

# Financial Aspects of Divorce

## Using Family Law Software

### 1 - Quick Orientation

Family Law Software is organized under a number of tabs, as shown below.

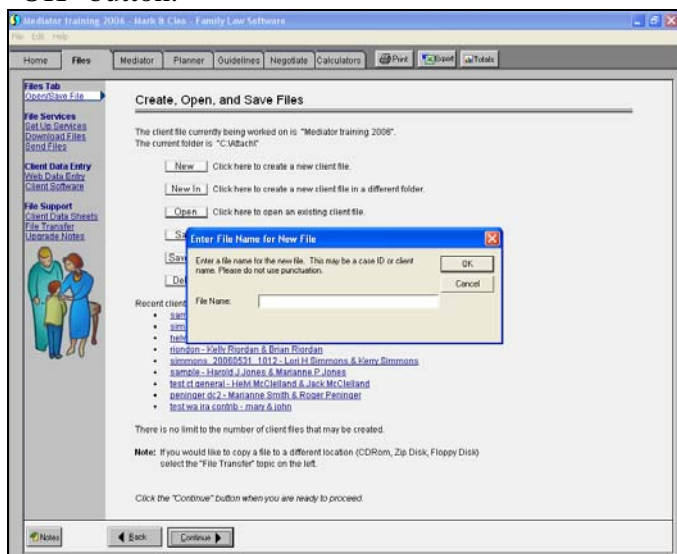


(If the Mediator tab says “Lawyer,” click the Home tab, then “Prof'l Info,” then “Click here to enter professional information,” then click “Mediator,” then “OK.”)

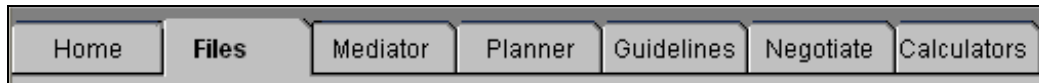
Each tab is a module of the software. You will mostly use the Mediator tab.

### 2 - Creating a New Case File

To create a new case file, click the *Files* tab, then click the “New” button. You will get a dialog box, as shown below. Name the case “Mediator Training 2006.” Then click the “OK” button.



You will be taken to the *Planner* tab. Click back to the *Files* tab.



Some things to notice:

- To open a new file in a different folder (including one on a network drive), click the “New In” button on the Files tab.
- The software will remember the folder you use from case to case, unless and until you change it.
- You create a different file for each case. You may “Save As” a case to create different versions of the same case as well.

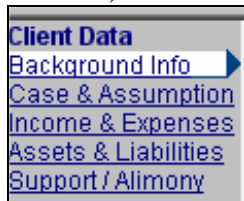
### 3 - Entering Key Names and Dates

Let’s get started by entering some key name and date information (we will explain how in detail below).

1. At the top of the screen, click the *Mediator* tab.



2. Along the left, click the “Background Info” link, as shown below (it may already be selected).



3. Let’s go ahead and enter the following background information:

## Background Information

[Click here for general instructions](#) and [Click here to view and print a tutorial for the Mediator Tab \(a PDF document\)](#).

### One Party's Background Information:

Name .....  .....  (first, middle, last)

This party is .....  Husband or  Wife  
.....  Plaintiff  Defendant  
.....  Petitioner  Respondent

Birth date .....  (For dates of which you are not sure, enter: MM/01/YYYY)

Date married .....

Date separated .....

The state of filing .....  (used for guideline and financial form calculations)

The state where this party lives ..  (used to calculate state tax)

Click here to enter [\[more info\]](#)

### Other Party's Background Information:

Name .....  .....  (first, middle, last)

Birth date .....

The state where this party lives ..  (used to calculate state tax)

### Husband's information:

Name: Mark Antony

Birth date: 4/5/1970

Date married: 8/3/1992

Date separated: 3/1/2006

State of residence: NY

### Wife's information:

Name: Cleo Patrick

Birth Date: 3/22/1972

State of Residence: NY

## 4 - Children

Now let's enter information for two children at the bottom of the "Background Information" screen.

