Case Study B

This young family lives in Southern California where the cost of real estate is high. Jerry is 40 years old and works as a police officer. Janice is 38 years old and is an X-ray technician. Neither are followers of Jesus Christ, but they do have a religious background. They do not attend church. They have two young children, Billy who is 8 years old, and Barb who is 6 years old.

Due to the financial challenges in this home, Jerry and Janice do not have a good marital relationship. In fact, they are seeing a counselor weekly to save and strengthen their marriage. Previously unknown to Jerry, Janice has accumulated most of the credit card debt (Credit cards #1 to #5). He recently became aware of this debt and reached out to Crown for budget coaching. Currently, they are trying to make the minimum payments on all their debts.

Both Jerry and Janice are paid twice a month, on the first and fifteenth. Jerry has a part-time job as a security consultant. Jerry's employer pays the full premium for medical, dental and vision insurance for himself, Janice, and the two children. The medical plan doesn't charge for preventive care, but carries a 6,000 family deductible and pays various percentages after the deductible is met. Dental is no charge for regular cleaning and check-ups, and a percentage of dental repair. The Vision Insurance covers the cost of an annual vision exam and 50% of the cost of glasses or contact lenses.

Jerry's employer provides paid life insurance in the amount of 2 years salary. In addition, he has a term policy with Janice as the beneficiary. His employer also provides disability insurance which will pay 100% of his salary for short-term illnesses and 50% of his salary for long-term disability (longer than 6 months).

Jerry and Janice own their primary home. They kept their former home (which they originally bought for about $650,000) as an investment home. Its monthly mortgage payment is 3,600. They get monthly rental income of 3,900, leaving 300 each month for maintenance, repairs, vacancies and other rental property costs. They are convinced that real estate, especially in Southern California, is a better investment than putting money into a 401k retirement plan.

They have been contributing 100/mo per child to a 529 college savings fund. Their goal is for their kids to not have to take out student loans or work their way through college.

Help Jerry and Janice with their budget and debts.
- Complete the "% Spending Plan" tab, using appropriate percentages from the "Percentage Guide" tab.
- In the "Spending Plan" tab, complete the "new budget" column, explaining significant changes in the "comments" column.
- Complete the Debt Snowball Calculator.

The questions below are from the Case Study B Assignment. They are listed here so you can be thinking about them as you review the forms in this spreadsheet.

1. Neither are followers of Jesus Christ, but they do have a religious background. They do not attend church. How can you gently introduce them to Jesus Christ as their personal Savior?

2. What biblical principles and practical tools could you suggest to help them find contentment while getting their discretionary spending under control?

3. Jerry and Janice have different goals. How can you help them both align on and achieve their goals? Jerry's Goals: Get out of credit card debt; balance the budget; live within their income; save more. Janice's Goal: Spend money without feeling guilty.

4. After completing the Percentage Spending Plan to show the guideline amounts, what recommendations would you bring to Jerry's and Janices's attention first? Why?

5. While referring to the Crown MoneyMap, what would you recommend they do in each of the first three Destinations? (List each destination along with specific suggestions for that destination before moving to the next.) In light of this, how would you advise them about contributing to their kids' college savings funds?

6. What options would you discuss with them regarding their rental/investment house?

7. From the Debt Snowball Calculator, answer the following questions:
- How long will it take to pay off all their non-mortgage debt if they don't make any extra payments?
- How long will it take to pay off all their non-mortgage debt if they pay an extra $200/month?
- How much extra per month should they pay if they want to be debt-free except for the mortgage in 5 years?

Assets & Liabilities	
Date:	

ASSETS (Present Market Value)	
Cash On Hand (both husband and wife if married)	
Checking Accounts	
Savings Accounts	
Stocks and Bonds	
Cash Value of Life Insurance	
Valuable Collections (coins, stamps, etc.)	
Primary Home Value (look up value, e.g., zillow.com)	
Other Real Estate (Rental Property)	
Mortgages/Notes Receivable	
Automobile 1 - 5 year-old Acura RDX	
Automobile 2 - 2 year-old Ford F-150	
Automobile 3 (look up value, e.g., kbb.com)	
Personal Property (Furniture, Jewelry, etc.)	
Retirement Savings (Jerry's 401k)	
Retirement Savings (Janice's 401k)	
College Savings Account	
Total Assets:	

LIABILITIES / DEBT LIST

CREDIT CARDS (only list cards for which you do not pay the full statement balance each month)

