to their budget?

Adjust spending plan accordingly - Have you had a chance to review the balanced 'new budget' that allows for giving 10%? What are your initial thoughts? What adjustments would you like to make to ensure this works for your family?
Start saving for major purchases - Have you considered creating a separate savings account for replacing a vehicle? Consider setting up an auto-transfer each pay period.
Start saving for retirement - GREAT START (ESPECIALLY AT YOUR AGES)!
Increase savings to 6 months' living expenses - AGAIN, GREAT JOB!
Retake the MoneyLife Indicator and revisit goals - Between now and our next session, please reserve some time to retake and then we will revisit your goals. Sound good?

3. Are there topics or questions you might like to discuss with the Howards about their plans and goals?

Food - Is this an area where you would like to become better stewards? I "penciled in" 120% of the guideline. Do you think it would be wise/reasonable to set this as a goal? If not, what would be more appropriate (given your family and your goal to be better stewards)?
Entertainment - What are your thoughts about the benefits/drawback of reducing your spending a bit (not eliminating just pulling back) to enable giving, saving and practicing contentment? Is that something you'd want to consider?
Investment - Given your diligence in saving for retirement, projected growth and Mike's pension, you may be able to pull back here to fuel your giving goals. What does retirement look like for you (age, spending increase/decrease, continue to work part-time or not at all, volunteer, travel)? Follow-up with your financial advisor or contact Kingdom Advisors.

updated October 25 2023

Mike's pension will replace 1/3 of combined income.

3,000 contribution
350,000 present value
6% growth
20 years
<hr/>
(\$1,232,854)

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	= 805
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	= 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

Annual NSI

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
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 - Tithing/Giving (monthly)	110	805	805	
The Local Church	80		775	
The Poor				
Other Ministries - Food Pantry	30		30	
Other Giving				
Category 2 - Taxes (monthly)	1,904	1,904	1,904	
Taxes (Fed, State, Medicare, Social Security)	1,904		1,904	
Other				
<i>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.</i>				
NET SPENDABLE INCOME (monthly)	6,036	5,341	5,341	
Monthly Expenses				
Category 3 - Housing (monthly)	1,950	1,709	1,880	
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		180	
Maintenance	50		50	
Internet / Cable Service	120		50	- consider dropping cable
Other				
Category 4 - Food (monthly)	1,200	748	900	

Spending Plan	Current	Guideline	New Budget	Comments
Grocery	1,200		900	- Let's discuss your food spending relative to the guideline (based on a family with 4 children). Is this an area where you would like to become better stewards? As an example, I've "penciled in" 120% of the guideline. Do you think it would be wise/reasonable to set this as a goal? If not, what would be more appropriate (given your family and your goal to be better stewards)?
Other				
Category 5 - Transportation (monthly)	650	588	650	
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		60	
Replacement				- Please see savings recommendation below.
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	200	267	200	
Life	40		40	
Health/Dental	160		160	
Disability				- Consider a policy to protect Sara's income in case of disability.
Other				
Category 7 - Debts (monthly)	0	267	0	
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	280	
Eating Out / Lunches	150		150	
Baby Sitters				
Activities / Trips				
Vacation	100		100	
Pets	30		30	
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	110	374	110	Great job practicing contentment and not going overboard on things of this world.
Children's Clothing Needs	60		60	
Husband/Wife Clothing Needs	50		50	
Other				
Category 10 - Savings (monthly)	200	267	250	
Savings Account	200		50	- Your existing savings account will cover 6+ months of expenses...slow pace and add vehicle savings (see below).
Credit Union				
Other			200	- Consider creating a new savings account called "vehicle" and start saving something each pay period for eventual replacement.
Category 11 - Health & Wellness (monthly)	380	374	205	
Doctor	250		125	- Discuss...based on January spending this appears to be worst case scenario? (adjusted 'new budget'...so revert back if appropriate following discussion)
Dentist	100		50	- Discuss...based on January spending this appears to be worst case scenario? (adjusted 'new budget'...so revert back if appropriate following discussion)

