

CASE STUDY A

Terry Smith is 35 years old and his wife, Mindy, is 33. They recently celebrated their wedding anniversary. They have three children, ages 3, 5, and 8. Terry is a CPA who has never worked outside of the home, although she completed one year of college. Mindy has been attending a large church since they were married. Terry sings in the church and Mindy is active in children's Sunday school. On the surface it appears that this is a well-adjusted family. They have a comfortable house, new cars, and enjoy good food. Last week Terry announced to Mindy that he wanted a divorce. He said he did not love her anymore and that he wanted to marry Cindy, a lady who also sings in the church and they had already met with an attorney to begin divorce proceedings. The church quickly agreed to follow the steps outlined in Matthew 18:15-17. But Terry and Cindy are not ready to get married and don't want anything to do with the church. They will be moving to another state next month. When the divorce becomes final, Mindy will have the following situation.

- She was awarded the \$110,000 house.
- She was awarded all personal belongings - furniture, toys, clothes.
- She will receive child support of \$200 per month per child until each child reaches age 18.
- She was given the Honda Accord, which has a loan against it.
- She will be responsible for half of the credit cards, personal loans, totaling \$40,000, which were held jointly.
- Terry is responsible for providing health insurance for the children. He is also responsible for paying the expenses the health insurance doesn't pay, plus all dental and prescription drug expenses for the children.
- Terry is to carry life insurance on himself in the amount of \$250,000 with the children as the beneficiary until the youngest child reaches age 21.
- No alimony was awarded.
- Mindy was awarded the exemptions of the children for income tax purposes.
- Mindy is working 40 hours per week at a bookstore, where she earns minimum wage.
- Mindy's sister has offered to watch the children while Mindy works. The church has helped pay her utility bills.

The questions below will be in the Test for Case Study A. They are listed here so you can be thinking about them as you review the forms in this spreadsheet.

1. What biblical principles could help Mindy manage her debts and settle any inclination about declaring bankruptcy?

2. What should Mindy do about her house/payment?
3. What actions could Mindy take to reduce her debt payments?
4. What actions could Mindy take to address her financial picture?
5. What actions should Mindy take to secure some type of health insurance?
6. What actions should Mindy take to take advantage of any deductions on her federal and/or state taxes?
7. What actions should Mindy take to help her adjust to her new lifestyle and her resulting emotional state?
8. What things could go wrong with Terry and/or her creditors, and what should Mindy be prepared for?

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:

ASSETS (Present Market Value)

- Cash On Hand (both husband and wife if married)
- Checking Accounts
- Savings Accounts
- Stocks and Bonds
- Cash Value of Life Insurance
- Valuable Collections (coins, stamps, etc.)
- Primary Home Value (look up value, e.g., zillow.com)
- Other Real Estate
- Mortgages/Notes Receivable
- Automobile 1 (look up value, e.g., kbb.com)
- Automobile 2 (look up value, e.g., kbb.com)
- Automobile 3 (look up value, e.g., kbb.com)
- Personal Property (Furniture, Jewelry, etc.)
- Retirement Savings (401k, 403b, IRAs, Pension, etc.)
- Other Assets

Total Assets:

LIABILITIES / DEBT LIST ¹

CREDIT CARDS	What Was Purchased	Minimum Monthly Payments	Interest Rate	Past Due?
Sears		\$112.00	18.0%	
Visa		\$148.00	13.0%	
Master Card		\$68.00	12.8%	
Total Credit Cards		\$328.00		
AUTO LOANS				
Automobile Loans		\$341.00	16.0%	
Total Auto Loans		\$341.00		
HOME MORTGAGES				
Home Mortgages		\$660.00	8.0%	
Total Home Mortgages		\$660.00		

**OTHER DEBT (education, medical,
personal, business, legal, IRS, etc.)**
Best Finance

\$232.00 17.0%

Total Other Debt

\$232.00

TOTAL DEBT

NET WORTH (Total assets minus total debt)

1 When you are ready to work on your Debt Snowball Strategy, go to www.Crown.org/FindHelp/Personal/Calculators and look for the "De

Comments

Balance

\$125.00

\$110,000.00

\$12,000.00

\$20,000.00

\$142,125.00

Balance Due

\$4,000.00

\$5,500.00

\$2,500.00

\$12,000.00

\$10,000.00

\$10,000.00

\$89,600.00

\$89,600.00

\$8,000.00

\$8,000.00

\$119,600.00

\$22,525.00

bt Snowball Calculator."

