

NATIONAL  
**PERSONAL FINANCE**  
CHALLENGE

**THE NATIONAL PERSONAL FINANCE CHALLENGE**  
**CASE STUDY ANALYSIS COMPETITION**  
**INSTRUCTIONS FOR STUDENT TEAMS**

Each team will have two (2) hours to work together to come up with a financial plan based on a detailed fictitious family scenario (case study). Each team will create a PowerPoint presentation and present to a panel of expert judges. Teams will have up to fifteen (15) minutes to present and an additional five (5) minutes to respond to questions.

- Teams will be provided with the same fictitious family scenario (case study).
- Team members will work together and be provided a breakout Zoom room.
- Each team and Zoom room will be monitored by a proctor.
- Students are responsible for their own stable Wi-Fi access.
- Teams are welcome to use any presentation software they have access to: PowerPoint, Google slides, etc.

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udges have been given the following criteria to use in evaluating presentations:

- Knowledge of personal finance issues displayed in presentation (80% of total)
- Teamwork displayed (10% of total)
- Presentation/communication skills, including dress (10% of total)

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***GOOD LUCK, HAVE FUN, AND REMEMBER THAT YOU ARE ALREADY CHAMPIONS!***

## CEE Case Study

### FAMILY FINANCIAL PROFILE

#### Family members:

The following narrative describes some details about the fictional Hernández family, a couple with two children. Their financial circumstances are as follows:

Name (age)	Employment	Annual Gross Salary	Credit Score
Daniel Hernández (33)	Truck Driver	\$50,000	680
Gabriela Hernández (32)	Hotel Room Attendant	\$20,000	None
Sofia (8)			
David (5)			

Daniel and Gabriela Hernández are Mexican-Americans who live in a large U.S. metropolitan city in the southeast. They both have working visas and hope to apply for green cards some day.

Both speak excellent English. Gabriela graduated from high school. Daniel completed his GED three years ago. Both of their children were born in the U.S.

The Hernándezes have mentioned not knowing much about finances. Both sets of their parents live in Mexico where many of the financial systems are different.

Their combined salaries are about \$70,000 a year, or \$5,830 a month before taxes. After taxes, it's about \$52,500 a year.

The Hernándezes have come to you to help them improve their current financial situation and work toward their financial goals.

#### GOALS

In their current situation, Daniel and Gabriela don't see any way that they could ever retire. But they would like to work toward a plan where they could afford for at least one of them to exclusively work part-time by the time they are in their 50s.

While they want to do the best for their children, neither Daniel nor Gabriela see any way they can send their children to college. Because they don't trust credit, they don't think they would ever take out student loans for their children.

Both Daniel and Gabriela would like to pay down their credit card debt and pay off their car loan. They'd like to save to buy a more reliable car.

Although they're ok with where they're living now, they learned when they rented this house that most landlords wouldn't rent to them because they didn't have a credit score at the time. Daniel has a credit

score now but Gabriela doesn't. In a few years, they'd like to have a credit score that would let them rent a home in a better neighborhood.

Both sets of parents told Daniel and Gabriela as children that saving was important. When they can, Daniel and Gabriela send money to Gabriela's parents in Mexico. Her parents then put the money in a bank there to help the couple save to buy a home in Mexico one day. Daniel, however, isn't sure he and Gabriela should be doing this even though they want to be homeowners someday. They'd prefer to own a home in the U.S. but they just don't trust U.S. banks, in part because the fees are so high.

Daniel and Gabriela worry because they don't have an emergency fund, nor any health or life insurance right now, and just don't see how they can afford it.

## **EMPLOYMENT**

Daniel has a full-time job driving a truck for a supermarket franchise. The work is usually steady, but he and others were laid off for about two weeks earlier this year. He's back at work now and had been told he'd be paid for those two weeks, but he hasn't been paid yet. His work offers health insurance benefits but Daniel has to pay part of the premium. Daniel could contribute to a 401k but he doesn't know about any other benefits.

