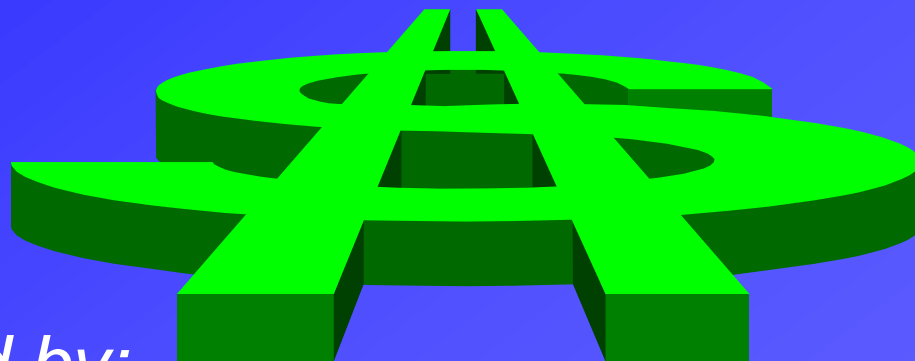


Marital Standard of Living and Support Needs Analysis



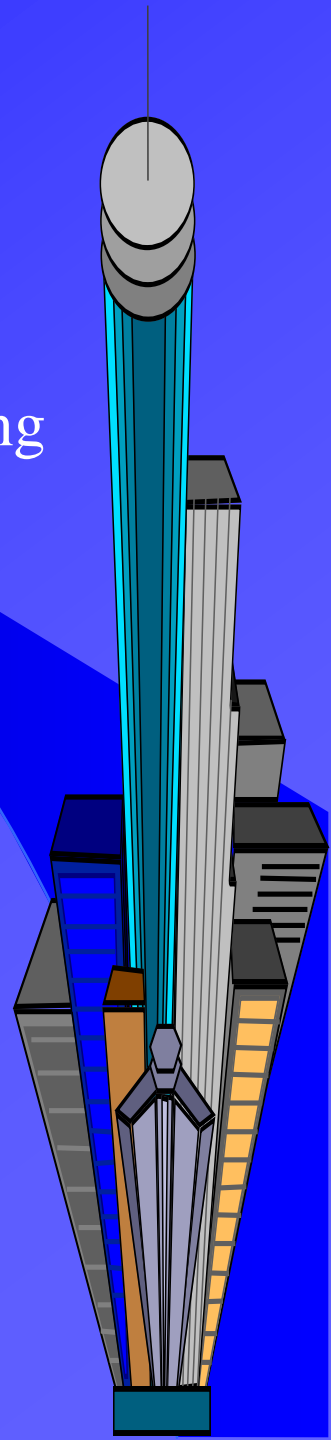
Presented by:

- Ron J. Anfuso, CPA, ABV, CFF, CDFIA, FABFA



Outline

1. Introduction
2. Selected cases
3. Sources of Income for Marital Standard of Living
 - a) Sources Of Cash Flow from Tax Returns
Analysis of individual income tax returns
4. Marital Standard of Living - Expenses
 - a) Adjustments to expenses
 - b) Normalization adjustments
 - c) Non-recurring items
5. Required Spousal Support to Meet the MSOL
 - a) Use of DissoMaster® program to calculate required spousal support.
6. Bonus Income



Marital Standard of Living

- After-tax expenses for housing, food, entertainment, clothing, vacations, transportation, etc.
- In re Marriage of Zywieciel (2000) 83 Cal.App.4th 1078, 100 Cal.Rptr.2d 242 held: "The marital standard of living is relevant as a reference point against which the various statutory guidelines are to be weighed [citation], but it is not in and of itself sufficient to sustain an award of permanent support."

ALL OF THE §4320 FACTORS
MUST BE CONSIDERED

JOHN AND MARY SMITH
ESTIMATED CASH FLOW
2003 Through 2004

	<i>Per Income Tax Returns</i>		
	2003	2004	Total
INCOME			
Wages	\$ 171,000	\$ 188,000	\$ 359,000
Interest income	40	20	60
Dividend income	226	-	226
Capital gains (losses)	-	427	427
Total Income	<u>171,266</u>	<u>188,447</u>	<u>359,713</u>
ADJUSTED GROSS INCOME	<u>171,266</u>	<u>188,447</u>	<u>359,713</u>
TAX LIABILITIES			
Federal Tax	28,000	36,000	64,000
State Tax	8,700	11,000	19,700
Total Taxes	<u>36,700</u>	<u>47,000</u>	<u>83,700</u>
Non-taxable income	-	-	-
Net, after-tax income available for living expenses and investment	134,566	141,447	276,013
Living expenses deducted as <u>itemized deductions</u>			
Real Estate Taxes	3,300	3,400	6,700
Other Taxes	710	649	1,359
Mortgage Interest/Points	12,000	12,500	24,500
Contributions	800	900	1,700
Medical and Miscellaneous	9,000	9,000	18,000
Total living expenses deducted as itemized deductions	<u>25,810</u>	<u>26,449</u>	<u>52,259</u>
Cash Flow Available for Other Living Expenses and Investment	<u>\$ 108,756</u>	<u>\$ 114,998</u>	<u>\$ 223,754</u>
Total Cash Flow			<u>\$ 276,013</u>
Average Monthly			<u>\$ 11,501</u>



Marital Standard of Living

See Additional Info on
Presentations Page

MARY SMITH
REQUIRED MONTHLY SPOUSAL SUPPORT
TO MEET MARITAL STANDARD OF LIVING

Required Spousal Support	\$ 1,873
Guideline Child Support	2,747
Salary/Earning Capacity	<u>3,000</u>
Total Income	7,620
Income taxes	<u>490</u>
Net Spendable Income/MSOL	<u><u>\$ 7,130</u></u>



BONUS INCOME

- In re Marriage of Ostler & Smith (1990) 223 Cal.App.3d 33, 272 Cal.Rptr. - Payor of support may be ordered to pay percentage of future bonus as additional child support.
- In re Marriage of Hall (2000) 81 Cal.App.4th 313, 96 Cal.Rptr.2d 772 – Cannot use a percentage of bonus in cases where both parties have fluctuating incomes.