

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 built up a decent emergency fund but are concerned that they are not being good stewards and want to begin being more intentional in 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 provide a good income in retirement. Sara's job doesn't have a lot of benefits, but they both contribute the maximum amount to their 401(k) 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 "old budget".
- 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 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 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 are some of the adjustments they need to make to reach their goal?
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

this is wonderful work. at 65, assuming 7% this would grow to \$1.3M
to be sure about this, speak to a financial planner. w/ 4% rule, this provides
\$130K Annus Mike's pension, plus SS should provide them ample retirement

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	Payment	Interest Rate	Past Due	Balance Due
Total Credit Cards		0			0
AUTO LOANS					
Loan Company	Year, Make, Model	Payment	Interest Rate	Past Due	Balance Due
Total Auto Loans		0			0
HOME MORTGAGES (includes home equity loans or lines of credit)					
Mortgage Service Company	Property Address	Payment	Interest Rate	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	education, etc.)	Payment	Interest Rate	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	=
1. Tithe/Giving	10%	x	8,050	Guideline Amount 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
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	6,036		6,006	
Less Total Expenses	6,685		6,005	
Surplus or Deficit	(649)		1	
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 - Tithe/Giving (monthly)	110	805	140	
The Local Church	80		110	discuss stewardship and giving: consider increasing
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 payroll, etc.</i>				
NET SPENDABLE INCOME (monthly)	6,036	5,341	6,006	
Monthly Expenses				
Category 3 - Housing (monthly)	1,950	1,709	1,950	
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		120	
Other				
Category 4 - Food (monthly)	1,200	748	1,200	
Grocery	1,200		1,200	
Other				

Category 5 - Transportation (monthly)	650	588	850	
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			200	save for car replacement
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	230	
Eating Out / Lunches	150		100	scale back to meet goals
Baby Sitters				
Activities / Trips				
Vacation	100		100	
Pets	30		30	
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	110	374	110	
Children's Clothing Needs	60		60	
Husband/Wife Clothing Needs	50		50	
Other				
Category 10 - Savings (monthly)	200	267	200	
Savings Account	200		200	
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	380	374	380	
Doctor	250		250	
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	220	
Employer 401k/403b plans				
Retirement IRAs	1,000		100	scale this back: see my rationale on assets comment line
College Funds			120	consider starting college funds
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)⁽¹⁾	400		350	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc	400		350	consider scale back to allow for increased giving (better stewardship)
Other				
Total Expenses	6,685	5,341	6,005	

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

Form Version Nov 28, 2022

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	140	1,904	1,950	1,200	850	200	0	230	110	200	380	315	220	350	8,049	1
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	140	1,904	1,950	1,200	850	200	0	230	110	200	380	315	220	350	8,049	1

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Month:	January		Year:	0																		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	8,050	140	1,904	1,950	1,200	850	200	0	230	110	200	380	315	220	350	8,049	1					
Date																						
1	2,291.50		542.00				80.00										622					
2		20.00				75.00			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		64.00											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			42.10								150					
21				179.95													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		82.00			56.92								259					
27									74.21								74					
28					152.00												152					
29						250.00											250					
30		20.00															20					
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.	0	10	0	405	85	65	0	0	(181)	(55)	0	246	160	220	(121)	834						
Year to Date	8,050	140	1,904	1,950	1,200	850	200	0	230	110	200	380	315	220	350	8,049						
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	0	10	0	405	85	65	0	0	(181)	(55)	0	246	160	220	(121)	834						

Form Version Aug 6, 2023

Comments / a great month overall - you have a surplus;
 Questions / is the overage in Entertainment just an anomaly or is it a new trend? same question for School/childcare? same question for the surplus in Misc? you were more generous than your prior budgetted amt - how did that feel?
 Recommendations per my recommendations in Budget, try to trim School activities to 350; do you think that is workable?
 (hit Alt-Enter to Continue to pay credit card balance at the end of the month
 move to a new Be sure to make your budgetted IRA investment amount (\$100) every month to leverage dollar cost averaging; same for the \$120 for education fund
 line): Begin saving that \$200 for the auto replacement in a sinking fund