1. Click the link shown below to enter information for the first child.

**Children**

Click here to enter a [\[child\]](#)

2. Enter information for the first child, Abby:

Child's First Name	Date of Birth	Custody for Guideline	Exemption
Abby	4/5/1997	Cleo	Cleo
Click here to enter another <a href="#">[child]</a>			

**Abby's Information:**

First name: Abby

Birth date: 4/5/1997

“Custodial” parent for guideline calculation: Cleo [the software automatically fills in the mother’s name]

Parent for tax exemption: Cleo [the software fills in the mother’s name again]

3. Click the link, circled above, that says “Click here to enter another child.”

4. Enter Bobby's information:

Child's First Name	Date of Birth	Custody for Guideline	Exemption
Abby	4/5/1997	Cleo	Cleo
Bobby	11/6/1999	Cleo	Cleo
Click here to enter another <a href="#">[child]</a>			

**Bobby's Information:**

First name: Bobby

Birth Date: 11/6/1999

“Custodial” parent for guideline calculation: Cleo

Parent for tax exemption: Cleo

Some things to notice:

- The identification of who is the custodial parent will be used only in calculating the child support guidelines.
- You may change either the custody or exemption entries.
- The tax exemption selection is used in the tax calculation.

## 5 - Wage Info

Now let's enter the parties' wage information.

1. In the gray stripe at the left, click the link labeled “Income & Expenses.”

**Client Data**  
[Background Info](#)  
[Case & Assumption](#)  
[Income & Expenses](#)  
[Assets & Liabilities](#)  
[Support / Alimony](#)

2. Enter the following information for Mark:

1. [Wages for Mark](#)

Wage and salary income before taxes. . . . .  per  [\[more info\]](#) [\[fn\]](#)

**Mark’s Wage Information:**

Mark earns \$120,000 a year. Enter that on the Wages line, as shown above.

3. Click the link at the top of the screen labeled “Click here to edit income and expenses for Cleo.”

**Income and Expenses for Mark**

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You may enter income and expenses here or on the "Gross Income" and "Expenses" screens, below.

**Enter income and expenses for Mark.**      [Click here to edit income and expenses for Cleo.](#)

[Click here for general instructions.](#)

4. On the Wages line, enter \$300 and select “Per week” for Cleo.

1. [Wages for Cleo](#)

Wage and salary income before taxes. . . . .  per  [\[more info\]](#) [\[fn\]](#)

2. [Non-Wage Income for Cleo](#)

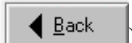
	Week	Monthly	Annual	
Support from previous relationship. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>	<a href="#">[fn]</a>
Alimony from previous relationship. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>	<a href="#">[fn]</a>
Unemployment compensation. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>	<a href="#">[fn]</a>

*Note: A dropdown menu is open for the 'Per Year' selection, showing options: Per Week, Biweekly, Semimonthly, Per Month, Per Year.*

Now we have entered the parties’ wages.

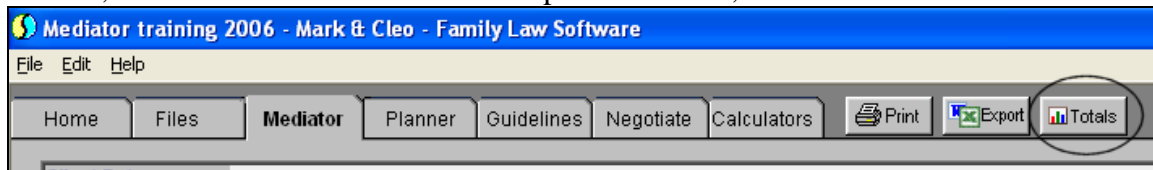
Some things to notice:

- The wages are “gross.” The software will calculate FICA and Medicare taxes, as well as federal income tax and an estimate of state income tax as well.
- The software assumes wages will increase until retirement at age 65. To change any of these assumptions, click the “more info” link located to the right of the

“per week” or “per year” number. If you do this, click the “Back” (  ) button at the bottom of the screen to get back.

## 6 - “Totals”

We have only entered the wage numbers, but the software has done a lot with them. To see this, click the “Totals” button at the top of the screen, as shown below.



You will see a display of income and asset totals so far, as shown below.

The screenshot displays the 'After-Tax Cash and Net Worth Totals' section. It contains three spreadsheets: Mark After-Tax Cash Spreadsheet, Cleo After-Tax Cash Spreadsheet, and Mark Net Worth Spreadsheet. The left sidebar shows navigation options like Client Data, Negotiate, NY Net Worth Data, and Forms.

