

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 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 replace his income in retirement. Sara's job doesn't have a lot of benefits, but they both contribute the maximum amount to their 401k 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 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
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

Suggest the couple talk about personal assets and list the value of them.

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	=	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

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		5,811	
Less Total Expenses	6,685		5,811	
Surplus or Deficit	(649)		0	

Monthly Income				
Gross Monthly Income	8,050		8,550	
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			500	With summers off, Mike could earn an additional \$6,000 over the course of the year or could look for additional income opportunities in his teaching job.

LESS				
Category 1 - Tithing/Giving (monthly)	110	805	835	
The Local Church	80		805	
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				

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	5,811	
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Monthly Expenses				
Category 3 - Housing (monthly)	1,950	1,709	1,905	
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		75	Consider eliminating some of this. This should be sufficient to maintain an internet connection.
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 4 - Food (monthly)	1,200	748	900	
Grocery	1,200		900	Since I used the guideline for 2 kids, this should be a bit more than the guideline.
Other				
Category 5 - Transportation (monthly)	650	588	890	
Auto Payment(s) (from Debt List)	0		0	
Extra Auto Payment				
Gas & Oil	330		220	The kids need to be responsible for 1/3 of the fuel costs and can divide that between themselves.
Auto Insurance	250		250	
Licenses & Taxes	10		10	
Maintenance	60		60	
Replacement			350	Since the 2 cars the parents drive are getting older, a 4 year replacement plan needs to be in place.
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 (from Debt List)	0		0	
Total Other Debt (from Debt List)	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	280	267	270	
Eating Out / Lunches	150		140	
Baby Sitters				
Activities / Trips				
Vacation	100		100	
Pets	30		30	
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	110	374	50	
Children's Clothing Needs	60		0	As teenagers, the kids need to be responsible for buying their own clothes from income they earn.
Husband/Wife Clothing Needs	50		50	
Other				
Category 10 - Savings (monthly)	200	267	201	
Savings Account	200		201	Since approximately 6 months of savings goal has been met, the need to put additional money in savings can be reduced while they work toward the Destination 5 goal. Should be focusing on college savings and car replacement instead.
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	380	374	380	
Doctor	250		250	

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	
Subscriptions				
Gifts (including Christmas)	125		125	
Cash				
Other				
Category 13 - Investments (monthly)	1,000	214	500	
Employer 401k/403b plans				
Retirement IRAs	1,000		0	Since there is a pension plan in place and a good amount of investments already, the priority until the home is paid off and kids are out of college should be savings goals that are closer into the future such as college and car replacements.
College Funds			500	Suggest using a 521 college savings plan.
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)⁽¹⁾	400		200	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc	400		200	Pull this down to \$100 per child per month. The parents and children make decisions together about what is the choice.
Other				
Total Expenses	6,685	5,341	5,811	

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

Form Version Nov 28, 2022

Monthly Budget

Monthly Budget

For Year : 2025

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	8,550	835	1,904	1,905	900	890	200	0	270	50	201	380	315	500	200	8,550	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
	8,550	835	1,904	1,905	900	890	200	0	270	50	201	380	315	500	200	8,550	0

Form Version Nov 28, 2022

Monthly Budget

Month:	January		Year:	2025													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	8,550	835	1,904	1,905	900	890	200	0	270	50	201	380	315	500	200	8,550	0
Date	2,291.50		542.00				80.00										622
1		20.00				75.00			54.00		200.00						349
2					134.00												134
3	866.75		204.99							164.80							370
4				1,020.00		84.00						134.45					1,238
5																	0
6				30.00	85.00				83.20				13.70				212
7				90.00		64.00											154
8		20.00															20
9															75.00		75
10	866.75		204.99			97.00	89.00						56.00				447
11																	0
12				70.00													70
13									76.58								77
14	2,291.50		542.00	35.00	178.00		80.00										835
15		20.00			31.00										162.00		213
16	866.75		204.99					63.00									63
17						240.00											205
18		30.00					78.00			42.10							240
19				179.95													150
20					112.00								71.29				180
21		20.00											14.30		234.00		183
22										23.54							268
23	866.75		204.99		86.00		40.00										24
24				120.00			82.00			56.92							331
25										74.21							259
26					152.00												74
27						250.00											152
28		20.00															250
29																	20
30																	0
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.	(500)	705	0	360	(215)	105	0	0	(141)	(115)	1	246	160	500	(271)	1,335	
Year to Date	8,550	835	1,904	1,905	900	890	200	0	270	50	201	380	315	500	200	8,550	
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	(500)	705	0	360	(215)	105	0	0	(141)	(115)	1	246	160	500	(271)	1,335	

Form Version Aug 6, 2023

Comments / My first observation is that even looking at the actual spending compared to actual income, there was room in January to give a tithe to the church.
 Questions / It appears there is room to reduce the housing budget quite a bit, but I suspect that insurance wasn't paid that month since it is paid annually.
 Recommendations Food, entertainment and clothing are all over budget. The good thing is all of this are discretionary in a sense and can be worked on.
 (hit Alt-Enter to move to a new line)
 Questions: Let's talk about beliefs regarding giving and also about where we place our trust for our future. Historically, there has been a consistent savings and consistent investing practice. This seems to have been done in a disciplined fashion. However, giving is without a plan. Simply a \$20 gift into the plate each week in cash.
 Questions: What are your plans for college for the kids? Do you anticipate all will go and what will be their path?
 Questions: There is opportunity for teaching financial principles to the kids, but not evidence that they have any responsibility for finances. Do you think it would be a good idea to begin having them be responsible for gas for cars and their own clothing as a start. They can all earn income.