Credit Card Issuer	What Was Purchased	Minimum Monthly Payment	Interest Rate	Months Past Due
Credit Card #1		255.00	27.5%	
Credit Card #2		45.00	24.3%	
Credit Card #3		380.00	21.0%	
Credit Card #4		560.00	20.0%	
Credit Card #5		240.00	22.3%	
Total Credit Cards				

AUTO LOANS

Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due
Ford Financing Company	Ford F-150	600.00	5.0%	
Total Auto Loans		600.00		

HOME MORTGAGES (includes home equity loans or lines of credit)

Mortgage Service Company	Property Address	Minimum Monthly Payment	Interest Rate	Months Past Due
Home Mortgage #1 (Primary Home)		4,800.00	4.5%	

Home Mortgage #2 (Rental Property)				
Total Home Mortgages		**4,800.00**		

OTHER DEBT (education, medical, personal, business, legal, IRS, etc.)

Who	Type of Debt (medical, education, etc.)	Minimum Monthly Payment	Interest Rate	Months Past Due
Personal Debt To Relatives				
Educational Loans		220.00	4.5%	
Medical Bill				
Total Other Debt		**220.00**		

Total Liabilities/Debts	
NET WORTH (Total Assets minus Total Liabilities/Debts)	

	Comments

Balance	
2,000.00	
150.00	
7,100.00	They will open a savings account for the gain from the sale of the house after paying off debts. They can use this money for emergancy expenses.
900,000.00	
	Selling the house would remove this asset of $700,000
20,000.00	
30,000.00	
60,000.00	
10,000.00	
4,000.00	
1,033,250.00	

Balance Due	
10,000.00	Using money from the sale of the house will remove this liability of $69,000. They should not keep these card.
2,200.00	
18,000.00	
28,000.00	
10,800.00	

Balance Due	
20,000.00	
20,000.00	

Balance Due	
725,000.00	

	They will no longer be paying this amount $5,5000. I would encourage them to have the goal of having another rental once their spend in under control and they have sufficient savings.
725,000.00	

Balance Due	

	They will no longer be paying 3,500. This will be honouring their relatives and the good will they showed in lending them money. I will tak to them about what the Bible teaches on owing money here
24,000.00	
	They will no longer be paying 400 which removes a small debt but one less to pay.
24,000.00	

769,000.00
264,250.00

Form Version Nov 28, 2022

Instructions
1. Find the family situation that most closely represents your family (i.e. Married with 4 children, Single with roommate, etc.).
2. Find the gross income level that most closely represents your family (i.e. $25,000 to $125,000).
3. Taxes include all current actual monthly Federal, Social Security, Medicare, State, and Local Income Tax Taxes.

Suggested Percentage Guidelines For Family Income
(Married with 4 Children)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	38%	38%	34%	33%	32%	32%
4. Food	15%	15%	14%	14%	14%	14%
5. Transportation	14%	14%	12%	12%	11%	11%
6. Insurance	5%	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	4%	4%	5%	5%	5%
9. Clothing	5%	5%	6%	6%	7%	7%
10. Savings	4%	4%	5%	5%	5%	5%
11. Health & Wellness	6%	7%	7%	7%	7%	7%
12. Miscellaneous	3%	3%	5%	5%	5%	5%
13. Investments	0%	0%	3%	3%	4%	4%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Family Income
(Married with 2 Children)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	39%	38%	32%	30%	30%	29%
4. Food	15%	12%	13%	12%	11%	11%
5. Transportation	15%	12%	13%	14%	13%	13%
6. Insurance	5%	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	5%	5%	7%	7%	8%
9. Clothing	6%	5%	5%	6%	7%	7%
10. Savings	5%	5%	5%	5%	5%	5%
11. Health & Wellness	5%	6%	6%	5%	5%	5%
12. Miscellaneous	4%	4%	6%	6%	7%	7%
13. Investments	0%	5%	5%	5%	5%	5%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Family Income
(Married with No Children)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	40%	38%	34%	32%	31%	30%
4. Food	15%	14%	13%	12%	11%	11%
5. Transportation	15%	14%	14%	13%	13%	13%
6. Insurance	5%	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	4%	4%	5%	7%	7%
9. Clothing	4%	4%	5%	6%	6%	7%
10. Savings	4%	4%	4%	5%	5%	5%
11. Health & Wellness	6%	6%	6%	6%	5%	5%
12. Miscellaneous	3%	4%	5%	6%	7%	7%
13. Investments	0%	4%	5%	5%	5%	5%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Individual Income
(Single with 1 Child)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	40%	39%	39%	36%	34%	30%
4. Food	15%	14%	14%	13%	13%	12%
5. Transportation	15%	14%	14%	13%	13%	12%
6. Insurance	3%	3%	4%	4%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	3%	4%	4%	6%	6%	6%
9. Clothing	5%	5%	5%	6%	7%	7%
10. Savings	5%	5%	5%	5%	5%	5%
11. Health & Wellness	6%	7%	6%	6%	6%	6%
12. Miscellaneous	3%	4%	4%	6%	6%	6%
13. Investments	0%	0%	0%	0%	0%	6%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Individual Income
(Single with No Children / Living Alone)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	40%	38%	36%	34%	32%	30%
4. Food	6%	6%	7%	7%	7%	7%
5. Transportation	15%	15%	14%	14%	13%	13%
6. Insurance	4%	4%	4%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	6%	6%	7%	7%	8%	9%
9. Clothing	5%	6%	6%	7%	8%	8%
10. Savings	5%	5%	5%	5%	5%	5%
11. Health & Wellness	6%	5%	5%	5%	4%	4%
12. Miscellaneous	5%	6%	6%	6%	7%	7%
13. Investments	3%	4%	5%	5%	6%	7%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Suggested Percentage Guidelines For Individual Income
(Single with No Children / Living with Roommate)

