

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 works as 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 for 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 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 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 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 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:	June 2025					
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)						
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:						1,026,150.00
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			27.5%			
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	600.00	5.0%			20,000.00
Total Auto Loans		600.00				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)			4.0%			
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%			
Educational Loans			4.5%			
Medical Bill			0.0%			
Total Other Debt		0.00				0.00
Total Liabilities/Debts						745,000.00
NET WORTH (Total Assets minus Total Liabilities/Debts)						281,150.00

Start emergency fund (target 3-6 months spending).

Consider selling

Is Jerry actively contributing? If yes, recommend staying the course at a minimum to employer match. Notes say they prefer real estate investment to 401k contributions. What is the employer match?

Is Janice actively contributing? If yes, recommend staying the course at a minimum to employer match. Notes say they prefer real estate investment to 401k contributions. What is the employer match?

Discussion for next time or next next time...given generous contributions, consider Roth IRA for a portion so that it could be used for college (or other expenses if something else became a priority/need).

Scenario: sell rental property (use proceeds to pay off credit card debt)

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175000 equity

Scenario: sell rental property (150000 equity)

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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>	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
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INCOME vs. EXPENSE SUMMARY (calculated)			
Net Spendable Income	16,026		10,949
Less Total Expenses	12,885		10,950
Surplus or Deficit	3,141		(0)
Monthly Income			
Gross Monthly Income	16,066		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	3,900		
Other Income	166		166
LESS			
Category 1 - Tithe/Giving (monthly)	40	1,607	1,217
The Local Church			1,217
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	10,949

Scenario: sell rental property

Begin a conversation about a local church the clients may have visited? Start giving.

Verify with clients that what they provided in lines 11-13 does not include tax (given it was asking for Gross Income). Update both current and new budget accordingly (if needed).

Monthly Expenses			
Category 3 - Housing (monthly)	6,370	4,193	5,478
Mortgage(s) (from Debt List)	4,800		4,800
Extra Mortgage Payment			
Rent			
Insurance			
Home Warranty	30		15
Electricity	300		150
Home Owners Association	400		200
Water and Garbage Pickup	100		50
Yard Service	250		125
Telephone / Cell phone	300		100
Maintenance			
Cable TV	115		
Internet	75		38

Discuss the rental property with clients, understand background and any emotional ties. Based on their input, determine if they want to consider selling the rental property.

Scenario: sell rental property (estimated 50% reduction in costs for 1 property).
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 Recommend comparing provider and switching...this is quite high relative to others.

Recommend drop cable...very few have it these days, costly and already using streaming services.
 Scenario: sell rental property (estimated 50% reduction in costs for 1 property).

Spending Plan	Current	Guideline	New Budget	Comments
Category 4 - Food (monthly)	1,450	1,591	1,450	
Grocery	1,450		1,450	
Other				
Category 5 - Transportation (monthly)	1,525	1,880	1,350	
Auto Payment(s) (from Debt List)	600		600	
Extra Auto Payment				
Gas & Oil	400		400	
Auto Insurance	290		215	Recommend comparing provider and switching...this is quite high relative to others.
Licenses & Taxes	35		35	
Maintenance	100		100	
Replacement				
Other - Tolls/Parking/Transit Fares	100			
Category 6 - Insurance (monthly)	67	723	67	
Life - 750,000 20 year term on Jerry	67		67	Praise the Lord for wonderful employer sponsored benefits.
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	730	
Eating Out	400		100	Consider benefits/drawbacks of reducing spend to recommended guideline.
Lunches	200		200	
Movies/Events	200		100	Consider benefits/drawbacks of reducing spend to recommended guideline.
Activities (Kids)	300		100	Consider benefits/drawbacks of reducing spend to recommended guideline.
Baby Sitters	100			Ask family to spend time with kids, trade babysitting services with neighbors.
Health Club	50		50	
Vacation	100		100	
Amazon Prime	15		15	Choose 2 favorite streaming services and drop the others (for now).
Audible	15		15	Choose 2 favorite streaming services and drop the others (for now).
Sirius	27			Choose 2 favorite streaming services and drop the others (for now).
Netflix	16			Choose 2 favorite streaming services and drop the others (for now).
Apple	25			Choose 2 favorite streaming services and drop the others (for now).
Pets	50		50	
Category 9 - Clothing (monthly)	50	1,012	50	
Children's Clothing Needs	50		50	Ask clients to review and update current budget if needed (maybe this is included above)?
Husband/Wife Clothing Needs				
Other				
Category 10 - Savings (monthly)	200	723	200	
Savings Account	200		100	
Credit Union				

Spending Plan	Current	Guideline	New Budget	Comments
Other			100	Recommend creating a separate emergency fund account and auto-transfer each paycheck. Goal: \$1000 in savings for emergency.
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	875	
Toiletries / Cosmetics				
Beauty / Barber				
Laundry / Cleaning				
Allowances				
Gifts (including Christmas)	75		75	
Cash (Jerry)	400		400	
Cash (Janice)	400		400	
Other				
Category 13 - Investments (monthly)	400	723	300	
Employer 401k/403b plans	200		200	Consider increasing this to 10% (pending discussion on rental property).
Retirement IRAs				
College Fund - 529 plan	200		100	Reduce and put half of the college savings in a Roth IRA (can be used for college or also other priorities). 529 will pay penalty if not used for education.
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	12,885	14,459	10,950	

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

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