Indiana High School
Finance Challenge 2020
ROUND II

CASE STUDY ANALYSIS COMPETITION

Rules:

1. Each team (no more than 4 students) 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.

   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. Make sure that your recommendations to the family include each of the 4 areas:

   - debt
   - savings
   - insurance
   - taxes

4. You will create your plan as a team. The presentation should be no fewer than 5 slides and no more than 10. You may use your choice of PowerPoint or Google Slides.

5. Use the notes section of the slides (Include names of students working on the presentation in the notes section of first slide.) Each member of your team must have some part in your presentation. You may use any creative method of presentation to enhance your presentation.

6. 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.

FAMILY FINANCIAL PROFILE:

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

Name (age)	Employment	Annual Salary	Credit Score
Charlie Walker (46)	Stay at Home Dad	$0	660
Susie Walker (41)	Advertising Executive	$100,000	690
Andrew (15)			
Steven (8)			

The Walkers want to ensure a secure retirement for themselves and college planning for their two children. They are wondering if it would be beneficial for Charlie to return to the workforce. He used to be an elementary school teacher and has kept his teaching certification current.

We suggest that you create a budget for them using expenses that they may have and show what they are now spending plus other items. We have given you some of their expenses 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 may discover some areas where their personal financial practices could be improved.

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

Susie and Charlie are uncertain if it would be beneficial for Charlie to return to the workforce. They anticipate that Charlie could earn the average teacher's salary for the state of Indiana.

Susie and Charlie would like to retire at age 65.

They would like their children to graduate from college with as little debt as possible. Andrew is very skilled at welding and participates in Life Skills USA at his local high school.

In the event of one of their deaths, the Walkers would like to make sure the mortgage on their home would be paid off and the children would be taken care of.

SAVINGS:
When Charlie was employed, he contributed to his Indiana Public Employee Retirement System. The current amount entitles to a monthly pension of $125 at age 65. He also contributed to a 403(b). The balance in his account is $30,000.

The Walkers have a working checking account with an average balance of $3,000. They also have a savings account with $5,000.

Susie has contributed to her workplace retirement for 20 years. Her employer sponsored plan has a balance of $115,000. In addition, she has been contributing to a Roth IRA for the last 5 years. The balance is currently $40,000. She intends to contribute the maximum allowable amount from 2019 through retirement at age 65.

DEBTS:

Home Mortgage
They purchased a home in 2007. They financed at an initial rate of 6.7%. They have 18 years left on a 30 year fixed rate mortgage with a balance of $125,000. The market value of the home is $260,000.

Housing Expenses	
Principal & Interest	$1100
Prop. Tax Escrow	$333
Homeowners insurance	$160
Monthly Total	$1593

Credit Cards/ Other Debt
Susie has a VISA credit card with a balance of $8800 at 18.99% APR.

The Walkers are considering purchasing a timeshare in Cancun. The estimated cost is $19,000 with an annual maintenance fee of $660. This will give the family lots of time to relax and grow their relationship. Cancun is where Mr. Walker proposed to Mrs. Walker.

The Walkers like to spend time at the lake on weekends. They currently own two jet skis. They are on a payment plan with a monthly payment of $200. They have 36 months of payment left. The interest rate is 9.99%

Transportation
Charlie drives a 2016 Honda Pilot, which he bought new. The current monthly payment is $515 with a total balance of $24,000. The car is financed at a rate of 6.9%.

Susie drives a 2014 Subaru Impreza with 75,000 miles. The Walkers just made the last payment. They are now considering the purchase of a 2019 Audi A6.

INSURANCE
Life
Susie has group life insurance, paid through her employer, of 1.5x her base salary.

Health
Susie has a benefits package including full health insurance benefits for the family. They pay a monthly premium of $260. They have a deductible of $2500 and then pay 20% co-insurance.

Car
All vehicles are fully insured with a $250 deductible. Their monthly premium payment is $190.

Taxes
In April 2019, Charlie and Susie received a federal tax return of $2400 and $800 from the state of Indiana. The plan to use this as a down payment for their timeshare.

OTHER THINGS TO CONSIDER

Charlie's parents have set aside $1000 at the beginning of each year into an Indiana 529 plan savings account for each of the grandkids. They plan to continue this until each reaches the age of 18. They money is invested in an S&P 500 index fund.

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

1. How do they plan for unforeseen expenses or emergencies?
2. How can they be more efficient in handling their debts?
3. What can they do to address their goals?
4. Are there any changes needed to their insurance: auto and life?
5. What should they do to best prepare for retirement?
6. Do you have any advice regarding their state and federal taxes?
7. Should Charlie return to the workforce?
8. What should they do regarding the timeshare?