Spending Plan	Current	Guideline	New Budget	Comments
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	\$1,730		(\$184)	
Less Total Expenses	\$2,369		\$1,557	
Surplus or Deficit	(\$639)		(\$1,741)	
Monthly Income				
GROSS MONTHLY INCOME	\$1,835	\$1,835	\$0	
Monthly Salary	\$1,235			
Child Support	\$600			
Dividends				
Commissions				
Bonuses/Tips				
Retirement Income				
Net Business Income				
Other Income				
LESS				
Category 1 - Tithes/Giving (monthly)	\$10	\$184	\$184	
The Local Church	\$10		\$184	Need to be faithful in returning the tithe.
The Poor				
Other Ministries				
Other Giving				
Category 2 - Taxes (monthly)	\$95	\$95	\$0	
Taxes (Fed, State, Medicare, Social Security)	\$95			
Other				
<small>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</small>				
NET SPENDABLE INCOME (monthly)	\$1,730	\$1,557	(\$184)	
Monthly Expenses				
Category 3 - Housing (monthly)	\$1,000	\$591	\$660	
Mortgage(s) (from Debt List)	\$660		\$660	
Rent				
Insurance	\$30			
Property Taxes	\$90			
Electricity	\$150			
Gas				
Water	\$25			
Sanitation				
Telephone / Cell phone	\$45			
Maintenance				
Internet / Cable Service				
Other				
Category 4 - Food (monthly)	\$300	\$233	\$207	
Grocery	\$300		\$207	Buy less or off brand or different food than usual. Confirm any govt. qualifications.
Other				
Category 5 - Transportation (monthly)	\$479	\$218	\$341	
Auto Payment(s) (from Debt List)	\$341		\$341	
Gas & Oil	\$100			
Auto Insurance	\$28			
Licenses & Taxes	\$10			
Maintenance				
Replacement				
Other - Tolls/Parking/Transit Fares				
Category 6 - Insurance (monthly)	\$0	\$78	\$0	
Life				
Health/Dental				
Disability				
Other				
Category 7 - Debts (monthly)	\$560	\$78	\$78	
Total Credit Cards (from Debt List)	\$328		\$78	By using CCC you can potentially relieve some of this debt payment monthly.
Total Other Debt (from Debt List)	\$232		\$18	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	\$0	\$47	\$0	
Eating Out / Lunches				
Baby Sitters				
Activities / Trips				
Vacation				
Pets				
Hobbies and Sports				
Other				
Category 9 - Clothing (monthly)	\$0	\$78	\$78	
Children's Clothing Needs			\$78	Kids are always breaking or growing out of their clothes, there should be a budget here for this.
Husband/Wife Clothing Needs				
Other				
Category 10 - Savings (monthly)	\$0	\$62	\$63	
Savings Account			\$63	Need to allocate here possibly.
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	\$0	\$125	\$100	
Doctor			\$90	consider having money here
Dentist			\$20	
Prescriptions				
Eye Glasses / Contacts				
Other				
Category 12 - Miscellaneous (monthly)	\$30	\$47	\$30	
Toiletries / Cosmetics	\$10		\$10	
Beauty / Barber	\$10		\$10	
Laundry / Cleaning	\$10		\$10	
Allowances				
Subscriptions				
Gifts (including Christmas)				
Cash				
Other				
Category 13 - Investments (monthly)	\$0	\$0	\$0	
Employer 401k/403b plans				
Retirement IRAs				
College Funds				
Non-Retirement Stocks, Bonds, Mutual Funds				
Investment Real Estate				
Other				
Category 14 - School/Child Care (monthly)	\$0	\$0	\$0	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	\$2,369	\$1,557	\$1,557	



INSTRUCTIONS

- 1. First five family allocations that most closely represent your family (i.e. Married with 4 children, Single with no dependents, etc.)
- 2. Find the gross income level that most closely represents your family (i.e. \$25,000 to \$250,000)
- 3. Taxes include all current actual monthly Federal, Social Security, Medicare, State, and Local Income Tax withholdings.