**Mark After-Tax Cash Spreadsheet**

Year	Age	Wages & Salary	Interest on Accm Svg	Total Income	Pre-tax Cash flow	Federal Inc Tax	FICA / Soc Sec	State Inc Tax	Total Taxes	After-tax Cash
2006	36	120,000	0	120,000	120,000	24,943	7,580	6,840	39,363	80,637
2007	37	123,000	2,419	125,419	125,419	25,536	7,770	7,061	40,367	85,052
2008	38	126,075	4,971	131,046	131,046	26,124	7,964	7,288	41,376	89,670
2009	39	129,227	7,661	136,888	136,888	26,727	8,163	7,521	42,411	94,477
2010	40	132,458	10,495	142,953	142,953	27,358	8,368	7,759	43,485	99,468

**Cleo After-Tax Cash Spreadsheet**

Year	Age	Wages & Salary	Interest on Accm Svg	Total Income	Pre-tax Cash flow	Federal Inc Tax	FICA / Soc Sec	State Inc Tax	Total Taxes	After-tax Cash
2006	0	15,600	0	15,600	15,600	-5,009	1,193	244	-3,572	19,172
2007	0	15,990	575	16,565	16,565	-5,339	1,223	260	-3,856	20,421
2008	0	16,390	1,188	17,578	17,578	-5,679	1,254	276	-4,149	21,727
2009	0	16,800	1,840	18,640	18,640	-5,955	1,286	292	-4,377	23,017
2010	0	17,220	2,530	19,750	19,750	-6,238	1,318	309	-4,611	24,361

**Mark Net Worth Spreadsheet**

Year	Age	Accum. Savings	Net Worth
2006	36	80,637	80,637
2007	37	165,689	165,689
2008	38	255,359	255,359
2009	39	349,836	349,836
2010	40	449,304	449,304

Some things to notice:

- You can see the Federal, FICA, and State taxes calculated for you.

- There are no expenses so far. As a result, all the income is being saved. This positive after-tax cash flow goes into an “Accumulated Savings” account.
- Scroll down and look at Net Worth. The only asset the parties have so far is the “Accumulated Savings” account. It is increasing each year by an assumed savings rate, and with the addition of new income being saved. (For future reference, you may change the savings rate on the Case & Assumptions screen.)



- If the parties spend more than they earn in a given year, that causes a decrease in the Accumulated Savings account.
- If the Accumulated Savings account is negative, that means that the party is borrowing. A party who borrows is charged interest. The software provides an interest rate. You may change the interest rate on the “Case and Assumptions” screen.

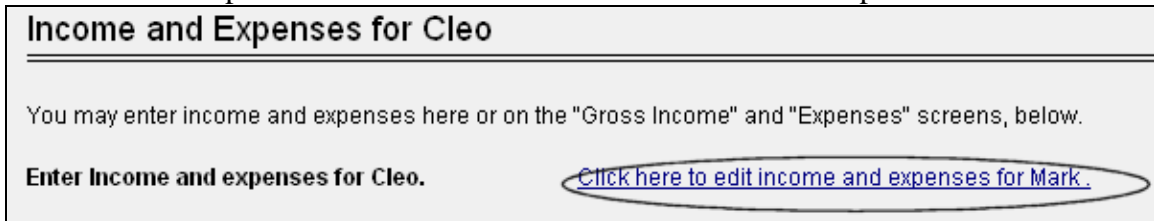
## 7 - Budgeting – Living Expenses

Now we are going to enter some living expenses.

1. Click the “Income & Expenses” screen (if it is not currently selected).



2. Scroll to the top and click on “Click here to enter income and expenses for Mark.”



3. Now scroll down the “Income and Expenses” screen until you see the expenses section. This is in the form of the New York Net Worth Statement.

We will enter a few key expenses for each party. Enter each item in the appropriate row and column (week, month or year).

**For Husband (Mark):**

(a) HOUSING / Rent: \$1,200 *monthly*.

(a) HOUSING for Mark:	Weekly	Monthly	Annual
Rent .....	276	1,200	14,400 <a href="#">[fn]</a>

(b) UTILITIES / Fuel Oil: \$1,000 *annual*.

(b) UTILITIES for Mark:	Weekly	Monthly	Annual
Fuel oil .....	230	1,000	12,000 <a href="#">[fn]</a>

(c) FOOD / Groceries: \$120 *weekly*.

(c) FOOD for Mark:	Weekly	Monthly	Annual
Groceries .....	120	520	6,240 <a href="#">[fn]</a>

(f) INSURANCE / Medical Plan (Health Insurance): \$300 *monthly*.

(f) INSURANCE for Mark:	Weekly	Monthly	Annual
Medical Plan .....	69	300	3,600 <a href="#">[fn]</a>

(j) AUTOMOTIVE / Add a vehicle / Car payments: \$312 *monthly*.

(j) AUTOMOTIVE for Mark:	Weekly	Monthly	Annual
Vehicle #1:			
Description ..	Car		
Year .....			
Make .....			
Model .....			
Usage .....			
Payments .....	72	312	3,744

4. Now for Cleo's expenses. Scroll back to the top and select "Click here to enter income and expenses for Cleo."

### Income and Expenses for Mark

You may enter income and expenses here or on the "Gross Income" and "Expenses" screens, below.

