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# Division of Marital Property

Property division report for Margaret Woodson and Nelson Paris.

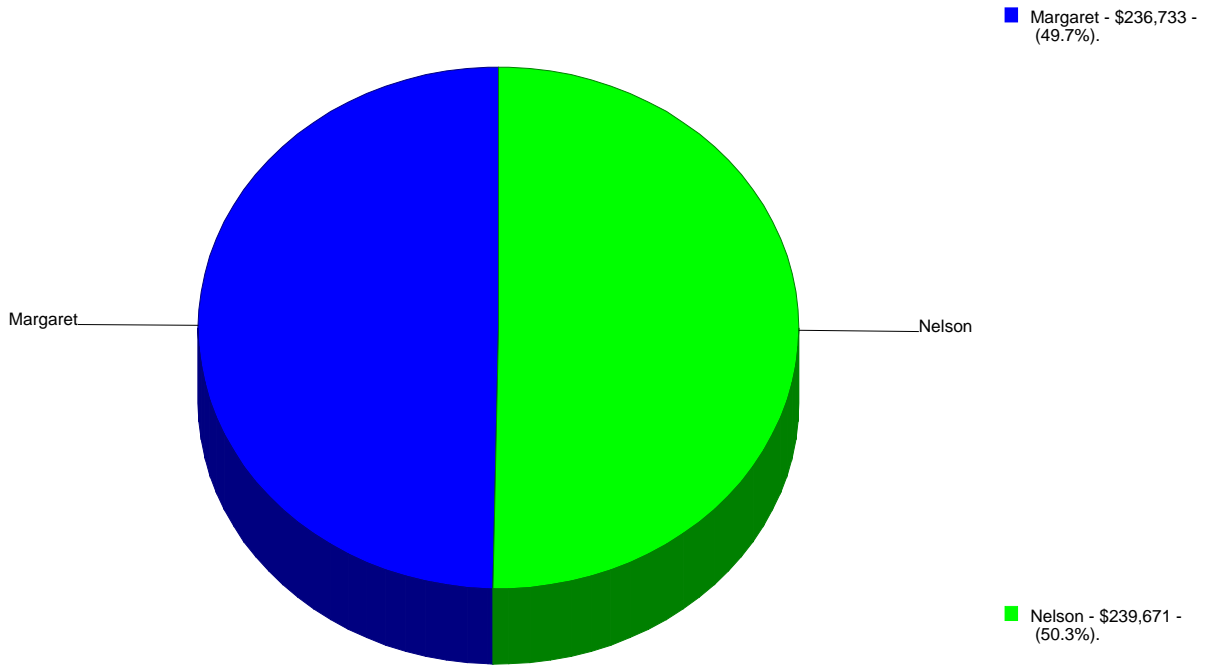
	<b>Margaret Amount</b>	<b>Nelson Amount</b>	<b>Total Amount</b>
<b>Real Estate Equity</b>			
242 Westerly Pl	\$158,750	\$158,750	\$317,500
Total Real Estate Equity	\$158,750	\$158,750	\$317,500
<b>Cash &amp; Investments</b>			
Cash-Equivalent Investments:			
Chase	\$2,000	\$2,000	\$4,000
Chemical	\$6,250	\$6,250	\$12,500
Bank of America	\$0	\$0	\$0
Total Cash-Equivalent	\$8,250	\$8,250	\$16,500
Other Investments:			
Vanguard Index	\$17,500	\$17,500	\$35,000
Merrill Lynch Brokerage	\$0	\$0	\$0
Total Other Investments	\$17,500	\$17,500	\$35,000
Total Investments	\$25,750	\$25,750	\$51,500
<b>Businesses</b>			
Paris Plumbing Supply	\$40,000	\$40,000	\$80,000
Total Businesses	\$40,000	\$40,000	\$80,000
<b>Personal Items -- Marital Property</b>			
Car	\$6,750	\$0	\$6,750
Sculpture	\$0	\$3,500	\$3,500
Desk	\$0	\$1,750	\$1,750
Nelson's car	\$0	\$13,000	\$13,000
Total Personal Items	\$6,750	\$18,250	\$25,000
<b>Subtotal Non-Retirement</b>	<b>\$231,250</b>	<b>\$242,750</b>	<b>\$474,000</b>
<b>IRAs and 401(k)s</b>			
Fidelity	\$19,200	\$4,800	\$24,000
Total IRAs and 401(k)s	\$19,200	\$4,800	\$24,000
<b>Defined Benefit Pensions</b>			
Federated Pension Plan	\$13,940	\$13,940	\$27,880
Total Pensions	\$13,940	\$13,940	\$27,880
<b>Subtotal Retirement</b>	<b>\$33,140</b>	<b>\$18,740</b>	<b>\$51,880</b>
<b>Total Assets</b>	<b>\$264,390</b>	<b>\$261,490</b>	<b>\$525,880</b>

Property division report for Margaret Woodson and Nelson Paris.

	<b>Margaret Amount</b>	<b>Nelson Amount</b>	<b>Total Amount</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)	(\$24,990)
<b>Total Debt</b>	<b>(\$27,657)</b>	<b>(\$21,818)</b>	<b>(\$49,475)</b>
<b>Total Debts</b>	<b>(\$27,657)</b>	<b>(\$21,819)</b>	<b>(\$49,476)</b>
<b>Total Assets</b>	<b>\$264,390</b>	<b>\$261,490</b>	<b>\$525,880</b>
<b>Total Debts</b>	<b>(\$27,657)</b>	<b>(\$21,819)</b>	<b>(\$49,476)</b>
<b>Total Property</b>	<b>\$236,733</b>	<b>\$239,671</b>	<b>\$476,404</b>

Note: "Total Amount" column may not add due to rounding.

