

## 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?  
The first three destinations of the Crown money map are: track spending and create spending plan, save \$1,000, give regularly to the Lord
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
<b>Total Assets:</b>	<b>1,726,150.00</b>

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
<b>Total Credit Cards</b>		<b>1,480.00</b>			<b>69,000.00</b>

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
<b>Total Auto Loans</b>		<b>600.00</b>			<b>20,000.00</b>

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
<b>Total Home Mortgages</b>		<b>8,400.00</b>			<b>1,275,000.00</b>

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
<b>Total Other Debt</b>		<b>295.00</b>			<b>27,900.00</b>

<b>Total Liabilities/Debts</b>	<b>1,391,900.00</b>
<b>NET WORTH (Total Assets minus Total Liabilities/Debts)</b>	<b>334,250.00</b>

**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)**

<b>GROSS HOUSEHOLD INCOME:</b>	<b>25,000</b>	<b>35,000</b>	<b>45,000</b>	<b>55,000</b>	<b>85,000</b>	<b>125,000</b>
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					

**Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%**

<b>3. Housing</b>	38%	38%	34%	33%	32%	32%
<b>4. Food</b>	15%	15%	14%	14%	14%	14%
<b>5. Transportation</b>	14%	14%	12%	12%	11%	11%
<b>6. Insurance</b>	5%	5%	5%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	3%	4%	4%	5%	5%	5%
<b>9. Clothing</b>	5%	5%	6%	6%	7%	7%
<b>10. Savings</b>	4%	4%	5%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	8%	7%	7%	7%	7%	7%
<b>12. Miscellaneous</b>	3%	3%	5%	5%	5%	5%
<b>13. Investments</b>	0%	0%	3%	3%	4%	4%
<b>Total Net Spendable Income:</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**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	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
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%
<b>Total Net Spendable Income:</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	40%	36%	34%	32%	31%	30%
<b>4. Food</b>	15%	14%	13%	12%	11%	11%
<b>5. Transportation</b>	15%	14%	14%	13%	13%	13%
<b>6. Insurance</b>	5%	5%	5%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	3%	4%	4%	5%	7%	7%
<b>9. Clothing</b>	4%	4%	5%	6%	6%	7%
<b>10. Savings</b>	4%	4%	4%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	6%	6%	6%	6%	5%	5%
<b>12. Miscellaneous</b>	3%	4%	5%	6%	7%	7%
<b>13. Investments</b>	0%	4%	5%	5%	5%	5%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	40%	39%	39%	36%	34%	30%
<b>4. Food</b>	15%	14%	14%	13%	13%	12%
<b>5. Transportation</b>	15%	14%	14%	13%	13%	12%
<b>6. Insurance</b>	3%	3%	4%	4%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	3%	4%	4%	6%	6%	6%
<b>9. Clothing</b>	5%	5%	5%	6%	7%	7%
<b>10. Savings</b>	5%	5%	5%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	6%	7%	6%	6%	6%	6%
<b>12. Miscellaneous</b>	3%	4%	4%	6%	6%	6%
<b>13. Investments</b>	0%	0%	0%	0%	0%	6%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	40%	38%	36%	34%	32%	30%
<b>4. Food</b>	6%	6%	7%	7%	7%	7%
<b>5. Transportation</b>	15%	15%	14%	14%	13%	13%
<b>6. Insurance</b>	4%	4%	4%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	6%	6%	7%	7%	8%	9%
<b>9. Clothing</b>	5%	6%	6%	7%	8%	8%
<b>10. Savings</b>	5%	5%	5%	5%	5%	5%
<b>11. Health &amp; Wellness</b>	6%	5%	5%	5%	4%	4%
<b>12. Miscellaneous</b>	5%	6%	6%	6%	7%	7%
<b>13. Investments</b>	3%	4%	5%	5%	6%	7%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	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
<b>1. Tithe/Giving</b>	10%	10%	10%	10%	10%	10%
<b>2. Total Taxes</b>	<b>Use Current Monthly Taxes</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
<b>3. Housing</b>	25%	24%	23%	22%	21%	20%
<b>4. Food</b>	6%	6%	6%	7%	7%	7%
<b>5. Transportation</b>	20%	19%	18%	16%	15%	13%
<b>6. Insurance</b>	4%	4%	4%	5%	5%	5%
<b>7. Debts</b>	5%	5%	5%	5%	5%	5%
<b>8. Entertainment/Recreation</b>	9%	9%	9%	9%	10%	10%
<b>9. Clothing</b>	7%	7%	7%	7%	7%	8%
<b>10. Savings</b>	8%	8%	9%	10%	10%	10%
<b>11. Health &amp; Wellness</b>	6%	6%	6%	5%	5%	5%
<b>12. Miscellaneous</b>	5%	6%	6%	7%	7%	7%
<b>13. Investments</b>	5%	6%	7%	7%	8%	10%
<b>Total Net Spendable Income:</b>	100%	100%	100%	100%	100%	100%
<b>14. School/Child Care</b>	no guideline percentages					

