NATIONAL PERSONAL FINANCE CHALLENGE

Hosted by the Nebraska Council on Economic Education

CASE STUDY ANALYSIS COMPETITION

Rules:

1. Each team is provided with incomplete financial information about a fictional family's financial situation. You are not given all information necessary and are free to create additional information about your family if you wish.

2. Your team is charged to study this family's finances and make recommendations as if you were their financial advisor. You can create a budget and expense sheet and anything else you might want to show them as you present your recommendation. You will present your recommendations to the family in 4 areas:

    - debt
    - savings
    - insurance
    - taxes

3. You will create a computer-based presentation as a team and present it to the panel of judges. The presentation must be at least 5 minutes in length and not over 7 minutes. There is a timer in each presentation room. They will stand at the 6-minute mark and stop the presentation at the 7-minute mark. Judges will then have a 3-minute question period.

4. Each member of your team must have some part in your presentation. You may use any creative method of presentation to enhance your presentation.

5. Your goal is to give the family sound advice for their future based on your knowledge of financially sound practices. Your teacher may not assist you in anyway except to help make sure that you can access the technology.

6. If you have any questions, please ask a circulating volunteer.

FAMILY FINANCIAL PROFILE:

FAMILY MEMBERS:
The following narrative describes some details about the fictitious Jones family, a couple with 2 children. Their financial circumstances:

Name (age)	Employment	Annual Gross Salary	Credit Score
Dr. Bob Jones (40)	Economics Professor	$120,000	805
Amy Jones (35)	Physician's Assistant	$100,000	790
Olivia (8)			
McKenna (4)			

The Joneses take home pay is $12,400 per month, after accounting for taxes and employer sponsored retirement contributions.

The Joneses have mentioned not knowing much about finance and want to ensure a secure retirement for themselves and college planning for their two children.

We suggest that you create a budget for them using expenses included herein. We have given you some of their expenses but you should create the rest of their expenses from your knowledge of personal finance.

GOALS:
The Joneses have recently decided to consult a financial expert on what they might do to improve their financial situation and achieve their goals.

Bob and Amy would like to retire at age 67.

Bob recently received a $70,000 inheritance from his father's estate. The inheritance is in the form of a single stock position in CAT. They have questions on best usage of this asset.

Both Bob and Amy assumed significant debt to get through college and graduate school. They would like their children to graduate from college with as little debt as possible.

Bob and Amy would like to have a wedding fund of $20,000 per daughter by the time each daughter reaches age 25.

They would like to make sure the mortgage on their home would be paid off and the children's education would be taken care of in the event of one of their deaths.

SAVINGS:
The Joneses have a working checking account with an average balance of $8,000.

The Joneses have an emergency fund of $15,000.

Amy contributes 4% of her salary to her ABC Health System Retirement. The plan allows for a 50% match on up to 7% salary deferral. Her current value is $22,000.

Amy has a traditional IRA account funded from previous employment with a balance of $15,000.

Bob has a 403(b) retirement account through his employment the University of Stapleton. He contributes 8% of his salary, which receives a 100% match. His current balance is $295,000.

Bob has a Roth IRA with a current market value of $35,000.

DEBTS:

Home Mortgage
Bob and Amy were married in 2007. As a wedding gift, Amy's parents provided a $35,000 gift to purchase a home. They purchased a home in 2008. They financed at an initial rate of 6.5% on a 30 year fixed note. The purchase price was $350,000. They have 21 years left on the mortgage with an outstanding balance of $283,000. The house was recently appraised at $340,000.

Housing Expenses	
Principal & Interest	$2200
Prop. Tax Escrow	$800
Private Mortgage Insurance (PMI)	$150
Homeowners insurance	$200
Monthly Total	$3350

Credit Cards/ Other Debt
Bob has a VISA credit card with a balance of $12,000 at 16.99% APR. Bob normally pays off the card monthly, but the family recently took a vacation and utilized the card for the expenses.

Amy has remaining student loan debt of $150,000 at 6.8% interest. Amy's monthly payment is $1860.

Bob has remaining student loan debt of $10,000 that he previously consolidated to a 4.5% interest rate. Bob's monthly payment is $500.

Transportation
Amy drives a 2015 Cadillac Escalade, which she bought new. The current monthly payment is $800 with a total balance of $30,000. There are 3 years left on the vehicle loan. The car is financed at a rate of 2.9%.

Bob drives a 2018 Tesla Model X. The purchase price was $100,000. The payment is $1200. There are 4 years left on the vehicle loan with a balance of $58,000. The interest rate is 1.9%.

INSURANCE
Life
Amy has group life insurance, paid through her employer, of 1x her base salary. She added on an additional term life policy of $250,000.

Because of budget cuts at his University, Bob no longer has life insurance provided through his employer.

Health
Amy purchases health insurance benefits through her employer for the family. They pay $200 per month for access to a high deductible plan with a $7950 deductible. After the deductible is met, expenses are covered. She also has group long-term disability insurance, which covers 50% of her salary.

Car
All vehicles are fully insured with a $500 deductible. Their total monthly premium payment, covering both vehicles, is $500.

TAXES
In April 2018, Bob and Amy had to pay federal taxes in the amount of $3,500 and $600 to their home state.

OTHER THINGS TO CONSIDER
The Joneses have retained an architect to design an outdoor kitchen and pool area. The drawings are beautiful and they can't wait to get started.

The Joneses are avid football fans and are big supporters of their alma mater. They give an annual contribution of $5,000. In addition, they purchase season tickets to all sports, which costs another $4,000 annually.

In your presentation, you should consider covering the following questions and any other additional recommendations for the Jones family.

1. How do they plan for unforeseen expenses or emergencies?
2. How can they be more efficient in handling their debts?
3. Should they make any changes to the mortgage?
4. What can they do to address their goals?
5. Are there any changes needed to their insurance: health, disability, auto and life?
6. What should they do to best prepare for retirement?
7. What should they do with Bob's inheritance?