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)**	**Balance**	**Comments**
Cash On Hand (both husband and wife if married)	2,000.00	
Checking Accounts	150.00	
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)	900,000.00	
Other Real Estate (Rental Property)	700,000.00	
Mortgages/Notes Receivable		
Automobile 1 - 5 year-old Acura RDX	20,000.00	
Automobile 2 - 2 year-old Ford F-150	30,000.00	
Automobile 3 (look up value, e.g., kbb.com)		
Personal Property (Furniture, Jewelry, etc.)		
Retirement Savings (Jerry's 401k)	60,000.00	
Retirement Savings (Janice's 401k)	10,000.00	
College Savings Account	4,000.00	
Total Assets:	**1,726,150.00**	

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**	**Balance Due**	
Credit Card #1		255.00	27.5%		10,000.00	
Credit Card #2		45.00	24.3%		2,200.00	
Credit Card #3		380.00	21.0%		18,000.00	
Credit Card #4		560.00	20.0%		28,000.00	
Credit Card #5		240.00	22.3%		10,800.00	
Total Credit Cards		**1,480.00**			**69,000.00**	

AUTO LOANS

Loan Company	**Year, Make, Model**	**Minimum Monthly Payment**	**Interest Rate**	**Months Past Due**	**Balance Due**	
Ford Financing Company	Ford F-150	600.00	5.0%		20,000.00	
Total Auto Loans		**600.00**			**20,000.00**	

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

Mortgage Service Company	**Property Address**	**Minimum Monthly Payment**	**Interest Rate**	**Months Past Due**	**Balance Due**	
Home Mortgage #1 (Primary Home)		4,800.00	4.5%		725,000.00	
Home Mortgage #2 (Rental Property)		3,600.00	4.0%		550,000.00	
Total Home Mortgages		**8,400.00**			**1,275,000.00**	

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

Who	**Type of Debt (medical, education, etc.)**	**Minimum Monthly Payment**	**Interest Rate**	**Months Past Due**	**Balance Due**	
Personal Debt To Relatives		50.00	0.0%		3,500.00	
Educational Loans		220.00	4.5%		24,000.00	
Medical Bill		25.00	0.0%		400.00	
Total Other Debt		**295.00**			**27,900.00**	

Total Liabilities/Debts	**1,391,900.00**
NET WORTH (Total Assets minus Total Liabilities/Debts)	**334,250.00**

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	8%	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%	36%	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	4%	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%	36%	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					

Revised Oct 29, 2022

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						
Total Percentages: ***(cannot exceed 100%)***	**100%**					
Total Guideline Expenses: (cannot exceed Net Spendable Income)					**14,459**	OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	**16,026**		**14,846**	
Less Total Expenses	**18,260**		**14,846**	
Surplus or Deficit	**(2,234)**		**0**	
Monthly Income				
Gross Monthly Income	***16,066***		***16,066***	
Jerry's NET Income	7,000		7,000	
Janice's NET Income	4,000		4,000	
Jerry's part-time income (NET)	1,000		1,000	
Commissions				
Bonuses/Tips				
Retirement Income				
Rental Income	3,900		3,900	It looks like there is virtually no income generated with the house and I would recommend simplifying your finances and life as much as possible. Whatever you can make off the sell of the house can be applied to decreasing debt and accomplishing saving goals such as an emergency fund.
Other Income	166		166	
LESS				
Category 1 - Tithe/Giving (monthly)	***40***	***1,607***	***1,220***	
The Local Church			1,220	It is important to give from the first income you receive but only the income you receive. I would not include the income from rental yet until all expenses have been calculated.
The Poor				
Other Ministries				
Other Giving	40			
Category 2 - Taxes (monthly)	***0***	***0***	***0***	
Taxes (Fed, State, Medicare, Social Security)				Not sure why no taxes were added. This is an estimate of tax.
Other				
do not include medical/dental premiums, retirement plans, HSA/FSA contributions, charity contributions that are taken out of the paycheck. Instead, include these deductions as expenses below				
NET SPENDABLE INCOME (monthly)	**16,026**	**14,459**	**14,846**	
Monthly Expenses				
Category 3 - Housing (monthly)	***9,970***	***4,193***	***9,330***	
Mortgage(s) *(from Debt List)*	8,400		8,400	
Extra Mortgage Payment				4800 mortgage for primary dwelling still exceeds recommended spending. Too much house.
Rent				
Insurance				
Home Warranty	30		30	not sure I would keep this long term; may be good until savings goals achieved
Electricity	300		150	High usage. Need to decrease this drastically

