



## Packet of Sample Reports for Illinois Attorneys and Planners

### Equitable Distribution Reports

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- Illinois Child Support

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# Division of Marital Property

Property division report for Margaret Woodson and Nelson Paris.

	<b>Margaret Amount</b>	<b>Pct</b>	<b>Nelson Amount</b>	<b>Pct</b>	<b>Total Amount</b>
<b>Real Estate Equity</b>					
242 Westerly Pl <sup>(1)</sup>	\$158,750		\$158,750		\$317,500
Total Value	\$700,000				
1st Mortgage	\$335,000				
2nd Mortgage	\$47,500				
Equity	\$317,500				
Total Real Estate Equity	\$158,750	50%	\$158,750	50%	\$317,500
<b>Cash &amp; Investments</b>					
Chase	\$2,000		\$2,000		\$4,000
Chemical	\$6,250		\$6,250		\$12,500
Bank of America	\$0		\$0		\$0
Vanguard Index <sup>(2)</sup>	--		--		\$35,000
Total Investments	\$8,250	50%	\$8,250	50%	\$51,500
<b>Businesses</b>					
Paris Plumbing Supply <sup>(3)</sup>	\$40,000		\$40,000		\$80,000
Total Businesses	\$40,000	50%	\$40,000	50%	\$80,000
<b>Cars and Personal Effects</b>					
2004 Toyota Camry <sup>(4)</sup>	\$6,750		\$0		\$6,750
Sculpture	\$0		\$3,500		\$3,500
Desk	\$0		\$1,750		\$1,750
2005 Jaguar XJ-8	\$0		(\$1,000)		(\$1,000)
Boat	\$0		\$10,000		\$10,000
Artwork	\$0		\$4,000		\$4,000
Total Personal Items	\$6,750	27%	\$18,250	73%	\$25,000
<b>IRAs and 401(k)s</b>					
Fidelity	\$19,200		\$4,800		\$24,000
Total IRAs and 401(k)s	\$19,200	80%	\$4,800	20%	\$24,000
<b>Defined Benefit Pensions</b>					
Federated Pension Plan	\$17,214		\$17,214		\$34,428
Total Pensions	\$17,214	50%	\$17,214	50%	\$34,428
<b>Total Assets</b>	<b>\$250,164</b>	<b>50%</b>	<b>\$247,264</b>	<b>50%</b>	<b>\$532,428</b>
<b>Debts</b>					
Insurance policies	\$0		(\$1,593)		(\$1,593)
Bathroom renovations	\$0		(\$5,500)		(\$5,500)
Sallie Mae loan	(\$8,696)		(\$8,696)		(\$17,392)
Citibank Visa	(\$4,717)		\$4,717		\$0
American Express Platinu	(\$1,749)		\$1,749		\$0
Student Loan	(\$12,495)		(\$12,495)		(\$24,989)

Property division report for Margaret Woodson and Nelson Paris.

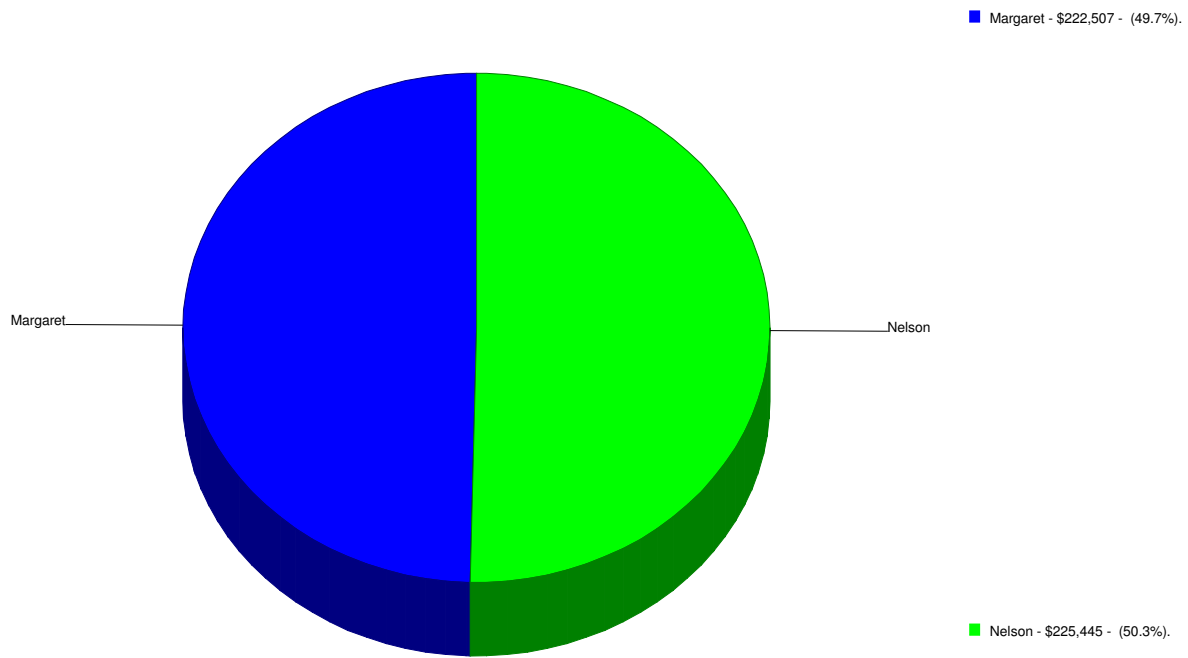
	<b>Margaret Amount</b>	<b>Pct</b>	<b>Nelson Amount</b>	<b>Pct</b>	<b>Total Amount</b>
Total Debt	(\$27,657)	56%	(\$21,818)	44%	(\$49,474)
<b>Total Debts</b>	<b>(\$27,657)</b>	<b>56%</b>	<b>(\$21,819)</b>	<b>44%</b>	<b>(\$49,474)</b>
<b>Total Assets</b>	<b>\$250,164</b>	<b>50%</b>	<b>\$247,264</b>	<b>50%</b>	<b>\$532,428</b>
<b>Total Debts</b>	<b>(\$27,657)</b>	<b>56%</b>	<b>(\$21,819)</b>	<b>44%</b>	<b>(\$49,474)</b>
<b>Total Property</b>	<b>\$222,507</b>	<b>50%</b>	<b>\$225,445</b>	<b>50%</b>	<b>\$482,954</b>

