

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	Added 11,000 here to pay off some of the personal debts and have emergency fund in case of surprise costs.
Checking Accounts	150.00	
Savings Accounts	7,500.00	Added 7,500 here to have emergency fund in case of surprise costs.
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)		would recommend the rental house is sold and paid down the credit cards with the extra 100,000 from the sale of rental house . This would take a burdend of debt, and investment that is producing no cash and lots of risk. And the house is sold!
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:	1,033,650.00	

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			27.5%			would recommend the rental house is sold and paid down the credit cards with the extra 100,000 from the sale of rental house . This would take a burdend of debt, and investment that is producing no cash and lots of risk.
Credit Card #2			24.3%			
Credit Card #3			21.0%			
Credit Card #4			20.0%			
Credit Card #5			22.3%			
Total Credit Cards		0.00			0.00	

AUTO LOANS						
Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due	
Ford Financing Company	Ford F-150		5.0%			paid truck off with extra house money sold.
Total Auto Loans		0.00			0.00	

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)			4.0%			debt no longer needed for the rental house, got sold
Total Home Mortgages		4,800.00			725,000.00	

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			0.0%			relationships with relatives could be improved if you just stopped in and paid the remaining balance and the small medical bill. The educational loans and medical bill are to be applied to the debt snowball Happy in law relations!!!
Educational Loans		220.00	4.5%		24,000.00	on the debt snowball calculator, this will be paid off by November of this year if you commit to the new budget, what a relief.. imagine some freedom from a less payemnts.
Medical Bill		25.00	0.0%		400.00	
Total Other Debt		245.00			24,400.00	

Total Liabilities/Debts	749,400.00
NET WORTH (Total Assets minus Total Liabilities/Debts)	284,250.00

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
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		<i>from Current Spending Plan:</i>	12,166	145,992
	Input appropriate % from "Percentage Guide"			Annual Income
Income Deductions	Percentage	x	Gross Monthly Income	=
				Guideline Amount
1. Tithe/Giving	10%	x	12,166	1,217
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	0
Net Spendable Income (NSI)				10,949
				131,393

Annual NSI

Expense Category	Percentage	x	Net Spendable Income	=	Guideline Amount
3. Housing	29%	x	10,949	=	3,175
4. Food	11%	x	10,949	=	1,204
5. Transportation	13%	x	10,949	=	1,423
6. Insurance	5%	x	10,949	=	547
7. Debts	5%	x	10,949	=	547
8. Entertainment/Recreation	8%	x	10,949	=	876
9. Clothing	7%	x	10,949	=	766
10. Savings	5%	x	10,949	=	547
11. Health & Wellness	5%	x	10,949	=	547
12. Miscellaneous	7%	x	10,949	=	766
13. Investments	5%	x	10,949	=	547
14. School/Child Care	<i>no guideline</i>				
Total Percentages: (cannot exceed 100%)			100%		
Total Guideline Expenses: (cannot exceed Net Spendable Income)					10,949

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
---------------	---------	-----------	------------	----------

INCOME vs. EXPENSE SUMMARY (calculated)			
--	--	--	--

Net Spendable Income	12,126		10,949
Less Total Expenses	12,530		10,949
Surplus or Deficit	(404)		0

Monthly Income			
-----------------------	--	--	--

Gross Monthly Income	12,166		12,166
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			
Other Income	166		166
LESS			
Category 1 - Tithe/Giving (monthly)	40	1,217	1,217
The Local Church			600
The Poor			400
Other Ministries			150
Other Giving	40		67
Category 2 - Taxes (monthly)	0	0	0
Taxes (Fed, State, Medicare, Social Security)			
Other			
<small>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</small>			
NET SPENDABLE INCOME (monthly)	12,126	10,949	10,949

Income is good, look for ways to make it higher. Any opportunities for growth within company. This will allow you to put more towards debt and create a buffer to keep you out of trouble in the event surprise expenses come up.

The bible has many verses that ask us to be generous, give 10% and share what God has blessed us with

Monthly Expenses			
-------------------------	--	--	--

Category 3 - Housing (monthly)	6,370	3,175	6,564
Mortgage(s) (from Debt List)	4,800		4,800
Extra Mortgage Payment			934
Rent			
Insurance			
Home Warranty	30		30
Electricity	300		200
Home Owners Association	400		200
Water and Garbage Pickup	100		100
Yard Service	250		150
Telephone / Cell phone	300		150
Maintenance			

Housing is pretty high, is there a smaller house or cheaper area to live?

read the list on ways to save electricity. you have one homeowners association bill instead of 2

find a way to save money on the yard, doesn't have to be picture perfect. find how to get it to 150 for 2 phones. You may be able to do even less.

Spending Plan	Current	Guideline	New Budget	Comments
Cable TV	115			\$115
Internet	75			\$75
Category 4 - Food (monthly)	1,450	1,204	800	
Grocery	1,450		800	find ways to spend less on groceries. Till you get income up and pay off some debts.
Other				
Category 5 - Transportation (monthly)	925	1,423	925	
Auto Payment(s) (from Debt List)	0		0	
Extra Auto Payment				
Gas & Oil	400		400	
Auto Insurance	290		290	
Licenses & Taxes	35		35	
Maintenance	100		100	
Replacement				
Other - Tolls/Parking/Transit Fares	100		100	
Category 6 - Insurance (monthly)	67	547	67	
Life - 750,000 20 year term on Jerry	67		67	
Health/Dental				
Disability				
Other				
Category 7 - Debts (monthly)	245	547	245	
Total Credit Cards (from Debt List)	0		0	
Total Other Debt (from Debt List)	245		245	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	1,498	876	673	
Eating Out	400		75	eating out could be once a month, is there any entertainemnt or monthly payments that could be stopped, is there some things you could do without for now?
Lunches	200		100	
Movies/Events	200			your budget doesn't have room for movies currently, sorry
Activities (Kids)	300		100	
Baby Sitters	100		100	
Health Club	50		50	
Vacation	100		100	
Amazon Prime	15		15	
Audible	15		15	
Sirius	27		27	
Netflix	16		16	
Apple	25		25	
Pets	50		50	
Category 9 - Clothing (monthly)	50	766	100	
Children's Clothing Needs	50		50	
Husband/Wife Clothing Needs			50	
Other				

Spending Plan	Current	Guideline	New Budget	Comments
Category 10 - Savings (monthly)	200	547	50	
Savings Account Credit Union Other	200		50	currently we have about a months worth of savings in checking account, extra money will be going into the debt snowball to pay down debts, this can be adjusted if the emergency fund needs to be used and refilled.
Category 11 - Health & Wellness (monthly)	450	547	450	
Medical/Dental/Vision Dentist Prescriptions Eye Glasses / Contacts Marriage Counseling	100 50 300		100 50 300	would check in and see if the deductible could be less than 6,000. this could be a big suprise if something happens.
Category 12 - Miscellaneous (monthly)	875	766	675	
Toiletries / Cosmetics Beauty / Barber Laundry / Cleaning Allowances Gifts (including Christmas) Cash (Jerry) Cash (Janice) Other	 75 400 400		 75 300 300	find ways to spend less cash on things, the extra money can be put to use to pay down debt.
Category 13 - Investments (monthly)	400	547	400	
Employer 401k/403b plans Retirement IRAs College Fund - 529 plan Non-Retirement Stocks, Bonds, Mutual Funds Other	200 200		200 200	one option would be to stop paying in and you would have another 400 to put towards debt and avoid interest. Once debts are paid down this could be restarted.
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	12,530	10,949	10,949	

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