The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are scattered across the frame, creating a sense of depth and movement. A black rectangular box is positioned on the right side of the slide, containing the title text in white.

The
Relationship
Between
Alimony and
Child Support

Both Are Transfers Of Money

◇ Alimony

- ◇ Support for the basic needs of the other spouse
- ◇ Maintain the standard of living enjoyed during marriage
- ◇ Rehabilitation
- ◇ Reimbursement for economic loss
- ◇ Sharing of a Career Asset

◇ Child Support

- ◇ Support the child's basic needs
- ◇ Maintain the child's standard of living
- ◇ Direct expenses: childcare, health care costs, special educational needs, other necessary expenses for the benefit of the child

Overlap Between Alimony and Child Support

- ◆ When alimony is awarded to meet the basic needs of the spouse or to maintain the standard of living enjoyed by the spouse during the marriage, consider the potential for overlap with child support.
- ◆ Child support is calculated as a percentage of income of the obligor, presumed to meet the basic needs of the child.
- ◆ Both alimony and child support contribute to the fixed expenses of the recipient such as rent, mortgage payments, utilities, car maintenance, and insurance.

Proportional Contribution

- ◇ Child support is a proportional contribution based on the income of the parents whether or not the payment is needed to meet the child's needs.
- ◇ Husband and Wife share joint physical custody of four children.
- ◇ Husband is a radiologist earning \$1 Million annually.
- ◇ Wife is an internist earning \$500,000 annually.
- ◇ Husband's guideline child support calculates to \$2,916 per month.
- ◇ This payment is not needed to meet the basic needs of the children in either household.
- ◇ An alimony award in this case would depend on the facts of the case.

Sharing the Lifestyle

- ◇ Child support also allows for sharing of the lifestyle a parent.
- ◇ Husband and Wife divorce after a 3-year marriage with one minor child, age 2 years.
- ◇ Husband just started his career and earns \$150,000 per year.
- ◇ Wife has no employment.
- ◇ Husband pays alimony of \$3,000 per month for 2 years and child support of \$1,380 per month.
- ◇ By the third-year post-divorce, Ex-Husband has satisfied his alimony obligation and his child support increases to \$1,500 per month based on his increase in income.
- ◇ Ten years post-divorce . . . Child is 12 years old. Ex-Wife is earning \$4,500 per month. Ex-Husband's gross monthly income jumps to \$98,000.
- ◇ Ex-Wife moves for a child support review. Guideline child support calculates to \$4,080 per month.

Which Is It?

- ◆ Husband and Wife divorce after 15 years of marriage. They have no children together, but Wife has a 14-year-old special needs child from another relationship.
- ◆ The child's father is MIA.
- ◆ Husband earns \$600,000 annually (\$50,000 per month). Wife is unemployed and a full-time caretaker of the special needs child.
- ◆ Should Wife's "basic need" include the cost of caring for a special needs child? Can we deny that the "standard of living she maintained during the marriage" included those costs?

Which Is Calculated First?

- ◇ Alimony is calculated first.
- ◇ Consider “net” Tonopah formula for calculation of net income for purposes of alimony where child support is calculated first:
 - ◇ Gross Income of Obligor:
 - ◇ Less Tax Burden:
 - ◇ Less Child Support Obligation:
 - ◇ Equals Net Income of Obligor:
- ◇ Consider that now, alimony (like child support) is not taxable to the recipient or deductible to the payor.

Should Alimony Payments Be Deducted From The Income Of The Obligor?

	Husband	Wife
GMI	\$20,833	\$4,167
Taxes	-\$5,071	-\$476
Alimony	<u>-\$3,500</u>	<u>+\$3,500</u>
Net after taxes and alimony	\$12,262	\$7,191

- ◇ For purposes of the child support calculation, Husband's gross monthly income is \$20,833 per month.
- ◇ Consider whether there is a "double dip" dilemma when counting the same dollars for alimony and for child support.
- ◇ Assume Husband's income is derived from a business that is valued during the divorce. Wife receives the equity in the house in exchange for Husband's equity in the business. Is there a "triple dipping" dilemma?

Should Alimony Be Included In The Income Of The Obligees?

Joint/Mixed Custody Switch to Primary Clear

Calculation Year: 2021
 Effective 02/01/2021

Respondent's Gross Monthly Income: 10000

Children in Petitioner's custody: 1

Petitioner's Gross Monthly Income: 4000

Children in Respondent's custody: 1

Respondent's Obligation: \$ 640 Calculate Copy

Respondent's Gross Monthly Income: \$10,000.00
Number of Children: 1

Tier 1 (\$6,000.00 * 16.00% = \$960.00)
+ Tier 2 (\$4,000.00 * 8.00% = \$320.00)
Obligation amount is \$1,280.00.

