

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 Janice'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:						Comments
ASSETS (Present Market Value)					Balance	
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	

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
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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
	Input appropriate % from "Percentage Guide"				Annual Income
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		x	14,459	=	0
4. Food		x	14,459	=	0
5. Transportation		x	14,459	=	0
6. Insurance		x	14,459	=	0
7. Debts		x	14,459	=	0
8. Entertainment/Recreation		x	14,459	=	0
9. Clothing		x	14,459	=	0
10. Savings		x	14,459	=	0
11. Health & Wellness		x	14,459	=	0
12. Miscellaneous		x	14,459	=	0
13. Investments		x	14,459	=	0
14. School/Child Care	no guideline				
Total Percentages: (cannot exceed 100%)			0%		
Total Guideline Expenses: (cannot exceed Net Spendable Income)					0

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
INCOME vs. EXPENSE SUMMARY (calculated)				
Net Spendable Income	16,026		0	
Less Total Expenses	18,260		10,775	
Surplus or Deficit	(2,234)		(10,775)	
Monthly Income				
Gross Monthly Income	16,066		0	
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	1,607	0	
The Local Church				
The Poor				
Other Ministries				
Other Giving	40			
Category 2 - Taxes (monthly)	0	0	0	
Taxes (Fed, State, Medicare, Social Security)				
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	0	
Monthly Expenses				
Category 3 - Housing (monthly)	9,970	0	8,400	
Mortgage(s) (from Debt List)	8,400		8,400	
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			

Spending Plan	Current	Guideline	New Budget	Comments
Category 4 - Food (monthly)	1,450	0	0	
Grocery	1,450			
Other				
Category 5 - Transportation (monthly)	1,525	0	600	
Auto Payment(s) (from Debt List)	600		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	0	0	
Life - 750,000 20 year term on Jerry	67			
Health/Dental				
Disability				
Other				
Category 7 - Debts (monthly)	1,775	0	1,775	
Total Credit Cards (from Debt List)	1,480		1,480	
Total Other Debt (from Debt List)	295		295	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	1,498	0	0	
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	0	0	
Children's Clothing Needs	50			
Husband/Wife Clothing Needs				
Other				
Category 10 - Savings (monthly)	200	0	0	
Savings Account	200			
Credit Union				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 11 - Health & Wellness (monthly)	450	0	0	
Medical/Dental/Vision	100			
Dentist				
Prescriptions				
Eye Glasses / Contacts	50			
Marriage Counseling	300			
Category 12 - Miscellaneous (monthly)	875	0	0	
Toiletries / Cosmetics				
Beauty / Barber				
Laundry / Cleaning				
Allowances				
Gifts (including Christmas)	75			
Cash (Jerry)	400			
Cash (Janice)	400			
Other				
Category 13 - Investments (monthly)	400	0	0	
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		0	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	18,260	0	10,775	

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

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