Note: \$35,002 is unallocated. Also, "Total Amount" column may not add due to rounding.

**Footnotes:**

- (1) 242 Westerly PI - Residence to be sold in three years.
- (2) Vanguard Index - Parties dispute amount of separate property in this account.
- (3) Paris Plumbing Supply - Valuation by Business Valuators, Inc. 3/7/2007.
- (4) Car - Automobile will have to be replaced this year.

## Division of Marital Property:



# Sale of Real Estate - 242 Westerly Pl

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This report details the pre-tax proceeds, tax, and after-tax proceeds on the sale of 242 Westerly Pl.

## I. Calculating Pre-Tax Proceeds on Sale of 242 Westerly Pl:

1. Current Value of 242 Westerly Pl. . . . .	\$700,000
2. Times: Appreciation of 3.100% per year for 3 Years. . . . .	1.096
3. Equals: Sale Price of 242 Westerly Pl. . . . .	\$767,139
4. Less: First Mortgage Balance on Sale Date. . . . .	\$346,227
5. Less: Second Mortgage Balance on Sale Date. . . . .	\$56,831
6. Less: Expense of Sale. . . . .	\$33,000
7. Equals: Equity After Mortgages and Expenses. . . . .	\$331,081
8. Percent of Equity to Margaret. . . . .	50.00%
9. Percent of Equity to Nelson. . . . .	50.00%
10. Pre-tax proceeds on Sale, for Margaret (line 7 * line 8).. . . . .	\$165,541
11. Pre-tax proceeds on Sale, for Nelson (line 7 * line 9).. . . . .	\$165,541

## II. Estimating Tax Payable on Sale of 242 Westerly Pl.

	<u>Margaret</u>	<u>Nelson</u>
1. Sale Price of 242 Westerly Pl. . . . .	\$383,569	\$383,569
2. Less: Expense of Sale. . . . .	\$16,500	\$16,500
3. Equals: Amount Realized.. . . .	\$367,069	\$367,069
4. Less: Adjusted Basis.. . . .	\$260,000	\$260,000
5. Equals: Potentially Taxable Gain (\$214,140 divided 50%/50%).. . . .	\$107,070	\$107,070
6. Less: Exclusion Amount.. . . .	\$250,000	\$250,000
7. Equals: Taxable Gain.. . . .	\$0	\$0
8. Federal Tax Payable (additional tax vs. home not sold) (*). . . . .	\$0	\$0
9. Estimated State Tax Payable (addt'l vs. home not sold). . . . .	\$0	\$0

## III. Estimating After-Tax Proceeds on Sale of 242 Westerly Pl.

	<u>Margaret</u>	<u>Nelson</u>
1. Pre-Tax Proceeds on Sale (from Sections I.10 and I.11 above). . . . .	\$165,541	\$165,541
2. Less: Estimated Incremental Tax (from Sec II.8 & 9 above). . . . .	\$0	\$0
3. Equals: Estimated After-Tax Proceeds on Sale. . . . .	\$165,541	\$165,541

(\*) Taxes may increase because of the loss of the mortgage deduction as well as gain on sale.

# Pension Valuation

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## **This valuation is for Margaret Woodson's plan with Federated Pension Plan.**

This report values the plan as of the evaluation date, which is: 7/25/2007.

Based on the information entered (see below), the value of the pension as of the evaluation date is: **\$44,217**, using the RP-2000 mortality tables and a gender-specific approach.

As of 7/25/2007, 77.86% of this pension is so-called 'marital property.'

The "marital amount" is typically the amount the judge will divide. (The rest stays with the employee.)

Using a gender-specific approach, the marital amount of the pension plan is \$34,428 (that is, 77.86% of \$44,217).

Using a gender-specific approach, if the judge divides the pension 50/50, for example, then \$17,214.00 (half of \$34,428) would be awarded to each spouse.

These comments about marital property apply in most states, even community property states.

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## **Value of Pension at Retirement:**

The value of the pension is \$210,394 (gender-specific approach) as of regular retirement age.

This is typically more than the value as of the evaluation date because, like money in a bank account, a pension's value increases over time.

Knowing the value at earliest retirement age tends to be most useful if the worker is near retirement, or is likely to reach retirement with this company.

If the non-worker spouse is considering taking a share of the payout, as opposed to a cash buyout today, this number helps both spouses see what that payout might be.

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## **This report is based on the following data entered:**

### **Key Dates:**

09/01/1975 Employee's birth date.  
08/26/1990 Date the employee was married.  
5,972 Number of days from marriage to separation.  
1/1/1986 Date the employee started in the plan.  
01/01/2007 Date the employment stopped being 'marital.'  
(This is usually the separation date).  
7/25/2007 Date to evaluate the plan.  
(This should be the date on the pension benefits administrator's statement).  
65 Employee's regular retirement age.  
62 Employee's earliest retirement age.  
NO Is the employee already retired?

