

## 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 address this?
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	
Date:	

Comments

ASSETS (Present Market Value)	Balance
Cash On Hand (both husband and wife if married)	50.00
Checking Accounts	250.00
Savings Accounts	0.00
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	22,000.00
Automobile 2 (look up value, e.g., kbb.com)	
Automobile 3 (look up value, e.g., kbb.com)	
Personal Property (Furniture, Jewelry, etc.)	20,000.00
Retirement Savings (401k, 403b, IRAs, Pension, etc.)	
College Savings	
Other Assets	
<b>Total Assets:</b>	<b>342,300.00</b>

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	50.00	23.0%	0	4,000.00
Citibank Visa	Various	65.00	20.0%	0	5,500.00
Capital One Mastercard	Various	40.00	21.0%	0	2,500.00
<b>Total Credit Cards</b>		<b>155.00</b>			<b>12,000.00</b>

AUTO LOANS					
Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Honda Financing	4 year-old Honda Accord	530.00	6.0%	0	18,000.00
<b>Total Auto Loans</b>		<b>530.00</b>			<b>18,000.00</b>

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
<b>Total Home Mortgages</b>		<b>1,800.00</b>			<b>250,000.00</b>

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
<b>Total Other Debt</b>		<b>260.00</b>			<b>8,000.00</b>

<b>Total Liabilities/Debts</b>	<b>288,000.00</b>
<b>NET WORTH (Total Assets minus Total Liabilities/Debts)</b>	<b>54,300.00</b>

**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)**

<b>GROSS HOUSEHOLD INCOME:</b>	<b>25,000</b>	<b>35,000</b>	<b>45,000</b>	<b>55,000</b>	<b>85,000</b>	<b>125,000</b>
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					

**Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%**

<b>3. Housing</b>	38%	38%	34%	33%	32%	32%
<b>4. Food</b>	15%	15%	14%	14%	14%	14%
<b>5. Transportation</b>	14%	14%	12%	12%	11%	11%
<b>6. Insurance</b>	5%	5%	5%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	3%	4%	4%	5%	5%	5%
<b>9. Clothing</b>	5%	5%	6%	6%	7%	7%
<b>10. Savings</b>	4%	4%	5%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	8%	7%	7%	7%	7%	7%
<b>12. Miscellaneous</b>	3%	3%	5%	5%	5%	5%
<b>13. Investments</b>	0%	0%	3%	3%	4%	4%
<b>Total Net Spendable Income:</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	39%	36%	32%	30%	30%	29%
<b>4. Food</b>	15%	12%	13%	12%	11%	11%
<b>5. Transportation</b>	15%	12%	13%	14%	13%	13%
<b>6. Insurance</b>	5%	5%	5%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	3%	5%	5%	7%	7%	8%
<b>9. Clothing</b>	4%	5%	5%	6%	7%	7%
<b>10. Savings</b>	5%	5%	5%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	5%	6%	6%	5%	5%	5%
<b>12. Miscellaneous</b>	4%	4%	6%	6%	7%	7%
<b>13. Investments</b>	0%	5%	5%	5%	5%	5%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	40%	36%	34%	32%	31%	30%
<b>4. Food</b>	15%	14%	13%	12%	11%	11%
<b>5. Transportation</b>	15%	14%	14%	13%	13%	13%
<b>6. Insurance</b>	5%	5%	5%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	3%	4%	4%	5%	7%	7%
<b>9. Clothing</b>	4%	4%	5%	6%	6%	7%
<b>10. Savings</b>	4%	4%	4%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	6%	6%	6%	6%	5%	5%
<b>12. Miscellaneous</b>	3%	4%	5%	6%	7%	7%
<b>13. Investments</b>	0%	4%	5%	5%	5%	5%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	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					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
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%
<b>Total Net Spendable Income:</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	40%	38%	36%	34%	32%	30%
<b>4. Food</b>	6%	6%	7%	7%	7%	7%
<b>5. Transportation</b>	15%	15%	14%	14%	13%	13%
<b>6. Insurance</b>	4%	4%	4%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	6%	6%	7%	7%	8%	9%
<b>9. Clothing</b>	5%	6%	6%	7%	8%	8%
<b>10. Savings</b>	5%	5%	5%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	6%	5%	5%	5%	4%	4%
<b>12. Miscellaneous</b>	5%	6%	6%	6%	7%	7%
<b>13. Investments</b>	3%	4%	5%	5%	6%	7%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	25%	24%	23%	22%	21%	20%
<b>4. Food</b>	6%	6%	6%	7%	7%	7%
<b>5. Transportation</b>	20%	19%	18%	16%	15%	13%
<b>6. Insurance</b>	4%	4%	4%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	9%	9%	9%	9%	10%	10%
<b>9. Clothing</b>	7%	7%	7%	7%	7%	8%
<b>10. Savings</b>	8%	8%	9%	10%	10%	10%
<b>11. Health &amp; Wellness</b>	6%	6%	6%	5%	5%	5%
<b>12. Miscellaneous</b>	5%	6%	6%	7%	7%	7%
<b>13. Investments</b>	5%	6%	7%	7%	8%	10%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	no guideline percentages					