Petitioner's Gross Monthly Income: \$4,000.00
Number of Children: 1

Tier 1 (\$4,000.00 * 16.00% = \$640.00)
Obligation amount is \$640.00.

Respondent's Obligation: (\$1,280.00 - \$640.00) = \$640.00

Joint/Mixed Custody Switch to Primary Clear

Calculation Year: 2021
 Effective 02/01/2021

Respondent's Gross Monthly Income: 10000

Children in Petitioner's custody: 1

Petitioner's Gross Monthly Income: 0

Children in Respondent's custody: 1

Respondent's Obligation: \$ 1195 Calculate Copy

Respondent's Gross Monthly Income: \$10,000.00
Number of Children: 1

Tier 1 (\$6,000.00 * 16.00% = \$960.00)
+ Tier 2 (\$4,000.00 * 8.00% = \$320.00)
Obligation amount is \$1,280.00.

Petitioner's Gross Monthly Income: \$0.00
Number of Children: 1

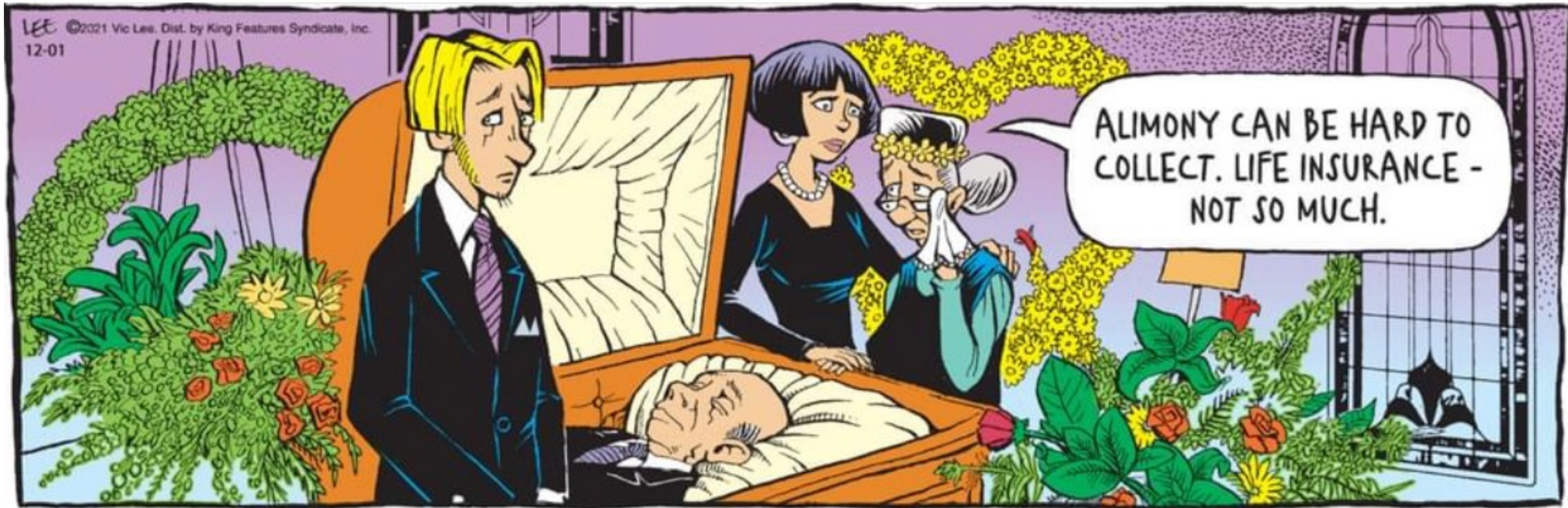
For 1 child,
and Gross Monthly Income above \$0.00 and
up to \$805.00 the 2021 Low-Income Payers table
Obligation amount is \$85.00.

Respondent's Obligation: (\$1,280.00 - \$85.00) = \$1,195.00

Conclusions

- ◇ Whether relating to child support or to alimony, a formula can't possibly result in an equitable calculation for every scenario.
- ◇ Consider the purposes and the effects of the allocation of assets and the alimony and child support calculations.
- ◇ Run calculations to demonstrate why alimony should be higher or lower and why or why not adjustments should be made to guideline child support.

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ALIMONY CAN BE HARD TO
COLLECT. LIFE INSURANCE -
NOT SO MUCH.