




Maximizing the Magic of the Financial Neutral on the Collaborative Team

Jane Ochsman Rowny, CPA, CFP®, CDFA®
 Jamie S. Blum, CPA, CDFA®
 Jordan P. Egert, CPA, CFE, CDFA®

CBM
 CENTER FOR BUSINESS MEDIATION

1

| | | |
|---|--|--|
|  Jane O. Rowny, CPA, CFP®, CDFA® Partner and Director - Divorce Litigation Division |  Jamie S. Blum, CPA, CDFA® Senior Manager - Divorce Finance & Litigation Support |  Jordan P. Egert, CPA, CFE, CDFA® Senior Manager of Litigation Support & Forensic Services |
| <ul style="list-style-type: none"> • Divorce Financial Planning • Life Transition Planning • Wealth Management • Financial & Tax Consulting | <ul style="list-style-type: none"> • Divorce Financial Consulting & Mediation • Divorce Financial Planning, Strategy & Analysis • Forensic Accounting | <ul style="list-style-type: none"> • Divorce Financial Planning & Consulting • Litigation Consulting • Forensic Accounting • Tax Strategy and Consulting |

9/22/2022 2

2

Learning Objectives

As a result of participation in this course,

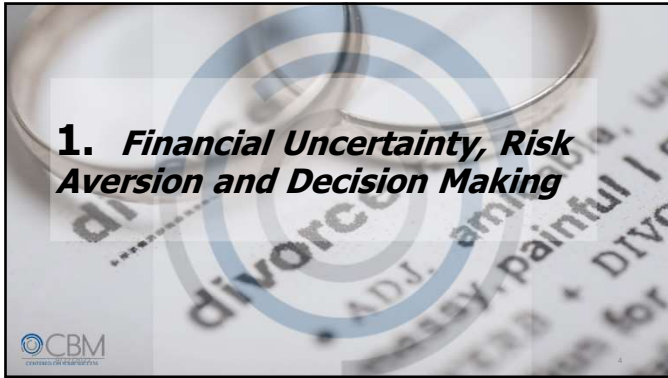
- Attendees will learn to identify how and why people are influenced in their financial decision making and will be provided tools and discussion techniques to assist their clients in option generation, evaluation, judgement and decision-making of their finances.
- Attendees will be able to identify primary areas of uncertainty that may create impasse and will be provided discussion points to aid resolution.
- Attendees will develop an understanding of customized financial analyses and projections that may be used to provide the clients and team with information to help reach a financial settlement.

CPE SPONSORS

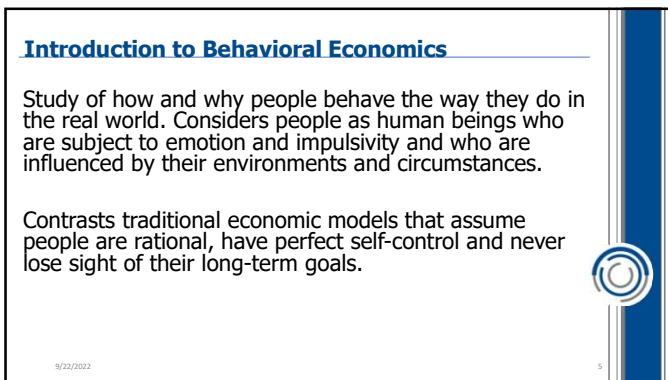
CBM P.C., www.cbmcpe.com
 MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com

9/22/2022 3

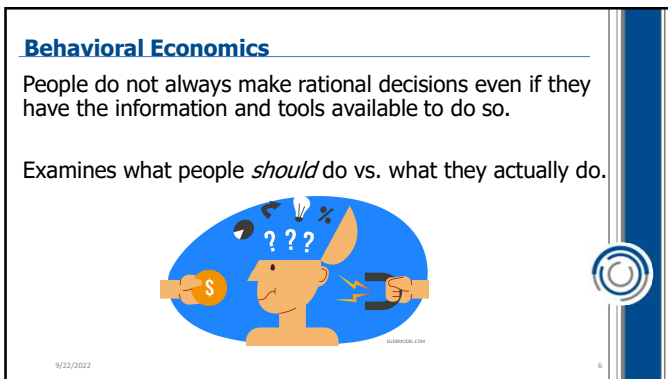
3



4



5



6

Uncertainty and Risk

Research of Amos Tversky and Daniel Kahneman: origins of modern behavioral economics.

Identified consistent biases in the way people make judgements:

People often rely on easily recalled information based on past experiences, rather than actual data, when evaluating the likelihood of a particular outcome. This is called the Availability Heuristic.



9/22/2022

7

7

Example: Multiplication Task

Quickly name the product:

$$1 \times 2 \times 3 \times 4 \times 5 \times 6 \times 7 \times 8$$



9/22/2022

8

8

Example: Multiplication Task in Reverse

Quickly name the product:

$$8 \times 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1$$



9/22/2022

9

9

Example: Multiplication Task Conclusion

Participants who were presented the equation with the larger numbers first (8x7x6...) estimated a significantly higher result than the participants who were presented the lower numbers first (1x2x3...).



9/22/2022

10

10

Application in Collaborative Practice:

- How we share and present information matters. (How we frame options).
- People are forming their judgement based on their own easily recalled information from their past experiences.
- If parties are stuck or thinking irrationally ask questions to understand their thinking:

What information or experiences are you using as a reference when forming your judgement on this decision?

- Offer your own observations.
- Provide other reference points to help them open their perspective.



9/22/2022

11

11

Application in Collaborative Practice:

• Carlos and Yasmin are getting a divorce. They are stuck on spousal support payments. Yasmin's option is to pay Carlos \$4,000/m for 5 years. Carlos is concerned the amount is too low. How might you use behavioral economics concepts to help them move forward?



9/22/2022

12

12

Application in Collaborative Practice:

- **Availability Heuristic:** change the order of payments.
i.e. \$5,000/m for 2 years, \$4,000/m for one year, \$3,000/m for 2 years.
- **Prospect Theory and Loss Aversion:** emphasize gain vs. loss.
i.e. Nonmodifiable fixed payments vs modifiable, indefinite payments.
- **Nudge/Anchoring:** reference points: i.e. Cash Flow Projections and need. The law, what a court would do.



9/22/2022

13

13

Risk and Loss Aversion: Prospect Theory

- Framing and loss aversion influences the choices people make. Human nature is to avoid loss and tendency to choose the safe or certain option to avoid a loss. The pain of loss is greater than the happiness of equivalent gains.
- Responses tend to differ if choices are framed as a gain or a loss.