### **The Plan:**

\$1,231 Monthly benefit, provided by plan administrator, at "as if" retirement date.  
1.0% Cost of living adjustment (COLA) percent.  
4.64% Interest rate (also known as the "discount rate").

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**Calculation Options Selected:**

The pension benefit and marital portion are calculated "as if" the employee works until the cut-off date.

"Cut-off" means the date after which the plan is no longer marital. This is typically the separation date.

The pension's value is calculated assuming the employee retired or will retire on the regular retirement date.

The employee is a female.

**Illinois Child Support Worksheet**

Case Name: Nelson Paris VS. Margaret Woodson

County:

Margaret Woodson vs. Nelson Paris

Cook

Case:  
44-32323

Custodial Parent: Margaret      Number of Children: 1

**Nelson**

**A. MONTHLY INCOME:**

1. Gross Income:

Salary/wages, per month. . . . .	\$	<u>12,500</u>
Business income, per month. . . . .	\$	<u>4,667</u>
<b>TOTAL MONTHLY INCOME</b> . . . . .	<b>\$</b>	<b><u>17,167</u></b>

2. Required Deductions:

Federal income tax, per month. . . . .	\$	<u>4,264</u>
State income tax, per month. . . . .	\$	<u>513</u>
Social security taxes, FICA, per month. . . . .	\$	<u>504</u>
Self-Employment tax, per month. . . . .	\$	<u>125</u>
Medicare tax, per month. . . . .	\$	<u>181</u>
Health and dental insurance, per month. . . . .	\$	<u>0</u>
Mandatory union dues or fees, per month. . . . .	\$	<u>27</u>
<b>TOTAL MONTHLY DEDUCTIONS</b> . . . . .	<b>\$</b>	<b><u>5,614</u></b>
<b>NET MONTHLY INCOME</b> . . . . .	<b>\$</b>	<b><u>11,553</u></b>

B. STATUTORY PERCENTAGE . . . . . 20.00 %

C. MONTHLY CHILD SUPPORT . . . . . **\$ 2,311**

**Monthly Child Support Award, to be paid by Nelson Paris. . . . . \$ 2,311**

Comments:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

PREPARED BY

TITLE

DATE

John Jones

09/09/2007

# After-Tax Cash and Support

After-Tax Cash and Support for Margaret Woodson and Nelson Paris.

Income	45 / 55 case		50/50 case		55 / 45 case	
	Margaret	Nelson	Margaret	Nelson	Margaret	Nelson
1. Wages & Salary. . . . .	7,500	150,000	7,500	150,000	7,500	150,000
2. Non-Wage Income. . . . .	6,000	0	6,000	0	6,000	0
3. Business Income. . . . .	0	56,000	0	56,000	0	56,000
4. Financial Investment Inc. . . . .	0	0	0	0	0	0
5. Int. on Accumulated Svgs. . . . .	0	0	0	0	0	0
6. Real Estate Income. . . . .	0	0	0	0	0	0
7. Social Security Income. . . . .	0	0	0	0	0	0
8. IRA/401(k) Income. . . . .	0	0	0	0	0	0
9. Defined Benefit Income. . . . .	0	0	0	0	0	0
10. Real Estate Sale Income. . . . .	0	0	0	0	0	0
11. Property Settlement Recvd. . . . .	0	0	0	0	0	0
12. Total Income w/o Alim/Support.	13,500	206,000	13,500	206,000	13,500	206,000
<b>Allowed Deductions</b>						
13. Fed Inc Tax (inc'l Self-Empl't). . . . .	979	40,791	3,238	36,847	7,570	32,431
14. State Inc Tax. . . . .	2,011	4,552	2,355	4,207	2,742	3,821
15. Soc Security (FICA). . . . .	1,033	8,220	1,033	8,220	1,033	8,220
16. Other Deductions. . . . .	1,000	324	1,000	324	1,000	324
17. Total Deductions. . . . .	5,023	53,887	7,626	49,598	12,345	44,796
18. Net Inc Bef Pmts (In 12-17). . . . .	8,477	152,113	5,874	156,402	1,155	161,204
19. Child Support. . . . .	10,248	-10,248	10,248	-10,248	10,248	-10,248
20. Spousal. . . . .	53,520	-53,520	65,016	-65,016	77,892	-77,892
21. \$ for Living Exp (In 18+19+20). . . . .	72,245	88,345	81,138	81,138	89,295	73,064
22. All Other Expenses. . . . .	99,662	26,381	99,662	26,381	99,662	26,381
23. Aft-Tax Cash (line 21-22). . . . .	-27,417	61,964	-18,524	54,757	-10,367	46,683
<b>Tax Impact of Alimony</b>						
24. Federal. . . . .	8,028	-17,662	9,752	-21,455	19,473	-25,704
25. State. . . . .	1,606	-1,606	1,950	-1,950	2,337	-2,337
26. <b>Cash to Meet Lvg Exp (In.21).</b>	72,245	88,345	81,138	81,138	89,295	73,064
27. <b>Cash to Meet Lv Exp / Mo. . . . .</b>	6,020	7,362	6,762	6,762	7,441	6,089
28. All Other Expenses / Mo. . . . .	8,305	2,198	8,305	2,198	8,305	2,198
29. <b>Aft-Tax Cash / Month. . . . .</b>	-2,285	5,164	-1,544	4,563	-864	3,890
30. % Share Cash to Meet Lvg Exp.	45 %	55 %	50 %	50 %	55 %	45 %
31. Filing Status. . . . .	HofH	Separate	HofH	Separate	HofH	Separate
32. # Children 17 and over. . . . .	0	0	0	0	0	0
33. # Children Under 17. . . . .	1	0	1	0	1	0
34. Value of Pers. Exemptions. . . . .	1,020	703	1,020	838	1,700	987
35. Value of Under 17 Child Cr. . . . .	1,000	0	800	0	150	0
36. Value of Both. . . . .	2,020	703	1,820	838	1,850	987
37. Marginal Fed Tax Rate. . . . .	15.0 %	33.0 %	15.0 %	33.0 %	25.0 %	33.0 %
38. Marginal Fed+State Rate. . . . .	18.0 %	36.0 %	18.0 %	36.0 %	28.0 %	36.0 %
39. # Children of Marriage Lvg w/. . . . .	1	0	1	0	1	0
40. # Other Children Living w/. . . . .	0	0	0	0	0	0
41. # Dependents. . . . .	1	0	1	0	1	0
42. Child Support Monthly. . . . .	854	-854	854	-854	854	-854
43. Ch Supt as % of line 18. . . . .	120.9 %	6.7 %	174.5 %	6.6 %	887.3 %	6.4 %
44. Spousal as % of line 18. . . . .	631.4 %	35.2 %	1,106.8 %	41.6 %	6,743.9 %	48.3 %
45. Ch Supt as % of line 21. . . . .	0.0 %	6.4 %	0.0 %	6.3 %	0.0 %	6.3 %
46. Spousal as % of line 21. . . . .	0.0 %	33.3 %	0.0 %	40.1 %	0.0 %	48.0 %
47. Combined as % of line 21. . . . .	0.0 %	39.7 %	0.0 %	46.4 %	0.0 %	54.3 %