GROSS HOUSEHOLD INCOME:	25,000	35,000	45,000	55,000	85,000	125,000
1. Tithe/Giving	10%	10%	10%	10%	10%	10%
2. Total Taxes	Use Current Monthly Taxes					

Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%

3. Housing	25%	24%	23%	22%	21%	20%
4. Food	6%	6%	6%	7%	7%	7%
5. Transportation	20%	19%	18%	16%	15%	13%
6. Insurance	4%	4%	4%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%	5%
8. Entertainment/Recreation	9%	9%	9%	9%	10%	10%
9. Clothing	7%	7%	7%	7%	7%	8%
10. Savings	8%	8%	9%	10%	10%	10%
11. Health & Wellness	6%	6%	6%	5%	5%	5%
12. Miscellaneous	5%	6%	6%	7%	7%	7%
13. Investments	5%	6%	7%	7%	8%	10%
Total Net Spendable Income:	100%	100%	100%	100%	100%	100%
14. School/Child Care	no guideline percentages					

Percentage Spending Plan

Gross Monthly Income			from Current Spending Plan:		16,066	192,792	Annual Income

Input appropriate % from "Percentage Guide"

Income Deductions	Percentage	x	Gross Monthly Income	=	Guideline Amount		
1. Tithe/Giving	10%	x	16,066		1,607		
2. Total Taxes	no guideline		actual from Current Spending Plan:		0		
Net Spendable Income (NSI)					14,459	173,513	Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	29%	x	14,459	=	4,193
4. Food	11%	x	14,459	=	1,591
5. Transportation	13%	x	14,459	=	1,880
6. Insurance	5%	x	14,459	=	723
7. Debts	5%	x	14,459	=	723
8. Entertainment/Recreation	8%	x	14,459	=	1,157
9. Clothing	7%	x	14,459	=	1,012
10. Savings	5%	x	14,459	=	723
11. Health & Wellness	5%	x	14,459	=	723
12. Miscellaneous	7%	x	14,459	=	1,012
13. Investments	5%	x	14,459	=	723
14. School/Child Care	no guideline				
Total Percentages: *(cannot exceed 100%)*	100%				
Total Guideline Expenses: (cannot exceed Net Spendable Income)					14,459	OK

Revised Oct 29, 2022

Spending Plan	Current

INCOME vs. EXPENSE SUMMARY (calcu	
Net Spendable Income	16,026
Less Total Expenses	13,105
Surplus or Deficit	2,921

Monthly Income	
Gross Monthly Income	*16,066*
Jerry's NET Income	7,000
Janice's NET Income	4,000
Jerry's part-time income (NET)	1,000
Commissions	
Bonuses/Tips	
Retirement Income	
Rental Income	3,900
Other Income	166
LESS	
Category 1 - Tithe/Giving (monthly)	*40*
The Local Church	
The Poor	
Other Ministries	
Other Giving	40
Category 2 - Taxes (monthly)	*0*
Taxes (Fed, State, Medicare, Social Security)	
Other	
charity contributions that are taken out of the paycheck. Instead, include these deductions as expenses below	
NET SPENDABLE INCOME (monthly)	**16,026**