9/22/2022

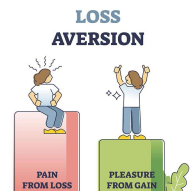
14

14

Example: Prospect Theory

• Which option would you choose?

- a) Win \$100 for **certain**
- b) **Gamble** on a 25% chance to win \$500 and a 75% chance to win nothing.



9/22/2022

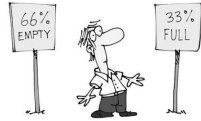
15

15

Example: Prospect Theory

• Which option would you choose?

- a) Lose \$500 for **certain**
- b) A 25% chance of losing \$800 and a 25% chance of losing nothing



9/22/2022

16

16

Modern Theories of Behavioral Economics

Research of Richard Thaler, awarded Nobel Prize in 2017

Factors that guide economic decision making:

- **Sunk cost fallacy:** people are less willing to give up on something they have personally invested in, even if it means more risk.
- Examples: Both parties be responsible for payment of process fees.
Spouse's preference is to keep their own retirement plans.



9/22/2022

17

17

Modern Theories of Behavioral Economics

- Nudge: conceptual tool for leading people to make better decisions. People treat money differently based on context.



9/22/2022

18

18

Nudge example:

Would you be willing to drive across town to Walmart to:

- a) Save \$10 on a \$20 pack of toilet paper or
- b) Save \$10 on a \$1,000 TV?



9/22/2022

19

19

Transparent Nudges:

Order effect: the order in which we receive information is a critical factor in decision making.

Example: candidates whose names appear at the top of a ballot have an advantage over those whose names appear lower on the list.

Application: alternate options of each party when listing them. List preferable options first.



9/22/2022

20

20

Transparent Nudges:

Simplifying Messaging: reduce the overall amount of information, highlight the important information helps decrease cognitive burden and improve decision making.

Examples: supersizing, use of bold font, "Quick Start Guide"

Application: create a simple summary page for highlighting and comparing information.



9/22/2022

21

21

Non-transparent Nudges:

Limiting the Number of Options: too many options can paralyze decision making. Research shows that an abundance of options leads to people feeling less satisfied with their final decision than they would be if they were originally presented with fewer options.

Decoy Effect: choices are often made relative to what is offered rather than based on absolute preferences. Adding a third option creates contrast between two other options. The presence of a third, less desirable option makes the other two seem like a better deal.

Anchoring: reference point from which we make adjustments when evaluating price.
Example: value of marital home in a buyout.

Framing: emphasizing a gain vs. a loss

Opt-out Default: make the default the most desirable choice.



9/22/2022

22

22

What Will Be Done with the Marital Home?

- Carlos and Yasmin are getting a divorce. They own a marital home and Yasmin wants to stay in the home and buy out Carlos' share.
- They obtained an appraisal, which values the home at \$500,000.
- Yasmin thinks the appraisal is overstated because their home is older than the comps and has deferred maintenance.
- Carlos agrees with the appraised value. His friend down the street just sold his house for \$495,000 and the friend's lot wasn't as big as the lot Carlos and Yasmin's home is on.



9/22/2022

23

23

What Will Be Done with the Marital Home?

- You ask each party separately *"Is there any other information or experience you are using as a reference when forming your judgement on this decision?"*
- Yasmin shares that she is concerned that housing prices are overinflated and will soon fall and she will have paid peak price for the equity in the home.
- Carlos shares that his parents divorced when he was a child. His father had to move out of the home, couldn't afford to buy a new home and ended up being homeless.

Which theories of behavioral economics can you identify in this scenario?

How might you apply the concepts to help the parties move forward?



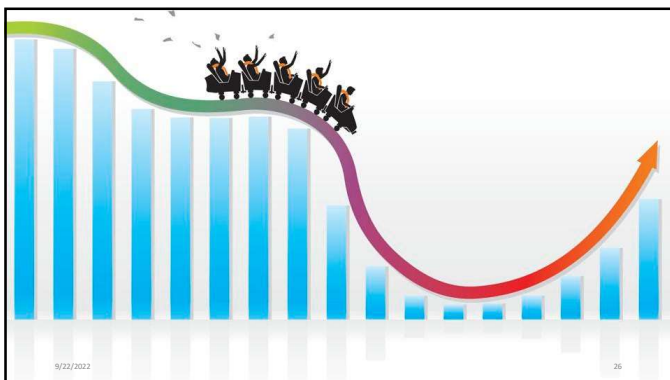
9/22/2022

24

24



25



26

Current Financial Issues

October 2022:

- Inflation
- Interest Rates
- Housing Prices

HEADLINE 9/21/22 - FEDERAL RESERVE
Fed raises rates by another three-quarters of a percentage point, pledges more hikes to fight inflation

©2022 CBM P.C., www.cbmcpe.com
 MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 27

27

Changes in Cash Flow

- Cash flow challenges
 - Overall budget issues
 - Income
 - Expenses
 - Housing Issues
 - Joint ownership
 - Taxes
 - Forbearance
 - Paying for the process

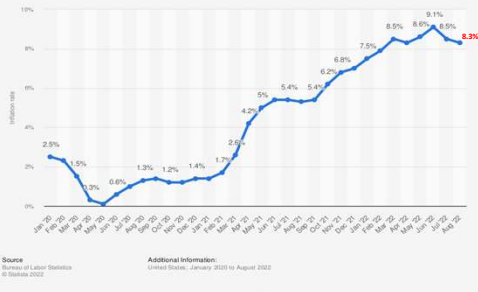


9/22/2022

28

28

Monthly 12-month inflation rate in the United States from January 2020 to August 2022



Source: Bureau of Labor Statistics, © Statista 2022

Additional information: United States, January 2020 to August 2022

CBM P.C., www.cbmcpa.com
MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com



9/22/2022

29

29

Overall Budget Issues

The current market effect of inflation on **income**
(wages, dividends, interest, appreciation)

The current market effect of inflation on **expenses**
(fixed vs. variable, discretionary vs. non-discretionary)




9/22/2022

30

30

Marital Home

- What has happened to the housing market over the past year?
 - Mortgage interest rates
 - Rental and housing prices
 - Housing inventory

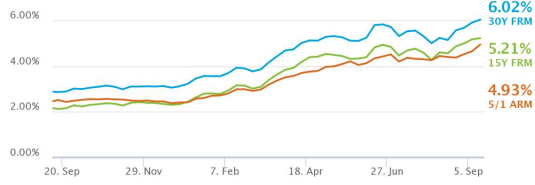


9/22/2022 CBM P.C., www.cbmcps.com
MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 31

31

Mortgage Interest Rates

FreddieMac Primary Mortgage Market Survey®
U.S. weekly average mortgage rates as of 09/15/2022