Enter Income and expenses for Mark .

[Click here to edit income and expenses for Cleo.](#)

5. Scroll down to the Expense section and enter the following expenses for the wife:

(a) HOUSING / Real Estate Taxes - \$7,000 *annual*.

Real Estate Taxes .....	134	583	7,000 <a href="#">[fn]</a>
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(b) UTILITIES / Electricity: \$60 *monthly*.

Electricity .....	13	60	720 <a href="#">[fn]</a>
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(c) FOOD / Groceries: \$180 *weekly*.

Groceries .....	180	780	9,360 <a href="#">[fn]</a>
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(d) CLOTHING / Wife: \$250 *monthly*.

Wife.....	57	250	3,000	[fn]
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(k) EDUCATIONAL / Nursery / pre-school (“Day Care”): \$200 *weekly*.

EDUCATIONAL for Cleo:	Weekly	Monthly	Annual	
Nursery / Pre-School (“Day Care”) (see Note below) . . . .	200	866	10,400	[fn]
<i>Note: Use this line to enter “Day Care” expenses for child support guideline and tax calculation purposes.</i>				

**Things to notice:**

- Mortgages are entered with Residences, not with Living Expenses. We will do that later. The data will carry to the Net Worth statement.
- Taxes in section (m) are calculated automatically, but you may override that calculation.
- You may add as many additional expenses (click “add another”) in each category as you wish.

## 8 - Assets - Vehicle

We have entered Mark’s vehicle expenses, but we have not yet specified his ownership. Let’s do that now.

1. Click the link along the left for “Assets & Liabilities”

<b>Client Data</b>
<a href="#">Background Info</a>
<a href="#">Case &amp; Assumption</a>
<a href="#">Income &amp; Expenses</a>
<a href="#">Assets &amp; Liabilities</a> ▶
<a href="#">Support / Alimony</a>

2. Scroll down to 3. Personal Items, and enter the Current Value as \$9,000 and under Title, select “H.”

3. <u>Personal Items</u>			
Description	Asset Type	Current Value	Title Form HWJ HWJ
Car	Vehicle	9,000	H ▼

## 9 - Assets - Residence

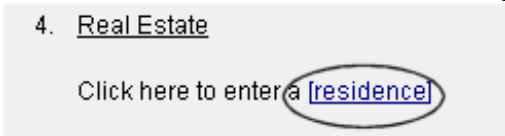
Our couple has a home, so let’s enter that now.

1. Click the link along the left for “Assets & Liabilities.” (It may already be selected.)

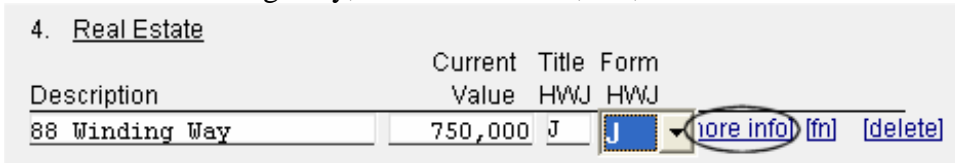


2. Scroll down to “4. Real Estate.”

3. Click the link “Click here to enter a [residence].”



4. Enter “88 Winding Way,” a value of \$750,000, Title of “J” and click “more info.”



5. You will see a detail screen for the residence. At the top, answer the questions as shown below.

### Residence Details

Residence Description.....

Yes  No Is this residence currently owned?  
 Yes  No Is there a first mortgage?  
 Yes  No Is there a second mortgage or home equity line?  
 Yes  No Will the residence be sold?

6. The screen will customize based on these entries. Now scroll down and fill in the First Mortgage information as shown. You will enter information on lines 3 through 8 – you can leave 1 and 2 as they are.

**First Mortgage**

1. Will the mortgage be a new / [refinancing](#) mortgage?     Yes     No

2. Select [method to use](#) to enter the mortgage:  
 Statement Method     Detail Method     Rough Method (not recommended)

3. Current mortgage balance.....\$    425,000

4. Monthly payment (principal and interest only).....\$    2,393.00

5. Interest rate (required for tax calc; we use 6.2% if blank)..... 6.30 %

6. Month/year of this mortgage statement..... 5 / 2006

7. Who will pay the mortgage?     Mark     Cleo

8. Legally, who is the mortgagor? ..  Joint.....  Mark.....  Cleo.....

[\[more info\]](#) Click here to see more info and a mortgage amortization.

Current Mortgage Balance: \$425,000

Monthly Payment (principle and interest): \$2,393.