# Division of Marital Property:



# Marital and Separate Property Report

This report shows for Margaret Woodson and Nelson Paris, each item of property, its current value, and the allocation between marital and separate. It also shows totals for each property type.

Property	Total Equity	Total Marital	Total Separate
<b>Investments</b>			
Chase	\$4,000	\$4,000	\$0
Chemical	\$12,500	\$12,500	\$0
Bank of America	\$2,000	\$0	\$2,000
Vanguard Index	\$35,000	\$35,000	\$0
Merrill Lynch Brokerage	\$8,000	\$0	\$8,000
<b>Investments</b>	<b>\$61,500</b>	<b>\$51,500</b>	<b>\$10,000</b>
<b>Personal Items</b>			
Car	\$6,750	\$6,750	\$0
Sculpture	\$3,500	\$3,500	\$0
Desk	\$1,750	\$1,750	\$0
Nelson's car	\$13,000	\$13,000	\$0
<b>Personal Items</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$0</b>
<b>Real Estate Equity (*)</b>			
242 Westerly Pl	\$317,500	\$317,500	\$0
<b>Businesses</b>			
Paris Plumbing Supply	\$80,000	\$80,000	\$0
<b>IRA/401(k)</b>			
Fidelity	\$24,000	\$24,000	\$0
<b>Defined Benefit Pension</b>			
Federated Pension Plan	\$37,589	\$27,880	\$9,709
<b>Debts</b>			
Insurance policies	(\$1,593)	(\$1,593)	\$0
Bathroom renovations	(\$5,500)	(\$5,500)	\$0
Sallie Mae loan	(\$17,392)	(\$17,392)	\$0
Citibank Visa	(\$9,433)	\$0	(\$9,433)
American Express Plat	(\$3,498)	\$0	(\$3,498)
Student Loan	(\$24,989)	(\$24,989)	\$0
<b>Debts</b>	<b>(\$62,405)</b>	<b>(\$49,474)</b>	<b>(\$12,931)</b>
<b>Notes (Debts) Btw Spouses</b>			
Mortgage on residence	\$0	\$0	\$0
Notes on businesses	\$0	\$0	\$0
<b>Notes (Debts) Btw Spouses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Totals</b>			
Property	Total Equity	Total Marital	Total Separate
<b>Totals</b>	<b>\$483,182</b>	<b>\$476,406</b>	<b>\$6,776</b>
% of Total Equity	100%	99%	1%
% of Marital Equity		100%	

**(\*) Real Estate Footnote:**

(1) 242 Westerly Pl: Equity of \$317,500 equals: current value of \$700,000, less first mortgage of \$335,000, less second mortgage of \$47,500.

# Pension Valuation Report

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This valuation is for the plan: Federated Pension Plan.

This report values the plan as of the evaluation date, which is: 01/01/2004.

Based on the information entered (see below), the value of the pension as of the evaluation date is:

\$37,589, using the RP-2000 mortality tables and a gender-specific approach.

As of 01/01/2004, 74.17% 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 \$27,880 (that is, 74.17% of \$37,589).

Using a gender-specific approach, if the judge divides the pension 50/50, for example, then \$13,940.00 (half of \$27,880) 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.
- 4,876 Number of days from marriage to separation.
- 1/1/1986 Date the employee started in the plan.
- 01/01/2004 Date the employment stopped being 'marital.'  
(This is usually the separation date).
- 01/01/2004 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.

# One-Page Summary

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Annual totals for Margaret Woodson or Nelson Paris.

<b>Total Income</b>	Margaret	Nelson
Wages and Salary	\$75,000	\$180,000
Child Support Received	11,964	0
Alimony Received	36,000	0
All Other Income	0	56,000
<b>TOTAL INCOME</b>	<b>122,964</b>	<b>236,000</b>

<b>Total Expenses</b>		
Child Support Paid	0	11,964
Alimony Paid	0	36,000
All Other Expenses	89,627	35,045
<b>TOTAL EXPENSES</b>	<b>89,627</b>	<b>83,009</b>

<b>Taxes</b>		
Federal Income Tax	14,734	57,833
State Income Tax	2,302	7,245
Other Taxes	5,738	8,655
<b>TOTAL TAXES</b>	<b>22,774</b>	<b>73,733</b>

<b>After-Tax Cash</b>		
<b>AFTER-TAX CASH</b>	<b>10,563</b>	<b>79,258</b>

<b>Property</b>		
Marital Property	236,733	239,671
Separate Property	11,709	-4,931
<b>TOTAL PROPERTY</b>	<b>\$248,442</b>	<b>\$234,740</b>

<b>Miscellaneous</b>		
Number of Dependents	1	0
Filing Status	Head Hsld	Filing Separate
Alimony paid, % of gross income	0	15
Child Support paid, % of gross income	0	5
Combined pmts, % of gross income	0	20