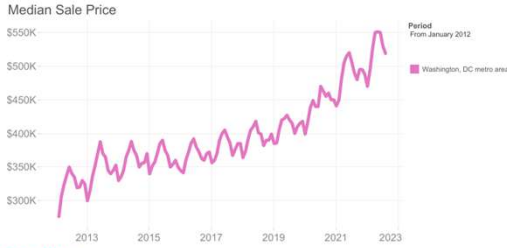
| Rate Type | Rate (%) |
|-----------|----------|
| 30Y FRM | 6.02% |
| 15Y FRM | 5.21% |
| 5/1 ARM | 4.93% |

9/22/2022 CBM P.C., www.cbmcps.com
MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 32

32

Housing Prices

Median Sale Price

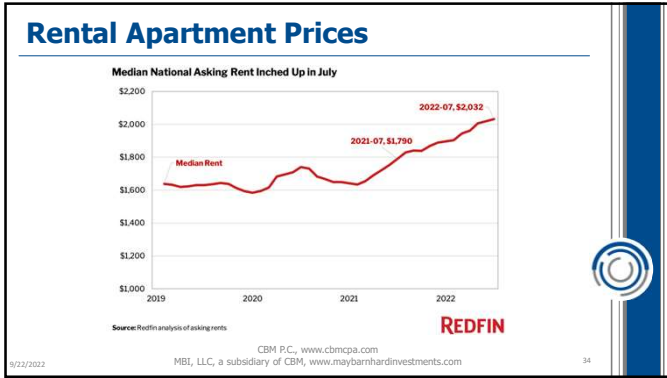


Period: From January 2012

Washington, DC metro area

9/22/2022 CBM P.C., www.cbmcps.com
MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 33

33



34

Marital Home

- Keeping the marital home
- Tax consequences to consider
- Forbearance (Suspended Mortgages) is Ending
 - The borrower(s) and the mortgage company agreed to temporarily suspend or reduce the monthly mortgage payments for a specific period of time. (CARES Act)

9/22/2022 35

35

Marital Home

- **Keep the home**
 - Own the home together for a period of time
 - Nesting
 - 'Staying' spouse can't afford to pay their share of the equity to the 'leaving' spouse
 - 'Staying' spouse can't assume or refinance the loan to take 'leaving' spouse off the mortgage loan
 - **Joint Homeownership Worksheet**

9/22/2022 CBM P.C., www.cbmcpe.com
MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com

36

Marital Home – Approaches and Methodologies

Joint Home Ownership Worksheet – Scenario 1

| Spouse A to Reside in Home | | What is a fair amount for Spouse A to pay to stay in the home? IT DEPENDS... | |
|---------------------------------------|--------------------|---|---------------|
| Expense | Monthly | Rent (1/2) collected by Spouse B | \$ 2,250.00 |
| House Mortgage, PIT | \$ 2,000.00 | Pays 1/2 of expenses | \$ (1,000.00) |
| | | Net To Spouse B | \$ 1,250.00 |
| Total Monthly House Cost | \$ 2,000.00 | | |
| Each split house expenses 50/50 | \$ 1,000.00 | Spouse A | |
| Rental rate, comps at \$4500 | \$ 4,500.00 | Pays 1/2 of house expenses | \$ (1,000.00) |
| 1/2 off the rent would go to Spouse A | | Pays 1/2 of market rent to Spouse B | \$ (2,250.00) |
| So only 1/2 is due to Husband | | Spouse A pays full mortgage and ins | \$ 2,000.00 |
| | | Spouse A Actual | \$ (1,250.00) |
| | | Pay to Spouse B | \$ 1,250.00 |

9/22/2022 CBM P.C., www.cbmcps.com MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 37

37

Marital Home – Approaches and Methodologies

Joint Home Ownership Worksheet – Scenario 2

| Spouse A to Reside in Home | | What is a fair amount for Spouse A to pay to stay in the home? IT DEPENDS... | |
|---------------------------------------|--------------------|---|---------------|
| Expense | Monthly | Rent collected by Spouse B | \$ 2,250.00 |
| House Mortgage, PIT | \$ 5,500.00 | 1/2 of expenses | \$ (2,750.00) |
| | | Net To Spouse B | \$ (500.00) |
| Total Monthly Cost | \$ 5,500.00 | | |
| Each split house expenses 50/50 | \$ 2,750.00 | Spouse A | |
| Rental rate, comps at \$4500 | \$ 4,500.00 | 1/2 of expenses | \$ (2,750.00) |
| 1/2 off the rent would go to Spouse A | | Pays 1/2 of market rent to Spouse B | \$ (2,250.00) |
| So only 1/2 is due to Husband | | Spouse A pays full mortgage and ins | \$ 5,500.00 |
| | | Spouse A Actual | \$ 500.00 |
| | | Pay to Spouse B (negative to Spouse A) | \$ (500.00) |

9/22/2022 CBM P.C., www.cbmcps.com MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 38

38

Marital Home

Taxes to Be Considered?

- Capital gains
- 2-out-of-5-year test for the Capital Gains Exclusion
- Prior or current rental or business use (HINT: the government wants their money back)
 - **Depreciation recapture**
- Possible additional taxes –
- NIIT, Medicare, additional state



9/22/2022 CBM P.C., www.cbmcps.com MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 39

39

Marital Home

| (E) | CAPITAL GAINS CALCULATION | |
|-----|--|---------------|
| | Original Purchase Price (a) | \$ 590,000 |
| | (per Alexandria Property Search, 12/16/13) | |
| | Improvements (b) | \$ 135,000 |
| | (per client provided notes) | |
| | Other Costs | |
| | Depreciation taken | \$ (44,820) |
| | TOTAL | \$ 680,180 |
| | NET SALE PRICE | 863,300 |
| | GAIN (LOSS) ON SALE | 183,120 |
| | EST. CAPITAL GAINS TAX | 23,157 |
| | EST. DEPRECIATION RECAPTURE | 13,334 |
| | EST. NIT | - |
| | EST. ADD'L MEDICARE | - |
| | EST. ADD'L STATE | - |
| | TOTAL ESTIMATED TAXES | 36,491 |

9/22/2022 MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 40

40

Marital Home

- **Forbearance (Suspended Mortgages) – CARES Act**
 - What were the benefits?
 - Lower or temporarily suspend the monthly payment — giving the borrower(s) time to improve their financial situation and get back on their feet
 - Less damage to their credit scores than a foreclosure
 - Stay in the home and avoid foreclosure

9/22/2022 41

41

Marital Home

- Forbearance (Suspended Mortgages)
 - How Does it Work?
 - At the end of your forbearance
 - Request an extension
 - Make additional payments
 - Modify the loan or
 - Sell the home.