Monthly Expenses	
Category 3 - Housing (monthly)	*6,370*
Mortgage(s) *(from Debt List)*	4,800
Extra Mortgage Payment	
Rent	
Insurance	

Home Warranty	30
Electricity	300
Home Owners Accociation	400
Water and Garbage Pickup	100
Yard Service	250
Telephone / Cell phone	300
Maintenance	
Cable TV	115
Internet	75
Category 4 - Food (monthly)	**1,450**
Grocery	1,450
Other	
Category 5 - Transportation (monthly)	**1,525**
Auto Payment(s) *(from Debt List)*	600
Extra Auto Payment	
Gas & Oil	400
Auto Insurance	290
Licenses & Taxes	35
Maintenance	100
Replacement	
Other - Tolls/Parking/Transit Fares	100
Category 6 - Insurance (monthly)	**67**
Life - 750,000 20 year term on Jerry	67
Health/Dental	
Disability	
Other	
Category 7 - Debts (monthly)	**220**
Total Credit Cards *(from Debt List)*	0
Total Other Debt *(from Debt List)*	220
Extra Debt Payments	
Category 8 - Entertainment & Recreation (monthly)	**1,498**
Eating Out	400
Lunches	200
Movies/Events	200
Activities (Kids)	300
Baby Sitters	100
Health Club	50

Vacation	100
Amazon Prime	15
Audible	15
Sirius	27
Netflix	16
Apple	25
Pets	50

Category 9 - Clothing (monthly)	**50**
Children's Clothing Needs	50
Husband/Wife Clothing Needs	
Other	

Category 10 - Savings (monthly)	**200**
Savings Account	200
Credit Union	
Other	

Category 11 - Health & Wellness (monthly)	**450**
Medical/Dental/Vision	100
Dentist	
Prescriptions	
Eye Glasses / Contacts	50
Marriage Counseling	300

Category 12 - Miscellaneous (monthly)	**875**
Toiletries / Cosmetics	
Beauty / Barber	
Laundry / Cleaning	
Allowances	
Gifts (including Christmas)	75
Cash (Jerry)	400
Cash (Janice)	400
Other	

Category 13 - Investments (monthly)	**400**
Employer 401k/403b plans	200
Retirement IRAs	
College Fund - 529 plan	200
Non-Retirement Stocks, Bonds, Mutual Funds	
Other	

Category 14 - School/Child Care (monthly) (1)	*0*
School Tuition	
School Books, Supplies, Materials, etc	
Transportation	
Day Care	
Tutoring, Lessons for Music, Dance, etc	
Other	
Total Expenses	**13,105**

(1) This category does not have a guideline amount.

Guideline	New Budget
lated)	
	11,826
	11,826
	0
	12,166
	7,000
	4,000
	1,000
	166
1,607	*40*
	40
0	*300*
	300
14,459	**11,826**
4,193	*6,328*
	4,800
	73

	30
	300
	400
	100
	250
	300
	0
	75
1,591	**1,300**
	1,300
1,880	**1,625**
	700
	400
	290
	35
	100
	100
723	**67**
	67
723	**220**
	0
	220
1,157	**496**
	100
	0
	0
	200
	0
	50

	100
	0
	0
	0
	16
	0
	30
1,012	**65**
	15
	50
723	**350**
	350
723	**450**
	100
	50
	300
1,012	**525**
	75
	225
	225
723	**400**
	200
	200

	0
14,459	**11,826**

Comments
this part of the budget if necessary
$7,100
They should look into getting home insurance

Suggest that becomes a family activity on the weekend

Suggest they live without cable TV and stream programs
Suggest they look for a cheaper service

Extra money $100 will be put towards reducing this payment quicker

I would suggest they look for a cheaper insurance

Suggest they eat one once a month, and have family nights in
Suggest they take packed lunches, or a thermous in for lunches
Suggest they put this activity on hold and do something at home or that does not cost money
Reduce this to help bring spending under control
Ask parents to help

Cancel this subscription or opt for cancelling something else

Cancel this subscrition or opt to cancel something else
Give the pets cheaper food, or go to a pet food bank

Go to Goodwill stores
They need to budget clothing for themselves

property

Where are they charging these expenses?

They need to keep a record of how this money is being used and reduce it further if possible

Increasing the mounts in both these categories will have long term benefits for everyone
I will respect their desire not to pay into a retirment fund, but talk to them about it.