# One-Page Summary

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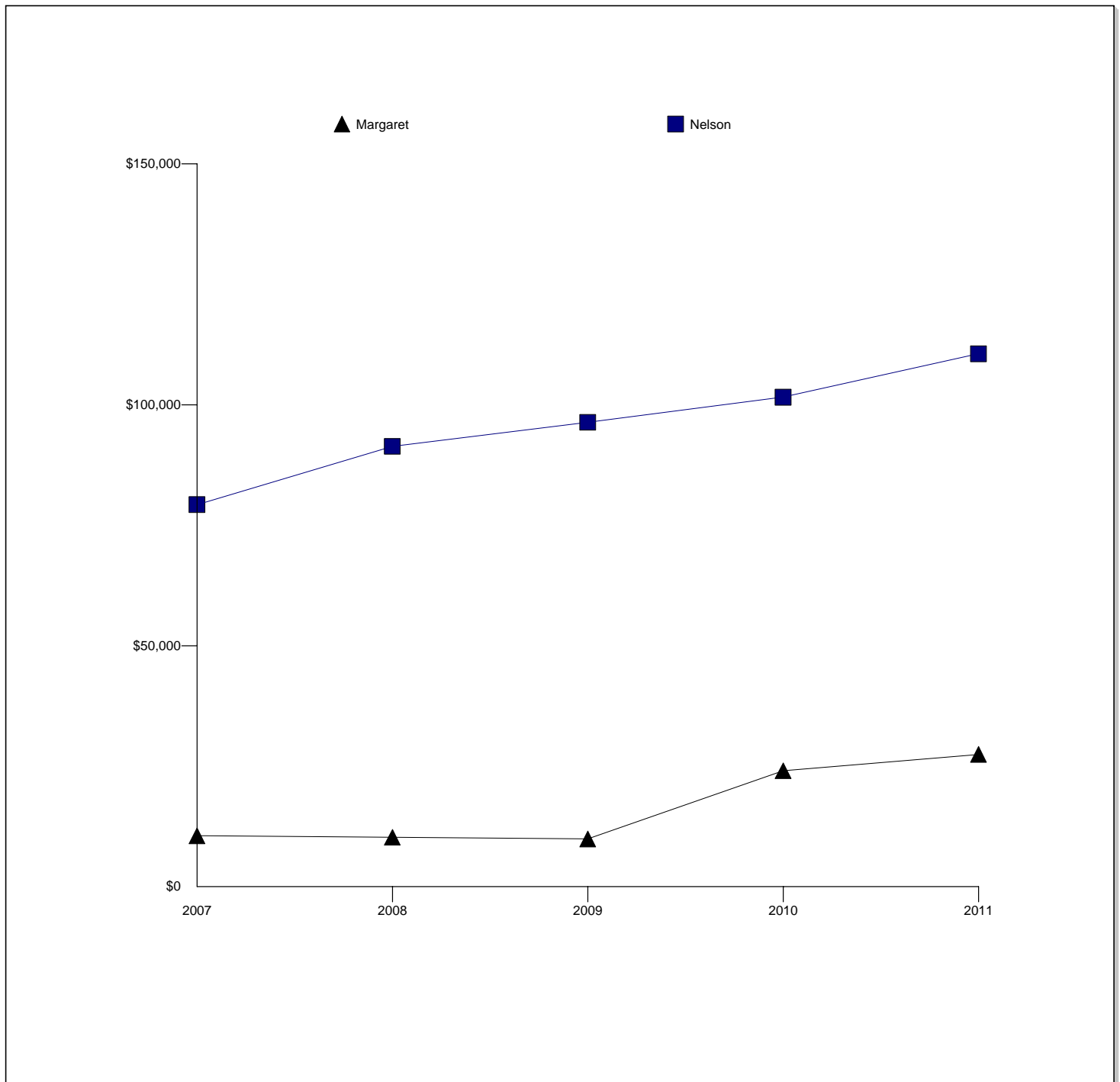
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# Projected After-Tax Cash Report

Projected After-Tax Cash for Margaret Woodson or Nelson Paris for 5 years.

	Margaret	Nelson
2007	\$ 10,563	\$ 79,258
2008	\$ 10,253	\$ 91,349
2009	\$ 9,914	\$ 96,340
2010	\$ 24,068	\$ 101,557
2011	\$ 27,446	\$ 110,563



# Summary Spreadsheet

## Margaret Summary 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	122,964	89,627	22,774	<b>10,563</b>	10,563	27,750	155,545	20,160	42,372	<b>256,390</b>
2008	33	125,606	91,729	23,624	<b>10,253</b>	20,816	27,750	162,974	21,168	45,080	<b>277,788</b>
2009	34	128,310	93,896	24,500	<b>9,914</b>	30,730	27,750	170,508	22,226	47,693	<b>298,907</b>
2010	35	131,079	76,053	30,958	<b>24,068</b>	220,339	27,750	0	23,337	50,192	<b>321,618</b>
2011	36	139,315	78,352	33,517	<b>27,446</b>	247,785	27,750	0	24,504	52,553	<b>352,592</b>

## Nelson Summary 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	236,000	83,009	73,733	<b>79,258</b>	79,258	33,750	155,545	5,040	39,376	<b>312,969</b>
2008	35	243,958	84,012	68,597	<b>91,349</b>	170,607	33,750	162,974	5,292	41,673	<b>414,296</b>
2009	36	252,451	85,051	71,060	<b>96,340</b>	266,947	33,750	170,508	5,557	43,898	<b>520,660</b>
2010	37	261,272	86,115	73,600	<b>101,557</b>	534,045	33,750	0	5,835	46,035	<b>619,665</b>
2011	38	275,400	87,001	77,836	<b>110,563</b>	644,608	33,750	0	6,127	47,845	<b>732,330</b>