9/22/2022 42

42

Marital Home

- Forbearance (Suspended Mortgages)
- **Caution** – make sure the clients have the most updated information from the lender about the total amount of the loan outstanding. (This almost derailed an agreement.)



9/22/2022

43

43

Options to Pay for the Process

When should paying for the process be discussed?



9/22/2022

44

44

Options to Pay for the Process

- Use savings (marital or non-marital)
- 0% interest credit card (usually a 12-month period, will it affect credit score, will it matter?)
- Loan from 401(k) or TSP (restrictions, interest, does not affect credit score, payback period)
- Withdraw and redeposit funds in an IRA within 60 days (risk of forgetting to redeposit or incorrect paperwork)





9/22/2022

45

45

Options to Pay for the Process

- Withdraw from a Home Equity Line of Credit (HELOC)
- Loan from a family member or friend
- Loan from an investment account
- Personal line of credit (unsecured)
- Divorce loan – DivorceLoan.com; DivorceFunding.info






9/22/2022 46

46

Options to Pay for the Process

- What are the effects of using one or more of the options?
 - Will there need to be an Agreement to Be Relied Upon?
 - Will it affect the credit score of either party?
 - Will it reduce the ability to qualify for a mortgage loan?
 - Will one of the parties be at higher risk of not being reimbursed if they withdraw funds from their own account?
 - There may be a cost to borrow.






9/22/2022 47

47

How To Present and Discuss Options

- Presentation Options – What will help the clients **understand the issues** and **ask relevant questions** and **make informed decisions** for their future?
 - Side by Side
 - One asset class / QTBA at a time
 - Percentage Change in Asset(s)
 - \$ Change in Asset(s)
 - Averages

9/22/2022 CBM P.C., www.cbmcpe.com
MBI, LLC, a subsidiary of CBM, www.maybarnhardinvestments.com 48

48



49



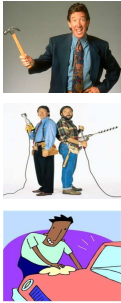
50



51

Use the Right Tool for the Job


- Identify the proper tool
 - Financial sticking points
 - Capability or ability to implement
- Understand the different ways tools can be used
 - Length and brevity
 - As part of the solution vs. As the solution
 - Compile meaningful options to all parties
- Put the final touches on the job
 - How we frame and deliver products matters
 - Discuss the impact options may/could have
 - Setting clients up for success post engagement




9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpa.com 52

52


Types of Tools Available to Us



- Level 1 Tools - Basic**
 - Assets and Liabilities, Cash Flows, and General Budgeting



- Level 2 Tools**
 - Dissecting Meaningful Information
 - Drilling Down



- Level 3 Tools**
 - Projection Based and What's Ifs
 - Professional Assumptions and Subjectivity

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpa.com 53

53

Level 2 Tools

- Intermediate tools meant to aide the team when uncertainty exists relating to general financial matters.*
- Top Level 2 Tools in Times of Volatility or Uncertainty
 - Housing Considerations and the Power of Refinancing
 - Tax Impacts – Timing and Filing Status
 - Cash Flow and Budget Impacts
 - Fears of the Unknown
 - Job Loss and Asset Draws
 - Volatile Income
 - Other
 - Fixed vs Variable vs Discretionary
 - Medical Related Expense/Large One Time Unknown Expenses
 - Option Overload
 - Put a \$ figure on it + Consider Nonfinancial consequences

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpa.com 54

54

Level 2 Tools: Housing Considerations

- Largest impact to spouses expense now + future
- 4 step process:
 1. Discuss goals of clients and needs (live in same area, kids living in home, care for parents, elder spouses moving to LTC facility, etc)
 2. Review sources of income available
 3. Review projected expenses
 4. Review short, mid, long term impact

Assess as part of overall marital financial plan.

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

55

55

Level 2 Tools: The Power of Refinancing (EXAMPLE)

Example (cash flow based):

- Parties have \$150,000 liquid assets
- After retirement savings monthly cash flow = Jamie \$0 and Jordan \$500
- Jamie would like to stay in the current house.
- Jordan not sure if he can afford to move out – ok with down payment but calculated additional needs for new home \$1,300/month.
- *\$745,000 mortgage balance, 22 years remaining.*

Considering only housing, how might we analyze this scenario?

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

56

56

Level 2 Tools: The Power of Refinancing (EXAMPLE)

1. Identify potential rates and terms
2. Compare apples to apples

| Current Mortgage | Refinanced - Proposed Mortgage | Options | | | | | | | | |
|--|---|---|---|--|-----------------------------------|---------------------|--------------------|-----------------------------|-----------------------------|-----------------|
| Original Principal Rate Term (months) Minimum Payment Planned Payment Additional Payment Current Balance | Original Principal Rate Term (months) Minimum Payment Planned Payment Additional Payment Current Balance | <table border="1"> <thead> <tr> <th colspan="2">Payoff @ Cash - Without Prepayments</th> </tr> </thead> <tbody> <tr> <td>Available Net Cash Flow (Assumed)</td> <td>\$ 500</td> </tr> <tr> <td>Fixed up Cash Flow</td> <td>\$ 908</td> </tr> <tr> <td>Total Available Cash</td> <td>\$ 1,408</td> </tr> </tbody> </table> | Payoff @ Cash - Without Prepayments | | Available Net Cash Flow (Assumed) | \$ 500 | Fixed up Cash Flow | \$ 908 | Total Available Cash | \$ 1,408 |
| Payoff @ Cash - Without Prepayments | | | | | | | | | | |
| Available Net Cash Flow (Assumed) | \$ 500 | | | | | | | | | |
| Fixed up Cash Flow | \$ 908 | | | | | | | | | |
| Total Available Cash | \$ 1,408 | | | | | | | | | |
| Current Mortgage w/out Prepayment Remaining Months Interest Paid to Date Projected Total Interest Total Interest Remaining | Refinance w/out Prepayment Remaining Months Interest Paid to Date Projected Total Interest Total Interest Remaining | <table border="1"> <thead> <tr> <th colspan="2">Normal Mortgage (w/o Prepayment) Impact</th> </tr> </thead> <tbody> <tr> <td>Pay off</td> <td>96.00 months slower</td> </tr> <tr> <td>Pay</td> <td>\$ 43,713 less in interest</td> </tr> </tbody> </table> | Normal Mortgage (w/o Prepayment) Impact | | Pay off | 96.00 months slower | Pay | \$ 43,713 less in interest | | |
| Normal Mortgage (w/o Prepayment) Impact | | | | | | | | | | |
| Pay off | 96.00 months slower | | | | | | | | | |
| Pay | \$ 43,713 less in interest | | | | | | | | | |
| Current Mortgage w/ Prepayment Remaining Months Interest Paid to Date Projected Total Interest Total Interest Remaining | Refinance w/ Prepayment Remaining Months Interest Paid to Date Projected Total Interest Total Interest Remaining | <table border="1"> <thead> <tr> <th colspan="2">Refinance and Prepay Impact</th> </tr> </thead> <tbody> <tr> <td>Pay off</td> <td>0.00 months faster</td> </tr> <tr> <td>Pay</td> <td>\$ 284,139 less in interest</td> </tr> </tbody> </table> | Refinance and Prepay Impact | | Pay off | 0.00 months faster | Pay | \$ 284,139 less in interest | | |
| Refinance and Prepay Impact | | | | | | | | | | |
| Pay off | 0.00 months faster | | | | | | | | | |
| Pay | \$ 284,139 less in interest | | | | | | | | | |

