

## CASE STUDY D

Peter and Shelly Smith are 29 and 27, respectively. They have two children, ages 4 and 6. They live in a small rural town. Peter is a sales rep for an agricultural supply company and currently makes \$2,500 per month. They have monthly financial problems, except that they have little margin in their lives. They owe \$4,000 to a credit card, which is not paid eventually. However, there is no immediate pressure to repay this loan. The Smith's receive a tax refund of \$1,000 each year, which they spend frivolously. When their first child was born, they purchased a car, which is now written. Medical insurance is provided through Peter's employer for a small monthly amount.

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

1. How do the Smiths' expense categories compare to the suggested percentage guidelines for the categories? Do you suggest any changes? These changes may include increasing, decreasing, adding or deleting line items. Provide reasoning behind your recommendations.
2. The Smiths' income is relatively low. Many would use this as an excuse to not give at all, or to give a small amount, rather than faithfully giving a full 10% of their income. What discussion might you have with them around the importance of faithful giving?
3. Discuss the Smiths' current use of their yearly income tax refund. Would you suggest any changes? If so, what and what should they consider in making their decision?
4. Are the Smiths preparing adequately for emergencies and the future? How would you discuss this with them?
5. Though the Smiths do not have sizable debt now, what advice would you give them about paying down their debt and future indebtedness?
6. While referring to the Crown MoneyMap, what would you recommend that they make in order to reach their financial Destinations?
7. While referring to the Crown MoneyMap, how would you engage the Smith's in discussing the importance of faithful stewardship?
8. How would you help Peter and Shelly understand the importance of being faithful stewards? (What would you say to them to become more faithful stewards?)

9. What steps can they take to leave a legacy for their children that will impact eternity, as well as

10. Consider the Four Levels of Financial Difficulties discussed in the Coaching Practice section of t  
you say best fits the Smiths' situation and why? Looking back on the other case studies, what level  
fits:

- Case Study A: Mindy, who became a single mom
- Case Study B: Jerry and Janice, who made decent money, had a second home (rental property), a
- Case Study C: Matthew and Sharon, who also made decent money, but had some credit card debt  
their children's education.

(This does not need to be an in-depth discussion. A brief analysis is fine.)

**LIABILITIES / DEBT LIST <sup>1</sup>**

CREDIT CARDS	What Was Purchased	Minimum Monthly Payments	Interest Rate	Past Due?
Credit Card (Visa)		\$20.00	13.0%	
<b>Total Credit Cards</b>		<b>\$20.00</b>		
<b>AUTO LOANS</b>				
<b>Total Auto Loans</b>		<b>\$0.00</b>		
<b>HOME MORTGAGES</b>				
<b>Total Home Mortgages</b>		<b>\$0.00</b>		
<b>OTHER DEBT (education, medical, personal, business, legal, IRS, etc.)</b>				
Personal Debt to Parents				
<b>Total Other Debt</b>		<b>\$0.00</b>		



<b>Spending Plan</b>	Current
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**INCOME vs. EXPENSE SUMMARY (calcu**

<b>Net Spendable Income</b>	<b>\$1,700</b>
<b>Less Total Expenses</b>	<b>\$1,628</b>
<b>Surplus or Deficit</b>	<b>\$72</b>

**Monthly Income**

<b>GROSS MONTHLY INCOME</b>	<b>\$2,500</b>
Monthly Salary	\$2,500
Interest Income	
Dividends	
Commissions	
Bonuses/Tips	
Retirement Income	
Net Business Income	
Other Income	
<b>LESS</b>	
<b>Category 1 - Tithes/Giving (monthly)</b>	<b>\$250</b>
The Local Church	\$250
The Poor	
Other Ministries	
Other Giving	
<b>Category 2 - Taxes (monthly)</b>	<b>\$550</b>
Taxes (Fed, State, Medicare, Social Security)	\$550
Other	
<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>	
<b>NET SPENDABLE INCOME (monthly)</b>	<b>\$1,700</b>