Spending Plan	Current	Guideline	New Budget	Comments
Prescriptions				
Eye Glasses / Contacts	30		30	
HSA or FSA Contributions				
Other				
Category 12 - Miscellaneous (monthly)	315	267	291	
Toiletries / Cosmetics	80		80	
Beauty / Barber	50		50	
Laundry / Cleaning				
Allowances	60		60	
Subscriptions				
Gifts (including Christmas)	125		101	- discuss benefits/drawback of reduced spending to enable giving, saving and practicing contentment
Cash				
Other				
Category 13 - Investments (monthly)	1,000	214	250	
Employer 401k/403b plans				
Retirement IRAs	1,000		250	- Given Mike's pension and the projected growth of your retirement savings (WAY TO GO :)), you have the option to consider pulling back here to fuel your giving goals. Please discuss with your financial advisor and/or contact Kingdom Advisors.
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)⁽¹⁾	400		325	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc	400		325	- discuss benefits/drawback of reduced spending to enable giving, saving and practicing contentment
Other				
Total Expenses	6,685	5,341	5,341	

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

Monthly Budget

Monthly Budget

For Year :

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	1,880	900	650	200	0	280	110	250	205	291	250	325	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	1,880	900	650	200	0	280	110	250	205	291	250	325	8,050	0

Form Version Nov 28, 2022

Monthly Budget

Month: **January** Year: **0**

Category	INCOME	TITHE/ GIVING	TAXES	HOUSING	FOOD	TRANSPORT	INSURANCE	DEBTS	ENTERTAINMENT RECREATION	CLOTHING	SAVINGS	HEALTH & WELLNESS	MISC.	INVESTMENTS	SCHOOL/ CHILD CARE	TOTAL EXPENSES	This Month SURPLUS / DEFICIT
BUDGETED AMOUNT	8,050	805	1,904	1,880	900	650	200	0	280	110	250	205	291	250	325	8,050	0
Date																	
1	2,291.50		542.00				80.00										622
2		20.00							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													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										150
21				179.95					42.10								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					56.92								259
27									74.21								74
28					152.00												152
29							250.00										250
30		20.00															20
31																	0
This Month Actual	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. Budget	0	675	(0)	335	(215)	(135)	0	0	(131)	(55)	50	71	136	250	(146)	835	
Year to Date Budget	8,050	805	1,904	1,880	900	650	200	0	280	110	250	205	291	250	325	8,050	
Year to Date Actual	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)	335	(215)	(135)	0	0	(131)	(55)	50	71	136	250	(146)	835	

Form Version Aug 6, 2023

Comments / Questions / Recommendations /
 Giving - Have you had a chance to review the balanced 'new budget' that allows for giving 10%? What are your initial thoughts? What adjustments would you like to make to ensure this works for your family?
 Housing - Difference is for annual payments of property tax and insurance (no action needed)
 Food - Is this an area where you would like to become better stewards? I "penciled in" 120% of the guideline. Do you think it would be wise/reasonable to set this as a goal? If not, what would be more appropriate (given your family and (hit Alt-Enter to your goal to be better stewards)?
 Transport - Have you considered creating a separate savings account for replacing a vehicle?
 Debt - Congratulations! You are among the few and your discipline is commendable! You are definitely positioned well to begin steps towards your goal of becoming good stewards. :)
 Entertainment - What are your thoughts about the benefits/drawback of reduced spending to enable giving, saving and practicing contentment?
 Savings - Great job saving 6+ months of expenses.
 Health - Discuss (adjusted 'new budget' based on January actual...revert back if appropriate following discussion).
 Investment - Given your diligence in saving for retirement, projected growth and Mike's pension, you may be able to pull back here to fuel your giving goals. Follow-up with your financial advisor or contact Kingdom Advisors.