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## Percentage Spending Plan

<b>Gross Monthly Income</b>		<i>from Current Spending Plan:</i>	<b>16,066</b>	<b>192,792</b>
	Input appropriate % from "Percentage Guide"			Annual Income
<b>Income Deductions</b>	<b>Percentage</b>	x	<b>Gross Monthly Income</b>	= <b>Guideline Amount</b>
1. Tithe/Giving	10%	x	16,066	1,607
2. Total Taxes	<i>no guideline</i>		<i>actual from Current Spending Plan:</i>	0
<b>Net Spendable Income (NSI)</b>			<b>14,459</b>	<b>173,513</b>

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>				
<b>Total Percentages: (cannot exceed 100%)</b>			<b>100%</b>		
<b>Total Guideline Expenses: (cannot exceed Net Spendable Income)</b>					<b>14,459</b>

OK

Revised Oct 29, 2022

Spending Plan	Current	Guideline	New Budget	Comments
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<b>INCOME vs. EXPENSE SUMMARY (calculated)</b>			
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Net Spendable Income	16,026		16,356	
Less Total Expenses	18,260		16,356	
Surplus or Deficit	(2,234)		0	

<b>Monthly Income</b>			
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<b>Gross Monthly Income</b>	<b>16,066</b>		<b>16,456</b>	
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		4,290	Increase rent by 10%
Other Income	166		166	
LESS				
<b>Category 1 - Tithe/Giving (monthly)</b>	<b>40</b>	<b>1,607</b>	<b>100</b>	
The Local Church				
The Poor				
Other Ministries			100	Givers are blessed by God. Start somewhere.
Other Giving	40			
<b>Category 2 - Taxes (monthly)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
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>				
<b>NET SPENDABLE INCOME (monthly)</b>	<b>16,026</b>	<b>14,459</b>	<b>16,356</b>	

<b>Monthly Expenses</b>			
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<b>Category 3 - Housing (monthly)</b>	<b>9,970</b>	<b>4,193</b>	<b>9,445</b>	
Mortgage(s) (from Debt List)	8,400		8,400	
Extra Mortgage Payment				
Rent				
Insurance				
Home Warranty	30		30	
Electricity	300		250	squeeze on electricity usage
Home Owners Association	400		400	
Water and Garbage Pickup	100		100	
Yard Service	250		125	shop around for yard workers
Telephone / Cell phone	300		100	Change plan and/or company to save money on phone bill
Maintenance				
Cable TV	115		0	get rid of cable tv
Internet	75		40	get cheaper internet

