

Student Hand out 1

Oprah's Debt Diet... You be the Financial Planner

(created March 2009)

Robbie and Anita Jones both work full time. They have twins aged 16, two dogs and a lot of debt. Attached you will find their monthly budget as it is today. Your job, as a Financial Planner, is to help Robbie and Anita get out of debt. After watching Oprah's Debt Diet you should have some great suggestions for Robbie and Anita.

Write the suggestions you have for the family, along with a good explanation why you've made the suggestions, and adjust their budget so they can start saving money. This must be "real." As an example – you can not give Robbie and Anita part-time jobs because they are already very busy with their full-time careers and their two children (unless you can become very creative and make it work).

Note:

- The amounts paid each month to the credit card companies are not on the budget. You must determine how much they should pay and how they will work their debt down (hint – use www.bankrate.com)
- The Jones's have only \$1259 in their savings which is not on the budget

A little better explanation of some of their expenses (2009 facts):
All loan calculations came from www.bankrate.com

Home	\$220,000 loan for 30 years 7% interest Monthly payments \$1463.67
Mustang	\$28,000 (new – no down payment) for 60 months (5 yrs) 8% interest Monthly payments \$567.74 (Mom's car)
Truck	\$32,000 (new – no down payment) for 60 months (5 yrs) 7.2% interest Monthly payments \$639.69 (Dad's truck)
Grand Am	\$5500 (used) for 48 months (4 yrs) 7.8% interest Monthly payments \$133.76 (one of the twins)
Ford Taurus	\$6000 (used) for 48 months (4 yrs) 8% interest Monthly payment \$146.48 (one of the twins)
Electric	Average from the past year (including heat)
US Cellular	National (family) Plan, 2000 minutes = \$79.99/month, \$15.00 for each additional phone, \$29.95/month for unlimited family text messaging, insurance for kids phones \$11.90/month (\$5.95/month each), Free phones, Taxes and Fees (\$12.00/month)
Charter Cable	(and internet) 100 channels, modem rental, DVR, high speed internet (could only get introductory price for 6 months) tax and fees



	(\$20.00/month) AT&T Unlimited local and long distant, tax and fees (\$15.00/month)
Entertainment	2 movie rentals per week, 3 family theater trips per month together
Medical	One of the twins has asthma and sees the doctor frequently and takes medication daily, because of the stress of the their financial situation Dad is taking anxiety medication prescribed by his doctor
Gas	Mom and Dad pay for all the gas in the household
Weekly Cash	Robbie and Anita's \$100/week each spending money
Allowance	Kids allowance \$25.00 each week
Kohls	\$5000 24% interest _____ minimum payment
Capital One	\$8000 12% interest _____ minimum payment
Old Navy	\$3460 28% interest _____ minimum payment
Sears	\$2692 25% interest _____ minimum payment
Younkers	\$675 30% interest _____ minimum payment
Cabelas	\$839 28% interest _____ minimum payment
Car Insurance	Paid every 6 months (all vehicles must have full coverage...they have a lean on the title)
Life Insurance	A term policy paid once per year \$500,000 term insurance for both Robbie and Anita (\$355.00/year per Suze Orman)
Car Maint	Oil changes every 6 weeks for 4 vehicles
Gifts	Twins birthday is in March, Anita's birthday October, Robbie's birthday September, Christmas other holidays and birthdays of family members

Setting up your proof:

All changes to the budget must be explained. Using a MS Word document explain all changes made to the budget. There must be good reasoning why you made the changes.

To show proof from a website: (sell a car or make other changes such as phone or cable, etc.)

On Mac keyboards: go to the website and hold control and push F13, on a Word document go to Edit, paste special.

On PC keyboard: while on the website push "print screen," go to the Word document, go to Edit, paste special.