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

57

57

Level 2 Tools: Tax Impacts

Volatile economic conditions mean increases and decreases in asset values and income. Careful planning during volatile times can result in tax minimization, net value increase, and in some cases tax avoidance completely.

- Gap Years = Tremendous planning opportunities
 - Highly appreciated assets
 - Retirement Distributions
 - Sale of Rental Properties
- Asset mix = best approach to successful LONG term tax planning
- Head of Household – And Pandemic Situations
- Timing of Divorce Filing 12/31 vs 1/1

***** All professionals must be aware that pending tax regulations are continuously changing and can impact discussions and projections. This disclosure should always be added or made to any financial analysis, discussions, and separation agreements.**

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcga.com



58

58

Level 2 Tools: Tax Impacts, Regulation Changes

- Continuous change
- Projection, Projection, Projection + What If's (within reason)
- How to handle with clients?
 - Proactive > Reactive



9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcga.com



59

59

Level 2 Tools: Tax Impacts, Timing (EXAMPLE)

Example:

- Yasmin is self employed, \$200,000 net income this year.
- Arlen has \$45,000 of W2.
- Arlen has \$200,000 of Tesla stock, that appreciated \$150,000. The divorce is nearing completion and Alex would like cash as soon as possible.
- 2 kids, standard deduction, DC resident.
- They will file jointly if not divorced.
- **Arlen needs to sell the shares to obtain cash for a new house down payment.**



Question: How would you approach the situation to minimize tax?

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcga.com

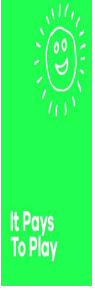


60

60

Level 2 Tools: Tax Impacts, Timing (EXAMPLE)

| | CURRENT YEAR JOINT CAP GAIN | CURRENT YEAR CAP GAIN | DIVORCED CAPITAL GAIN | DIVORCED CAPITAL GAIN |
|------------------------------------|-----------------------------|--------------------------------|-----------------------|------------------------|
| Filing Status | Joint | Joint | Single | Single |
| Personal Exemptions | 2 | 2 | 1 | 1 |
| Ordinary Income | 233,784 | 233,784 | 188,784 | 48,000 |
| Net Long-Term Gain or Loss | 0 | 150,000 | 0 | 150,000 |
| Adjusted Gross Income | 233,784 | 383,784 | 188,784 | 198,000 |
| Standard Deduction | 24,800 | 24,800 | 12,400 | 12,400 |
| Qualified Income Deduction | 37,737 | 35,535 | 27,877 | 0 |
| Taxable Income | 171,227 | 333,454 | 148,507 | 185,600 |
| AMT Net of Exemption | 82,627 | 244,854 | 88,087 | 122,100 |
| Schedule or Table Tax | 29,253 | 68,736 | 29,721 | 39,448 |
| Alternative Capital Gains Tax | 0 | 54,688 | 0 | 25,105 |
| Tentative Minimum Tax | 21,483 | 47,622 | 22,882 | 17,295 |
| Self-Employment and Other Taxes | 22,431 | 27,515 | 22,431 | 0 |
| Net Federal Tax | 51,684 | 82,203 | 52,152 | 25,105 |
| Resident State Tax | 16,164 | 28,936 | 13,393 | 13,921 |
| Other Nonresident Estimated & With | 765 | 369 | 765 | 765 |
| Total Net Tax Liability | 67,849 | 111,139 | 65,545 | 39,620 |
| | | 111,139 - 65545 = 39020 | | \$6,568 Savings |



It Pays To Play

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com 61

61

Want to Save on Taxes? Consider a Divorce!

Oh, the irony: President Biden's American Families Plan could make divorce more appealing for some high-earning married couples. The tax plan amplifies the marriage penalty, so if you were already thinking about splitting up, now may be a good time.

By Stacy Pincus, CPA, CGFA®, CFP® - October 18, 2022




Revenue Ruling 76-253 states that the IRA will disregard a divorce obtained solely to save money on taxes. The couple must recalculate their taxes as if they had stayed married for the entire year, making the couple liable not only for additional taxes but also for interest and penalties. Couples over the threshold may also explore filing taxes separately, but often useful tax deductions and credits are disallowed.


9/22/2022 62

62

Level 2 Tools: Fears of the Unknown; Income Changes/Uncertainty

'The unknown - prevents wise and prudent decisions'

- Financial Success = Meeting financial needs while meeting personal goals.
- Carve out time of meetings to discuss future concerns and identify root financial cause
 - Job Prospects?
 - Illness/Health Concerns?
 - Economic Conditions?
 - Risk Appetite?
 - Financial Knowledge?



9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com 63

63

Level 2 Tools: Fears of the Unknown, Job Concerns (EXAMPLE)

Example:

- Abbie earns \$200,000/year, and Jeff is not able to work.
- Abbie was informed her company would be dissolving next year due to material and labor shortages.
- Abbie can find jobs that pay \$100,000/year due to current market conditions but expects to find a job at \$150,000 4 years from now.
- Abbie budget = \$5,091/month, Jeff Budget = \$3,000.
- They have \$25,000 in cash on hand.
- They are confused on how they can brave the storm, without racking up debt.

Question:

- How can we work with Abbie and Jeff to move passed this sticking point?