# After-Tax Cash Spreadsheet

## Margaret After-Tax Cash Spreadsheet

Year	Age	Wages & Salary	Interest on Accm Svg	Child Support	Alimony Received	<b>Total Income</b>	Living Expenses	Mortgage Payments	Payments on Debt	<b>Total Expenses</b>	<b>Pre-tax Cash flow</b>
2007	32	75,000	0	11,964	36,000	122,964	67,788	20,080	1,759	89,627	33,337
2008	33	77,325	317	11,964	36,000	125,606	69,890	20,080	1,759	91,729	33,877
2009	34	79,722	624	11,964	36,000	128,310	72,058	20,080	1,758	93,896	34,414
2010	35	82,193	922	11,964	36,000	131,079	74,294	0	1,759	76,053	55,026
2011	36	84,741	6,610	11,964	36,000	139,315	76,593	0	1,759	78,352	60,963

## Margaret After-Tax Cash Spreadsheet cont.

Year	Age	Federal Inc Tax	FICA / Soc Sec	State Inc Tax	<b>Total Taxes</b>	<b>After-tax Cash</b>
2007	32	14,734	5,738	2,302	22,774	10,563
2008	33	15,335	5,915	2,374	23,624	10,253
2009	34	15,954	6,099	2,447	24,500	9,914
2010	35	22,147	6,288	2,523	30,958	24,068
2011	36	24,432	6,483	2,602	33,517	27,446

## Nelson After-Tax Cash Spreadsheet

Year	Age	Wages & Salary	Business Income	Interest on Accm Svg	<b>Total Income</b>	Living Expenses	Alimony Paid	Child Supt Pd	Payments on Debt	<b>Total Expenses</b>	<b>Pre-tax Cash flow</b>
2007	34	180,000	56,000	0	236,000	32,388	36,000	11,964	2,657	83,009	152,991
2008	35	185,580	56,000	2,378	243,958	33,391	36,000	11,964	2,657	84,012	159,946
2009	36	191,333	56,000	5,118	252,451	34,429	36,000	11,964	2,658	85,051	167,400
2010	37	197,264	56,000	8,008	261,272	35,494	36,000	11,964	2,657	86,115	175,157
2011	38	203,379	56,000	16,021	275,400	36,596	36,000	11,964	2,441	87,001	188,399

## Nelson After-Tax Cash Spreadsheet cont.

Year	Age	Federal Inc Tax	FICA / Soc Sec	State Inc Tax	<b>Total Taxes</b>	<b>After-tax Cash</b>
2007	34	57,833	8,655	7,245	73,733	79,258
2008	35	52,257	8,923	7,417	68,597	91,349
2009	36	54,267	9,200	7,593	71,060	96,340
2010	37	56,340	9,485	7,775	73,600	101,557
2011	38	60,094	9,779	7,963	77,836	110,563

# 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, alimony and child support.

	<b>Margaret Annual</b>	<b>Nelson Annual</b>
<b>Income</b>		
Wages	\$75,000.00	\$180,000.00
<b>Total Wage and Non-Wage Income</b>	<b>\$75,000.00</b>	<b>\$180,000.00</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	\$11,964.00	\$0.00
Alimony Received	\$36,000.00	\$0.00
<b>Total Support Received</b>	<b>\$47,964.00</b>	<b>\$0.00</b>
<b>TOTAL INCOME</b>	<b>\$122,964.00</b>	<b>\$236,000.00</b>

<b>Mortgage Payments</b>		
242 Westerly Pl	\$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	0.00	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
Snow removal	300.00	0.00
Tax - Property Tax	7,540.00	6,000.00
Utilities - Electricity	7,560.00	2,400.00
Utilities - Gas/Propane Heat	900.00	0.00
Utilities - Oil Heat	1,300.00	3,600.00
Utilities - Phone	3,900.00	1,440.00
Utilities - Water/Sewer	1,500.00	0.00
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

	<b>Margaret Annual</b>	<b>Nelson Annual</b>
Public/alt. Transportation	780.00	2,400.00
Child Clothing / school uniforms	250.00	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	2,860.00	4,800.00
Subscriptions, Books	0.00	444.00
Therapist / counselor	1,440.00	0.00
Toiletries/Grooming/Drug Store	300.00	0.00
Vacations	5,000.00	1,200.00
Health Insurance	5,720.00	0.00
Dental Exp	360.00	2,400.00
Optical Exp	240.00	0.00
<b>Total Living Expenses</b>	<b>\$67,788.00</b>	<b>\$32,388.00</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	\$11,964.00
Alimony Paid	0.00	36,000.00
<b>Total Support Paid</b>	<b>\$0.00</b>	<b>\$50,621.00</b>
<b>TOTAL EXPENSES</b>	<b>\$89,627.00</b>	<b>\$83,009.00</b>
<b>Taxes</b>		
Federal Taxes	\$14,734.00	\$57,833.00
FICA & Medicare	\$5,738.00	\$8,655.00
State Taxes	\$2,302.00	\$7,245.00
<b>TOTAL TAXES</b>	<b>\$22,774.00</b>	<b>\$73,733.00</b>

	<b>Margaret Annual</b>	<b>Nelson Annual</b>
<b>Total Income</b>	<b>\$122,964.00</b>	<b>\$236,000.00</b>
<b>Minus Total Expenses</b>	<b>(89,627.00)</b>	<b>(83,009.00)</b>
<b>Minus Total Taxes</b>	<b>(22,774.00)</b>	<b>(73,733.00)</b>
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<b>AFTER-TAX CASH</b>	<b>\$10,563.00</b>	<b>\$79,258.00</b>

## "What-If" Alimony and Child Support

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After-tax cash projections for Margaret Woodson and Nelson Paris, for alimony paid by Nelson to Margaret.

