CASE STUDY A

Terry Smith is 35 years old and his wife, Mindy, is 33. They recently celebrated
wedding anniversary. They have three children, ages 3, 5, and 8. Terry is a CPA
never worked outside of the home, although she completed one year of college
Mindy have been attending a large church since they were married. Terry sings
Mindy is active in children's Sunday school. On the surface it appears that this i
well-adjusted family. They have a comfortable house, new cars, and enjoy good
week Terry announced to Mindy that he wanted a divorce. He said he did not lo
longer and that he wanted to marry Cindy, a lady who also sings in the church c
already met with an attorney to begin divorce proceedings. The church quickly
following the steps outlined in Matthew 18:15-17. But Terry and Cindy are not re
want nothing to do with the church. They will be moving to another state next m
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
jointly.
• Terry is responsible for providing health insurance for the children. He is also responsible
expenses the health insurance doesn't pay, plus all dental and prescription drug expenses
children.
• Terry is to carry life insurance on himself in the amount of $250,000 with the children as th
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 helpe
utility bills.

Help Mindy develop a realistic budget for her new situation as a single mother.

**The questions below will be in the Assignment for Case Study A. They are listed her
be thinking 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 mar
and decide about declaring bankruptcy?

2. Mindy's debt payments are significantly over the guideline. What practical steps should Mindy t
her debt payments?

3. Mindy's housing expense is significantly over the guideline. How would you help Mindy decide v
her house or sell it?

4. What actions should Mindy take to secure some type of health insurance?

5. What actions should Mindy take to help her adjust to her new lifestyle and her resulting emotio

6. What things could go wrong with Terry and/or her creditors, and what should Mindy be prepare

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 situation

Spending Plan	Current	Guideline	New Budget

INCOME vs. EXPENSE SUMMARY (calculated)

	Current	Guideline	New Budget
Net Spendable Income	**$1,730**		**$1,957**
Less Total Expenses	**$2,269**		**$1,939**
Surplus or Deficit	**($539)**		**$18**

Monthly Income

	Current	Guideline	New Budget
GROSS MONTHLY INCOME	***$1,835***	***$1,835***	***$2,035***
Monthly Salary	$1,235		$1,235
Child Support	$600		$600
Dividends			
Commissions			
Bonuses/Tips			
Retirement Income			
Net Business Income			
Other Income			$200
LESS			
Category 1 - Tithe/Giving (monthly)	***$10***	***$18***	***$18***
The Local Church	$10		$18
The Poor			
Other Ministries			
Other Giving			
Category 2 - Taxes (monthly)	***$95***	***$95***	***$60***
Taxes (Fed, State, Medicare, Social Security)	$95		$60
Other			
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			
NET SPENDABLE INCOME (monthly)	**$1,730**	**$1,722**	**$1,957**

Monthly Expenses

	Current	Guideline	New Budget
Category 3 - Housing (monthly)	***$1,000***	***$654***	***$900***

Mortgage(s) *(from Debt List)*	$660		$660
Rent			
Insurance	$30		$25
Property Taxes	$90		$90
Electricity	$150		$100
Gas			
Water	$25		$25
Sanitation			
Telephone / Cell phone	$45		
Maintenance			
Internet / Cable Service			
Other			
Category 4 - Food (monthly)	***$300***	***$172***	***$100***
Grocery	$300		$100
Other			
Category 5 - Transportation (monthly)	***$379***	***$258***	***$379***
Auto Payment(s) *(from Debt List)*	$241		$241
Gas & Oil	$100		$100
Auto Insurance	$28		$28
Licenses & Taxes	$10		$10
Maintenance			
Replacement			
Other - Tolls/Parking/Transit Fares			
Category 6 - Insurance (monthly)	***$0***	***$86***	***$0***
Life			
Health/Dental			
Disability			
Other			
Category 7 - Debts (monthly)	***$560***	***$258***	***$560***
Total Credit Cards *(from Debt List)*	$328		$328
Total Other Debt *(from Debt List)*	$232		$232
Extra Debt Payments			
Category 8 - Entertainment & Recreation (monthly)	***$0***	***$52***	***$0***
Eating Out / Lunches			
Baby Sitters			
Activities / Trips			
Vacation			
Pets			
Hobbies and Sports			
Other			

Category 9 - Clothing (monthly)	***$0***	***$69***	***$0***
Children's Clothing Needs			
Husband/Wife Clothing Needs			
Other			
Category 10 - Savings (monthly)	***$0***	***$34***	***$0***
Savings Account			
Credit Union			
Other			
Category 11 - Health & Wellness (monthly)	***$0***	***$52***	***$0***
Doctor			
Dentist			
Prescriptions			
Eye Glasses / Contacts			
Other			
Category 12 - Miscellaneous (monthly)	***$30***	***$34***	***$0***
Toiletries / Cosmetics	$10		
Beauty / Barber	$10		
Laundry / Cleaning	$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***	***$52***	***$0***
School Tuition			
School Books, Supplies, Materials, etc			
Transportation			
Day Care			
Tutoring, Lessons for Music, Dance, etc			
Other			
Total Expenses	**$2,269**	**$1,722**	**$1,939**

LIABILITIES / DEBT LIST [1]

CREDIT CARDS (only list cards for which you do not pay the full statement balance each month)

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		$241.00	6.0%	
Total Auto Loans		**$241.00**		
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**		

Balance Due
$4,000.00
$5,500.00
$2,500.00
$12,000.00
$5,000.00
$5,000.00
$89,600.00
$89,600.00
$8,000.00
$8,000.00

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	1.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes [1]	Use Current Monthly Withholdings					
Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%						
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%
Total Net Spendable Income:	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care [2]	8.0%	6.0%	5.0%	5.0%	5.0%	5.0%

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

2 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%.

CROWN

Advancing God's Principles of Stewardship and Life

Percentage Spending Plan [1]

Annual Income: $ 22,020

Gross Monthly Income:					**$ 1,835**
	Use appropriate % from "Percentage Guide"				
1. Tithe/Giving	1.0%	x	1,835		**18**
1. Total Taxes	**Actual Current**	**Monthly Withholdings**			**95**
Net Spendable Income (NSI)					**1,722**

Spending Category	**Percentage**		**Net Spendable Income**		**Amount**
3. Housing	38.0%	x	1,722	=	654
4. Food	10.0%	x	1,722	=	172
5. Transportation	15.0%	x	1,722	=	258
6. Insurance	5.0%	x	1,722	=	86
7. Debts	15.0%	x	1,722	=	258

8. Entertainment/Recreation	3.0%	x	1,722	=	52
9. Clothing	4.0%	x	1,722	=	69
10. Savings	2.0%	x	1,722	=	34
11. Health & Wellness	3.0%	x	1,722	=	52
12. Miscellaneous	2.0%	x	1,722	=	34
13. Investments	0.0%	x	1,722	=	-
14. School/Child Care[2]	3.0%	x	1,722	=	52
Total: (cannot exceed 100%)	**100.0%**				
TOTAL: (cannot exceed Net Spendable Income)					**1,722**

[1] Use current actual monthly Federal, Social Security, Medicare, State, and Local tax withholdings

[2] This category is added as a guide only. If you have this expense, the percentage shown must be deducted from so overall Net Spendable Income equals 100%.

$ 20,659.80	Annual NSI

OK

ı other budget categories