Revised Oct 29, 2022

## Percentage Spending Plan

<b>Gross Monthly Income</b>		<i>from Current Spending Plan:</i>	<b>3,648</b>	<b>43,776</b>
	Use appropriate % from "Percentage Guide"			Annual Income
<b>Income Deductions</b>	<b>Percentage</b>	x	<b>Gross Monthly Income</b>	=
			<b>Guideline Amount</b>	
1. Tithe/Giving	10.0%	x	3,648	=
1. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	=
			<b>365</b>	
			<b>141</b>	
<b>Net Spendable Income (NSI)</b>			<b>3,142</b>	<b>37,702</b>

Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	39%	x	3,142	=	1,225
4. Food	14%	x	3,142	=	440
5. Transportation	14%	x	3,142	=	440
6. Insurance	4%	x	3,142	=	126
7. Debts	5%	x	3,142	=	157
8. Entertainment/Recreation	4%	x	3,142	=	126
9. Clothing	5%	x	3,142	=	157
10. Savings	5%	x	3,142	=	157
11. Health & Wellness	6%	x	3,142	=	189
12. Miscellaneous	4%	x	3,142	=	126
13. Investments	0%	x	3,142	=	-
14. School/Child Care	<i>no guideline</i>				
<b>Total Percentages: (cannot exceed 100%)</b>			<b>100%</b>		
<b>Total Guideline Expenses: (cannot exceed Net Spendable Income)</b>					<b>3,142</b>

OK

Spending Plan	Current	Guideline	New Budget	Comments
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<b>INCOME vs. EXPENSE SUMMARY (calculated)</b>
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<b>Net Spendable Income</b>	<b>3,467</b>		<b>3,142</b>	Mindy should make every effort to find a higher paying job as increasing her income will enable her to get out of debt faster and build financial wealth.
<b>Less Total Expenses</b>	<b>4,505</b>		<b>4,491</b>	Mind needs to significantly decrease expenses at she is carrying a significant budget deficit, which could only increase debt.
<b>Surplus or Deficit</b>	<b>(1,038)</b>		<b>(1,349)</b>	

<b>Monthly Income</b>
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<b>Gross Monthly Income</b>	<b>3,648</b>		<b>3,648</b>	
Monthly Salary	1,848		1,848	Mindy should make every effort to find a higher paying job as increasing her income will enable her to get out of debt faster and build financial wealth.
Child Support	1,800		1,800	
Dividends	0		0	
Commissions	0		0	
Bonuses/Tips	0		0	
Retirement Income	0		0	
Net Business Income	0		0	
Other Income	0		0	
<b>LESS</b>				

<b>Category 1 - Tithe/Giving</b>	<b>40</b>	<b>365</b>	<b>365</b>	
The Local Church	40		365	Mindy should consider giving to the church. I would point Mindy to the following: Luke 6:38 - Give and it will be given to you. Malachi 3:10 - God wants us to bring the whole tithe so he can bless us abundantly Proverbs 3:9-10 - If we honor God with our wealth He will be abundantly generous
The Poor	0		0	
Other Ministries	0		0	
Other Giving	0		0	

<b>Category 2 - Taxes</b>	<b>141</b>	<b>141</b>	<b>141</b>	
Taxes (Fed, State, Medicare, Social Security)	141		141	
Other	0		0	

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

<b>NET SPENDABLE INCOME</b>	<b>3,467</b>	<b>3,142</b>	<b>3,142</b>	
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<b>Monthly Expenses</b>
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<b>Category 3 - Housing</b>	<b>2,100</b>	<b>1,225</b>	<b>2,100</b>	
Mortgage(s) (from Debt List)	1,800		1,800	Mindy's current mortgage payment is disproportionately high relative to her income, placing undue strain on her financial stability. She should seriously consider selling the home and using the proceeds to eliminate her outstanding debt of \$38,000. With the remaining funds, Mindy can begin building a robust emergency reserve—an essential buffer against future financial disruptions. By freeing herself from debt and establishing a safety net, Mindy will be better positioned to focus on her family with peace of mind, rather than being burdened by financial stress.
Extra Mortgage Payment				
Rent				
Insurance (included in mortgage)				
Property Taxes (included in mortgage)				
Electricity	150		150	
Gas				
Water	60		60	
Sanitation				