Interest Rate: 6.3%

Month/year of mortgage statement 5/2006

Who will pay the mortgage: Cleo

Things to note:

- If on line 1, you said that this was a new or refinancing mortgage, the software would have give you entries for the amount of the new mortgage, the amount used to pay off the old one, and the net refinancing proceeds to be kept by each party.
- If you click the “more info” link below line 8, you will see that the software computes a complete amortization of the mortgage for you. (Then click the “Back” button.)
- The software has a lot of support for selling the home. If the home is to be sold, the software will know what the mortgage balance is on the sale date. It will use this information, together with the appreciation, to estimate how much the couple will clear on the sale of the home, the taxes, and the after-tax net to each party.

## 10 - Bank Accounts and Financial Investments

The parties have a bank account and a mutual fund.

1. Click the “Back” button at the bottom of the screen if necessary to get back to the Assets & Liabilities screen. Or, just click the “Assets & Liabilities” link again.

<b>Client Data</b>
<a href="#">Background Info</a>
<a href="#">Case &amp; Assumption</a>
<a href="#">Income &amp; Expenses</a>
<a href="#">Assets &amp; Liabilities</a> ▶
<a href="#">Support / Alimony</a>

2. Scroll down to line “1. Investments, Checking Accounts, Etc.”

3. Click to enter an investment or account.

1. [Investments, Checking Accounts, Etc.](#)

Click here to enter an [investment or account](#)

4. Enter the following account.

- First Union Savings, Investment Type of “Checking,” current balance of \$3,294, Title Joint.

Description	Investment Type	Current Value	Annual Income	Title HWJ	Form HWJ
First Union Savings	Checking	3,294		J	J

5. Click to enter another.

1. [Investments, Checking Accounts, Etc.](#)

Description	Investment Type	Current Value	Annual Income	Title HWJ	Form HWJ			
First Union Savings	Checking	3,294		J	J	<a href="#">[more info]</a>	<a href="#">[fn]</a>	<a href="#">[delete]</a>
						<a href="#">[more info]</a>	<a href="#">[fn]</a>	<a href="#">[delete]</a>

Click here to enter another [investment or account](#)

6. Vanguard Index 500 mutual fund, Current value \$7,325, Title Joint.

1. [Investments, Checking Accounts, Etc.](#)

Description	Investment Type	Current Value	Annual Income	Title HWJ	Form HWJ			
First Union	Checking	3,294		J	J	<a href="#">[more info]</a>	<a href="#">[fn]</a>	<a href="#">[delete]</a>
Vanguard Index 500	Mutual fund	7,325		J	J	<a href="#">[more info]</a>	<a href="#">[fn]</a>	<a href="#">[delete]</a>

Click here to enter another [investment or account](#)

Things to note:

- If you want to enter the basis of the assets, or to indicate some separate property, you can do so by clicking [\[More Info\]](#) next to that item.
- Interest income is currently taxed at a higher rate (typically) than dividend income. You may specify income type on the “more info” screen.
- If part or all of any asset is separate property (i.e., acquired before the marriage or by inheritance), you may click “more info” and enter the separate portion.
- If the investment throws off significant income, or if it is income-producing real estate, you may enter the Annual Income in the “Annual Income” column.

If the couples have other financial incomes, expenses, and assets, you enter them similarly to these. For now, we are going to call our parties' information complete, and move on to child support, tax answers, and negotiating property division.

## 11 - Child Support

One of the top-of-mind questions of every couple who are going through a divorce, and who have children, is: what is the child support payment going to be?

1. Fortunately, the software helps you answer that question. Click the link at the left labeled "NY Guideline Summ."



2. You will see a worksheet for the New York Child Support Guideline.

This worksheet is submitted by Plaintiff who is the noncustodial parent in the above action.	
Child support is paid by Mark.	
1. Child support on first \$80,000 (NY Guidelines Line J).....	\$ 17,728
2. Current ceiling on combined income to consider (if zero, no ceiling applies) \$	<input type="text"/>
3. Child support on income above \$80,000 (NY Guidelines Line K).....	\$ 10,377
4. Basic Annual Support (NY Guidelines Line L).....	\$ 28,105
5. Annual Child Care Amount (NY Guidelines Line N).....	\$ 9,219
6. Annual Health Expense and Insurance Amount (NY Guidelines Line P).....	\$ -273
7. Annual Education Expense Amount (NY Guidelines Line Q).....	\$ <input type="text"/>
8. Support based on non-recurring payments from extraordinary sources.....	\$ <input type="text"/>
9. Annual Basic Support + Add-ons (Lines 4 through 8 above; NY Guidelines Line S)....	\$ 37,051
10. Child Support Payment (Line 9, adjusted for any Low-Income Adjustment).....	\$ 37,051
11. Monthly Child Support Payment (1/12 of line 10).....	\$ 3,087.58
12. Weekly Child Support Payment (1/52 of line 10).....	\$ 712.52

