

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.

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?

I would ask them what their religious beliefs are, this way I would know where to start. Also to see if they are of the same beliefs. If they say that they do believe in God, but just don't really ask on this belief, then I would ask what is stopping them. Then starting with the basics John 3:16, Romans 3:23 All have sinned and fall short of the glory of God. Romans 6:23 wages of sin is death, but the free gift of God is eternal life in Christ Jesus our Lord. Then I would ask them if these made sense to them and talk it out. If they were ready, I would ask them if we could say a prayer and ask God to reveal himself to this couple. I would also show them that the closer they move towards God the closer they will become also.

2. What biblical principles and practical tools could you suggest to help them find contentment while getting their discretionary spending under control? I like to read Luke 12:15-25 to keep me in God's path. Also in Phil. 4:6-13 Besides bible, I would tell them to not have the app on phone that will tempt them, marketers know how to tempt you to want more, bigger, better and faster things you already have. Keep that in mind. Ask if they want God to say what he says in Matt. 25:21 Well done, good and faithful servant!

card debt; balance the budget; live within their income; save more. Janice's Goal: Spend money without feeling guilty. I would try showing them both, that both of their goals are very achievable. If they work on this as a team and openly have talks with each other. Because really they are the same, as long as there on the same page with God's plans. They will be free of debt, on budget, have savings and can spend without feeling guilty. God has a way, once we allow him into our hearts, all fear and worry do really dissipate.

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? The fact that their housing is way too high, need to reduce it. Because if something small were to happen, they would be financially in trouble, and I would have them read Proverbs 22:26-27; do not be one who shakes hands in pledge or put up security for debts; if you lack the means to pay, your very bed will be snatched from under you.

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? 1. Build emergency savings * Track spending and create your spending plan * Save \$1000. for emergencies * Start giving to the Lord. We are already talking and planning a spending plan, and hopefully they agree to giving to God with tithing, emergency is in the plan. 2. pay off credit card debt * start to pay cards with debt snowball * If they choose to sell rental, they will have their one month's living expenses saved * Hopefully they will keep giving to God, not just with money, but with their time and talents too. 3. Pay off any other consumer debt * again if they choose to sell rental, they will be close to this goal. * with all debt paid except the prime home. * working to save 3 months living expenses. * maybe they will grow and see God now that they will give more, while I keep praying for them to find God's path for them.

6. What options would you discuss with them regarding their rental/investment house? I would discuss the selling of the rental house, one it puts them in a very financially dangerous position for their family. Plus it is not really making money for them and really is costing them thousands in interest. Now I do agree with them that real estate is a good investment. So I would have them look at investing in their 401 or IRA in to a real ETF, if they are set on real estate investments. At least until they pay off their prime home, then maybe look at other rentals.

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? Money maps says to pay CC's off before consumer debt, so I only put the CC's into Calculator. So CC's will take 103 months or 8 years 6 months, without extra payments.
- How long will it take to pay off all their non-mortgage debt if they pay an extra \$200/month? It would take 73 months till Dec. 2030 to pay off.
- How much extra per month should they pay if they want to be debt-free except for the mortgage in 5 years? would take extra \$375.00 a month.

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						11,100.00	some of money from sell of rental, (EMERGENCY FUND!!) This money I would have in a money market acc, easy to get to if needed, but has higher interest than a reg bank.
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)							
Mortgages/Notes Receivable							
Automobile 1 - 5 year-old Acura RDX						20,000.00	
Automobile 2 - new used Rig						10,000.00	
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:						1,017,250.00	
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%			pay off with sell of rental, this will save thousands in interest.	
Credit Card #2			24.3%				
Credit Card #3			21.0%				
Credit Card #4			20.0%				
Credit Card #5			22.3%				
Total Credit Cards							
AUTO LOANS							
Loan Company	Year, Make, Model	Minimum Monthly Payment	Interest Rate	Months Past Due	Balance Due		
						sell truck and get a used one with the 10,000 for a while, until debt is paid off, save money for cash out buying of next one. This will save 600 a month	
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)	rental					Talk about selling rental, If they feel real estate is a good investment for them, maybe a Reit ETF in the IRA or 401 fund. This will keep them into real estate. Kepping it is costing them more then it bring in. with the cost of all the other stuff on credit.	
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%			pay off with sell of rental property.	
Educational Loans			4.5%				
Medical Bill			0.0%				
Total Other Debt		0.00			0.00		
Total Liabilities/Debts					725,000.00		
NET WORTH (Total Assets minus Total Liabilities/Debts)					292,250.00		

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
				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
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INCOME vs. EXPENSE SUMMARY (calculated)
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Net Spendable Income	16,026		12,126	<p>First thing is to pray for and with them. Then have a talk about where they are in their faith. Because it says that they have a religious background, so I would like to know more. I would also explain the I will be counseling from a Biblical foundation. And if they would allow me to show them God's plan, I think I could help. But I would not be making their decisions for them. I can just show them the water, they would have to decide to drink or not.</p> <p>Net spendable is lower now, because they don't have rental income.</p>
Less Total Expenses	12,285		12,126	
Surplus or Deficit	3,741		0	