Student Hand out 2

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	INCOME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2	Robbie Jones	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00	3500.00
3	Anita Jones	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00	3000.00
4	TOTAL NET INCOME	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00	6500.00
5														
6	EXPENSES													
7	FIXED													
8	Mortgage	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67	1463.67
9	Electric	289.00	289.00	289.00	289.00	289.00	289.00	289.00	289.00	289.00	289.00	289.00	289.00	289.00
10	US Cellular (4 phones)	176.90	176.90	176.90	176.90	176.90	176.90	176.90	176.90	176.90	176.90	176.90	176.90	176.90
11	Cable (TV and Internet)	124.98	124.98	124.98	124.98	124.98	124.98	124.98	124.98	124.98	124.98	124.98	124.98	124.98
12	AT&T (land line phone)	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00	55.00
13	Mustang Payment	567.74	567.74	567.74	567.74	567.74	567.74	567.74	567.74	567.74	567.74	567.74	567.74	567.74
14	Truck Payment	639.69	639.69	639.69	639.69	639.69	639.69	639.69	639.69	639.69	639.69	639.69	639.69	639.69
15	Grand Am Payment	133.76	133.76	133.76	133.76	133.76	133.76	133.76	133.76	133.76	133.76	133.76	133.76	133.76
16	Ford Taurus	146.48	146.48	146.48	146.48	146.48	146.48	146.48	146.48	146.48	146.48	146.48	146.48	146.48
17	TOTAL FIXED	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22	3597.22
18														
19	VARIABLE													
20	Grocery	453.00	453.00	453.00	453.00	453.00	453.00	453.00	453.00	453.00	453.00	453.00	453.00	453.00
21	Eating Out	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00
22	Clothing	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00	135.00
23	Personal Items/Cleaning Supplies	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00	120.00
24	Entertainment	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
25	Medical	189.00	189.00	189.00	189.00	189.00	189.00	189.00	189.00	189.00	189.00	189.00	189.00	189.00
26	Pet supplies	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
27	Personal Items	122.00	122.00	122.00	122.00	122.00	122.00	122.00	122.00	122.00	122.00	122.00	122.00	122.00
28	Gas	236.00	236.00	236.00	236.00	236.00	236.00	236.00	236.00	236.00	236.00	236.00	236.00	236.00
29	Wkly Cash (fun money)	866.67	866.67	866.67	866.67	866.67	866.67	866.67	866.67	866.67	866.67	866.67	866.67	866.67
30	Allowance for Twins	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67	216.67
31	Kohls													
32	Capital One													
33	Old Navy													
34	Sears													
35	Younkers													
36	Cabelas													
37	Savings													
38	TOTAL VARIABLE	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34	2960.34
39														
40	PERIODIC													
41	Home Owners Insurance (yrlly)			745.00										
42	Mustang Insurance (twice/yr)				368.00						368.00			
43	Truck Insurance (twice/yr)	398.00						398.00						
44	Grand Am Insurance (twice/yr)		630.00						630.00					
45	Ford Taurus Insurance (twice/yr)					647.00						647.00		
46	Life Insurance (yrlly)	710.00												
47	Car Maintenance (every other month)		140.00		140.00		140.00		140.00		140.00		140.00	
48	Drivers Education (Twins)									700.00				
49	Gifts			200.00		50.00	50.00			100.00	100.00	1200.00	350.00	
50	Water Bill	110.00			110.00			110.00			110.00			
51														
52	TOTAL PERIODIC	1218.00	830.00	945.00	618.00	637.00	190.00	508.00	830.00	800.00	718.00	1847.00	430.00	
53														
54	TOTAL EXPENSES	7775.56	7387.56	7502.56	7175.56	7254.56	6747.56	7065.56	7387.56	7357.56	7275.56	8404.56	7047.56	
55														
56	SURPLUS	-1275.56	-887.56	-1002.56	-675.56	-754.56	-247.56	-565.56	-887.56	-857.56	-775.56	-1304.56	-547.56	
57														
58														

Student Hand out 3

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Rubric

Expectations:

- There are several well thought out changes to the budget
- Changes were made correctly
- They only have what they need (not want)
- All transactions are realistic
- Credit cards show they are being paid off
- There is a surplus at the end of each month
- The budget shows they are able to save money
- Proof is accounted for as instructed (screen shots)
- Proof is explained in detail and is easy to read

Each two bullets missing is the loss of one grade (100 pt grade scale)

- A = 10 points are met (100)
- B = 8 points are met (89)
- C = 6 points are met (79)
- D = 4 points are met (69)
- F = 3 points are met (59)
- Less than 3 points (0)
- Or 0 if project is not complete

Comments:
