2022
Michigan Personal Finance Challenge Case Study

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 are their financial advisor. Imagine the judges are the fictitious family when you present. You can create a budget and expense sheet and anything else you might want to show them as you present your recommendation.

   Most financial advisors suggest you follow the steps listed below in developing a plan for clients.
   1. Assess Client's Current Financial Position (Budget creation, Net worth statement, etc.)
   2. Define Client Goals/Objectives
   3. Answer Client's Questions/Concerns
   4. Develop Recommendations

3. You will create a Power Point or Google Slides presentation as a team and present it to the panel of judges. The presentation must not exceed 10 minutes in length. Judges will have 5 minutes for Q and A. Each member of your team should have a speaking part in your presentation. You may use any creative method of delivery to enhance your presentation.

4. Your goal is to give the family advice for their future based on your knowledge of financially sound practices. You will have one week to prepare your presentation after receiving the case study. A representative from the Center for Financial Planning will be available as a consultant during the preparation week for the competition.

MICHIGAN PERSONAL FINANCE CHALLENGE

Family Financial Profile

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MCUF MICHIGAN CREDIT UNION FOUNDATION

FAMILY MEMBERS

The following narrative describes some details about the fictitious Rooney family. Their basic financial circumstance:

Name	Age	Employment	Gross Annual Salary	Credit Score
Cameron Rooney	30	Airfield Operations Specialist	$49,000	670
Jeanie Rooney	29	Insurance Claims & Policy Processing Clerk	$45,000	725
Sloane Rooney	3			
Ben Rooney	1			

Cameron and Jeanie are a young couple that have been married for 4 years. They are tired of living paycheck to paycheck. Neither Cameron nor Jeanie feels fulfilled in their jobs and are open to pursuing other opportunities.

Be sure to address the judges as if they were Cameron and Jeanie Rooney.

It is suggested that you create a budget for the Rooney family using typical expenses for a young family of their size. You will be given some of their expenses throughout this document, but you should create the rest of their expenses from your knowledge of personal finance. The data provided and the following narrative is incomplete; however, you will likely discover some areas where their personal financial practices could be improved.

GOALS

Jeanie's parents said they would help the young family by paying for them to visit a financial planner. Cameron and Jeanie are hoping to prioritize their goals:

1. Managing their current financial situation and develop a plan so they can be more comfortable in the long-term. It is very important for the Rooney's that their budget is balanced and they don't fall further into debt. They would like a detailed analysis of their monthly income and spending along with suggestions where they could reduce their expenses. They would like to see a comparison of their current budget alongside what their budget may look after they make any recommended changes.

2. Cameron has a 401k retirement account through his employer, but would like to contribute more money each month. Jeanie has not started up a retirement account yet, but would like to start saving for retirement as well, if possible. The Rooney's would appreciate being shown some different scenarios laid out for them based upon retiring at different ages. Basically, they want to see what their budget may look like if they retire at 55, 60, or 65.

3. Cameron and Jeanie have dreams of traveling once they retire. However, they have no idea when they will be able to afford to retire and wonder if they will have enough money to travel like they desire.

4. The young couple would like to have enough money for both children to attend a local community college for 2 years with no student loan debt for both children. They would like to have saved $26,000 for Sloane by her age 18 and $28,000 for Ben by his age 18.

5. The Rooney family would like to have enough money in their budget to save for at least one family vacation per year. Jeanie and her friends usually go away once per year for a girl's weekend trip to Vegas. Cameron typically goes on a hunting trip one weekend per year. Additionally, he usually goes on a ski trip to Colorado with his friends each year. Cameron and Jeanie typically put these trips on their credit cards.

6. The Rooney family would like to eliminate their credit card debt and reduce other debts as soon as possible.

7. The Rooney family would like to move closer to Jeanie's parents. They currently live about an hour away from them. Currently Jeanie's parents watch the kids every Wednesday, so they don't have to go to daycare every day of the week. Jeanie's parents have said they could watch the kids 3 days per week if they moved closer.

SAVINGS

The couple currently has separate savings and checking accounts at different credit unions and has heard conflicting advice from family and friends if they should combine accounts. They would like professional advice on this issue

The family currently is living paycheck to paycheck and has only $500 put away in a savings account for an emergency.

Cameron's grandmother passed away about one year ago and upon her death he inherited $50,000. He took advice from a friend and bought exactly 1 Bitcoin with the money. He hasn't done anything with the Bitcoin since.

Cameron has started a 401(k) retirement account through his employer, but has only been contributing $100 a month for the past 2 years. He would like to find a way to increase his contributions. His employer offers a 100% match up to 5% of his salary. He also has a Simple IRA with an old employer with a $3,500 balance. He has not reviewed his statement since he left more than 2 years ago.

Jeanie has a 401(k) retirement account available through her employer, but has not started investing yet. Her employer offers a 50% match up to 6% of her salary.

Neither of the Rooney's will receive a pension upon retirement. They are very curious how much they will each receive from Social Security when they retire.

The Rooney's would like to better understand the tax implications of their investing options.

Cameron and Jeanie have not yet started a college savings account for either of their children. They would like to get started on this goal to be sure they can pay for about 50% of college costs for each of their children. The couple is looking for specific advice on this issue. They want to know how much they should be putting away and where to put it so they can reduce the student loan debt their children will have to face.

DEBTS

HOME MORTGAGE

The Rooney family currently lives in a 1,500 square foot home with 3 bedrooms and 1.5 bathrooms. They have a desire to move closer to Jeanie's parents. They currently pay 4.5% fixed interest on a 30 year home loan for a $200,000 home they purchased 3 years ago. They only had $25,000 for the down payment when they purchased the home, so they are still paying PMI. After figuring in PMI, property tax, and homeowners' insurance, their total monthly payment is $1,387. They believe the current market value of their home is around $250,000. The balance on their mortgage is $166,135.

CREDIT CARDS/OTHER DEBT

Both Cameron and Jeanie have excessive credit card debt due to their lifestyle choices.

1. Cameron has a Marriott Bonvoy Boundless credit card with a balance of $2,900 with an APR of 20.09%. He has been paying the minimum monthly payment of $116 per month.

2. Jeanie has a Venture X Rewards credit card from Capital One. She currently has a balance of $5,650 and is paying 18.99% APR. She has been struggling to make the minimum monthly payment of $226 per month.

3. Jeanie also has a TJX Rewards credit card issued by Synchrony Bank. It has an APR of 26.99%. Her current balance on the card is $475. She would like to keep this card because she really likes the rewards she earns when she uses the card for purchases at TJX stores, but Cameron has told her she should get rid of the card.

4. Cameron has been using Affirm to make purchases recently. He has used Affirm for tickets to a football game, hunting equipment, tires for his vehicle, and a new projector. He likes that he can choose to make monthly payments spread over 12 months and knows exactly how much it will cost him per month. Based upon his credit score he pays 22% interest on his purchases. His payments to Affirm are usually around $115 per month.

5. Cameron has a student loan they are paying off. He pays $90 per month and have two years left before they will be paid off.

TRANSPORTATION

1. Cameron drives a 2019 Chevrolet Silverado 1500 Double Cab Custom Pickup. He purchased the vehicle brand new for $42,248 and financed the vehicle over 6 years. His monthly payment is $715 per month.

2. Jeanie drives a 2019 Ford Edge. Her lease expires in 3 months. Her current monthly payment is $410 per month.

3. Both Jeanie and Cameron estimate they fill up their gas tanks about once every week and a half.

4. Cameron also recently purchased a 2022 side-by-side Can-am Commander for $15,600. He is paying $347 per month for the vehicle and financed it over 4 years.

INSURANCE

LIFE

Cameron and Jeanie have never had a life insurance policy for themselves. Now that they have two children, Cameron feels it may be a good idea to purchase life insurance, but he has no idea where to start. He needs a recommendation as to the type and death benefit he needs as well as how much it will cost per month. The Rooney's also wonder if they should purchase life insurance for their two children.

HEALTH

The family has health care coverage through Cameron's employer. His employer just switched over to a high-deductible health plan with a $3,000 family deductible. The monthly premium on the health insurance policy is $400 per month for the family coverage. Cameron and Jeanie are wondering if there are any tax-advantaged programs available with their new health care plan.

AUTO

Cameron and Jeanie have the same coverage for their vehicles. Their comprehensive deductible is $100 and their collision deductible is $500. Cameron pays $758 every 6 months and Jeanie pays $722 every 6 months. They wonder if there is anything they can do to lower the amount of money they pay for car insurance without taking on too much risk.

INCOME TAX

Cameron and Jeanie received a refund of $1,200 from the federal government in late April 2021. The family expects to receive a similar refund in 2022.

OTHER THINGS TO KNOW

1. Both Cameron and Jeanie enjoy going out to eat with their friends and neither are very good at cooking. They normally order food for lunch while at work 3 days per week and eat out at either sit down or fast casual restaurants for dinner approximately 4 times a week.

2. Cameron and Jeanie enjoy working out, having access to the swimming pool, and child center for their kids while they are working out, so they pay for a standard membership at Lifetime Fitness.

3. The Rooney's have cut the cord and have subscribed to the following streaming services: Disney+, Peacock, Discovery+, Paramount, Netflix, and Amazon Prime. They currently pay $70 per month for internet service to their home.

4. Cameron and Jeanie have iPhone 13 Pro phones with a mobile phone plan through Verizon. They each have the 5G Get More plan with paper-free billing and auto pay. Their phones were a Christmas gift so they are fully paid for.

5. The family currently pays for daycare 4 days per week for their two children. If they move closer to Jeanie's parents, they will only need to pay for daycare two days per week. They are currently paying $40 per day, per child, for daycare.

6. The family attends religious services fairly regularly and donates $20 per week to their church.

7. The Rooney family pays $35 per week for lawn care services.

8. Utilities for the Rooney household are average for their community in the suburbs of southeast Michigan.

The couple is willing to listen to any suggestions to cut their daily or monthly expenses.