Tools of the Trade

Software to Settle Support

BY JILL I. FRIEDERS

FinPlan Divorce Planner®, FinPlan Co., 100 E. Cuttriss Street, Park Ridge, IL 60068; 1-800-777-2108. Price: $500 (includes training).

Experienced family lawyers know that settling support issues is easier if the numbers are believable. Often, stalemates stem from a lack of understanding of the after-tax impact on the parties of a particular mix of child and spousal support. Clients rely on their attorneys and accountants to help them understand these numbers and ensure that the settlement will provide enough cash to pay their bills.

In many cases, however, low- and middle-income clients cannot afford to hire a CPA to determine the tax consequences of a proposed settlement, and family lawyers did not have a cost-effective way to provide after-tax cash figures. FinPlan’s Divorce Planner to the rescue.

How it works

FinPlan is a software program that ends the mystery of how income taxes will affect a settlement. This program is a "CPA in a box" developed by a CPA/CFP and designed to allow family lawyers to plug in the numbers and let the program do the rest. FinPlan produces reliable results every time and will significantly improve your financial communications with clients and the court.

After-tax cash-flow is the critical number in settlement negotiations. By cash-flow, we mean the total income of the parties, less all federal, state, and FICA taxes and other required paycheck deductions (mandatory pension contributions, medical insurance premiums for children, etc.), plus or minus child and spousal support.

This program has been invaluable in settling cases because the numbers are accurate and reports are understandable

The tax impact of spousal support must be considered in the cash-flow figures. In many cases, how that number compares with the budget is pivotal. After-tax cash-flow is essential even if guideline-mandated child support is based on gross income of the parties.

FinPlan’s software allows you to enter gross income figures and major tax variables (filing status, exemptions, etc.), and the program instantly shows after-tax cash-flow for both parties in a format developed specifically for divorce. Yes, that’s right. It’s a tax program developed specifically for the family lawyer.

I have used FinPlan since 1991 and have found it to be easy to use, accurate, and dependable. Judges are able to see instantly the impact of support on both parties, and clients can better understand how support will affect their budgets. The program computes taxes in every state and even computes guideline-mandated child support in 16 states.

FinPlan’s success is attributable to the ease with which it allows family lawyers to see the bottom-line impact of a contemplated settlement. Once case facts are entered, the results of a particular mix of child and spousal support can be viewed on a single computer screen. Make a change in spousal support and see instantly the results on bottom-line after-tax cash for both parties. It literally takes only minutes to evaluate several different mixes of support.

You can store different support scenarios on a single page to show clients and the courts why a particular mix of child and spousal support makes sense. This program

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has been invaluable in settling cases because the numbers are accurate and reports are understandable. In addition to after-tax cash analysis, FinPlan also evaluates pensions, computes the cash and tax impact of selling the marital home, determines alimony recapture, and uses present value tables to assess many divorce-related computations (lump-sum property payment versus periodic alimony or nontaxable payment, future value of amounts invested, amount of life insurance needed to secure a stream of spousal or child support payments, mortgage payments, etc.). FinPlan is also a great divorce-math package.

**In lieu of experts**

In Minnesota, we have crossed the hurdle of using a computer program to provide cost-effective after-tax analysis for clients and courts. Because the accuracy of the computations is now widely recognized, FinPlan reports are routinely used in court without an expert witness.

As family lawyers, we have an ethical duty to provide clients with understandable settlement information at minimal cost. FinPlan’s software helps us do that. This software package allows us to provide low- and middle-income clients with accurate, after-tax projections of support at a price that is within their budgets.

If you want to improve your efficiency in evaluating support alternatives and help your clients understand the real impact of support, let FinPlan take the guesswork out of support planning. Your clients’ favorable response is guaranteed.