Spending Plan	Current	Guideline	New Budget	Comments
Telephone / Cell phone	45		45	
Maintenance				
Internet / Cable Service	45		45	
Other				
<b>Category 4 - Food</b>	<b>800</b>	<b>440</b>	<b>440</b>	
Grocery	800		440	Mindy's food expenses are disproportionately high relative to her income, making it a key area for potential savings. She should consider shopping at more budget-friendly grocery stores and utilizing local food banks where appropriate. These adjustments can significantly reduce her monthly spending, freeing up resources to address debt, build savings, and relieve financial pressure. Strategic stewardship in everyday choices, like food spending, can make a meaningful difference in her overall financial health.
Other				
<b>Category 5 - Transportation</b>	<b>910</b>	<b>440</b>	<b>910</b>	
Auto Payment(s) <i>(from Debt List)</i>	530		530	
Extra Auto Payment				Mindy's current car payment is unsustainably high relative to her income, placing unnecessary strain on her monthly budget. She should seriously consider selling the vehicle and replacing it with a more affordable, reliable alternative. Downsizing her transportation costs would free up valuable cash flow, allowing her to accelerate debt repayment, build savings, and reduce financial stress. This is a wise step toward greater financial stability and responsible stewardship.
Gas & Oil	200		200	
Auto Insurance	150		150	
Licenses & Taxes	30		30	
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
<b>Category 6 - Insurance</b>	<b>0</b>	<b>126</b>	<b>126</b>	
Life				Mindy should explore affordable healthcare coverage options. Medicaid and Christian HealthCare Ministries are excellent starting points, offering cost-effective solutions tailored to individuals with limited income. Securing affordable insurance not only safeguards her health, it also strengthens her overall financial foundation, allowing her to focus on long-term goals without the burden of unexpected medical expenses.
Health/Dental			126	
Disability				
Other				
<b>Category 7 - Debts</b>	<b>415</b>	<b>157</b>	<b>415</b>	
Total Credit Cards <i>(from Debt List)</i>	155		155	
Total Other Debt <i>(from Debt List)</i>	260		260	
Extra Debt Payments				Mindy should make every effort to get out of consumer debt as soon as possible.
<b>Category 8 - Entertainment &amp; Recreation</b>	<b>220</b>	<b>126</b>	<b>126</b>	
Eating Out / Lunches	150		56	Mindy should consider spending less on entertainment and recreation as she does not have disposable income at this time.
Baby Sitters	30		30	
Activities / Trips				
Vacation				
Pets	40		40	
Hobbies and Sports				

Spending Plan	Current	Guideline	New Budget	Comments
Other				
<b>Category 9 - Clothing</b>	<b>0</b>	<b>157</b>	<b>157</b>	
Children's Clothing Needs			100	On months that no clothes purchases are needed, Mindy should apply these funds towards her smallest debt.
Husband/Wife Clothing Needs			57	
Other				
<b>Category 10 - Savings</b>	<b>0</b>	<b>157</b>	<b>157</b>	
Savings Account			157	Mindy should consider building an appropriate emergency fund. Saving \$157/month will total \$1,884 a year, which is a lot of money.
Credit Union				
Other				
<b>Category 11 - Health &amp; Wellness</b>	<b>0</b>	<b>189</b>	<b>0</b>	
Doctor				Mindy should consider seeing taking appropriate care of her health. This means visiting doctors, dentist, optometrists and etc. Any funds not used in this category should be applied to the smallest debt.
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other				
<b>Category 12 - Miscellaneous</b>	<b>60</b>	<b>126</b>	<b>60</b>	
Toiletries / Cosmetics	20		20	Mindy is doing well in this category and should consider maintaining the spending at this level.
Beauty / Barber	20		20	
Laundry / Cleaning	20		20	
Allowances				
Subscriptions				
Gifts (including Christmas)				
Cash				
Other				
<b>Category 13 - Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Employer 401k/403b plans				
Retirement IRAs				
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
<b>Category 14 - School/Child Care <sup>(1)</sup></b>	<b>0</b>	<b>0</b>	<b>0</b>	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
<b>Total Expenses</b>	<b>4,505</b>	<b>3,142</b>	<b>4,491</b>	

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