Spending Plan	Current	Guideline	New Budget	Comments
<b>Category 4 - Food (monthly)</b>	<b>1,450</b>	<b>1,591</b>	<b>1,200</b>	
Grocery	1,450		1,200	shop at less expensive stores and monitor what is spent each week
Other				
<b>Category 5 - Transportation (monthly)</b>	<b>1,525</b>	<b>1,880</b>	<b>1,385</b>	
Auto Payment(s) (from Debt List)	600		600	
Extra Auto Payment				
Gas & Oil	400		400	
Auto Insurance	290		150	shop for less expensive auto insurance
Licenses & Taxes	35		35	
Maintenance	100		100	
Replacement				
Other - Tolls/Parking/Transit Fares	100		100	
<b>Category 6 - Insurance (monthly)</b>	<b>67</b>	<b>723</b>	<b>67</b>	
Life - 750,000 20 year term on Jerry	67		67	
Health/Dental				
Disability				
Other				
<b>Category 7 - Debts (monthly)</b>	<b>1,775</b>	<b>723</b>	<b>1,775</b>	
Total Credit Cards (from Debt List)	1,480		1,480	
Total Other Debt (from Debt List)	295		295	
Extra Debt Payments				
<b>Category 8 - Entertainment &amp; Recreation (monthly)</b>	<b>1,498</b>	<b>1,157</b>	<b>665</b>	
Eating Out	400		200	decrease eating out by being more frugal in this area
Lunches	200		100	take lunch
Movies/Events	200		0	no movies and events unless they are free / movie night at church
Activities (Kids)	300		150	be more frugal in activities with kids
Baby Sitters	100		100	
Health Club	50		50	
Vacation	100		0	no paid vacations until expenses are less than income
Amazon Prime	15		15	
Audible	15		0	
Sirius	27		0	Probably not a necessity
Netflix	16		0	
Apple	25		0	
Pets	50		50	
<b>Category 9 - Clothing (monthly)</b>	<b>50</b>	<b>1,012</b>	<b>319</b>	
Children's Clothing Needs	50		204	\$50/month is not realistic with two children
Husband/Wife Clothing Needs			115	zero funds for clothing for two working adults is not realistic
Other				
<b>Category 10 - Savings (monthly)</b>	<b>200</b>	<b>723</b>	<b>250</b>	
Savings Account	200		250	
Credit Union				
Other				

Spending Plan	Current	Guideline	New Budget	Comments
<b>Category 11 - Health &amp; Wellness (monthly)</b>	<b>450</b>	<b>723</b>	<b>300</b>	
Medical/Dental/Vision	100		100	
Dentist				
Prescriptions				
Eye Glasses / Contacts	50		50	
Marriage Counseling	300		150	Consider asking the church if they can refer less expensive Christian counseling
<b>Category 12 - Miscellaneous (monthly)</b>	<b>875</b>	<b>1,012</b>	<b>550</b>	
Toiletries / Cosmetics			60	budget for this because it is a necessity and you don't want to charge it
Beauty / Barber			20	budget for this because it is a necessity and you don't want to charge it
Laundry / Cleaning			20	budget for this because it is a necessity and you don't want to charge it
Allowances				
Gifts (including Christmas)	75		50	decrease spending on gifts until finances are better
Cash (Jerry)	400		200	decrease cash for each by 50%
Cash (Janice)	400		200	decrease cash for each by 50%
Other				
<b>Category 13 - Investments (monthly)</b>	<b>400</b>	<b>723</b>	<b>400</b>	
Employer 401k/403b plans	200		200	
Retirement IRAs				
College Fund - 529 plan	200		200	
Non-Retirement Stocks, Bonds, Mutual Funds				
Other				
<b>Category 14 - School/Child Care (monthly) (1)</b>	<b>0</b>		<b>0</b>	
School Tuition				
School Books, Supplies, Materials, etc				
Transportation				
Day Care				
Tutoring, Lessons for Music, Dance, etc				
Other				
<b>Total Expenses</b>	<b>18,260</b>	<b>14,459</b>	<b>16,356</b>	

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