Suggested Percentage Guidelines For Family Income

(Married with 4 Children)	25,000	35,000	45,000	55,000	65,000	125,000
GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	65,000	125,000
1. Take Home Pay	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes*	Use Current Monthly Withholdings					
Net Spendable Income (Gross Income - Take Home Pay - Total Taxes) percentages below add to 100%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3. Housing	20.0%	20.0%	20.0%	22.0%	22.0%	20.0%
4. Food	15.0%	15.0%	14.0%	14.0%	14.0%	14.0%
5. Transportation	14.0%	14.0%	12.0%	12.0%	11.0%	11.0%
6. Insurance	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7. Debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	3.0%	4.0%	4.0%	5.0%	5.0%	5.0%
9. Clothing	5.0%	5.0%	6.0%	6.0%	7.0%	7.0%
10. Savings	4.0%	4.0%	5.0%	5.0%	5.0%	5.0%
11. Health & Wellness	8.0%	7.0%	7.0%	7.0%	7.0%	7.0%
12. Miscellaneous	3.0%	3.0%	5.0%	5.0%	5.0%	5.0%
13. Investments	0.0%	0.0%	2.0%	2.0%	4.0%	4.0%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care**	10.0%	8.0%	6.0%	6.0%	5.0%	5.0%

* Taxes include all current monthly Federal, Social Security, Medicare, State and Local Income taxes.
 ** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories to benefit Net Spendable Income equal 100%.

Suggested Percentage Guidelines For Family Income

(Married with 3 Children)	25,000	35,000	45,000	55,000	65,000	125,000
GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	65,000	125,000
1. Take Home Pay	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes*	Use Current Monthly Withholdings					
Net Spendable Income (Gross Income - Take Home Pay - Total Taxes) percentages below add to 100%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3. Housing	20.0%	20.0%	20.0%	22.0%	22.0%	20.0%
4. Food	15.0%	15.0%	13.0%	13.0%	11.0%	11.0%
5. Transportation	15.0%	15.0%	13.0%	14.0%	13.0%	13.0%
6. Insurance	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7. Debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	3.0%	4.0%	4.0%	7.0%	7.0%	8.0%
9. Clothing	4.0%	5.0%	5.0%	6.0%	7.0%	7.0%
10. Savings	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
11. Health & Wellness	5.0%	6.0%	6.0%	5.0%	5.0%	5.0%
12. Miscellaneous	4.0%	4.0%	6.0%	6.0%	7.0%	7.0%
13. Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care**	8.0%	6.0%	5.0%	5.0%	5.0%	5.0%

* Taxes include all current monthly Federal, Social Security, Medicare, State and Local Income taxes.
 ** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories to benefit Net Spendable Income equal 100%.

Suggested Percentage Guidelines For Family Income

(Married with No Children)	25,000	35,000	45,000	55,000	65,000	125,000
GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	65,000	125,000
1. Take Home Pay	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes*	Use Current Monthly Withholdings					
Net Spendable Income (Gross Income - Take Home Pay - Total Taxes) percentages below add to 100%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3. Housing	40.0%	36.0%	34.0%	34.0%	32.0%	30.0%
4. Food	15.0%	14.0%	13.0%	12.0%	11.0%	11.0%
5. Transportation	15.0%	14.0%	14.0%	12.0%	11.0%	11.0%
6. Insurance	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7. Debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	3.0%	4.0%	4.0%	5.0%	7.0%	7.0%
9. Clothing	4.0%	4.0%	5.0%	6.0%	6.0%	7.0%
10. Savings	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%
11. Health & Wellness	6.0%	6.0%	6.0%	6.0%	5.0%	5.0%
12. Miscellaneous	3.0%	4.0%	5.0%	4.0%	7.0%	7.0%
13. Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

* Taxes include all current monthly Federal, Social Security, Medicare, State and Local Income taxes.
 ** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories to benefit Net Spendable Income equal 100%.

Suggested Percentage Guidelines For Individual Income

(Single with 1 Child)	25,000	35,000	45,000	55,000	65,000	125,000
GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	65,000	125,000
1. Take Home Pay	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes*	Use Current Monthly Withholdings					
Net Spendable Income (Gross Income - Take Home Pay - Total Taxes) percentages below add to 100%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3. Housing	40.0%	36.0%	34.0%	34.0%	32.0%	30.0%
4. Food	15.0%	14.0%	14.0%	13.0%	13.0%	12.0%
5. Transportation	15.0%	14.0%	14.0%	13.0%	13.0%	12.0%
6. Insurance	3.0%	3.0%	4.0%	4.0%	5.0%	5.0%
7. Debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	3.0%	4.0%	4.0%	6.0%	6.0%	6.0%
9. Clothing	5.0%	5.0%	5.0%	6.0%	7.0%	7.0%
10. Savings	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
11. Health & Wellness	5.0%	7.0%	6.0%	6.0%	6.0%	6.0%
12. Miscellaneous	3.0%	4.0%	4.0%	6.0%	6.0%	6.0%
13. Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care**	0.0%	0.0%	0.0%	0.0%	4.0%	4.0%

* Taxes include all current monthly Federal, Social Security, Medicare, State and Local Income taxes.
 ** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories to benefit Net Spendable Income equal 100%.

