

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	31,000.00	Residual from sale of investment property
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)	0.00	Sell the rental property and close out consumer debt accounts. Then begin investing in employer savings plans to the max. In time get back to savings accounts for college. First, make sure you have six months emergency fund and a balanced budget. Net from sale is \$150,000 minus sales commissions of 5%.
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:	1,057,150.00	

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		0.00	27.5%		0.00	Unless these are paid off with fresh cash it will take 8 years to pay off the current balances.
Credit Card #2		0.00	24.3%		0.00	
Credit Card #3		0.00	21.0%		0.00	
Credit Card #4		0.00	20.0%		0.00	
Credit Card #5		0.00	22.3%		0.00	
Total Credit Cards		0.00			0.00	\$150,000 minus 69,000 leaves \$81,000

AUTO LOANS						
Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due	
Ford Financing Company	Ford F-150	0.00	5.0%		0.00	\$81,000 minus 20,000 leaves \$61,000
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)		0.00	4.0%		0.00	Sold to obtain cash to pay off consumer debt.
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		0.00	0.0%		0.00	
Educational Loans		0.00	4.5%		0.00	
Medical Bill		0.00	0.0%		0.00	
						\$61,000 minus 27,000 leaves \$33,100.00
Total Other Debt		0.00			0.00	

Total Liabilities/Debts	725,000.00
NET WORTH (Total Assets minus Total Liabilities/Debts)	332,150.00

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					

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Percentage Spending Plan

Gross Monthly Income		<i>from Current Spending Plan:</i>	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	=
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	=
				1,607
				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	<i>no guideline</i>				
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		15,316	Needed emergency fund is \$91,896
Less Total Expenses	12,285		15,316	
Surplus or Deficit	3,741		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	
Other Income	166		166	
LESS				
Category 1 - Tithe/Giving (monthly)	40	1,607	750	
The Local Church			700	Convince them to give to parachurch organizations that help the poor, foster care and adoption agencies, addiction recovery services, etc. It's a start. They still would need to increase this to meet the 10% guideline but until they commitment to following Christ that will be a leap too far.
The Poor				
Other Ministries				
Other Giving	40		50	
Category 2 - Taxes (monthly)	0	0	0	
Taxes (Fed, State, Medicare, Social Security)				
Other				
<i>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</i>				
NET SPENDABLE INCOME (monthly)	16,026	14,459	15,316	
Monthly Expenses				
Category 3 - Housing (monthly)	6,370	4,193	6,370	
Mortgage(s) (from Debt List)	4,800		4,800	

Spending Plan	Current	Guideline	New Budget	Comments
Extra Mortgage Payment				This will need to wait until they have a sufficient emergency fund and have fine-tuned their spending budget more carefully. There are still categories that need more analysis and fiscal discipline on their part.
Rent				
Insurance				
Home Warranty	30		30	
Electricity	300		300	
Home Owners Association	400		400	
Water and Garbage Pickup	100		100	
Yard Service	250		250	
Telephone / Cell phone	300		300	
Maintenance				
Cable TV	115		115	
Internet	75		75	
Category 4 - Food (monthly)	1,450	1,591	1,450	
Grocery	1,450		1,450	
Other				
Category 5 - Transportation (monthly)	925	1,880	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	723	67	
Life - 750,000 20 year term on Jerry	67		67	
Health/Dental				
Disability				
Other				
Category 7 - Debts (monthly)	0	723	0	
Total Credit Cards (from Debt List)	0		0	
Total Other Debt (from Debt List)	0		0	
Extra Debt Payments				
Category 8 - Entertainment & Recreation (monthly)	1,498	1,157	1,379	
Eating Out	400		300	Reduce eating out to bring budget in line
Lunches	200		200	
Movies/Events	200		200	

Spending Plan	Current	Guideline	New Budget	Comments
Activities (Kids)	300		300	Duplicating Amazon Prime and Apple?
Baby Sitters	100		97	
Health Club	50		50	
Vacation	100		100	
Amazon Prime	15		15	
Audible	15		15	
Sirius	27		27	
Netflix	16			
Apple	25		25	
Pets	50		50	
Category 9 - Clothing (monthly)	50	1,012	50	
Children's Clothing Needs	50		50	
Husband/Wife Clothing Needs				
Other				
Category 10 - Savings (monthly)	200	723	4,000	
Savings Account	200		4,000	Emergency fund build up
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	450	723	450	
Medical/Dental/Vision	100		100	
Dentist				
Prescriptions				
Eye Glasses / Contacts	50		50	
Marriage Counseling	300		300	
Category 12 - Miscellaneous (monthly)	875	1,012	425	
Toiletries / Cosmetics			50	
Beauty / Barber			50	
Laundry / Cleaning			50	
Allowances				
Gifts (including Christmas)	75		75	
Cash (Jerry)	400		100	
Cash (Janice)	400		100	
Other				
Category 13 - Investments (monthly)	400	723	200	
Employer 401k/403b plans	200		200	
Retirement IRAs				
College Fund - 529 plan	200		0	
Non-Retirement Stocks, Bonds, Mutual Funds				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
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	12,285	14,459	15,316	

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

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