# Summary Totals Spreadsheet

## Margaret Summary Totals Spreadsheet

Year	Age	INCOME				ASSETS					
		Total Income	Total Expenses	Total Taxes	After Tax Cash	Accum. Savings	Fin Assets	Equity in Real Est.	IRA / 401(k)	Other Assets	Net Worth
2007	32	119,748	100,662	17,217	<b>1,869</b>	1,869	10,250	155,545	20,160	45,726	<b>233,550</b>
2008	33	120,037	103,105	17,190	<b>(258)</b>	1,611	10,250	162,974	21,168	48,525	<b>244,528</b>
2009	34	120,269	105,624	17,162	<b>(2,517)</b>	0	9,344	170,508	22,226	51,229	<b>253,307</b>
2010	35	114,468	88,148	19,999	<b>6,321</b>	171,862	9,344	0	23,337	53,819	<b>258,362</b>
2011	36	119,879	90,821	20,200	<b>8,858</b>	180,720	9,344	0	24,504	56,271	<b>270,839</b>

## Nelson Summary Totals Spreadsheet

Year	Age	INCOME				ASSETS					
		Total Income	Total Expenses	Total Taxes	After Tax Cash	Accum. Savings	Fin Assets	Equity in Real Est.	IRA / 401(k)	Other Assets	Net Worth
2007	34	206,000	132,953	37,717	<b>35,330</b>	35,330	8,250	155,545	5,040	42,650	<b>246,815</b>
2008	35	211,710	133,697	36,822	<b>41,191</b>	76,521	8,250	162,974	5,292	45,163	<b>298,200</b>
2009	36	217,740	134,469	38,367	<b>44,904</b>	121,425	8,250	170,508	5,557	47,604	<b>353,344</b>
2010	37	224,030	135,260	39,962	<b>48,808</b>	335,774	8,250	0	5,835	49,957	<b>399,816</b>
2011	38	235,556	135,862	44,578	<b>55,116</b>	390,890	8,250	0	6,127	51,983	<b>457,250</b>

# After-Tax Cash Flow Spreadsheet

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## Margaret After-Tax Cash Flow Spreadsheet

Year	Age	Wages & Salary	Non-Wage Income	Interest on Accm Svg	Child Support	Spousal Support	<b>Total Income</b>	Living Expenses	Mortgage Payments	Payments on Debt	<b>Total Expenses</b>
2007	32	7,500	6,000	0	10,248	96,000	119,748	78,823	20,080	1,759	100,662
2008	33	7,733	6,000	56	10,248	96,000	120,037	81,266	20,080	1,759	103,105
2009	34	7,973	6,000	48	10,248	96,000	120,269	83,786	20,080	1,758	105,624
2010	35	8,220	0	0	10,248	96,000	114,468	86,389	0	1,759	88,148
2011	36	8,475	0	5,156	10,248	96,000	119,879	89,062	0	1,759	90,821

## Margaret After-Tax Cash Flow Spreadsheet cont.

Year	Age	<b>Pre-tax Cash flow</b>	Federal Inc Tax	FICA / Soc Sec	State Inc Tax	<b>Total Taxes</b>	<b>After-tax Cash</b>
2007	32	19,086	12,899	1,033	3,285	17,217	1,869
2008	33	16,932	12,848	1,050	3,292	17,190	(258)
2009	34	14,645	12,794	1,069	3,299	17,162	(2,517)
2010	35	26,320	16,243	629	3,127	19,999	6,321
2011	36	29,058	16,418	648	3,134	20,200	8,858

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### Footnotes:

- (1) Margaret - Bonuses - Bonus is not likely to continue.
- (2) Margaret - Tax - Property Tax - Nelson will pay property tax this year.
- (3) Margaret - Car Payments - Margaret was in a small accident. The car is in the shop awaiting repairs.
- (4) Margaret - Child Medical Medication - Children are taking medication for ADD.
- (5) Margaret - Restaurants - Some of the restaurant bills are for business-related entertaining, which Margaret pays personally.