Suggested Percentage Guidelines For Individual Income

(Single with No Children / Living Alone)	25,000	35,000	45,000	55,000	65,000	125,000
GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	65,000	125,000
1. Take Home Pay	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes*	Use Current Monthly Withholdings					
Net Spendable Income (Gross Income - Take Home Pay - Total Taxes) percentages below add to 100%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3. Housing	40.0%	36.0%	34.0%	34.0%	32.0%	30.0%
4. Food	6.0%	6.0%	7.0%	7.0%	7.0%	7.0%
5. Transportation	15.0%	15.0%	14.0%	14.0%	13.0%	13.0%
6. Insurance	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%
7. Debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	6.0%	6.0%	7.0%	7.0%	8.0%	8.0%
9. Clothing	5.0%	6.0%	6.0%	7.0%	8.0%	8.0%
10. Savings	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
11. Health & Wellness	6.0%	5.0%	5.0%	5.0%	4.0%	4.0%
12. Miscellaneous	5.0%	6.0%	6.0%	6.0%	7.0%	7.0%
13. Investments	3.0%	4.0%	5.0%	5.0%	5.0%	5.0%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care**	3.0%	7.0%	8.0%	8.0%	10.0%	10.0%

* Taxes include all current monthly Federal, Social Security, Medicare, State and Local Income taxes.
 ** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories to benefit Net Spendable Income equal 100%.

Suggested Percentage Guidelines For Individual Income

(Single with No Children / Living with Roommate)	25,000	35,000	45,000	55,000	65,000	125,000
GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	65,000	125,000
1. Take Home Pay	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes*	Use Current Monthly Withholdings					
Net Spendable Income (Gross Income - Take Home Pay - Total Taxes) percentages below add to 100%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
3. Housing	25.0%	24.0%	23.0%	22.0%	21.0%	20.0%
4. Food	6.0%	6.0%	6.0%	7.0%	7.0%	7.0%
5. Transportation	20.0%	19.0%	18.0%	16.0%	15.0%	13.0%
6. Insurance	4.0%	4.0%	4.0%	5.0%	5.0%	5.0%
7. Debt	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	5.0%	6.0%	6.0%	9.0%	10.0%	10.0%
9. Clothing	7.0%	7.0%	7.0%	7.0%	7.0%	8.0%
10. Savings	8.0%	8.0%	8.0%	10.0%	10.0%	10.0%
11. Health & Wellness	6.0%	6.0%	6.0%	5.0%	5.0%	5.0%
12. Miscellaneous	5.0%	6.0%	6.0%	7.0%	7.0%	7.0%
13. Investments	5.0%	6.0%	7.0%	7.0%	8.0%	10.0%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care**	3.0%	7.0%	8.0%	8.0%	10.0%	10.0%

* Taxes include all current monthly Federal, Social Security, Medicare, State and Local Income taxes.
 ** This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories to benefit Net Spendable Income equal 100%.



CROWN™

Advancing God's Principles of Stewardship and Life

Percentage Spending Plan ¹

Annual Income: \$ 22,020

Gross Monthly Income:

Use appropriate
% from
"Percentage
Guide"

1. Tithe/Giving

10.0% x

1,835

1. Total Taxes

Actual Current Monthly Withholdings

Net Spendable Income (NSI)

Spending Category

Percentage

Net Spendable Income

3. Housing

38.0%

x

1,557

=

4. Food

15.0%

x

1,557

=

5. Transportation

14.0%

x

1,557

=

6. Insurance

5.0%

x

1,557

=

7. Debts

5.0%

x

1,557

=

8. Entertainment/Recreation

3.0%

x

1,557

=

9. Clothing

5.0%

x

1,557

=

10. Savings

4.0%

x

1,557

=

11. Health & Wellness

8.0%

x

1,557

=

12. Miscellaneous

3.0%

x

1,557

=

13. Investments	0.0%	x	1,557	=
14. School/Child Care²	0.0%	x	1,557	=
Total: (cannot exceed 100%)	100.0%			
TOTAL: (cannot exceed Net Spendable Income)				

¹ Use current actual monthly Federal, Social Security, Medicare, State, and Local tax with

² This category is added as a guide only. If you have this expense, the percentage shown n so overall Net Spendable Income equals 100%.

© 2019 Crown Financial Ministries. All Rights Reserved. Crown.org

\$ 1,835

184
95

1,557

\$ 18,678.00 Annual NSI

Amount

591

233

218

78

78

47

78

62

125

47

-

-

1,557 OK

holdings

must be deducted from other budget categories