What-If	Amount (\$/mo.)	Through (year)
Alimony:	<u>2,000</u>	<u>2009</u>
Child Support:	<u>1,000</u>	<u>2023</u>

### Results:

Year	Annual After-Tax Cash (*)	
	Margaret	Nelson
2007	<u>1,719</u>	<u>87,022</u>
2008	<u>1,144</u>	<u>99,346</u>
2009	<u>532</u>	<u>104,577</u>
2010	<u>-2,347</u>	<u>125,969</u>
2011	<u>1,156</u>	<u>134,249</u>

# Alimony Present Value ("Buyout")

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

The present value of Alimony is ..... \$ 160,036 to Margaret.

The present value of Alimony is ..... \$ 144,181 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 3.07 tax rates for Margaret.

Marginal federal 33.00 and state 3.07 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	36,000	25,895	25,397	23,015	22,621
2008	36,000	25,895	24,501	23,015	21,910
2009	36,000	25,895	23,637	23,015	21,222
2010	36,000	25,895	22,803	23,015	20,555
2011	36,000	25,895	21,999	23,015	19,910
2012	36,000	25,895	21,223	23,015	19,284
2013	36,000	25,895	20,474	23,015	18,678
TOTAL:			160,036		144,181

# 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>		
75,000	180,000	Wages and salary.
		Taxable interest income.
		Taxable dividend income.
36,000		Alimony 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.
		Other income.
111,000	236,000	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.
	36,000	Alimony paid.
		Interest on education loans.
		Other deductions.
	36,750	Total adjustments.
111,000	199,250	Adjusted Gross Income ("AGI") = gross income - total adjustments).
<b>Itemized Deductions:</b>		
0		Deductible medical expenditures.
2,302	7,245	State income taxes.
		Local income taxes.
7,540	6,000	Property taxes.
20,080		Mortgage interest.
500	300	Charitable contributions.
1,000	324	Miscellaneous, subject to 2% AGI threshold.
		miscellaneous, after 2% AGI threshold.
		Miscellaneous, not subject to 2% AGI threshold.
30,422	13,545	Itemized deductions before phase-out.
30,422	11,124	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>1,133</u>	Deduction for exemptions after phase-out.

**Tax Before Credits and Other Taxes:**

<u>73,778</u>	<u>186,993</u>	Taxable Income
		= AGI - greater of itemized or standard deductions - exemptions.
<u>13,619</u>	<u>51,551</u>	Tax before credits and other taxes (from tax table or formula).

**Non-refundable Credits:**

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

**Refundable Credits:**

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

**Other Taxes on Form 1040:**

<u>1,115</u>	<u>4,782</u>	Tax on retirement plan premature distribution.
<u>          </u>	<u>          </u>	Alternative minimum tax.
<u>          </u>	<u>1,500</u>	Lump-sum distribution 5- or 10- year averaging.
<u>          </u>	<u>          </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>14,734</u>	<u>57,833</u>	Total Federal Income Tax.

**Taxes Not on Form 1040:**

<u>4,650</u>	<u>6,045</u>	FICA Taxes.
<u>1,088</u>	<u>2,610</u>	Medicare Taxes.
<u>2,302</u>	<u>7,245</u>	State Income Tax

**Total Taxes:**

<u>22,774</u>	<u>73,733</u>	Total taxes.
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# Alimony After-Tax

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The total alimony payments are \$252,000.

The total after-tax cost of the alimony to the payer is \$160,665.

The total net benefit of the alimony to the recipient, after paying taxes, is \$177,361.

The net tax savings (payer's tax saving less recipient's tax cost) due to alimony are \$16,696 over 7 years.

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## Analysis:

The chart below shows the net tax savings to alimony.

Year	Net Tax Savings Due to alimony		
	(a) Nelson's Tax Reduction Due to alimony	(b) Margaret's Tax Increase Due to alimony	(c) Net tax change Due to alimony (a) - (b)
2007	\$12,600	\$10,427	\$2,173
2008	\$12,600	\$10,280	\$2,320
2009	\$12,600	\$10,182	\$2,418
2010	\$12,272	\$10,369	\$1,903
2011	\$13,731	\$11,286	\$2,445
2012	\$13,775	\$11,155	\$2,620
2013	\$13,757	\$10,940	\$2,817
Total tax svgs/pmts:	\$91,335	\$74,639	\$16,696
Total payments made:	\$252,000	\$252,000	
Cost/Inc after taxes:	\$160,665	\$177,361	

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## Explanation of Analysis:

When alimony is paid, the payer gets a tax deduction and the recipient pays tax on the alimony income.

The tax deduction is a benefit to the payer (Nelson). We calculate Nelson's tax with the alimony deduction. Then we calculate Nelson's tax as if there were no alimony payment. The difference is Nelson's tax benefit due to the alimony payment.