## Nelson After-Tax Cash Flow Spreadsheet

Year	Age	Wages & Salary	Business Income	Interest on Accm Svg	<b>Total Income</b>	Living Expenses	Spousal Support Pd.	Child Supt Pd	Payments on Debt	<b>Total Expenses</b>	<b>Pre-tax Cash flow</b>
2007	34	150,000	56,000	0	206,000	24,048	96,000	10,248	2,657	132,953	73,047
2008	35	154,650	56,000	1,060	211,710	24,792	96,000	10,248	2,657	133,697	78,013
2009	36	159,444	56,000	2,296	217,740	25,563	96,000	10,248	2,658	134,469	83,271
2010	37	164,387	56,000	3,643	224,030	26,355	96,000	10,248	2,657	135,260	88,770
2011	38	169,483	56,000	10,073	235,556	27,173	96,000	10,248	2,441	135,862	99,694

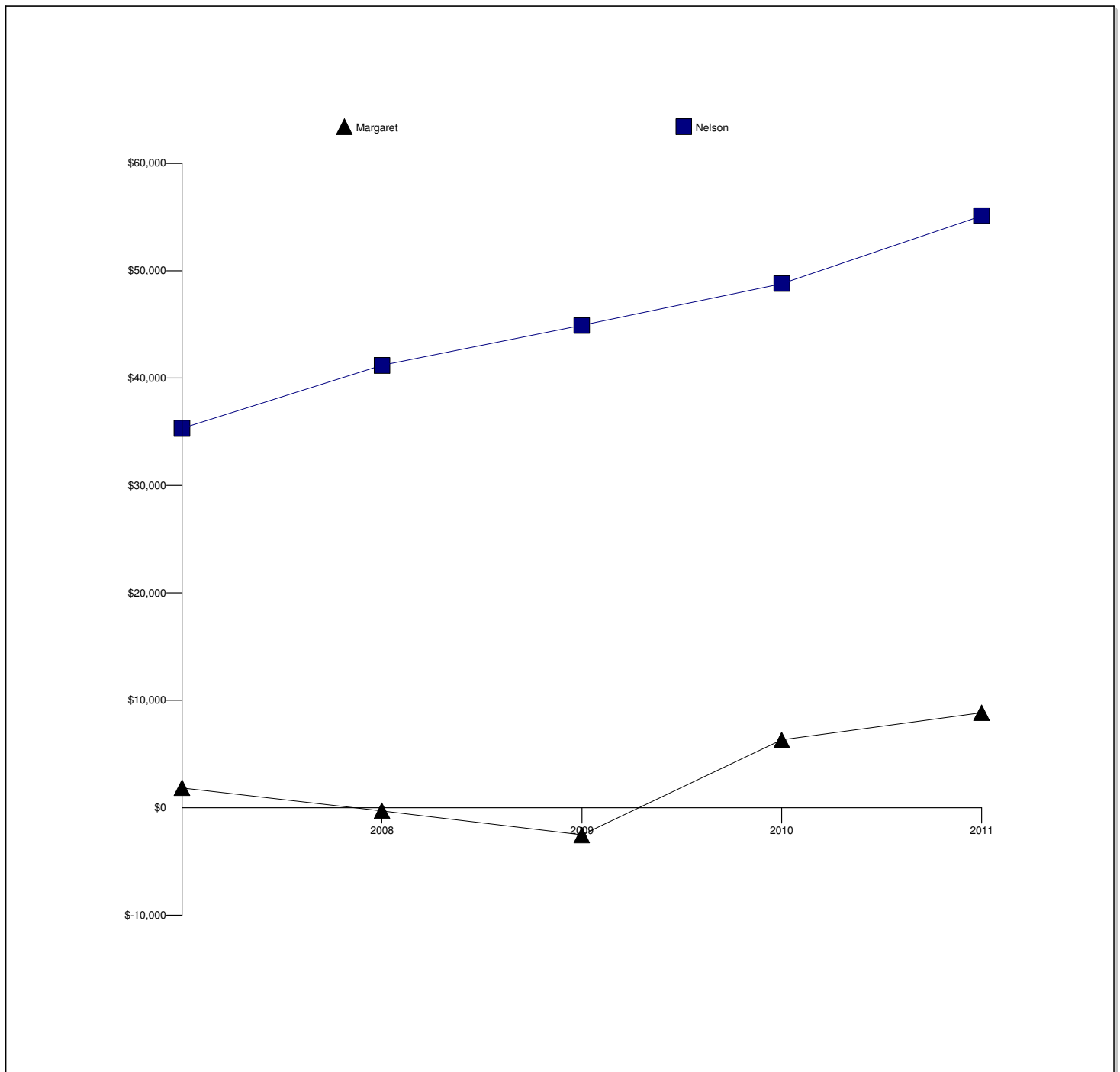
## Nelson After-Tax Cash Flow Spreadsheet cont.

