

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		Comments
Date:		

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	A \$725,000 mortgage is remaining.
Other Real Estate (Rental Property)	700,000.00	A \$550,000 mortgage is remaining.
Mortgages/Notes Receivable		
Automobile 1 - 5 year-old Acura RDX	20,000.00	It seems this car has been paid off.
Automobile 2 - 2 year-old Ford F-150	30,000.00	A \$20,000 payment is remaining.
Automobile 3 (look up value, e.g., kbb.com)		
Personal Property (Furniture, Jewelry, etc.)		
Retirement Savings (Jerry's 401k)	60,000.00	Is Jerry taking advantage of employer percent matching compensations?
Retirement Savings (Janice's 401k)	10,000.00	Is Janice taking advantage of employer percent matching compensations?
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

Jerry and Janice could consider using Christian Credit Counselors (CCC) service to help reduce their monthly payments to these four credit card debts and pay the balance quicker.

This Truck is worth about \$31,520 or \$11,520 in profit if sold.

Total Auto Loans						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	Is the \$3,900 monthly payment from renters the right amount? Is this the best investment for them compared to other investment opportunities such as their 401k, etc.?
Total Home Mortgages						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	There is no interest being charged. What was the reason for the personal loan from a relative?
Educational Loans		220.00	4.5%		24,000.00	
Medical Bill		25.00	0.0%		400.00	There is no interest being charged.
Total Other Debt						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
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	=	1,607
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	=	0
Net Spendable Income (NSI)					14,459

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

Spending Plan	Current	Guideline	New Budget	Comments
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INCOME vs. EXPENSE SUMMARY (calculated)			
Net Spendable Income	16,026		16,066
Less Total Expenses	18,260		16,066
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
Other Income	166		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			
<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)	16,026	14,459	16,066

Their income at the most is \$300 since \$3,600 paid the mortgage.

They should consider starting to give to the Lord. The amount at this time is what they feel led to give.

Why are they not paying any taxes or social security? Jerry may be covered as a police officer, but what about Janice?

Monthly Expenses			
Category 3 - Housing (monthly)	9,970	4,193	9,460
Mortgage(s) (from Debt List)	8,400		8,400
Extra Mortgage Payment			
Rent			
Insurance			
Home Warranty	30		30
Electricity	300		255
Home Owners Association	400		400
Water and Garbage Pickup	100		100
Yard Service	250		50
Telephone / Cell phone	300		150
Maintenance			
Cable TV	115		
Internet	75		75

If only their primary home is consider and the \$3,900 rental was eliminated, they would at 39% compare to the 29% guide line.

They need to try to reduce electricity use by 10-15%.

Jerry should try to do some, if not all, of the yard service for cost savings. This is an area where they can reduce phones. They can use their cell phone only.

These needs to go for a while.

Spending Plan	Current	Guideline	New Budget	Comments
Category 4 - Food (monthly)	1,450	1,591	1,309	
Grocery	1,450		1,309	They are doing well in the food category, saving \$141. However, holidays and family events such as parties will cause this to increase in some months. They should see if they can reduce it by another 10% with sales, store brand items, coupons, etc.
Other				
Category 5 - Transportation (monthly)	1,525	1,880	1,475	
Auto Payment(s) (from Debt List)	600		600	
Extra Auto Payment				They are currently doing well in the transportation category, with a saving of \$355. They need to try to reduce gas from driving by 10-15%.
Gas & Oil	400		350	
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	Jerry's job is to provide great cost avoidance by paying the medical premiums for medical, dental, and vision insurance, life insurance for a two-year salary, and disability insurance.
Health/Dental				
Disability				
Other				
Category 7 - Debts (monthly)	1,775	723	1,775	
Total Credit Cards (from Debt List)	1,480		1,480	
Total Other Debt (from Debt List)	295		295	
Extra Debt Payments				Jerry and Janice could consider using Christian Credit Counselors' (CCC) service to help reduce their monthly payments on these four credit card debts and pay the balance quicker. No debt would give them a balanced budget.
Category 8 - Entertainment & Recreation (monthly)	1,498	1,157	580	
Eating Out	400		125	Jerry and Janice could consider making their meals more to save a little money, but it will hopefully give them time to do something together as a family to help their marriage.
Lunches	200		75	Jerry and Janice could consider making their lunch when possible.
Movies/Events	200		50	They need to consider this an area for reductions.
Activities (Kids)	300		100	What are the events for the kids?
Baby Sitters	100		50	They need time together to help build their marriage but can do dates at home and in the yard for a while. Seek if they can find another couple that will babysit for them, and they will babysit for them.
Health Club	50		50	
Vacation	100		50	For this year keep vacation on a lower budget.
Amazon Prime	15		15	
Audible	15		15	They could consider keeping Audible but letting Apple and Sirius go for now.
Sirius	27			
Netflix	16			
Apple	25			
Pets	50		50	

Spending Plan	Current	Guideline	New Budget	Comments
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	150	
Savings Account	200		150	
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	450	723	450	
Medical/Dental/Vision	100		100	Jerry 's job is providing a great costing in this category.
Dentist				
Prescriptions				
Eye Glasses / Contacts	50		50	
Marriage Counseling	300		300	
Category 12 - Miscellaneous (monthly)	875	1,012	350	
Toiletries / Cosmetics				
Beauty / Barber				
Laundry / Cleaning				
Allowances				
Gifts (including Christmas)	75		50	They need to consider this an area for reductions this year.
Cash (Jerry)	400		150	What is the reason for Jerry \$400 cash each month? They need to consider this an area for reductions.
Cash (Janice)	400		150	What is the reason for Janice \$400 cash each month? They need to consider this an area for reductions.
Other				
Category 13 - Investments (monthly)	400	723	400	
Employer 401k/403b plans	200		200	What is Jerry retirement situation, will he get a pensions as a policeman?
Retirement IRAs				Is Jerry and Janice taking advantage of employer percent matching compensations?
College Fund - 529 plan	200		200	200 per month will not allow Billy and Barb to not having to take out a student loans and work at all through out college. Billy will need the money in about 9 or 10 year and Barb in about 12 years,
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	14,459	16,066	

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