Spending Plan	Current	Guideline	New Budget	Comments
Home Owners Accociation	400		400	hopefully this is primary home. This is a budget breaker. Consider downsizing and moving to home without HOA.
Water and Garbage Pickup	100		100	
Yard Service	250		50	Is there a way to economize here? Very expensive.
Telephone / Cell phone	300		150	Time to cut what you can
Maintenance				
Cable TV	115		0	not essential
Internet	75		50	any better rates?
Category 4 - Food (monthly)	***1,450***	***1,591***	***1,000***	
Grocery	1,450		1,000	Find ways to economize
Other				
Category 5 - Transportation (monthly)	***1,525***	***1,880***	***1,435***	
Auto Payment(s) *(from Debt List)*	600		600	
Extra Auto Payment				at recommended level
Gas & Oil	400		350	
Auto Insurance	290		250	any better rates?
Licenses & Taxes	35		35	
Maintenance	100		100	
Replacement				
Other - Tolls/Parking/Transit Fares	100		100	
Category 6 - Insurance (monthly)	***67***	***723***	***0***	
Life - 750,000 20 year term on Jerry	67		0	Life insurance provided by work. Can decrease amount and eventually drop when debt repaid and liabilities reduced.
Health/Dental				drop life insurance, sell properties
Disability				
Other				
Category 7 - Debts (monthly)	***1,775***	***723***	***1,875***	
Total Credit Cards *(from Debt List)*	1,480		1,480	
Total Other Debt *(from Debt List)*	295		295	
Extra Debt Payments			100	Obviously the place to focus on reducing eventually
Category 8 - Entertainment & Recreation (monthly)	***1,498***	***1,157***	***455***	
Eating Out	400		100	Time to economize in this category
Lunches	200		50	take a lunch
Movies/Events	200		50	Time to economize in this category
Activities (Kids)	300		150	
Baby Sitters	100		25	consider a coop to decrease costs- share with another family
Health Club	50			Time to economize in this category
Vacation	100		50	important to save for but maybe need to lower if possible
Amazon Prime	15			Are these all necessary?
Audible	15			
Sirius	27			
Netflix	16			
Apple	25			

Spending Plan	Current	Guideline	New Budget	Comments
Pets	50		30	
Category 9 - Clothing (monthly)	***50***	***1,012***	***40***	
Children's Clothing Needs	50		20	time to economize
Husband/Wife Clothing Needs			20	
Other				
Category 10 - Savings (monthly)	***200***	***723***	***50***	
Savings Account	200		50	try to make small progress in savings goals
Credit Union				see investments
Other				
Category 11 - Health & Wellness (monthly)	***450***	***723***	***220***	
Medical/Dental/Vision	100		100	6000 yearly deductable. Must fund this somehow. Inquire about an HSA at work?
Dentist				
Prescriptions				
Eye Glasses / Contacts	50		20	
Marriage Counseling	300		100	While working on finances, could decrease number of visits.
Category 12 - Miscellaneous (monthly)	***875***	***1,012***	***225***	
Toiletries / Cosmetics				
Beauty / Barber				
Laundry / Cleaning				
Allowances				Have to pull together to make finances work
Gifts (including Christmas)	75		25	
Cash (Jerry)	400		100	
Cash (Janice)	400		100	
Other				
Category 13 - Investments (monthly)	***400***	***723***	***200***	
Employer 401k/403b plans	200		200	decrease savings for this if there is a match by employer.
Retirement IRAs				
College Fund - 529 plan	200			suspend 529 savings for now.
Non-Retirement Stocks, Bonds, Mutual Funds				
Other				
Category 14 - School/Child Care (monthly) (1)	***0***		***16***	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other			16	
Total Expenses	**18,260**	**14,459**	**14,846**	

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

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