Year	Age	Federal Inc Tax	FICA / Soc Sec	State Inc Tax	<b>Total Taxes</b>	<b>After-tax Cash</b>
2007	34	26,220	8,220	3,277	37,717	35,330
2008	35	24,931	8,474	3,417	36,822	41,191
2009	36	26,068	8,738	3,561	38,367	44,904
2010	37	27,244	9,009	3,709	39,962	48,808
2011	38	31,428	9,288	3,862	44,578	55,116

### Projected After-Tax Cash Flow: Table

	Margaret	Nelson
2007	\$ 1,869	\$ 35,330
2008	(\$ 258)	\$ 41,191
2009	(\$ 2,517)	\$ 44,904
2010	\$ 6,321	\$ 48,808
2011	\$ 8,858	\$ 55,116

### Projected After-Tax Cash Flow: Graph



# Budget Report for 2007

## Budget Report for Margaret Woodson and Nelson Paris for 2007

This report shows Margaret's and Nelson's income, taxes, expenses, spousal support and child support.

	<b>Margaret Annual</b>	<b>Nelson Annual</b>
<b>Income</b>		
Gross Wages	\$7,500.00	\$150,000.00
Bonuses <sup>(1)</sup>	6,000.00	0.00
<b>Total Wage and Non-Wage Income</b>	<b>\$13,500.00</b>	<b>\$150,000.00</b>
<b>Business Income</b>		
Paris Plumbing Supply	\$0.00	\$56,000.00
<b>Total Business Income</b>	<b>\$0.00</b>	<b>\$56,000.00</b>
<b>Support Received</b>		
Child Support Received	\$10,248.00	\$0.00
Spousal Support Received	\$96,000.00	\$0.00
<b>Total Support Received</b>	<b>\$106,248.00</b>	<b>\$0.00</b>
<b>TOTAL INCOME</b>	<b>\$119,748.00</b>	<b>\$206,000.00</b>

<b>Taxes</b>		
Federal Taxes	\$12,899.00	\$26,220.00
FICA & Medicare	\$1,033.00	\$8,220.00
State Taxes	\$3,285.00	\$3,277.00
<b>TOTAL TAXES</b>	<b>\$17,217.00</b>	<b>\$37,717.00</b>
<b>TOTAL INCOME AFTER TAXES</b>	<b>\$102,531.00</b>	<b>\$168,283.00</b>

<b>Mortgage Payments</b>		
242 Westerly PI <sup>(2)</sup>	\$20,080.00	\$0.00
<b>Total Mortgage Payments</b>	<b>\$20,080.00</b>	<b>\$0.00</b>
<b>Living Expenses</b>		
Union Dues	\$1,000.00	\$324.00
Cable TV	684.00	600.00
Cell phone	780.00	360.00
Dry Cleaning	624.00	0.00
Furniture & Appliance	204.00	0.00
Homeowners' Insurance	1,440.00	2,400.00
Household maintenance	412.00	0.00
Household supplies	60.00	0.00
Laundry	364.00	480.00
Lawn service	240.00	0.00
Maid / cleaning service	3,640.00	0.00

	<b>Margaret Annual</b>	<b>Nelson Annual</b>
Painting / wallpapering	520.00	0.00
Snow removal	300.00	0.00
Tax - Property Tax <sup>(3)</sup>	7,540.00	0.00
Utilities - Electricity	875.00	0.00
Utilities - Oil Heat	900.00	0.00
Utilities - Phone	960.00	900.00
Utilities - Water/Sewer	1,500.00	0.00
Car Payments <sup>(4)</sup>	2,160.00	4,200.00
Car Insurance	1,320.00	1,200.00
Car Gasoline/oil	3,000.00	0.00
Car Maintenance and repair	900.00	0.00
Car License / stickers	50.00	0.00
Parking	120.00	0.00
Public/alt. Transportation	780.00	2,400.00
Child Care - Day Care	4,160.00	0.00
Child Care - Sitters	1,040.00	0.00
Child Clothing / school uniforms	250.00	0.00
Child Education Supplies	100.00	0.00
Child Education Books/fees	120.00	0.00
Child Grooming	180.00	0.00
Child Groceries	2,860.00	0.00
Child Medical Doctor	2,400.00	0.00
Child Medical Dentist	240.00	0.00
Child Medical Optical	240.00	0.00
Child Medical Medication <sup>(5)</sup>	360.00	0.00
Child Vacation and Camp	2,000.00	0.00
Child Entertainment	3,640.00	0.00
Clothes	960.00	600.00
Charitable	0.00	300.00
Church / synagogue / mosque etc	500.00	0.00
Entertainment	1,520.00	0.00
Food / Groceries	3,600.00	1,200.00
Gifts	520.00	0.00
Hair	1,560.00	0.00
Internet Access	780.00	0.00
Liquor, Beer, Wine	0.00	240.00
Misc other	200.00	0.00
Pets	500.00	0.00
Restaurants <sup>(6)</sup>	2,860.00	4,800.00
Sports/Hobbies/Lessons	300.00	0.00
Subscriptions, Books	0.00	444.00
Therapist / counselor	1,440.00	0.00
Toiletries/Grooming/Drug Store	300.00	0.00
Travel	1,000.00	0.00
Vacations	5,000.00	1,200.00
Health Insurance	5,720.00	0.00
Medical/Doctor Exp	2,400.00	0.00
Dental Exp	360.00	2,400.00