Note that we do not simply apply a marginal tax rate to the alimony amount. We do a complete tax calculation. This counts the impact of the alimony deduction on exemption phase-outs, itemized deduction phase-outs, the Alternative Minimum Tax, etc., and therefore it is the most accurate way to calculate the tax benefit.

We then do a similar set of calculations for Margaret, to find the extra tax that Margaret is paying due to the alimony income.

We then subtract Margaret's tax cost from Nelson's tax benefit, to get the net tax benefit.

Typically, the payer is in a higher tax bracket than the recipient. This means that the payer's tax savings is more than the recipient's tax cost. So there is a net tax benefit.

In this case, the net tax benefit is \$16,696 over the 7 years alimony is being paid.

# Who Should Claim the Exemptions

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Exemption report for Margaret Woodson and Nelson Paris.

According to our analysis, the parties can save \$5,963 over 14 years by switching the exemption(s) to Nelson.

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## Analysis:

The table below shows the year-by-year and cumulative tax savings. For example, to see the cumulative savings over three years, look at the third row, last column.

Year	Tax Savings to Switching Exemptions			
	(a) Combined (H+W) Tax if Nelson Claims All	(b) Combined (H+W) Tax with Current Exemptions	(c) Tax Savings to Having Nelson Claim All (b) - (a)	(d) Cumulative Tax Savings to Having Nelson Claim All. Total (c) to date.
2007	\$35,062	\$35,062	\$0	\$0
2008	\$33,470	\$34,294	\$824	\$824
2009	\$34,413	\$35,334	\$921	\$1,745
2010	\$41,202	\$41,975	\$773	\$2,518
2011	\$46,308	\$46,194	(\$114)	\$2,404
2012	\$47,245	\$47,126	(\$119)	\$2,285
2013	\$48,257	\$48,136	(\$121)	\$2,164
2014	\$48,360	\$49,132	\$772	\$2,936
2015	\$49,399	\$50,421	\$1,022	\$3,958
2016	\$50,730	\$51,736	\$1,006	\$4,964
2017	\$52,401	\$53,095	\$694	\$5,658
2018	\$54,115	\$54,420	\$305	\$5,963
2019	\$55,795	\$55,795	\$0	\$5,963
2020	\$57,525	\$57,525	\$0	\$5,963

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## Explanation:

Here is an explanation of this analysis:

We calculated combined (Margaret+Nelson) tax over all 14 years for exemptions "as if" Margaret claimed all the exemptions.

Then we did the same for Nelson.

(14 is the number of years during which at least one child may be claimed as an exemption.)

We then compared those results to the combined (Margaret+Nelson) tax over all 14 years under the current situation for exemptions.

We found that switching the exemptions to Nelson yields cumulative tax savings, over 14 years, of \$5,963.

# Pennsylvania Child Support Guideline Worksheet Summary

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## PART I. BASIC CHILD SUPPORT

	OBLIGOR (Nelson)	OBLIGEE (Margaret)
1. Total Gross Income per month . . . . .	\$ 19,667	\$ 9,250
2. Less Deductions . . . . .	\$ 9,180	\$ 1,992
3. Net Income . . . . .	\$ 10,487	\$ 7,258
4. Net income (monthly) . . . . .	\$ 10,487	\$ 7,258
5. Combined Total Monthly Net Income. . . . .	\$ 17,745	
6. Plus Children's Derivative Social Security Benefit. . . . .	\$	
7. Adjusted Combined Monthly Net Income. . . . .	\$ 17,745	
8. PRELIMINARY BASIC CHILD SUPPORT OBLIGATION (Rule 1910.16-3). . . . .	\$ 2,076	
9. Less Children's Derivative Social Security Benefit. . . . .	\$	
10. BASIC CHILD SUPPORT OBLIGATION. . . . .	\$ 2,076	
11. Share of combined income (line 4 / line 5 (%)). . . . .	59	41
12. Share of child support obligation, \$ per month (line 10 * line 11). . . . .	\$ 1,225	\$ 851

## PART II. SUBSTANTIAL OR SHARED PHYSICAL CUSTODY ADJUSTMENT

13a. Percent of time spent with children by obligor parent. . . . .	0.00
13b. If line 13a is 40% or more, line 13a - 30%. . . . .	0.00
13c. Adjusted % share. Line 11 - Line 13b. . . . .	
13d. Adjusted share of basic obligation. Line 13c * line 10. . . . .	\$
13e. Share after further adjustment if necessary . . . . .	\$ 1,225

## PART III. ADDITIONAL EXPENSES (From Rule 1910.16-6)

14a. Obligor's share of child care expenses . . . . .	\$ 0
14b. Obligor's share of health insurance (if Obligee pays the premium) . . . . .	\$ 281
14c. Less: Obligee's share of health insurance (if Obligor pays premium) . . . . .	\$ 0
14d. Obligor's share of unreimbursed medical expenses . . . . .	\$ 0
14e. Other additional expenses, homeowner (\$0) and other (\$0) . . . . .	\$ 0
14f. Total additional expenses (lines 14a+14b-14c+14d+14e). . . . .	\$ 281