Monthly Income

Gross Monthly Income	16,066		12,166	
Jerry's NET Income	7,000		7,000	<p>rental?would like to look at this income. I don't think I would consider this income, because debt is owed. And the 300 they get extra from mortgage has to cover when no renters or major repairs come. What is this other 166 income from?</p>
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			
Other Income	166		166	
LESS				
Category 1 - Tithe/Giving (monthly)	40	1,607	1,607	
The Local Church			1,567	
The Poor				
Other Ministries				
Other Giving	40		40	
Category 2 - Taxes (monthly)	0	0	0	<p>I not sure what to do with not having the tax amount.</p>
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	14,459	

Monthly Expenses

Category 3 - Housing (monthly)	6,370	4,193	6,032	
Mortgage(s) (from Debt List)	4,800		4,800	<p>pay house off faster</p> <p>cut back temp on water heater, change to LED light. Do landry in the even, CA has cheaper elec. At night. Turn AC up 1 or 2 degees</p>
Extra Mortgage Payment			200	
Rent				
Insurance				
Home Warranty	30		30	
Electricity	300		252	

Spending Plan	Current	Guideline	New Budget	Comments
Home Owners Accociation	400		400	which house has the HOA? Prime or rental? If rental selling rental will cut this.
Water and Garbage Pickup	100		100	
Yard Service	250			do it yourself and maybe 8 year old could do some and earn some spending money
Telephone / Cell phone	300		75	Turn off land line.
Maintenance			100	into special savings for house repairs. Roof, Water heater, heat pump. Ect.
Cable TV	115			stream what you need
Internet	75		75	
Category 4 - Food (monthly)	1,450	1,591	900	
Grocery	1,450		900	shop with coupons, buy cheeper meets, veg. from family and friend gardens .
Other				
Category 5 - Transportation (monthly)	925	1,880	1,010	
Auto Payment(s) (from Debt List)	0		0	sell truck, husband want to get out of debt, this will help meet his goal.
Extra Auto Payment				
Gas & Oil	400		350	when looking for new used rig to replace husband's truck look for gas saver
Auto Insurance	290		200	used rig should be cheeper then the F-150, plus they don't have to have fuul coverage.
Licenses & Taxes	35		35	
Maintenance	100		75	
Replacement			250	into special savings for replacement car
Other - Tolls/Parking/Transit Fares	100		100	
Category 6 - Insurance (monthly)	67	723	209	
Life - 750,000 20 year term on Jerry	67		134	get life for wife until home is paid off and savings is built up.
Health/Dental			25	
Disability			50	
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	571	
Eating Out	400		200	eat at home more, maybe date nights only to eat out.
Lunches	200		75	bring lunches from home, they are healthier too.
Movies/Events	200		150	
Activities (Kids)	300		75	they are only 8 and 6 they don't need that much extra activites yet.
Baby Sitters	100			see if you can trade or if family will watch kiddos
Health Club	50			some police deptments get free gym memberships
Vacation	100			maybe after emergency fund is full to 6 months cost
Amazon Prime	15		15	streaming no cable bill
Audible	15		15	
Sirius	27			have amazon use this for you music
Netflix	16		16	streaming no cable bill
Apple	25			
Pets	50		25	cheaper dog food

Spending Plan	Current	Guideline	New Budget	Comments
Category 9 - Clothing (monthly)	50	1,012	75	
Children's Clothing Needs	50		50	hand me downs and thrit stores thrift stores
Husband/Wife Clothing Needs			25	
Other				
Category 10 - Savings (monthly)	200	723	1,365	
Savings Account	200		1,365	emergency fund until about \$73,200. 6 months living cost. Only will take 4.5 years for safety life line. In a safe money market acc. should grow faster then reg.bank.
Credit Union				
Other				
Category 11 - Health & Wellness (monthly)	450	723	484	
Medical/Dental/Vision	100		100	ask a local pastor, They may have free
Dentist			25	
Prescriptions				
Eye Glasses / Contacts	50		59	
Marriage Counseling	300		300	
Category 12 - Miscellaneous (monthly)	875	1,012	770	
Toiletries / Cosmetics			50	if 8 year old helps with yard work blow money until emergence fund is to 6 at least 6 months
Beauty / Barber				
Laundry / Cleaning			20	
Allowances			25	
Gifts (including Christmas)	75		75	
Cash (Jerry)	400		300	
Cash (Janice)	400		300	
Other				
Category 13 - Investments (monthly)	400	723	700	
Employer 401k/403b plans	200		500	
Retirement IRAs				
College Fund - 529 plan	200		200	
Non-Retirement Stocks, Bonds, Mutual Funds				
Other				
Category 14 - School/Child Care (monthly) (1)	0		10	
School Tuition				
School Books, Supplies, Materials, etc			10	
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
Total Expenses	12,285	14,459	12,126	

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