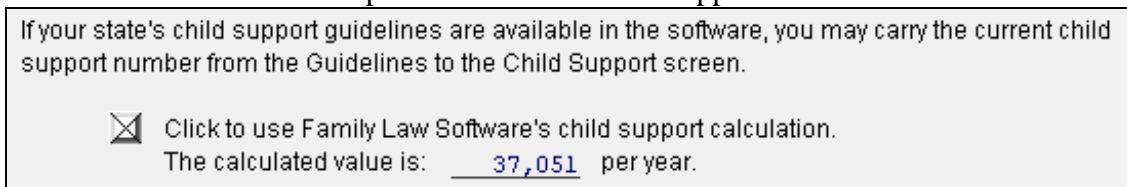
Things to notice:

- On line 2, you may specify a ceiling for combined parental incomes (i.e., more than \$80,000). The guideline will instantly recompute.
- If you leave line 2 blank, the software assumes there is no ceiling and applies the guideline formula to all income.
- The software will show the guideline amount on the first \$80,000 on line 1 and the child support on the remaining income on line 3.


3. To accept this amount, click the screen labeled Support/Alimony.



4. Click the “X” box to accept the calculated Child Support amount.



## 12 - Where They'll Be Five Years From Now

1. Let's click the Totals () button again. This gives us a summary of the financial situation. Then let's scroll all the way to the left. We see each party's after-tax cash flow, after all expenses and taxes.

<b>Total Expenses</b>	<b>Pre-tax Cash flow</b>	<b>Federal Inc Tax</b>	<b>FICA / Soc Sec</b>	<b>State Inc Tax</b>	<b>Total Taxes</b>	<b>After-tax Cash</b>
77,035	42,965	24,943	7,580	6,840	39,363	3,602
78,035	45,073	25,536	7,770	7,061	40,367	4,706
79,059	47,265	26,124	7,964	7,288	41,376	5,889
80,110	49,543	26,727	8,163	7,521	42,411	7,132
81,187	51,911	27,358	8,368	7,759	43,485	8,426

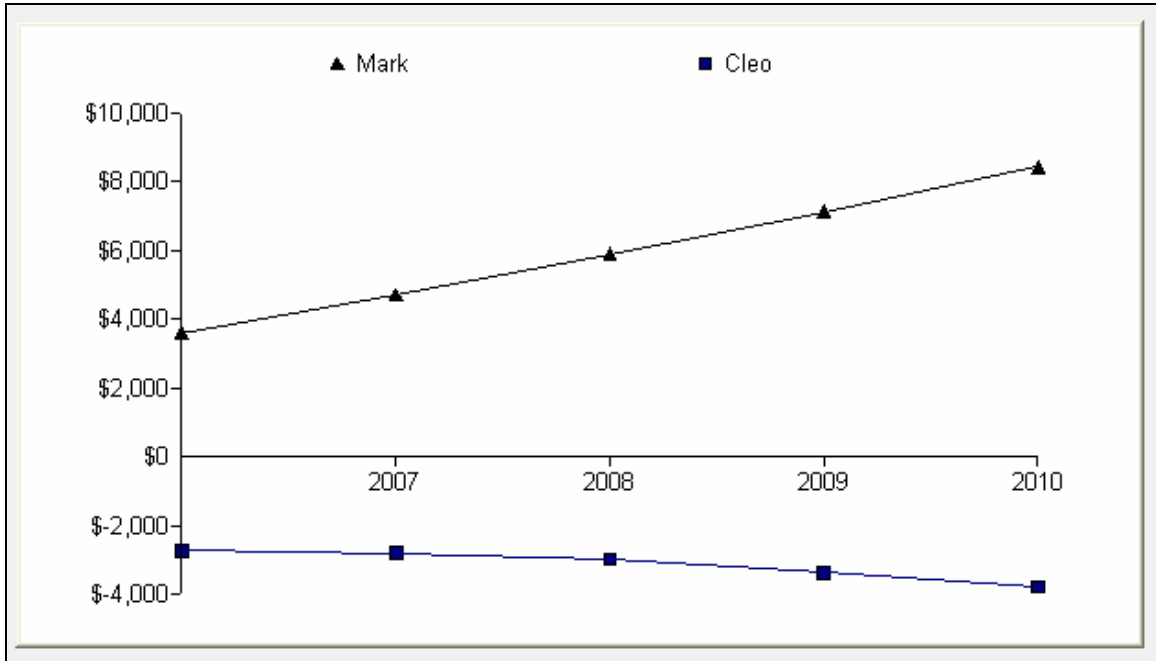
  

<b>Total Expenses</b>	<b>Pre-tax Cash flow</b>	<b>Federal Inc Tax</b>	<b>FICA / Soc Sec</b>	<b>State Inc Tax</b>	<b>Total Taxes</b>	<b>After-tax Cash</b>
59,196	-6,545	-5,009	1,193		-3,816	-2,729
59,958	-6,917	-5,340	1,223		-4,117	-2,800
60,852	-7,411	-5,679	1,254		-4,425	-2,986
61,893	-8,042	-5,955	1,286		-4,669	-3,373
62,984	-8,713	-6,238	1,318		-4,920	-3,793