15. Obligor's total monthly child support: (13(e) + 14(f)), or, if larger, Melzer Amount. . . . . \$ 1,506

## PART IV. SPOUSAL SUPPORT AND ALIMONY PENDENTE LITE

*With Dependent Children.*

16. Obligor's monthly net income (line 4) . . . . .	\$ 10,487
17. Less: Alimony payable to former relationships (See Rule 1910.16-2(c)(2)). . . . .	\$ 0
18. Less: Obligee's monthly net income (line 4) . . . . .	\$ 7,258
19. Difference (line 16 - line 17 - line 18). . . . .	\$ 3,229
20. Less: Obligor's total child support obligation . . . . .	\$ 1,506
21. Difference (line 19 - line 20) . . . . .	\$ 1,723
22. Percent by which to multiply line 21 . . . . .	30
23. Spousal support or alimony pendente lite (line 21 * line 22). . . . .	\$ 517

*Without Dependent Children.*

24. Obligor's monthly net income. . . . .	\$
25. Less: Alimony payable to former relationships (See Rule 1910.16-2(c)(2)). . . . .	\$
26. Less: Obligee's monthly net income. . . . .	\$
27. Difference (Line 24 - line 25 - line 26). . . . .	\$
28. Percent by which to multiply line 27. . . . .	40
29. Preliminary alimony pendente lite or support (line 27 * line 28). . . . .	\$
30. Adjustments for other expenses (See Rule 1910.16-6) . . . . .	\$
31. Total Alimony Pendente Lite (Line 29 - line 30). . . . .	\$

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# Melzer Calculation

Melzer Calculation for Margaret Woodson and Nelson Paris.

	(a)	(b)	(c)
	Father	Mother	Combined
1. Parties' Net Incomes (Guideline Worksheet line 4)	<u>15,784</u>	<u>7,258</u>	
2. Parties' Reasonable Living Expenses (Living Expense Worksheets)	<u>4,407</u>	<u>6,801</u>	
3. Parties' Net Incomes After Living Expenses (line 1 - line 2)	<u>11,377</u>	<u>457</u>	<u>11,834</u>
4. Each Party's % Share of Line 3 Lines 3(a)/3(c) and 3(b)/3(c)	<u>96.14</u>	<u>3.86</u>	
5. Children's Reasonable Living Expenses (from Children's Expense Worksheet)			<u>322</u>
6. Each Party's Obligation Line 4 * Line 5	<u>310</u>	<u>12</u>	
7. Obligor's Obligation (Obligor's Line 6)	<u>310</u>		
8. Amount Obligor is Already Paying of Children's Expenses (Worksheet)	<u>0</u>		
9. Obligor's Net Child Support Obligation (line 7 - line 8)	<u>310</u>		

**Nelson Paris VS. Margaret Woodson**  
**Docket Number:** 44323232  
**Date of Marriage:** 08/26/1990

**PACSES Number:** 517002154  
**Date of Separation:** 9/12/2006

**Inventory and Appraisement**

**MARITAL ASSETS**

	Description of Property	Title	Value at Date of Separation	Current Value & Marital Equity	Exhibit
1	242 Westerly Pl \$700,000 less mortgages of \$335,000 & \$47,500 ( 9/22/2006 ) ( 1/5/2007 )	J	\$ 710,000	\$ 700,000 \$ 317,500	1
2	Chase Citibank #34563334 ( 9/22/2006 ) ( 1/5/2007 )	W	\$ 4,040	\$ 4,000 \$ 4,000	2
3	Chemical #962-5539292 ( 9/22/2006 ) ( 1/5/2007 )	H	\$ 12,725	\$ 12,500 \$ 12,500	3
4	Vanguard Index #09-4452233 ( 9/22/2006 ) ( 1/5/2007 )	J	\$ 32,400	\$ 35,000 \$ 35,000	4
5	2004 Toyota Camry ( 9/22/2006 ) ( 1/5/2007 )	W	\$ 6,750	\$ 6,750 \$ 6,750	
6	2005 Jaguar XJ-8 ( 9/22/2006 ) ( 1/5/2007 )	H	\$ 28,000	\$ 28,000 \$ 13,000	
7	Sculpture ( 9/22/2006 ) ( 1/5/2007 )	H	\$ 3,500	\$ 3,500 \$ 3,500	5
8	Desk ( 9/22/2006 ) ( 1/5/2007 )	H	\$ 1,750	\$ 1,750 \$ 1,750	
9	Fidelity #45-3233-222 ( 9/22/2006 ) ( 1/5/2007 )	W	\$ 22,793	\$ 24,000 \$ 24,000	6
10	Federated Pension Plan, Defined Benefit Plan #101-2223 ( 9/22/2006 ) ( 1/5/2007 )	W	\$ 38,242	\$ 37,589 \$ 27,880	7
11	Paris Plumbing Supply ( 9/22/2006 ) ( 1/5/2007 )	J	\$ 80,000	\$ 80,000 \$ 80,000	

TOTALS

\$ 940,200 \$ 525,880

**Nelson Paris VS. Margaret Woodson**

**Docket Number:** 44323232

**PACSES Number:** 517002154

**Date of Marriage:** 08/26/1990

**Date of Separation:** 9/12/2006

**Inventory and Appraisement**

**MARITAL LIABILITIES**

	Description of Property	Title	Value at Date of Separation	Current Total Debt Marital Debt	Exhibit
1	Sallie Mae loan Sallie Mae, 1157 H St. NW, Washington DC 20032	W	\$ 17,462	\$ 17,392 \$ 17,392	
2	Student Loan SLMA, 1157 H St. NW, Washington DC 20032	H	\$ 25,242	\$ 24,989 \$ 24,989	
TOTALS			\$ 42,704	\$ 55,312	

