

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:	11/08/2025	

ASSETS (Present Market Value)	Balance	
Cash On Hand (both husband and wife if married)	50.00	Mindy should make every effort to find a higher paying job or supplement her income with a second job if possible.
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	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.
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	Mindy should consider selling all vauables that she does not need.
Retirement Savings (401k, 403b, IRAs, Pension, etc.)		
College Savings		
Other Assets		
Total Assets:	342,300.00	

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	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
Total Credit Cards		155.00			12,000.00
AUTO LOANS					
Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due
Honda Financing	4 year-old Honda Accord	530.00	6.0%	0	18,000.00
Total Auto Loans		530.00			18,000.00
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	288,000.00
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
1. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>
			365
			141
Net Spendable Income (NSI)			3,142
			37,702

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>				
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		3,142	Mindy should make every effort to find a higher paying job or supplement her income with a second job if possible.
Less Total Expenses	4,505		4,491	Mindy should decrease expenses at she is carrying a significant budget deficit, which could only increase debt.
Surplus or Deficit	(1,038)		(1,349)	
Monthly Income				
Gross Monthly Income	3,648		3,648	
Monthly Salary	1,848		1,848	Mindy should make every effort to find a higher paying job or supplement her income with a second job if possible.
Child Support	1,800		1,800	
Dividends			0	
Commissions			0	
Bonuses/Tips			0	
Retirement Income			0	
Net Business Income			0	
Other Income			0	
LESS				
Category 1 - Tithe/Giving	40	365	365	
The Local Church	40		365	Mindy should consider giving to the church. I would point Mindy to the following:
The Poor			0	Luke 6:38 - Give and it will be given to you.
Other Ministries			0	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
Other Giving			0	Nonetheless, it is commendable that Mindy is giving at all.
Category 2 - Taxes	141	141	141	
Taxes (Fed, State, Medicare, Social Security)	141		141	
Other			0	
<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	3,142	
Monthly Expenses				
Category 3 - Housing	2,100	1,225	2,100	
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)				

Spending Plan	Current	Guideline	New Budget	Comments
Electricity	150		150	
Gas				
Water	60		60	
Sanitation				
Telephone / Cell phone	45		45	
Maintenance				
Internet / Cable Service	45		45	
Other				
Category 4 - Food	800	440	440	
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				
Category 5 - Transportation	910	440	910	
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. Mindy may be able to secure a small loan to cover the difference between the sale price of the car and what is owed.
Gas & Oil	200		200	
Auto Insurance	150		150	
Licenses & Taxes	30		30	
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance	0	126	126	
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	Mindy should also consider getting affordable term life insurance and disability insurance.
Disability				
Other				
Category 7 - Debts	415	157	415	
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. Mindy should consider the debt snowball method.

Spending Plan	Current	Guideline	New Budget	Comments
Category 8 - Entertainment & Recreation	220	126	126	
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				
Other				
Category 9 - Clothing	0	157	157	
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				
Category 10 - Savings	0	157	157	
Savings Account			157	Mindy should consider building an appropriate emergency fund. Though it may not seem feasible, Mindy should make every effort to increase income and decrease expenses; this will enable Mindy to ultimately build a \$1,000 emergency fund.
Credit Union				
Other				
Category 11 - Health & Wellness	0	189	0	
Doctor				Mindy should consider seeing taking appropriate care of her health. This means visiting doctors, dentist, optomotrists and etc. Any funds not used in this category should be applied to the smallest debt.
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other				
Category 12 - Miscellaneous	60	126	60	
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				
Category 13 - Investments	0	0	0	
Employer 401k/403b plans				
Retirement IRAs				
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				

Spending Plan	Current	Guideline	New Budget	Comments
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	4,505	3,142	4,491	

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