2. We can see this bottom line graphically. Click the link on the left labeled “Cash Flow.”

<b>Fin &amp; Tax Reports</b>
<a href="#">Cash Flow</a>
<a href="#">Net Worth</a>
<a href="#">Marital Property</a>
<a href="#">Add'l Financial</a>
<a href="#">Alimony PV</a>
<a href="#">Taxes</a>

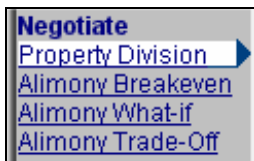
We will see a graph projecting the parties’ after-tax cash flow. This tells them “where they’re going to be five years from now.”



## 13 - Negotiating Property Settlement

Having entered the income and expenses, assets and liabilities, we can now begin to help the parties get to settlement. The first task is negotiating their property settlement.

Click the link at the left for the screen labeled “Property Division”



You will see a spreadsheet for property division. The totals are at the top. Key totals are circled in the illustration below.

Property Division Totals:				
Asset Class	----- Marital Property Only -----		----- All Property (Marital & Separate) -----	
	Mark	Cleo	Mark	Cleo
1. Non-retirement:	\$ 176,810 (51.3%)	\$ 167,809 (48.7%)	\$ 176,810 (51.3%)	\$ 167,809 (48.7%)
2. Retirement:	\$ 0 (0.0%)	\$ 0 (0.0%)	\$ 0 (0.0%)	\$ 0 (0.0%)
3. Debt:	\$ 0 (0.0%)	\$ 0 (0.0%)	\$ 0 (0.0%)	\$ 0 (0.0%)
4. Total (1+2-3):	\$ 176,810 (51.3%)	\$ 167,809 (48.7%)	\$ 176,810 (51.3%)	\$ 167,809 (48.7%)
To end up with <input type="text" value="50"/> % to Mark, increase marital property of ..... Cleo _____ by \$ 4,501				

The circled totals are total marital property of each party. Columns to the right are total property including separate property as well.

Currently the parties' have divided the property nearly 50/50, but that is because the software divides each individual item 50/50 (except for retirement accounts and personal items, which start out as the property of one party or the other).

Now scroll down. Experiment with changing the percentage of ownership of the residence by typing different numbers in place of the numbers circled below. You will see that the totals (the numbers circled above) update instantly.

Your Entries (first two columns):				
Who keeps? (for personal items)	Mark % of Marital	Mark Amount of Marital	M	A
<b>Non-retirement Assets:</b>				
Residences:				
452 Winding Way	50	162,500		

In an actual case, you can play with the numbers until the parties reach agreement.

Scroll to the bottom and click the link for the Marital Property Division report.

Reports:
Click for Reports: <a href="#">Marital Property Division</a> , or <a href="#">All Property Division</a> , or <a href="#">Marital Property - After Tax Effects</a>

You will see a nicely formatted report of the current property settlement proposal.

## 14 - Negotiating Spousal Support

Let's now consider getting some spousal support (also known as alimony) for Cleo. In fact, let's aim to get enough so that Cleo gets to a point where, after expenses and taxes, she breaks even.

1. On the left, click the link labeled "Alimony Breakeven."

<a href="#">Negotiate</a>
<a href="#">Property Division</a>
<a href="#">Alimony Breakeven</a>
<a href="#">Alimony What-if</a>
<a href="#">Alimony Trade-Off</a>

2. The screen will show the amount of alimony necessary to get Cleo to the point where her income just covers expenses and taxes (including taxes on the alimony itself).

### Alimony Breakeven

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Alimony breakeven report for Mark Antony and Cleo Patrick, for Alimony paid by Mark to Cleo.

The alimony breakeven amount is: \$286 per month.

3. Now, let's do alimony "What If." Click the link on the left labeled "Alimony What-If."

**Negotiate**

[Property Division](#)

[Alimony Breakeven](#)

[Alimony What-if](#)

[Alimony Trade-Off](#)

4. Fill in a proposed Alimony and Child support amount (for example, the numbers below), and you will see the After-Tax Cash Flow adjust instantly.

