

## 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?

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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	0.00	23.0%	0	0-
Citibank Visa	Various	0.00	20.0%	0	0.00
Capital One Mastercard	Various	0.00	21.0%	0	0.00
<b>Total Credit Cards</b>		<b>0.00</b>			<b>0.00</b>

Use Christian Credit Counselors  
1st priority for reduction in debt is starting with the credit cards.

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	60.00	10.00%		8,000.00
<b>Total Other Debt</b>		<b>60.00</b>			<b>8,000.00</b>

Use Christian Credit Counselors, if possible. Try to at least negotiate a lower monthly payment.  
2nd priority for reduction in debt is the other personal debt.

<b>Total Liabilities/Debts</b>	<b>276,000.00</b>
<b>NET WORTH (Total Assets minus Total Liabilities/Debts)</b>	<b>66,300.00</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
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
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%
<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 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					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
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%
<b>Total Net Spendable Income:</b>	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					
<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
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	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%
<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					

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	34%	x	3,142	=	1,068
4. Food	14%	x	3,142	=	440
5. Transportation	12%	x	3,142	=	377
6. Insurance	5%	x	3,142	=	157
7. Debts	5%	x	3,142	=	157
8. Entertainment/Recreation	4%	x	3,142	=	126
9. Clothing	6%	x	3,142	=	189
10. Savings	5%	x	3,142	=	157
11. Health & Wellness	7%	x	3,142	=	220
12. Miscellaneous	5%	x	3,142	=	157
13. Investments	3%	x	3,142	=	94
14. School/Child Care	<i>no guideline</i>				
<b>Total Percentages: (cannot exceed 100% 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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Net Spendable Income	3,467		3,467
Less Total Expenses	4,150		3,467
Surplus or Deficit	(683)		0

<b>Monthly Income</b>			
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Gross Monthly Income	3,648		3,648
Monthly Salary	1,848		1,848
Child Support	1,800		1,800
Dividends			
Commissions			
Bonuses/Tips			
Retirement Income			
Net Business Income			
Other Income			

LESS			
Category 1 - Tithe/Giving	40	365	40

The Local Church	40		40
The Poor			
Other Ministries			
Other Giving			

Money Map Step 1 is a focus; Continue giving regularly to the Lord. If possible, try to double this to \$80 over the next few months. The ultimate goal is to achieve 10%.  
Focus on praying, reading scripture and attending worship.

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

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>3,467</b>
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<b>Monthly Expenses</b>			
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<b>Category 3 - Housing</b>			
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Mortgage(s) (from Debt List)	2,100	1,068	1,990
	1,800		1,800

Extra Mortgage Payment			
Rent			
Insurance (included in mortgage)			
Property Taxes (included in mortgage)			

Note - First focus on Money Map steps 1 and 2. However, with a longer-term focus, review the mortgage amort. terms. Then, if the loan is a 15 or 20 yr. term, consider a refinance to 30 yrs. to lower monthly payment.

Electricity	150		100
Gas			
Water	60		60

Why - Focus on Money Map Step 1 with an initial effort to spend less, if possible. I will share biblical principles to be applied in order to support the process. While a priority, know that expense reduction will take time. How - Sign up for "budget billing" or "level billing" for electricity savings.

Spending Plan	Current	Guideline	New Budget	Comments
Sanitation				
Telephone / Cell phone	45		20	Why - Money Map step 1 is the focus. How - Shop around for cheaper plans from cell phone providers.
Maintenance				
Internet / Cable Service	45		10	How - Cancel cable TV and/or reduce service Why - Money Map step 1 focus
Other				
<b>Category 4 - Food</b>	<b>800</b>	<b>440</b>	<b>440</b>	
Grocery	800		440	Why - Money Map step 1 is a focus. ... How - Go to food pantry; apply for food benefit programs; Buy store brands and use coupons.
Other				
<b>Category 5 - Transportation</b>	<b>910</b>	<b>377</b>	<b>760</b>	
Auto Payment(s) (from Debt List)	530		530	
Extra Auto Payment				
Gas & Oil	200		100	Why - Money Map step 1 is a focus ... How - Carpool or walk to work part of the time.
Auto Insurance	150		100	Why - Money Map step 1 ... How - Try to reduce auto insurance cost by check prices by checking with the carrier.
Licenses & Taxes	30		30	
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
<b>Category 6 - Insurance</b>	<b>0</b>	<b>157</b>	<b>0</b>	
Life				
Health/Dental				
Disability				
Other				
<b>Category 7 - Debts</b>	<b>60</b>	<b>157</b>	<b>60</b>	
Total Credit Cards (from Debt List)	0		0	
Total Other Debt (from Debt List)	60		60	
Extra Debt Payments				Why - Money Map step 2 is a focus to pay off credit cards, as a 1st priority. How - Use CCC and the Debt Snowball. Then, a second debt reduction priority is to get help from CCC to lower the monthly other debt payment to fit the current spending plan. This is part of the Money Map step 3.
<b>Category 8 - Entertainment &amp; Recreation</b>	<b>220</b>	<b>126</b>	<b>20</b>	
Eating Out / Lunches	150		20	Why - Money Map step 1 focus - Use a cash envelope for your eating out budget.
Baby Sitters	30		0	Mindy's sister has offered to watch the children while Mindy works.
Activities / Trips				
Vacation				
Pets	40		0	Why - Money Map step 1 focus - Ask family/sister to take pet and care for it in the short-term.
Hobbies and Sports				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
<b>Category 9 - Clothing</b>	<b>0</b>	<b>189</b>	<b>37</b>	
Children's Clothing Needs			17	Why - Money Map step 1 focus - How - Shop at local second hand/consignment stores or garage sales.
Husband/Wife Clothing Needs			20	
Other				
<b>Category 10 - Savings</b>	<b>0</b>	<b>157</b>	<b>100</b>	
Savings Account			100	Why - Money Map step 1 focus - Start saving something, even if it's only a few dollars per month. Money Map step 1 is a focus to achieve \$1,000 in emergency savings.
Credit Union				
Other				
<b>Category 11 - Health &amp; Wellness</b>	<b>0</b>	<b>220</b>	<b>0</b>	
Doctor			0	
Dentist				
Prescriptions				
Eye Glasses / Contacts				
Other				
<b>Category 12 - Miscellaneous</b>	<b>60</b>	<b>157</b>	<b>60</b>	
Toiletries / Cosmetics	20		20	
Beauty / Barber	20		20	
Laundry / Cleaning	20		20	
Allowances				
Subscriptions				
Gifts (including Christmas)				
Cash				
Other				
<b>Category 13 - Investments</b>	<b>0</b>	<b>94</b>	<b>0</b>	
Employer 401k/403b plans			0	
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			0	
Tutoring, Lessons for Music, Dance, etc				
Other				
<b>Total Expenses</b>	<b>4,150</b>	<b>3,142</b>	<b>3,467</b>	

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