

## Case Study B

This young family lives in Southern California where the real estate is high. The father, Jerry is 40 years old. The mother, 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

Due to the financial challenges in this home, Jerry and Janice do not have a good marital relationship. They see a marriage counselor weekly to save and strengthen their marriage. Previously unknown to Jerry, Janice has a credit card debt (Credit cards #1 to #5) totaling \$48,000. He recently became aware of this debt and reached out to the credit card companies. 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 medical assistant. He pays the medical and dental insurance for himself, Janice, and the two children. They have a Preferred Provider Organization (PPO) with copays of \$30 per visit. Dental insurance is a Dental Health Maintenance Organization (HMO) with no deductibles, annual maximums, check-ups, and a percentage of dental repair. The Vision Insurance covers the cost of an annual vision exam, contact lenses, glasses and frames or contact lenses. Jerry has a term life insurance policy with Janice as the beneficiary. They own an investment home valued at \$400,000 with a mortgage of \$250,000 and a monthly mortgage payment of \$1,500. They also have a rental income of \$3,500, leaving \$200 each month for maintenance, repairs, and other rental property expenses.

They have two cars. Car #1 is paid off and car #2 is financed. The family has auto insurance with liability coverage on car #2.

**The questions below are from the Case Study B Assignment. They are listed here so you can be prepared to answer the forms in this spreadsheet.**

1. Jerry's goals are: Get out of credit card debt, balance the budget, live within their income, and save for the future. How can you help him achieve these?
2. Janice's goal is to spend money without feeling guilty. How can you help her achieve this goal?
3. Discuss the importance of aligning Jerry and Janice's goals, and how that might be accomplished?
4. 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?

5. Due to the financial challenges in this home, Jerry and Janice do not have a good marital relationship. They are seeing a counselor, weekly, to save and strengthen their marriage. What other actions might they take between them?
6. How would you help Jerry and Janice realize the importance of putting God first in their finances?
7. What would you recommend they do with Jerry's overtime pay?
8. While referring to the Crown MoneyMap, what would you recommend they do in each of the first three categories: Emergency Savings, Pay off Credit Card Debt, and Pay off any other Consumer Debt?
9. How would you advise them regarding the investment home?
10. What changes would you recommend they make to balance their budget? Are there categories that need to be increased?
11. What biblical principles and practical tools could help them get their discretionary spending under control?
12. While referring to the Crown MoneyMap, what recommendations would you make regarding the college education fund?

### LIABILITIES / DEBT LIST <sup>1</sup>

CREDIT CARDS	What Was Purchased	Minimum Monthly Payments	Interest Rate	Past Due?
Credit Card #1		\$230.00	27.5%	
Credit Card #2		\$45.00	24.3%	
Credit Card #3		\$175.00	18.8%	
Credit Card #4		\$280.00	16.0%	
Credit Card #5		\$75.00	22.3%	
Credit Card #6		\$70.00	12.0%	
Credit Card #7		\$245.00	21.0%	
<b>Total Credit Cards</b>		<b>\$1,120.00</b>		
<b>AUTO LOANS</b>				
Automobile Loans	Car #2	\$260.00	3.0%	
<b>Total Auto Loans</b>		<b>\$260.00</b>		
<b>HOME MORTGAGES</b>				
Home Mortgage #1 (Primary Home)		\$2,600.00	4.5%	
Home Mortgage #2 (Rental Property)		\$3,300.00	4.0%	
<b>Total Home Mortgages</b>		<b>\$5,900.00</b>		
<b>OTHER DEBT (education, medical, personal, business, legal, IRS, etc.)</b>				
Personal Debt To Relatives		\$50.00	0.0%	
Educational Loans		\$140.00	4.5%	
Medical/Other Past Due Bills		\$25.00	0.0%	
<b>Total Other Debt</b>		<b>\$215.00</b>		

<b>Balance Due</b>
\$10,000.00
\$2,200.00
\$11,000.00
\$21,000.00
\$3,800.00
\$7,000.00
\$14,000.00
<b>\$69,000.00</b>
\$10,000.00
<b>\$10,000.00</b>
\$425,000.00
\$250,000.00
<b>\$675,000.00</b>
\$3,500.00
\$14,000.00
\$400.00
<b>\$17,900.00</b>

<b>Spending Plan</b>	Current
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**INCOME vs. EXPENSE SUMMARY (calculated)**

<b>Net Spendable Income</b>	<b>\$14,641</b>
<b>Less Total Expenses</b>	<b>\$15,360</b>
<b>Surplus or Deficit</b>	<b>(\$719)</b>

**Monthly Income**

<b>GROSS MONTHLY INCOME</b>	<b>\$14,666</b>
Jerry's NET Income	\$9,000
Janice's NET Income	\$1,500
Jerry's Overtime (NET)	\$500
Commissions	
Bonuses/Tips	
Retirement Income	
Rental Income	\$3,500
Other Income	\$166
<b>LESS</b>	
<b>Category 1 - Tithe/Giving (monthly)</b>	<b>\$25</b>
The Local Church	\$25
The Poor	
Other Ministries	
Other Giving	
<b>Category 2 - Taxes (monthly)</b>	<b>\$0</b>
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>	
<b>NET SPENDABLE INCOME (monthly)</b>	<b>\$14,641</b>

**Monthly Expenses**

<b>Category 3 - Housing (monthly)</b>	<b>\$7,470</b>
Mortgage(s) (from Debt List)	\$5,900
Rent	