### "What-If" Alimony and Child Support

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After-tax cash projections for Mark Antony and Cleo Patrick, for alimony paid by Mark to Cleo.

What-If	Amount (\$/mo.)	Through (year)
<a href="#">Alimony:</a>	<input type="text" value="200"/>	<input type="text" value="2035"/>
Child Support:	<input type="text" value="3,000"/>	<input type="text" value="2035"/>

[\[Show More Tiers\]](#) [\[Show Another Alternative\]](#)

Start with [current](#):

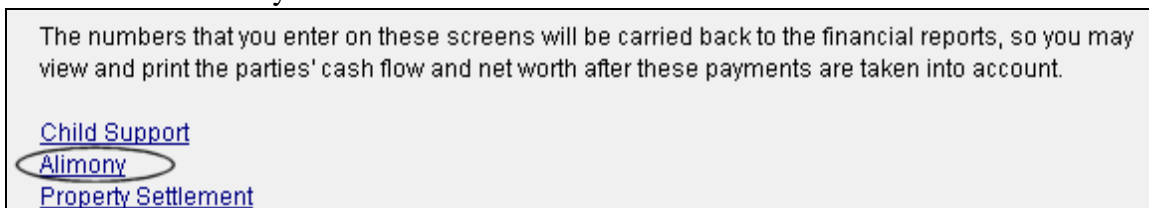
**Results:**

Year	Annual After-Tax Cash (*)		
	Mark	Cleo	Combined
2006	<u>3,027</u>	<u>-1,885</u>	<u>1,142</u>
2007	<u>4,113</u>	<u>-1,957</u>	<u>2,156</u>
2008	<u>5,278</u>	<u>-2,028</u>	<u>3,250</u>
2009	<u>6,503</u>	<u>-2,243</u>	<u>4,260</u>
2010	<u>7,778</u>	<u>-2,475</u>	<u>5,303</u>

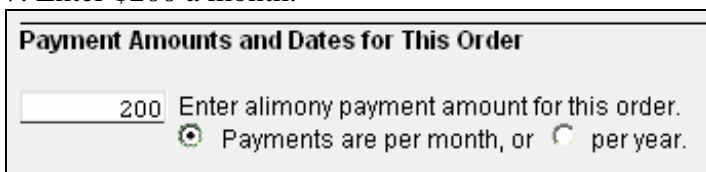
5. This is just "what if." To enter an "actual" alimony amount into our cash projections (so it is reflected when we click the Totals button), click the link on the left for "Support / Alimony."



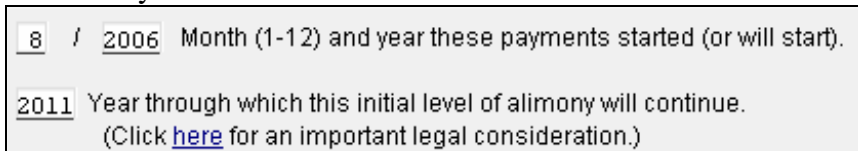
6. Click the “Alimony” link.



7. Enter \$200 a month.



8. You may wish to enter a different start date and end date for the spousal support.



## 15 - Tax Answers

We have now figured child support and negotiated spousal support.

Like many alimony payers, Mark wants to know how much the alimony payments save him in taxes.

1. Click the link on the left for “Taxes.”



2. Click the report for “Alimony After-Tax.”

**Taxes**

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On these screens, you can see what the parties' taxes will be, see who should claim the tax exemptions for children, and see whether the tax penalty of "Alimony Recapture" applies in this situation.


[View/Edit Taxes](#)  
[State Tax Report](#)  
[Alimony After-Tax](#)  
[Filing Status](#)  
[Exemptions](#)  
[Alimony Recapture](#)

3. The software will show you the after-tax cost of the alimony.

**Alimony After-Tax**

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The total alimony payments are \$13,000.  
The total after-tax cost of the alimony to the payer is \$9,562.  
The total net benefit of the alimony to the recipient, after paying taxes, is \$10,780.

4. Click the "Back" () button at the bottom of the screen, and click each of the remaining links on the Taxes screen at your leisure to view the other tax reports in the software.

## 16 - Conclusion

Congratulations! You have completed your training on Family Law Software.

There is more in the software, to be sure.

But you have enough training to get started.

To learn more about both financial planning and Family Law Software, simply click on every screen and every link, including the pop-up-help, and you will learn in a very pleasant and straightforward fashion.

Now you have the training and the tools to help people reach sensible financial settlements that reflect the needs and aspirations of both parties.