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

64

64

Solution 1: Test Short To Mid Term Liquidity Utilizing String Of Cash Flows

| | YEAR 1 FILING SINGLE, STD DEDUCTION | | | | YEAR 2 FILING SINGLE, STD DEDUCTION | | | | YEAR 3 FILING SINGLE, STD DEDUCTION | | | | YEAR 4 FILING SINGLE, STD DEDUCTION | | | |
|---|-------------------------------------|----------|----------|----------|-------------------------------------|----------|---------|---------|-------------------------------------|----------|---------|---------|-------------------------------------|----------|---------|---------|
| | ABIE | | JEFF | | ABIE | | JEFF | | ABIE | | JEFF | | ABIE | | JEFF | |
| | YEAR | MONTH | YEAR | MONTH | YEAR | MONTH | YEAR | MONTH | YEAR | MONTH | YEAR | MONTH | YEAR | MONTH | YEAR | MONTH |
| SALARY | 200,000 | 16,667 | - | - | 100,000 | 8,333 | - | - | 100,000 | 8,333 | - | - | 175,000 | 14,583 | - | - |
| RETIREMENT SAVINGS | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| INVESTMENT INCOME | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| LESS PRE-TAX DEDUCTIONS LESS OTHER PAYROLL DEDUCT | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| INCOME SUBTOTAL | 200,000 | 16,667 | - | - | 100,000 | 8,333 | - | - | 100,000 | 8,333 | - | - | 175,000 | 14,583 | - | - |
| FEDERAL TAX | (40,811) | (3,401) | - | - | (15,000) | (1,250) | - | - | (16,209) | (1,350) | - | - | (33,091) | (2,757) | - | - |
| FICA/MEDICARE TAXES | (11,754) | (960) | - | - | (6,780) | (563) | - | - | (7,178) | (598) | - | - | (11,966) | (997) | - | - |
| STATE TAX | (14,333) | (1,194) | - | - | (5,833) | (486) | - | - | (6,258) | (522) | - | - | (12,209) | (1,017) | - | - |
| TAXES SUBTOTAL | (66,898) | (5,575) | - | - | (27,613) | (2,309) | - | - | (29,545) | (2,470) | - | - | (61,266) | (5,171) | - | - |
| NET INCOME | 133,102 | 11,092 | - | - | 72,387 | 6,024 | - | - | 70,455 | 5,863 | - | - | 113,734 | 9,412 | - | - |
| LESS BUDGET | (61,000) | (5,083) | (3,000) | (2,500) | (32,450) | (2,704) | (3,000) | (2,500) | (34,610) | (2,884) | (3,000) | (2,500) | (66,750) | (5,563) | (3,000) | (2,500) |
| BUDGET SURPLUS (DEFICIT) | \$ 72,102 | \$ 6,009 | \$ 3,000 | \$ 2,500 | \$ 39,937 | \$ 3,320 | \$ 0 | \$ 0 | \$ 35,845 | \$ 2,979 | \$ 0 | \$ 0 | \$ 46,984 | \$ 3,849 | \$ 0 | \$ 0 |
| FAMILY SAVING DEFICIT AMOUNT AVAILABLE AMOUNT NEEDED YEAR | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 12,022 | \$ 1,000 | \$ 0 | \$ 0 |
| CUMULATION-% JOB RISK-% | | | | | | | | | | | | | | | | |

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

65

65

Solution 2: Consider Impact of Fixed and Discretionary

| | SELF | FIXED | DISCRETIONARY |
|------------------------------|----------|----------|---------------|
| HOUSING | \$ 2,000 | \$ 2,000 | - |
| SECOND HOME | - | - | - |
| UTILITIES | \$ 300 | \$ 200 | - |
| FOOD | \$ 700 | \$ 350 | \$ 350 |
| CLOTHING | \$ 100 | - | \$ 100 |
| MEDICAL | \$ 150 | \$ 150 | - |
| TRANSPORTATION | \$ 250 | \$ 250 | - |
| RECREATION | \$ 400 | - | \$ 400 |
| EDUCATION - SELF ONLY | - | - | - |
| HOME MAINTENANCE | \$ 200 | \$ 200 | - |
| GIFTS | \$ 50 | - | \$ 50 |
| PERSONAL CARE | \$ 200 | \$ 100 | \$ 100 |
| DEBT SERVICE | - | - | - |
| UNREBURSED BUSINESS EXPENSES | - | - | - |
| MISCELLANEOUS | \$ 100 | \$ 100 | \$ 100 |
| TOTAL | \$ 5,200 | \$ 4,700 | \$ 1,000 |

- Visualize amounts potentially available to trim
- Discuss the net impact to cash flow and savings (prior slide)
- Temporary trim or long-term trim

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

66

66

Level 2 Tools: Fears of the Unknown, Bonus Tied To Market Performance (EXAMPLE)

Example:

- Gary and Anita both sell cars for a living.
- Gary sells luxury vehicles. Anita sells basic vehicles.
- Their income is **entirely** based on sales generated. Generally tied to market conditions and is extremely volatile.
- 2021 was an excellent year for both, due to escalating vehicle prices.
- Gary usually earns double what Anita does, but it is not uncommon for Anita to periodically have a better year than Gary
- Gary and Anita (and the team) are confused about how to approach support.

Question:

- How might we work with Gary and Marcia to discuss/develop a support framework?

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

67

67

Level 2 Tools: Fears of the Unknown, Bonus Tied To Market Performance (EXAMPLE)

Solution/s:

- Consider creating a formula based on each income
 - Base + %
 - % only
 - Bracketing
- Consider supplementing support with lump sum of assets
- Consider multi year look back and average salaries
- Illustrate framework using string of cash flow analysis

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

68

68

Level 2 Tools: Option Overload, What's Best?

- Stop, Look, Listen Analyze
- K.I.S.S. for your clients
- Focus on framework, worry about the "y" and "t" later



9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

69

69

Level 2 Tools: Many Options, What's Best?

Consider using Delta, Averages, Inner/Outer Corridor Methodologies.

| | VALUE OF HOME | - CAPITAL GAINS \$550K NON-TAXABLE, 28% | = PROPOSED NET VALUE |
|----------------------------|-------------------|--|-------------------------|
| HOUSE VALUE, APPRAISAL 1 | \$ 850,000 | \$ (84,000) | \$ 766,000 |
| HOUSE VALUE, APPRAISAL 2 | \$ 760,000 | \$ (58,000) | \$ 701,200 |
| HOUSE VALUE, MARKET COMP 1 | \$ 760,000 | \$ (64,400) | \$ 715,600 |
| HOUSE VALUE, MARKET COMP 2 | \$ 860,000 | \$ (86,800) | \$ 773,200 |
| CORRIDOR (RANGE) | \$ 100,000 | \$ | \$ 72,000 |
| AVERAGE VALUE | \$ 812,600 | \$ | \$ 738,000 |
| MEDIAN | \$ 816,000 | \$ | \$ 740,800 |

| | VALUE OF HOME | - CAPITAL GAINS \$550K NON-TAXABLE, 28% | = PROPOSED NET VALUE |
|----------------------------|------------------|--|-------------------------|
| HOUSE VALUE, APPRAISAL 1 | \$ 850,000 | \$ (84,000) | \$ 766,000 |
| HOUSE VALUE, APPRAISAL 2 | \$ 760,000 | \$ (58,000) | \$ 701,200 |
| HOUSE VALUE, MARKET COMP 1 | \$ 780,000 | \$ (64,400) | \$ 715,600 |
| HOUSE VALUE, MARKET COMP 2 | \$ 860,000 | \$ (86,800) | \$ 773,200 |
| CORRIDOR (RANGE) | \$ 80,000 | \$ | \$ 67,600 |
| AVERAGE VALUE | \$ 830,000 | \$ | \$ 751,600 |
| MEDIAN | \$ 860,000 | \$ | \$ 766,000 |