	<b>Margaret Annual</b>	<b>Nelson Annual</b>
Drug & Prescription Exp	800.00	0.00
Optical Exp	240.00	0.00
Plumber & Electrician	300.00	0.00
<b>Total Living Expenses</b>	<b>\$78,823.00</b>	<b>\$24,048.00</b>
<b>Payments on Debt</b>		
Bathroom renovations	\$0.00	\$900.00
Sallie Mae loan	529.00	527.00
Citibank Visa	570.00	570.00
American Express Platinu	108.00	108.00
Student Loan	552.00	552.00
<b>Total Payments on Debt</b>	<b>\$1,759.00</b>	<b>\$2,657.00</b>
<b>Support Paid</b>		
Child Support Paid	\$0.00	\$10,248.00
Spousal Support Paid	0.00	96,000.00
<b>Total Support Paid</b>	<b>\$0.00</b>	<b>\$106,248.00</b>
<b>TOTAL EXPENSES</b>	<b>\$100,662.00</b>	<b>\$132,953.00</b>
<b>Total Income</b>		
	<b>\$119,748.00</b>	<b>\$206,000.00</b>
<b>Minus Total Expenses</b>	<b>(100,662.00)</b>	<b>(132,953.00)</b>
<b>Minus Total Taxes</b>	<b>(17,217.00)</b>	<b>(37,717.00)</b>
<b>AFTER-TAX CASH</b>	<b>\$1,869.00</b>	<b>\$35,330.00</b>

**Footnotes:**

- (1) Margaret - Bonuses - Bonus is not likely to continue.
- (2) 242 Westerly PI - Residence to be sold in three years.
- (3) Tax - Property Tax - Nelson will pay property tax this year.
- (4) Car Payments - Margaret was in a small accident. The car is in the shop awaiting repairs.
- (5) Child Medical Medication - Children are taking medication for ADD.
- (6) Restaurants - Some of the restaurant bills are for business-related entertaining, wich Margaret pays personally.

# "What-If" Analysis

## "What-If" Analysis report for Margaret Woodson and Nelson Paris.

Spousal Support is being paid by Nelson, starting 1/2007.

Child Support is being paid by Nelson, starting 1/2007.

	Scenario #1		Eq cash for lvg exp		Eq aft tax cash	
	Payment (\$)	Through (yr)	Payment (\$)	Through (yr)	Payment (\$)	Through (yr)
Monthly spousal support:	<u>5,000</u>	<u>2009</u>	<u>3,438</u>	<u>2009</u>	<u>7,921</u>	<u>2009</u>
Monthly Child Support:	<u>2,300</u>	<u>2023</u>	<u>2,300</u>	<u>2023</u>	<u>2,300</u>	<u>2023</u>
Who claims exemption: <i>Justine</i>	<u>Neither</u>		<u>Margaret</u>		<u>Margaret</u>	
Margaret's Filing Status: <i>Current Year</i>	<u>Head of household</u>		<u>Head of household</u>		<u>Head of household</u>	
<i>Future Years</i>	<u>Single</u>		<u>Single</u>		<u>Single</u>	
Nelson's Filing Status: <i>Current Year</i>	<u>Married filing separ</u>		<u>Married filing separ</u>		<u>Married filing separ</u>	
<i>Future Years</i>	<u>Single</u>		<u>Single</u>		<u>Single</u>	

**Results (Current Year, Annual):**

	Margaret	Nelson	Margaret	Nelson	Margaret	Nelson
1. Income before						
Alim. & Ch Sup.. . . . .	13,500	206,000	13,500	206,000	13,500	206,000
2. Spousal Support. . . . .	60,000	-60,000	41,256	-41,256	95,052	-95,052
3. Child Support. . . . .	27,600	-27,600	27,600	-27,600	27,600	-27,600
4. Federal Tax <i>(with spousal support).</i>	3,501	38,568	0	44,997	12,628	26,545
5. State tax <i>(with spousal support).</i>	2,205	4,357	1,643	4,920	3,257	3,306
6. FICA/Medicare tax. . . . .	1,033	8,220	1,033	8,220	1,033	8,220
7. Mandatory Exp.. . . . .	1,000	324	1,000	324	1,000	324
8. Cash for Living Exp. . . . .	93,361	66,931	78,680	78,683	118,234	44,953
9. % Share Cash for Living Expenses. . . . .	58	42	50	50	72	28
10. Other Expenses <i>(Living, etc.). . . . .</i>	99,662	26,381	99,662	26,381	99,662	26,381
11. After-tax cash <i>(line 8 - line 10). . . . .</i>	-6,301	40,550	-20,982	52,302	18,572	18,572

# Spousal Support Present Value ("Buyout")

This report shows the present value of Spousal Support for Margaret Woodson and Nelson Paris.

The present value of Spousal Support is . . . . . \$ 427,127 to Margaret.

The present value of Spousal Support is . . . . . \$ 384,857 to Nelson.

## Explanation:

The calculation is based on the following assumptions

1. Pre-tax interest rates (rates of return) on investment.

5.00 Pre-tax rate of return for Margaret.

5.00 Pre-tax rate of return for Nelson.

2. Marginal tax rates.

Marginal federal 25.00 and state 3.00 tax rates for Margaret.

Marginal federal 33.00 and state 3.00 tax rates for Nelson.

## The buyout amount is calculated as follows:

1. Calculate Monthly Discount Rate = Rate of Return on Investment \* (1 - (Federal Tax Rate + State Tax Rate)) / 12.

0.30 % Monthly Discount Rate (%) for Margaret.

0.27 % Monthly Discount Rate (%) for Nelson.

2. Calculate Monthly Discount Factor = 1/(1 + (Monthly Discount Rate (%) \* 0.01)).

0.9970 Discount Factor for Margaret.

0.9973 Discount Factor for Nelson.

3. Reduce for tax deduction or tax payable, and apply discount factors.

After-tax value of monthly payment = Monthly Payment \* (1-(Fed tax rate + State Tax Rate)).