**Monthly Expenses**

<b>Category 3 - Housing (monthly)</b>	<b>\$513</b>
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Mortgage(s) <i>(from Debt List)</i>	\$0
Rent	\$375
Insurance	
Property Taxes	
Electricity	\$55
Gas	\$40
Water	\$13
Sanitation	\$5
Telephone / Cell phone	\$25
Maintenance	
Internet / Cable Service	
Other	
<b>Category 4 - Food (monthly)</b>	<b>\$350</b>
Grocery	\$350
Other	
<b>Category 5 - Transportation (monthly)</b>	<b>\$182</b>
Auto Payment(s) <i>(from Debt List)</i>	\$0
Gas & Oil	\$80
Auto Insurance	\$50
Licenses & Taxes	\$12
Maintenance	\$40
Replacement	
Other - Tolls/Parking/Transit Fares	
<b>Category 6 - Insurance (monthly)</b>	<b>\$60</b>
Life (\$30,000 Whole Life)	\$60
Health/Dental	
Disability	
Other	
<b>Category 7 - Debts (monthly)</b>	<b>\$20</b>
Total Credit Cards <i>(from Debt List)</i>	\$20
Total Other Debt <i>(from Debt List)</i>	\$0
Extra Debt Payments	
<b>Category 8 - Entertainment &amp; Recreation (monthly)</b>	<b>\$230</b>
Eating Out / Lunches	\$80
Baby Sitters	\$20
Activities / Trips	\$55
Vacation	\$75
Pets	
Hobbies and Sports	
Other	

<b>Category 9 - Clothing (monthly)</b>	<b>\$50</b>
Clothing	\$50
Other	
<b>Category 10 - Savings (monthly)</b>	<b>\$25</b>
Savings Account	\$25
Credit Union	
Other	
<b>Category 11 - Health &amp; Wellness (monthly)</b>	<b>\$50</b>
Doctor	\$20
Dentist	\$20
Prescriptions	\$10
Eye Glasses / Contacts	
Other	
<b>Category 12 - Miscellaneous (monthly)</b>	<b>\$148</b>
Toiletries / Cosmetics	
Beauty / Barber	
Laundry / Cleaning	
Allowances / Lunches	\$35
Subscriptions	\$3
Gifts (including Christmas)	\$40
Cash	\$70
Other	
<b>Category 13 - Investments (monthly)</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 (monthly)</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>\$1,628</b>

## 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	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes <sup>1</sup>	Use Current Monthly Withholdings					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
3. Housing	39.0%	36.0%	32.0%	30.0%	30.0%	29.0%
4. Food	15.0%	12.0%	13.0%	12.0%	11.0%	11.0%
5. Transportation	15.0%	12.0%	13.0%	14.0%	13.0%	13.0%
6. Insurance	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7. Debts	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	3.0%	5.0%	5.0%	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%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Total Net Spendable Income:</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care <sup>2</sup>	8.0%	6.0%	5.0%	5.0%	5.0%	5.0%

<sup>1</sup> Taxes include all current monthly Federal, Social Security, Medicare, State and Local income taxes.

<sup>2</sup> This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories so overall Net Spendable Income equals 100%.



## Percentage Spending Plan <sup>1</sup>

Annual Income: \$ 30,000

Gross Monthly Income:

Use appropriate  
% from  
"Percentage  
Guide"

1. Tithe/Giving

10.0%

x

2,500

1. Total Taxes

Actual Current Monthly Withholdings

Net Spendable Income (NSI)

Spending Category	Percentage	Net Spendable Income		
3. Housing		x	1,700	=
4. Food		x	1,700	=
5. Transportation		x	1,700	=
6. Insurance		x	1,700	=
7. Debts		x	1,700	=
8. Entertainment/Recreation		x	1,700	=
9. Clothing		x	1,700	=
10. Savings		x	1,700	=
11. Health & Wellness		x	1,700	=
12. Miscellaneous		x	1,700	=
13. Investments		x	1,700	=

<b>14. School/Child Care<sup>2</sup></b>	0.0%	x	1,700	=
<b>Total: (cannot exceed 100%)</b>	0.0%			
<b>TOTAL: (cannot exceed Net Spendable Income)</b>				

<sup>1</sup> Use current actual monthly Federal, Social Security, Medicare, State, and Local tax with

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

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\$	2,500
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250
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550
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1,700
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\$	20,400.00	Annual NSI
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Amount
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holdings

must be deducted from other budget categories