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com



70

70

Level 3 Tools: Examples and Application

- Tools meant to aide the team in high levels of uncertainty or when advanced analysis is needed to ensure our clients are making educated decisions impacting mid to long term issues.
- Complex + require expertise
- Top Level 3 Tools in Times of Volatility
 - Retirement/Financial Projections – What's the "right" assumptions
 - Post Separation/Divorce Asset Growth
 - Business Valuation Matters



11/15/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com

71

71

Level 3 Tools: Retirement/Financial Projections

Financial Planning and Projecting is the planning that one does to be prepared for life after event Zero (i.e. divorce, retirement, marriage, etc)

- Strategies of saving, investing, and distributing
- Account for assets, income, liabilities, and expenses
- A melding of Assets/Liabilities + Cash Flows
- Extremely **POWERFUL** Tool



9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com


72

72

Level 3 Tools: Retirement/Financial Projections

A successful projection will provide an effective and meaningful way to review the impact of:

- Settlement options
- Support Scenarios
- Asset divisions and trade offs
- Ability to or not to achieve financial goals



Must ALWAYS assure reasonableness + exclude cherry picking.

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com 73

73

Level 3 Tools: Retirement/Financial Projections

TOP COMMON CONCERNS DURING PANDEMIC AND VOLATILITY

- Will I outlive my money? STRESS TEST
- I have \$xxx,xxx expense coming up, how will this impact me? SHOCK TEST
- Can I weather a loss of job? SHOCK TEST
- What happens if my life expectancy changes? ASSUMPTION ADJUSTMENT
- What if social security runs out? ASSUMPTION ADJUSTMENT
- If inflation continues, how will it impact my assets and cash flow? ASSUMPTION ADJUSTMENT

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com 74

74

Level 3 Tools: Retirement/Financial Projections (In Practice/Example)

| | | |
|---|--------------------|----------------------------------|
| TOTAL PRE-TAX ANNUAL RETIREMENT INCOME | \$ 96,700 | \$ 7,975 |
| EST. FEDERAL AND STATE TAX IN RETIREMENT | \$ (6,378) | \$ (332) |
| EST. NET RETIREMENT INCOME | \$ 90,322 | YEAR OR \$ 7,440 /MONTH |
| EST. RET. BUDGET IN TODAY'S DOLLARS (SEE BUDGET ADJUSTMENTS PAGE) (B) | \$ (135,964) | \$ (11,297) |
| TOTAL BUDGET SURPLUS/DEFICIT | \$ (45,642) | YEAR OR \$ (3,857) /MONTH |

| YEAR | AGE | REG OF Vg ASSETS | RE TRF (C) 140 | SUPPORT % 0.0% | DRAWN FOR RNT & TAXES % 0.0% | SOCIAL SECURITY INCOME | NET PENSION | END OF YR RENTAL CASH FLOW | NET RE TRF | GROSS VALUE OF HOUSE | HOUSE A | | HOUSE B | |
|------|-----|------------------|----------------|----------------|------------------------------|------------------------|-------------|----------------------------|------------|----------------------|---------------------|---------|---------------------|----|
| | | | | | | | | | | | ASSUMED GROWTH RATE | CH | ASSUMED GROWTH RATE | CH |
| 2018 | 53 | 1,296,061 | (18,783) | 39,797 | 0 | 0 | 0 | 1,356,732 | 0 | 1,655,614 | 491,528 | 0 | 0 | 0 |
| 2019 | 54 | 1,366,732 | (479,275) | 70,361 | 0 | 0 | 0 | 950,708 | 832,000 | 1,676,726 | 561,359 | 0 | 0 | 0 |
| 2020 | 55 | 950,708 | (37,526) | 57,884 | 0 | 0 | 0 | 909,807 | 828,750 | 1,686,811 | 511,586 | 0 | 0 | 0 |
| 2021 | 56 | 970,867 | (37,526) | 58,832 | 0 | 0 | 0 | 962,173 | 845,325 | 1,130,226 | 521,813 | 0 | 0 | 0 |
| 2022 | 57 | 990,173 | (37,526) | 61,441 | 0 | 0 | 0 | 1,014,794 | 862,232 | 1,142,811 | 532,248 | 0 | 0 | 0 |
| 2023 | 58 | 1,014,794 | (37,526) | 61,441 | 0 | 0 | 0 | 1,068,810 | 879,476 | 1,165,463 | 542,687 | 0 | 0 | 0 |
| 2024 | 59 | 1,038,830 | (37,526) | 63,822 | 0 | 0 | 0 | 1,164,207 | 897,669 | 1,188,730 | 553,540 | 0 | 0 | 0 |
| 2025 | 60 | 1,064,307 | (37,526) | 64,905 | 0 | 0 | 0 | 1,269,377 | 915,007 | 1,212,269 | 564,811 | 0 | 0 | 0 |
| 2026 | 61 | 1,091,377 | (37,526) | 66,264 | 0 | 0 | 0 | 1,320,116 | 933,307 | 1,236,830 | 575,903 | 0 | 0 | 0 |
| 2027 | 62 | 1,161,198 | (49,116) (E) | 66,105 | 0 | 0 | 14,024 | 0 | 1,123,140 | 951,993 | 1,261,566 | 587,421 | 0 | 0 |
| 2028 | 63 | 1,153,140 | (49,116) (E) | 70,150 | 0 | 0 | 14,317 | 0 | 1,188,491 | 971,813 | 1,286,788 | 599,170 | 0 | 0 |
| 2029 | 64 | 1,189,491 | (49,116) (E) | 72,329 | 0 | 0 | 14,696 | 0 | 1,236,241 | 990,443 | 1,312,332 | 611,613 | 0 | 0 |
| 2030 | 65 | 1,226,321 * | (49,891) (E) | 74,494 | 0 | 0 | 14,901 | 0 | 1,275,440 | 1,016,242 | 1,338,774 | 623,376 | 0 | 0 |
| 2031 | 66 | 1,256,440 | (49,891) (E) | 77,954 | 0 | 0 | 15,262 | 0 | 1,322,911 | 1,030,440 | 1,365,540 | 635,844 | 0 | 0 |
| 2032 | 67 | 1,327,911 | 274,952 (G) | 86,816 | (145,579) | 27,128 | 15,009 | 4,608 | 1,390,448 | 1,051,055 | 1,392,660 | 648,132 | 0 | 0 |
| 2033 | 68 | 1,329,440 | 0 | 86,246 | (150,803) | 27,076 | 15,822 | 4,608 | 1,503,791 | 1,072,076 | 1,420,717 | 660,132 | 0 | 0 |
| 2034 | 69 | 1,583,791 | 0 | 94,732 | (154,569) | 28,235 | 16,141 | 4,608 | 1,572,938 | 1,095,518 | 1,449,132 | 672,132 | 0 | 0 |
| 2035 | 70 | 1,529,938 | 0 | 93,806 | (159,271) | 28,805 | 16,467 | 4,608 | 1,557,003 | 1,115,388 | 1,474,132 | 684,132 | 0 | 0 |
| 2036 | 71 | 1,557,503 | 0 | 92,894 | (164,115) | 29,386 | 16,799 | 4,608 | 1,537,035 | 1,137,096 | 1,507,617 | 696,132 | 0 | 0 |
| 2037 | 72 | 1,529,076 | 0 | 91,821 | (169,107) | 29,979 | 17,138 | 4,608 | 1,511,275 | 1,160,459 | 1,537,830 | 708,132 | 0 | 0 |
| 2038 | 73 | 1,511,215 | 0 | 89,809 | (174,250) | 30,584 | 17,484 | 4,608 | 1,479,450 | 1,183,059 | 1,568,567 | 720,132 | 0 | 0 |
| 2039 | 74 | 1,478,450 | 0 | 87,729 | (179,560) | 31,201 | 17,837 | 4,608 | 1,441,275 | 1,207,332 | 1,599,669 | 732,132 | 0 | 0 |
| 2040 | 75 | 1,441,275 | 0 | 85,249 | (185,013) | 31,831 | 18,197 | 4,608 | 1,396,149 | 1,231,479 | 1,631,958 | 744,132 | 0 | 0 |