Present Value of 1st month payment = After-Tax Value \* Monthly Discount Factor.

Present Value of 2nd month payment = After-Tax Value \* Monthly Discount Factor squared.

Present Value of 3rd month payment = After-Tax Value \* Monthly Discount Factor cubed.

And so on, for each monthly payment.

Present value of each year's payments is the sum of the present values of the monthly payments.

Total present value is the sum of the present values of each year's payments.

Year	Margaret			Nelson	
	Annual Payment	After-tax Value	Present Value	After-tax Value	Present Value
2007	<u>96,000</u>	<u>69,120</u>	<u>67,791</u>	<u>61,440</u>	<u>60,388</u>
2008	<u>96,000</u>	<u>69,120</u>	<u>65,397</u>	<u>61,440</u>	<u>58,489</u>
2009	<u>96,000</u>	<u>69,120</u>	<u>63,088</u>	<u>61,440</u>	<u>56,649</u>
2010	<u>96,000</u>	<u>69,120</u>	<u>60,861</u>	<u>61,440</u>	<u>54,867</u>
2011	<u>96,000</u>	<u>69,120</u>	<u>58,712</u>	<u>61,440</u>	<u>53,142</u>
2012	<u>96,000</u>	<u>69,120</u>	<u>56,639</u>	<u>61,440</u>	<u>51,470</u>
2013	<u>96,000</u>	<u>69,120</u>	<u>54,639</u>	<u>61,440</u>	<u>49,852</u>
TOTAL:			<u>427,127</u>		<u>384,857</u>

# View/Edit Taxes for 2007

<b>Margaret</b>	<b>Nelson</b>	
Head Hsld	Filing Separate	Filing Status in 2007
2	1	Number of exemptions
<b>Income:</b>		
7,500	150,000	Wages and salary.
		Taxable interest income.
		Taxable dividend income.
96,000		Spousal Support income.
	56,000	Business and farm income.
		Capital gain taxable.
		Other gains and losses.
		Taxable IRA and pension income.
		Rent, royalty, partnership, S corporation.
		Social Security taxable.
6,000		Other income.
109,500	206,000	Taxable gross income.
<b>Adjustments:</b>		
		IRA deduction.
		Moving expenses.
	750	Deduction of 1/2 of self-employment tax.
		Part of health insurance for self-employed people.
	96,000	Spousal Support paid.
		Interest on education loans.
		Other deductions.
	96,750	Total adjustments.
109,500	109,250	Adjusted Gross Income ("AGI") = gross income - total adjustments).
<b>Itemized Deductions:</b>		
5,987		Deductible medical expenditures.
3,285	3,277	State income taxes.
		Local income taxes.
7,540		Property taxes.
20,080		Mortgage interest.
500	300	Charitable contributions.
1,000	324	Miscellaneous, subject to 2% AGI threshold.
0		Miscellaneous, after 2% AGI threshold.
		Miscellaneous, not subject to 2% AGI threshold.
37,392	3,577	Itemized deductions before phase-out.
37,392	2,956	Itemized deductions after phase-out.
7,850	5,350	Compare: standard deduction.

**Margaret**

**Nelson**

**Exemptions:**

<u>6,800</u>	<u>3,400</u>	Deduction for exemptions before phase-out.
<u>6,800</u>	<u>3,400</u>	Deduction for exemptions after phase-out.

**Tax Before Credits and Other Taxes:**

<u>65,308</u>	<u>100,500</u>	Taxable Income
		= AGI - greater of itemized or standard deductions - exemptions.
<u>11,506</u>	<u>22,765</u>	Tax before credits and other taxes (from tax table or formula).

**Non-refundable Credits:**

<u>600</u>		Child care credit.
		Hope education credit.
		Lifetime learning credit.
<u>0</u>		Child credit, after phase-out, non-refundable portion.
<u>600</u>		Total non-refundable credits (reduce tax, but not below zero).

**Refundable Credits:**

<u>0</u>		Child credit, after phase-out, refundable portion.
		Earned income credit.
<u>0</u>		Total refundable credits
		(can reduce tax below zero and generate a payment from the IRS).

**Other Taxes on Form 1040:**

<u>1,993</u>	<u>1,955</u>	Tax on retirement plan premature distribution.
		Alternative minimum tax.
		Lump-sum distribution 5- or 10- year averaging.
	<u>1,500</u>	Self-employment tax.

**Total Federal Income Tax:**

		= tax before credits and other taxes
		- total nonrefundable credits (down to zero)
		- total refundable credits
		+ other taxes on Form 1040
<u>12,899</u>	<u>26,220</u>	Total Federal Income Tax.

**Taxes Not on Form 1040:**

<u>837</u>	<u>6,045</u>	FICA Taxes.
<u>196</u>	<u>2,175</u>	Medicare Taxes.
<u>3,285</u>	<u>3,277</u>	State Income Tax

**Total Taxes:**

<u>17,217</u>	<u>37,717</u>	Total taxes.
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# State Taxes for 2007

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## Illinois

Illinois has a single tax rate of . . . . . 3.00 %.

State tax in Illinois is based on Federal Adjusted Gross Income.

<b>Margaret</b>	<b>Nelson</b>	
109,500	109,250	Federal Reference Income. Amount of Federal gross, AGI, or taxable income
<u>3,285</u>	<u>3,277</u>	State Tax Amount. Federal reference income * state tax rate.