

CASE STUDY

Jessica is a divorced, single mother of two boys, ages six and seven. She works full time at the local library and earns \$40,000 a year. She receives no alimony and no public assistance.

To save money after her divorce, Jessica moved into her parents' home and plans to move out as soon as possible into a three-bedroom apartment. To afford monthly rent, she knows that she'll need to make some changes to her spending habits. She's reviewed all of her expenses and doesn't see ways to cut back her spending, as she believes that she buys only what her family needs.

Here's a profile of Jessica's spending habits:

Food

- Makes breakfast for her sons every morning but has no time to make breakfast for herself. So she buys something at a coffee shop next to work, which usually costs about \$7 each workday.
- For lunch, gets a sandwich and drink at a local deli for about \$15.
- Buys lunches for the children at the school cafeteria for \$2 each.
- Usually gives her sons frozen dinners because she's too tired to cook.
- Goes out for pizza and ice cream every Friday night, which costs about \$40 for the three of them.
- Shops for food only when she needs to, often picking up some canned goods and other items at a drug store near work because it's convenient.
- Isn't sure how much she spends each week or month on food.

Clothing

- Has to buy clothes regularly for the boys because they grow so fast, but they insist on wearing fashionable clothes to school.
- Buys high-quality, designer-type dresses for herself that sometimes cost at more than \$100.
- Doesn't keep track of how much she spends on clothing.
- Always uses her credit cards for clothing purchases, making the minimum payment of \$50 each month.

Housing

- Wants to move into a three-bedroom apartment so the boys can have their own rooms. That would cost about \$1,200 a month where she wants to live in the suburbs.

Furniture

- Stores furniture from her marriage at a public facility because it doesn't fit in her parents' home. That costs her \$250 a month.

Transportation

- Has a car from the marriage, a 2007 Ford that's paid for but doesn't run very well. She has to get it repaired every few months.
- The repairs, insurance, gas and maintenance cost her about \$400 a month. She uses the car for errands and work, which is about seven miles from her parents' house.
- Parks for free at the library.

Entertainment

- Takes the boys to the movies every Saturday night, which costs \$50 for all of them.
- Has a Netflix account that costs \$8 per month so that she can watch movies and the boys can watch certain cartoon episodes.
- Subscribes to cable TV so her children can watch movies and sports, which costs almost \$100 per month.
- Buys a newspaper every day on her way to work and subscribes to four magazines. The total is around \$300 a year.
- Belongs to a health club where she goes three times a week to jog on the treadmill and do aerobics. The membership cost is \$50 a month.

Questions/Suggestions for Jessica

- When buying food (or other line item), what are the most important considerations?
- What about your (food) habits is working?
- What would you like to change?
- What would be the easiest thing to change?
- What would give you the most savings?
- What could you do?
- What will you do?