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcps.com 75

75

Level 3 Tools: Post Separation/Divorce Asset Growth

- LARGE swings in asset value may occur between time of separation/divorce and actual separation of assets.
- May create unequitable settlement
- Typically applies to assets subject to division which are variable
 - Brokerage, Retirement Assets, Etc.

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

76

76

Level 3 Tools: Post Separation/Divorce Asset Growth (In Practice/Example)

- Example:
 - Jamal and Jenny divorce was finalized on 3/31/2020. They have effectuated all terms and are awaiting their QDRO to be approved by Jenny's plan administrator. The QDRO sets forth that \$500,000 should be rolled to Dave's newly formed IRA. Jenny is 100% invested in SP500.
 - Jamal just received his rollover on 4/20/2020.
- Issues:
 - As is, Jenny was enriched by ~\$120,000 (~24% SP500 returns for October) by holding on to Dave's funds.



9/22/2022

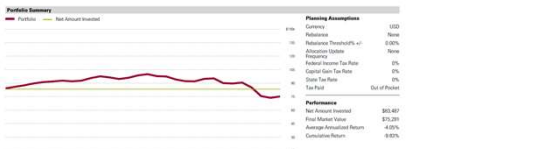
Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

77

77

Level 3 Tools: Post Separation/Divorce Asset Growth (In Practice/Example)

Hypothetical Portfolio Illustration
07-01-2006 to 12-31-2008



| Investment Name | Holding Period | Start | End | Initial Investment Amount | Subsequent Investment Amount | Withdrawal Amount | Income | Fees | Reliabil. Cap Gains | Liqui. date | Re-balance (%) | Charges and Fees | | | | Market Value |
|---|----------------|-------|--------|---------------------------|------------------------------|-------------------|--------|------|---------------------|-------------|----------------|------------------|-------------|---------------|-------------|--------------|
| | | | | | | | | | | | | Front Load | Annual Load | Deferred Load | Period Fees | |
| • Vanguard 500 Index Admiral (USD, VFIAX) | 07-06 | 12-08 | 54,267 | 0 | — | Y | Y | N | — | 0.00% | 0.00% | 0.00-0.00 | — | 46,858 | | |
| • Vanguard Total Bond Market Index Adm (USD, VBTLX) | 07-06 | 12-08 | 29,229 | 0 | — | Y | Y | N | — | 0.00% | 0.00% | 0.00-0.00 | — | 34,622 | | |

9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpsa.com

78

78

Advanced Tools - Implementation

- The goals and path to get there are "impossible"
- One party is financially sophisticated
- Overly nervous about the future
- Wrapping up the Engagement

How:


- Provide options and homework to each
- Consider all scenarios, within reason
- Compare and Contrast Options
 - Identify unrealistic financial expectations vs. realistic
- Quorum as beneficial to the client (while sharing information afterwards)
- K.I.S.S.

9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcga.com 79

79

BONUS DISCUSSION: Setting Clients up For Success; Tools and Considerations

- Starts even before the engagement begins
- Provide value during our engagements
- Demonstrate a vested concern in our client's success
- Develop meaningful day-to-day strategies, in addition to mid and long term




9/22/2022 80

80

BONUS DISCUSSION: Setting Clients Up for Success

- Document and Data Checklists + Record Retention (Pre, During, Post Divorce)
- A who's who list of important contacts
- Post Divorce Financial Checklist
- Budgeting and Cash Management
- Financial Considerations when drafting separation agreements



9/22/2022 Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcga.com 81

81

BONUS DISCUSSION: Setting Clients Up for Success – M.S.A. and Gotchas

- Clear and examples/exhibits where necessary.
- Preemptive Buy Out and Lump Sum Clauses?
- Tax considerations
 - Form 8332
 - Specify how carryovers/forwards are divided
 - Hold harmless provision =/ immunity for marital tax liability
 - Responsibility for loss of tax benefit (Sec 121 example)
- Specific modification, windfall, etc clauses
- What *actually* constitutes income?
- Using percentages, have a reference point/be specific!
- Expectations of fiduciary responsibilities while holding other assets



9/22/2022

Councilor, Buchanan & Mitchell - CPAs & Business Advisors | www.cbmcpa.com

82

82

Questions?



9/22/2022

83

83

Thank you for attending.



9/22/2022

84

84