**Nelson Paris VS. Margaret Woodson**

**Docket Number:** 44323232                      **PACSES Number:** 517002154  
**Date of Marriage:** 08/26/1990                      **Date of Separation:** 9/12/2006

**Inventory and Appraisement**

**NON-MARITAL ASSETS - Margaret Woodson**

	Description of Property	Title	Date Acquired	Current Value	Exhibit
1	Bank of America Citibank #93325196	W	1/5/2007	\$ 2,000	
2	Federated Pension Plan, Defined Benefit Plan #101-2223	W	1/5/2007	\$ 9,709	7

TOTALS \$ 11,709

**Nelson Paris VS. Margaret Woodson**

**Docket Number:** 44323232

**PACSES Number:** 517002154

**Date of Marriage:** 08/26/1990

**Date of Separation:** 9/12/2006

**Inventory and Appraisement**

**NON-MARITAL ASSETS - Nelson Paris**

	Description of Property	Title	Date Acquired	Current Value	Exhibit
1	Merrill Lynch Brokerage		1/5/2007	\$ 8,000	
TOTALS				\$ <u>8,000</u>	



Nelson Paris VS. Margaret Woodson

Docket Number: 44323232
Date of Marriage: 08/26/1990

PACSES Number: 517002154
Date of Separation: 9/12/2006

Income & Expenses For Margaret Woodson

SECTION I.

Name Margaret Woodson
Soc. Sec. No 875-99-7453
Date of Birth 09/01/1975
Address 19 Oaklyn Ave.
City, State Zip Norristown PA 19403-1405

SECTION II. INCOME

1. Monthly Salary 6,250
2. Total Monthly Income \$ 6,250

SECTION III. DEDUCTIONS

3. Monthly Federal Tax, assuming no alimony from this relationship. 359
4. Monthly State Tax, assuming no alimony from this relationship. 192
5. Monthly FICA & Medicare Tax 478
6. Monthly Union Dues 83
7. Total Monthly Deductions \$ 1,112
8. Monthly Income After Deductions: \$ 5,138

SECTION IV. AVERAGE EXPENSES

HOUSEHOLD EXPENSES:

9. Monthly Mortgage (first) 1,673
10. Monthly Property Tax 628
11. Monthly Electricity 630
12. Monthly Oil / Heat Fuel 108
13. Monthly Water/Sewer 125
14. Monthly Gas or Propane for Heat 75
15. Monthly Phone 325
16. Monthly Cable TV 57
17. Monthly Internet Access 65
18. Monthly Household Maintenance, etc. 34
19. Monthly Household Supplies 5
20. Monthly Cleaning Services 303
21. Monthly Laundry 30
22. Monthly Dry Cleaning 52
23. Monthly Homeowners Insurance 120
24. Monthly Lawn Service 20
25. Monthly Snow Removal 25
26. Monthly Furniture & Appliance Repair 17
27. Total Monthly Household Expenses \$ 4,292

TRANSPORTATION EXPENSES:

28. Monthly Car Insurance . . . . .	110	
29. Monthly Car Gasoline/oil . . . . .	250	
30. Monthly Car Maintenance and repair . . . . .	75	
31. Monthly Car License / stickers . . . . .	4	
32. Monthly Parking . . . . .	10	
33. Monthly Public Transportation . . . . .	65	
<b>34. Total Monthly Transportation Expenses . . . . .</b>		<b>\$ 514</b>

**EXPENSES FOR CHILD(REN):**

35. Monthly Child Clothing . . . . .	20	
36. Monthly Child Entertainment . . . . .	302	
<b>37. Total Monthly Child Expenses . . . . .</b>		<b>\$ 322</b>

**PERSONAL EXPENSES:**

38. Monthly Restaurants . . . . .	238	
39. Monthly Entertainment . . . . .	126	
40. Monthly Food / Groceries . . . . .	300	
41. Monthly Clothes . . . . .	80	
42. Monthly Vacations . . . . .	416	
43. Monthly Church / Synagogue / Mosque etc. . . . .	41	
44. Monthly Gifts . . . . .	43	
45. Monthly Hair . . . . .	130	
46. Monthly Loan Payment, Non-Education . . . . .	147	
47. Monthly Legal / Accounting Fees . . . . .	500	
48. Monthly Pets . . . . .	41	
49. Monthly Therapist / Counselor . . . . .	120	
50. Monthly Toiletries / Grooming / Drug Store . . . . .	25	
51. Monthly Misc other . . . . .	16	
<b>52. Total Monthly Personal Expenses . . . . .</b>		<b>\$ 2,223</b>

**HEALTH AND MEDICAL EXPENSES:**

53. Monthly Health Insurance . . . . .	476	
54. Monthly Optical . . . . .	20	
55. Monthly Dental . . . . .	30	
<b>56. Total Monthly Health and Medical Expenses . . . . .</b>		<b>\$ 526</b>

<b>57. Total Monthly Expenses . . . . .</b>		<b>\$ 7,877</b>
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**SUMMARY**

<b>58. Total Monthly Income . . . . .</b>		<b>\$ 6,250</b>
<b>59. Total Monthly Deductions . . . . .</b>		<b>\$ 1,112</b>
<b>60. Total Monthly Expenses . . . . .</b>		<b>\$ 7,877</b>
<b>61. Total Monthly Income After Deductions and Expenses . . . . .</b>		<b>\$ -2,739</b>

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