Insurance	
Home Warranty	\$30
Electricity	\$300
Home Owners Accociation	\$400
Water and Garbage Pickup	\$100
Yard Service	\$250
Telephone / Cell phone	\$300
Maintenance	
Cable TV	\$115
Internet	\$75
<b>Category 4 - Food (monthly)</b>	
	<b>\$1,450</b>
Grocery	\$1,450
Other	
<b>Category 5 - Transportation (monthly)</b>	
	<b>\$1,085</b>
Auto Payment(s) <i>(from Debt List)</i>	\$260
Gas & Oil	\$300
Auto Insurance	\$290
Licenses & Taxes	\$35
Maintenance	\$100
Replacement	
Other - Tolls/Parking/Transit Fares	\$100
<b>Category 6 - Insurance (monthly)</b>	
	<b>\$67</b>
Life	\$67
Health/Dental	
Disability	
Other	
<b>Category 7 - Debts (monthly)</b>	
	<b>\$1,335</b>
Total Credit Cards <i>(from Debt List)</i>	\$1,120
Total Other Debt <i>(from Debt List)</i>	\$215
Extra Debt Payments	
<b>Category 8 - Entertainment &amp; Recreation (monthly)</b>	
	<b>\$1,478</b>
Eating Out	\$400
Lunches	\$200
Movies/Events	\$200
Activities (Kids)	\$300
Baby Sitters	\$100
Health Club	\$50
Vacation	\$100
Amazon Prime	\$11
Audible	\$15
Sirius	\$27
Apple	\$25
Pets	\$50

<b>Category 9 - Clothing (monthly)</b>		<b>\$50</b>
Children's Clothing Needs		\$50
Husband/Wife Clothing Needs		
Other		
<b>Category 10 - Savings (monthly)</b>		<b>\$200</b>
Savings Account		\$200
Credit Union		
Other		
<b>Category 11 - Health &amp; Wellness (monthly)</b>		<b>\$150</b>
Medical/Dental/Vision		\$100
Dentist		
Prescriptions		
Eye Glasses / Contacts		\$50
Other		
<b>Category 12 - Miscellaneous (monthly)</b>		<b>\$1,675</b>
Toiletries / Cosmetics		
Beauty / Barber		
Laundry / Cleaning		
Allowances		
Other		\$500
Gifts (including Christmas)		\$75
Cash (Jerry)		\$400
Cash (Janice)		\$400
Marriage Counseling		\$300
<b>Category 13 - Investments (monthly)</b>		<b>\$400</b>
Employer 401k/403b plans		\$200
Retirement IRAs		
College Funds		\$200
Non-Retirement Stocks, Bonds, Mutual Funds		
Investment Real Estate		
Other		
<b>Category 14 - School/Child Care (monthly)</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>\$15,360</b>

## 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	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
2. Total Taxes <sup>1</sup>	<b>Use Current Monthly Withholdings</b>					
<b>Net Spendable Income:(Gross Income - Tithe/Giving - Total Taxes) percentages below add to 100%</b>						
3. Housing	39.0%	36.0%	32.0%	30.0%	30.0%	29.0%
4. Food	15.0%	12.0%	13.0%	12.0%	11.0%	11.0%
5. Transportation	15.0%	12.0%	13.0%	14.0%	13.0%	13.0%
6. Insurance	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
7. Debts	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
8. Entertainment/Recreation	3.0%	5.0%	5.0%	7.0%	7.0%	8.0%
9. Clothing	4.0%	5.0%	5.0%	6.0%	7.0%	7.0%
10. Savings	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
11. Health & Wellness	5.0%	6.0%	6.0%	5.0%	5.0%	5.0%
12. Miscellaneous	4.0%	4.0%	6.0%	6.0%	7.0%	7.0%
13. Investments	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Total Net Spendable Income:</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
14. School/Child Care <sup>2</sup>	8.0%	6.0%	5.0%	5.0%	5.0%	5.0%

<sup>1</sup> Taxes include all current monthly Federal, Social Security, Medicare, State and Local income taxes.

<sup>2</sup> This category is added as a guide only. If you have this expense, the percentage shown must be deducted from other budget categories so overall Net Spendable Income equals 100%.



## Percentage Spending Plan <sup>1</sup>

Annual Income: **\$ 175,992**

Gross Monthly Income:

Use appropriate  
% from  
"Percentage  
Guide"

1. Tithe/Giving

10.0%

x

14,666

1. Total Taxes

**Actual Current**

Monthly Withholdings

Net Spendable Income (NSI)

Spending Category	Percentage		Net Spendable Income	
3. Housing	29.0%	x	13,199	=
4. Food	11.0%	x	13,199	=
5. Transportation	13.0%	x	13,199	=
6. Insurance	5.0%	x	13,199	=
7. Debts	5.0%	x	13,199	=
8. Entertainment/Recreation	6.0%	x	13,199	=
9. Clothing	4.0%	x	13,199	=
10. Savings	5.0%	x	13,199	=
11. Health & Wellness	5.0%	x	13,199	=
12. Miscellaneous	7.0%	x	13,199	=
13. Investments	5.0%	x	13,199	=
	%			
14. School/Child Care <sup>2</sup>	5.0%	x	13,199	=

**Total: (cannot exceed 100%) 100.0%**

**TOTAL: (cannot exceed Net Spendable Income)**

<sup>1</sup> Use current actual monthly Federal, Social Security, Medicare, State, and Local tax with

<sup>2</sup> This category is added as a guide only. If you have this expense, the percentage shown i  
so overall Net Spendable Income equals 100%.

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\$	14,666
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1,467
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13,199
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\$	158,392.80	Annual NSI
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<b>Amount</b>
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3,828
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1,452
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1,716
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660
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660
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792
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528
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660
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660
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924
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660
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660
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**13,199** OK

**holdings**

**must be deducted from other budget categories**