Gabriela works for a company that provides cleaning services for hotels. Because she is considered an independent contractor and not an employee, she isn't eligible for any benefits. She does earn tips, but they usually total less than \$40 a week. Gabriela has worked steadily this year but was out of work for two months in 2019 when she hurt her back. She has heard that if she could work for a hotel directly rather than the service, the pay would be better and she would be eligible for benefits.

Gabriela's sister lives in the same city. She's unmarried and has a good job. She is willing to pay Gabriela \$100 to clean her house every two weeks whenever Gabriela needs extra cash.

## **SAVINGS**

The only savings the Hernándezes have are the \$1,500 they've sent to Mexico to save to buy a home there. They don't have an emergency fund.

## **INVESTMENTS**

Daniel's company has a 401k plan but he doesn't participate because neither he nor Gabriela understand it. They do know that putting money into a 401k means investing in stocks, and that seems like a really bad idea—especially now. They have no investments.

## **INSURANCE**

Last year, Daniel signed up for his company's high deductible health insurance plan. The premiums were low, but it seemed like they still had to pay for everything when they used medical care. So he and Gabriela decided to drop the coverage this year. They have no life insurance.

They have liability-only coverage on their car and pay \$700 a year in monthly payments of \$58.33 a month.

## **CREDIT**

Gabriela has never used credit in her own name. Her parents taught her to be financially responsible and using credit wasn't part of that.

Until last year, when Gabriela was out of work, Daniel had never used credit either. But Daniel decided to apply for two credit cards and he got both of them. At first he didn't tell Gabriela because he knew she wouldn't approve. But he had to tell her when he missed a few payments and the credit card company called. They have tried to use the cards only for emergencies.

One credit card has a credit limit of \$1,000, an APR of 24%, and an outstanding balance of \$600. The second credit card has a credit limit of \$1,200, an APR of 22%, and an outstanding balance of \$700. The late fee on both is \$39. They try to make a payment on at least one of the cards every month. When they make a payment, they always try to at least pay the minimum. They haven't used either card this year, but the balance doesn't seem to be going down.

They own a 2012 Honda that Daniel bought from a friend who sells used cars. The friend financed the car. The payment is \$200 a month and the APR is 20%. When the car breaks down, as it often does, they take public transportation or get a ride with a friend until they have enough money to get the car repaired. They still owe 24 payments on the car. They try really hard to make the payment each month.

## **HOUSING**

Three years ago, the Hernándezes rented a small three-bedroom home on the bus line. The rent is \$1,500 a month. The landlord is pretty good about making repairs when needed. This was one of the few houses they could rent because, at the time, neither of them had a credit score. On average, their utilities are about \$150 a month.

## **CHECKING ACCOUNT**

Daniel and Gabriela have a joint checking account at a local bank. They pay a monthly fee of \$10 because they don't keep very much in the account. About three times a year, they overdraft the account. When they do, the fee is \$30 each time.

The main reason they have the account is because their employers require that their paychecks be automatically deposited. Because the Hernándezes don't really trust banks, each month they withdraw most of their pay as cash. This leaves only enough to pay the utility bills (set up on auto pay) and a bit extra. They don't trust ATMs so they cut up the ATM card the bank gave them. They keep the cash at home and use it to pay for everything else.

## **TAXES**

One thing that Daniel and Gabriela agree on is that it's great that most years they get a big tax refund. They paid a friend \$600 to do their taxes this year, which seemed like a lot, but he got them a \$5,000 refund which they should receive any day now! They plan to buy new clothes for the children, a new flat screen TV, and a new couch. They also plan to pay \$900 to fix the transmission on their car and send some money to Gabriela's parents in Mexico to put into their savings account there.

## **OTHER THINGS TO CONSIDER**

The Hernándezes try really hard to manage their finances. They don't eat out often or go to movie theaters, but do enjoy spending time with friends. Although they don't often talk about it, many of their

friends are in a similar financial situation and can't afford to spend money on food or entertainment either. The Hernándezes are regular attendees at their church and try to make at least a small donation each Sunday.